

REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS' MEETING ON THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE PREPARATION AND ORGANIZATION OF ITS WORK, AS WELL AS THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES PUT IN PLACE BY THE COMPANY (Article L.225-37 of the French Commercial Code)

This report was prepared pursuant to the provisions of Article L.225-37 of the French Commercial Code as amended by French law no. 2008-649 of July 3, 2008. Its purpose is to describe the composition of the Board of Directors, the preparation and organization of its work, the rules and principles established by the Board of Directors in relation to the compensation and benefits awarded to corporate representatives, as well as the internal control and risk management procedures put in place by the Group, in particular, the procedures relating to the preparation and processing of accounting and financial information for the statutory accounts and the consolidated accounts.

This report aims to provide a description of the work completed, undertaken or scheduled by the Company. It does not, in any manner, intend to suggest that the Company has brought the risks it faces entirely under its control.

This report makes reference to the management report, included in the Company's Reference Document for the year ended December 31, 2008, as regards the publication of the information provided for in Article L.225-100-3 of the French Commercial Code on the structure of the Company's capital and on the data that may have an impact in the event of a public tender offer.

This report was prepared by the Group's Internal Control Department, together with the Corporate Secretary's Office. The major points contained herein were presented to the Internal Control Steering Committee and reviewed by various departments of the Group's Finance and Control Division. This report was examined by the Audit Committee on February 17, 2009 and approved by the Company's Board of Directors on February 18, 2009.

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

When used in this report, the term "Company" refers exclusively to Technip SA, the Group's parent company.

CONTENTS

- 1. Composition of the Board of Directors and preparation and organization of its work**
 - 1.1. Composition of the Board of Directors**
 - 1.2. Company's shares held by the directors**
 - 1.3. Practices of the Board of Directors**
 - 1.3.1. Role and practices of the Board of Directors**
 - 1.3.2. Limitation of the Chief Executive Officer's powers**
 - 1.4. Specific provisions regarding the participation of shareholders at Shareholders' Meetings**
- 2. Rules and principles established by the Board of Directors in relation to compensation and benefits awarded to corporate representatives**
 - 2.1. Compensation of the Chairman and Chief Executive Officer**
 - 2.2. Directors' fees granted to members of the Board of Directors**
- 3. Internal control and risk management procedures put in place by the Company**
 - 3.1. Internal control framework**
 - 3.2. General organization of the internal control procedures within the Group**
 - 3.2.1. Control environment**
 - 3.2.2. Risk Assessment**
 - 3.2.3. Control Activities**
 - 3.2.4. Information and Communication**
 - 3.2.5. Monitoring**
 - 3.3. Internal Control procedures related to the establishment and issuance of financial and accounting information**

1. Composition of the Board of Directors and preparation and organization of its work

Compliance with code

In accordance with the provisions of Article 26 of French law no. 2008-649 of July 3, 2008, adapting various provisions of corporate law to European law, the Company declares voluntarily complying with and applying the AFEP-MEDEF corporate governance code for listed companies resulting from the consolidation of the AFEP and MEDEF report of October 2003 and the AFEP-MEDEF recommendations of January 2007 and of October 2008 on the compensation of executive officers of listed companies (the "AFEP-MEDEF Code"). The AFEP-MEDEF Code is available on the MEDEF's website (www.medef.fr).

1.1. Composition of the Board of Directors

At December 31, 2008, the Board of Directors was comprised of 11 members. It does not include any directors representing employees or employee shareholders. Four directors are not of French nationality.

Pursuant to Article 14-4 of the Company's Articles of Association, the term of office of Board members is set at four years. This timeframe is consistent with the recommendations made in the AFEP-MEDEF Code.

In accordance with the recommendations made in the AFEP-MEDEF Code and based on an amendment of the Articles of Association adopted by the Company's Combined Shareholders' Meeting of April 27, 2007, in order to foster smooth transitions in Board renewal and to prevent "renewal en masse", the Board of Directors, at its meeting of April 27, 2007, introduced a rolling renewal system, pursuant to which one-half of its members' terms of office will be renewed every two years. Under this new system, the terms of office of Jacques Deyirmendjian, Jean-Pierre Lamoure, Daniel Lebègue, Roger Milgrim, Rolf-Erik Rolfsen and Bruno Weymuller will expire at the time of the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.

At December 31, 2008, the Board of Directors was comprised of eight independent members. It therefore exceeds the recommendations made in the AFEP-MEDEF Code, which stipulates that, for companies whose share capital is fragmented and that have no controlling shareholders, one-half of the Board members must be independent.

At December 31, 2008, the members of the Board of Directors were the following:

Name	Main position	Position within the Board of Directors	Term
Thierry Pilenko	Technip's Chairman and Chief Executive Officer 6-8 Allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie 51 – French	Technip's Chairman and Chief Executive Officer	Date of first appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2010.
Olivier Appert	Chairman of the Institut Français du Pétrole ("IFP") Institut Français du Pétrole - 1 et 4 avenue de Bois-Préau - 92852 Rueil Malmaison Cedex 59 - French	Director	Date of first appointment: May 21, 2003. Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2010.
Pascal Colombani	Associate Director and Senior Advisor at A.T. Kearney strategic consultancy A.T. Kearney – 44 rue de Lisbonne – 75008 Paris 63 – French	Independent Director	Date of first appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2010.
Jacques Deyirmendjian	Chairman of Deynergies SAS Deynergies SAS – 62 rue de Courcelles – 75008 Paris 64 – French	Independent Director	Date of first appointment: June 21, 2000. Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.
Germaine Gibara	Chairman of Avvio Management Inc. strategic consultancy firm Avvio Management – 1470 Peel Street – Suite 200 – Montreal H3A 1T1 - Canada 64 – Canadian	Independent Director	Date of first appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2010.
Jean-Pierre Lamoure	Chairman and Chief Executive Officer of Solétanche S.A. Solétanche-Freyssinet - 133 boulevard National – 92500 Rueil-Malmaison 59 – French	Independent Director	Date of first appointment: March 13, 1998. Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.
Daniel Lebègue	Chairman of the Institut Français des Administrateurs IFA – Institut Français des Administrateurs – 7 rue Balzac – 75382 Paris Cedex 08 65 – French	Independent Director	Date of first appointment: April 11, 2003. Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.
Roger Milgrim	Lawyer 6-8 Allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie 71 – American	Independent Director	Date of first appointment: December 13, 2001 (Supervisory Board). Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.
John C.G. O'Leary	Chairman and Chief Executive Officer of Strand Energy (Dubai) 6-8 Allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie 53 – Irish	Independent Director	Date of first appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2010.
Rolf-Erik Rolfsen	Haakon VII's GT.1 – PO Box 1679 VIKA 0120 Oslo – Norway 68 – Norwegian	Independent Director	Date of first appointment: December 13, 2001 (Supervisory Board). Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.
Bruno Weymuller	Advisor to Chief Executive Officer of Total Groupe TOTAL – Tour Coupole – 2 place de la Coupole – La Défense 6 – 92078 Paris La Défense Cedex 60 – French	Director	Date of first appointment: February 10, 1995. Date of last appointment: April 27, 2007. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ended December 31, 2008, which will be held on April 30, 2009.

The other positions held by Board members are indicated in Annex A to the Company's Reference Document for the year ended December 31, 2008.

The Company's management

The Combined Shareholders' Meeting of April 27, 2007 appointed Thierry Pilenko to the Board of Directors for a four-year term expiring after the Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2010.

At its meeting on April 27, 2007, the Board of Directors appointed Thierry Pilenko as Chairman of the Board of Directors. At this meeting, in accordance with Article 18 of the Company's Articles of Association, the Board also opted to combine the offices of Chairman and Chief Executive Officer of the Company, determining that this management organization is best suited for the Company, and appointed Thierry Pilenko as Chairman and Chief Executive Officer for the duration of his term of office as a director.

At December 31, 2008, the Board of Directors had appointed no Executive Vice President.

1.2. Company's shares held by the directors

Pursuant to the provisions of Article 14 of the Company's Articles of Association at December 31, 2008, each director is required to hold at least 400 Company shares in registered form.

At December 31, 2008, to the Company's knowledge, each of the Board members held the following number of shares in registered form:

Members of the Board of Directors	Number of Technip shares held at December 31, 2008
Thierry PILENKO	3 400
Olivier APPERT	560
Pascal COLOMBANI	400
Jacques DEYIRMENDJIAN	404
Germaine GIBARA	400
Jean-Pierre LAMOURE	2 004
Daniel LEBEGUE	400
Roger MILGRIM	6 000
John C.G. O'LEARY	800
Rolf-Erik ROLFSEN	400
Bruno WEYMULLER	400

1.3. Practices of the Board of Directors

1.3.1. Role and practices of the Board of Directors

The Board of Directors' practices are governed by an internal charter that was adopted on May 21, 2003 by the Board of Directors, and which is periodically updated.

1.3.1.1. Meetings of the Board of Directors

The Chairman of the Board of Directors organizes and directs the Board of Directors' work, in respect of which he provides an account to the Shareholders' Meeting.

The Board of Directors meets at least four times per year, or more frequently as may be required by the circumstances. Over the 2008 financial year, the Board met nine times. The attendance rate for all directors was 96%.

With the exception of the Board meeting held on October 2 and 3, 2008 in a two-day Strategic Seminar, the average duration of the Board of Directors' meetings was approximately four hours.

1.3.1.2. Right to information and communication for directors, meeting agendas

The Chairman of the Board of Directors monitors the proper functioning of the Company's bodies and ensures, in particular, that directors are in a position to perform their duties. The Chairman and Chief Executive Officer

is required to provide to each director all documents necessary to allow such director to perform his or her duties.

Directors thus receive all of the information that may be useful to the exercise of their duties, depending on the agenda, prior to each Board meeting. For these purposes, the Company complies with the rule it established, according to which documents that will be examined in a Board meeting are provided the week before the meeting.

The Directors' Charter, adopted on May 21, 2003 and amended on December 9, 2008, provides that each director must carefully prepare for meetings of the Board and of any Committees of which he or she is a member, by studying the documents provided. A director may request the Chairman of the Company, the Chief Executive Officer or the executive vice presidents for any additional information that he or she deems necessary or useful. If he or she believes this is necessary, a director may request training sessions on the Company's specificities, its jobs and its business sector.

1.3.1.3. Controls by the Board of Directors

Pursuant to Article 17-3 of the Company's Articles of Association, the Board of Directors carries out, in particular, controls and verifications that are deemed suitable.

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

The Board of Directors may establish specialized committees and determine their composition and responsibilities. At December 31, 2008, the Board was assisted by four Committees: the Audit Committee, the Nominations and Remunerations Committee, the Strategic Committee and the Ethics and Governance Committee.

The Board's internal charter provides that it evaluate, at regular intervals of no more than three years, its operating policies. In addition, it discusses its operations once a year.

In accordance with the recommendations made in the AFEP-MEDEF Code, the qualification of a Board member as an "independent director" of the Company is discussed and reviewed every year by the Board of Directors upon the Nominations and Remunerations Committee's proposal.

At its meeting on February 1, 2008, the Nominations and Remunerations Committee examined the qualification of a Board member as an "independent director" of the Company with regards to the definition and criteria used in the AFEP-MEDEF Code. The Committee presented its conclusions to the Board of Directors, which adopted them at its meeting on February 20, 2008.

1.3.2. Limitation of the Chief Executive Officer's powers

In accordance with Article 19-1 of the Company's Articles of Association, the Board of Directors gave to the Chairman and Chief Executive Officer all powers provided for by French legislation on business companies, with the possibility of delegating these powers in specific areas.

1.4. Specific provisions regarding the participation of shareholders at Shareholders' Meetings

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

Convening and holding of shareholders' meetings – Deliberations

Calling and holding Shareholders' Meetings – Deliberations

Shareholders' Meetings are convened in accordance with applicable laws and regulations. Shareholders' Meetings are held at the registered office or at any other place specified in the notice.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a director so appointed by the Board of Directors or, failing this, by a person appointed by the Shareholders' Meeting.

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

The presiding committee appoints a secretary, who can be chosen outside the Meeting's members.

Participation

Every shareholder has the right, subject to proof of identity, to participate in the Shareholders' Meetings, either personally, via an absentee vote, or by proxy given to another shareholder or to his or her spouse, or by sending a blank proxy to the Company, provided the shares are registered in the books in the shareholder's name or in the name of the agent registered on the shareholder's behalf pursuant to Article L.228-1 of the French Commercial Code as of midnight of the third business day preceding the Shareholders' Meeting in accordance with applicable regulations.

Shareholders that are legal entities are represented at Shareholders' Meetings by their legal representatives or by any person appointed for this purpose by the latter.

Shareholders may, in accordance with applicable laws and regulations, send their proxy and voting forms for any Shareholders' Meeting either in paper form or by electronic means.

Any shareholder may also, provided the Board has so decided at the time notice for the meeting is provided, take part in the Shareholders' Meeting by videoconference or by telephone, in accordance with applicable regulations. Any shareholder participating through one of the aforementioned means will be deemed to be present for purposes of calculating quorum and majority.

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

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

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

Registered shares with double voting rights that are converted into bearer form for any reason whatsoever will lose such double voting rights.

2. Rules and principles established by the Board of Directors in relation to compensation and benefits awarded to corporate representatives

2.1. Compensation of the Chairman and Chief Executive Officer

The Company's Chairman and Chief Executive Officer's compensation is determined by the Board of Directors, upon the Nominations and Remunerations Committee's proposal. It is composed of a fixed portion and a variable portion.

The fixed portion is composed of the annual base compensation on 12 months, or *pro rata* in case of an incomplete financial year, and of a fixed amount for travelling equal to 20% of the annual base compensation, or *pro rata* in case of an incomplete financial year.

The variable portion of compensation is based on the fixed compensation for the previous year. For 2008 the target variable portion is equal to 100% of the annual base compensation. 50% of the target variable portion is linked to the financial performance of the Group based on 2008 operating income, 25% is linked to the achievement of individual objectives and 25% to the implementation of Group values and cooperation within the Group. The share of the variable portion linked to Group financial performance is (i) nil if real performance is below 75% of the budgeted amount (performance floor), (ii) between 50% and 100% for a performance equal to 75% to 100% of the budgeted amount and (iii) between 100% and 200% for a performance equal to 100% to 125% of the budgeted amount (outperformance). If achieved financial results are superior to the budgeted objective, a multiplier rate is calculated, up to a maximum of 2. The multiplier is calculated based on the financial portion of the objectives, representing 50% of the variable portion criteria. It is then applied to the other variable portion criteria in order to calculate the final variable portion, which is capped at 200% of the target variable portion.

The Chairman and Chief Executive Officer does not receive any directors' fees for the positions he holds in the Group's companies or as a Company director.

There is no specific retirement plan for the Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer is a beneficiary of the supplementary retirement plan for Group executives, with fixed contributions of 8% of gross annual compensation paid up to income bracket 3, i.e. eight times the annual French Social Security limit.

The Chairman and Chief Executive Officer also benefits from the Company's existing supplementary retirement plan for Executive Committee members: a retirement income guarantee of 1.8% per year of service, up to a limit of 15 years, on income bracket 4 of gross annual compensation paid, i.e. exceeding eight times the Social Security limit. The amount of gross compensation to which this retirement income guarantee applies corresponds to the average of the gross base compensation (including variable compensation within the limit of the target variable portion of 100%), received over the five complete financial years prior to the date of departure from the Company.

At the time of his appointment Thierry Pilenko signed a worldwide non-compete agreement. In order to take into account the AFEP-MEDEF recommendations of October 6, 2008, the Board of Directors, in its meeting of February 18, 2009, decided to limit the indemnity amounting to a compensation of 24 months calculated from the fixed compensation plus the target variable portion of the last 12 months, corresponding to a non-compete provision of two years.

At the same meeting, the Board decided no severance indemnity for the Chairman and Chief Executive Officer if his mandate is revoked or not renewed by the Company.

The Chairman and Chief Executive Officer has a company car corresponding to a benefit-in-kind.

2.2. Directors' fees granted to members of the Board of Directors

The Combined Shareholders' Meeting of May 6, 2008 set the amount of directors' fees to be allocated to Board members for the 2008 financial year at €375,000.

The Board of Directors determines how the directors' fees are divided among the directors. Upon the Nominations and Remunerations Committee's proposal, the Board of Directors finalized the distribution of directors' fees for the 2008 financial year as follows:

- a fixed portion and a variable portion paid according to the level of participation at Board and Committee meetings,
- directors living outside France and outside Europe, as well as the Chairmen of Committees, receive an additional fixed amount.

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

3. Internal control and risk management procedures put in place by the Company

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

The principal commonality of all business segments of the Group is the ability to carry out projects that are awarded by its customers, under optimized cost, deadlines, reliability and safety.

In order to confront the risks inherent in its business, the Group is, and has been from the outset, equipped with an internal control structure and tools that have been developed over time based around the fundamental concept of a Project.

The Chairman and Chief Executive Officer, assisted by the Chief Financial Officer (CFO), ensures that effective control measures are deployed within the Group and that possible dysfunctions related to internal controls are subject to appropriate corrective measures. The Audit Committee of the Board of Directors of the Company

monitors the assessment of the internal control procedures, as well as all measures adopted to correct any significant issues encountered.

3.1. Internal control framework

The internal control procedures applicable within the Group are consistent with the principles defined by the Committee of Sponsoring Organization's ("COSO") framework, and are thus in line with the internal control framework recommended by the French *Autorité des Marchés Financiers* (AMF). The Group defines internal controls as a process implemented by the Executive Committee, the different departments/divisions of the Group and each and every employee, with the goal of providing reasonable assurance that:

- the Group's corporate objectives as defined by corporate bodies, applicable laws and regulations and the Group's Values, standards and internal Charters are being complied with;
- the accounting, financial and management information submitted to the Group's corporate bodies by its affiliates as well as financial reporting and consolidation, reflect the Group's position in a true and fair manner;
- Operations are effective and resources are used in an efficient manner.

In this respect, the internal control framework that the Group has set up contributes to the managing of the Group's business. However, Technip cannot give an absolute guarantee that all risks are completely eliminated or entirely covered.

The Group's internal control framework on the basis of the COSO defines internal controls according to the components control environment, risk assessment, control activities, information and communication and monitoring. Each of these elements is discussed below.

3.2. General organization of the internal control procedures within the Group

3.2.1. Control Environment

The Board of Directors

The Company's Board of Directors, assisted by its four specialized committees (Audit Committee, Nominations and Remunerations Committee, Strategic Committee and Ethics and Governance Committee) approves the main orientations of the Group's business activities and ensures their implementation. Within the scope of the Company's object, as defined in its Articles of Association, it deals with all matters relating to the conduct of the Group's business other than those expressly provided to the shareholders' meeting by law.

At December 31, 2008, each of the four specialized committees established by the Board of Directors has its own charter describing their particular duties, responsibilities and practices.

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

They present their work to the Board of Directors through a written report.

The Audit Committee

At December 31, 2008, all of the Audit Committee's members were independent directors. The Audit Committee's members were as follows:

Member	Title	Date of 1st appointment
Daniel LEBEGUE	Chairman	05/21/03
Jacques DEYIRMENDJIAN	Member	04/27/07
Roger MILGRIM	Member	05/21/03
John O'LEARY	Member	04/27/07

The Audit Committee's duty is to assist the Board of Directors in ensuring the quality of internal controls and the integrity of the disclosure made to the Company's shareholders and to the financial markets.

The Audit Committee ensures the follow-up of issues regarding the preparation and control of accounting and financial information and, to this end, is mainly responsible for:

- directing the selection procedure applicable to Statutory Auditors, examining their compensation, as well as ensuring their independence;
- analyzing the assumptions used in the closing of accounts and reviewing the Company's financial statements and the consolidated annual and interim financial statements or information prior to the Board of Directors' review by remaining informed of the Company's financial situation, liquidity and commitments;
- evaluating the internal control procedures as well as any other measures adopted to correct any significant problems encountered in the internal audit;
- evaluating the relevance of the risk analysis procedures;
- examining the procedures required to be implemented regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, as well as documents sent anonymously and confidentially by employees raising concerns regarding questionable accounting or auditing matters.

The Audit Committee may interview the Chairman and Chief Executive Officer, the CFO and visit any operational or functional business heads in order to carry out its duties.

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

The Committee meets at least four times per year. The Committee met six times over the 2008 financial year and had an attendance rate at each meeting of 100% for all members.

The Nominations and Remunerations Committee

At December 31, 2008, the majority of the members of the Nominations and Remunerations Committee were independent directors. The Committee's members were as follows:

Member	Title	Date of 1st appointment
Bruno WEYMULLER	Chairman	05/21/03
Pascal COLOMBANI	Member	04/27/07
Germaine GIBARA	Member	04/27/07
Jean-Pierre LAMOURE	Member	05/21/03

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

The Nominations and Remunerations Committee carries out preparatory work on appointments of Board members and corporate officers, the compensation policy and the policy for granting share subscription or share purchase options.

This Committee is mainly responsible for the following:

- making recommendations to the Board of Directors for the appointment of directors, the Chairman, the Chief Executive Officer and other executive vice presidents (*directeurs généraux délégués*), as necessary;
- examining executive compensation policies implemented in the Group and the compensation of senior management, proposing the compensation of the Chairman, the Chief Executive Officer and other executive vice presidents, as appropriate, and to preparing a report on the foregoing.

One of the Committee's duties is to propose to the Board of Directors, on an annual basis, a list of directors qualified as "independent directors" of the Company pursuant to applicable rules and recommendations.

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

The Chairman and Chief Executive Officer of the Company attends all meetings except those where matters relating to him are deliberated.

Subject to confidentiality requirements in respect of its discussions, the Committee may ask the Chairman and Chief Executive Officer for the assistance of any Company executives whose expertise may be relevant to the Committee's agenda.

The Committee meets at least twice a year. The Committee met six times over the 2008 financial year. Its

attendance rate at each meeting was 100% for all members.

The Strategic Committee

At December 31, 2008, the majority of the Strategic Committee's members were independent. The Committee's members were as follows:

Member	Title	Date of 1st appointment
Jacques DEYIRMENDJIAN	Chairman	05/21/03
Olivier APPERT	Member	05/21/03
Pascal COLOMBANI	Member	04/27/07
Germaine GIBARA	Member	04/27/07
Rolf-Erik ROLFSEN	Member	04/27/07

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

In this context, the review of the Group's capital expenditures and investment budget as well as the examination of any major asset acquisitions or dispositions are part of the Committee's duties.

The Committee may seek proposals from the Company's Chairman and Chief Executive Officer. The Chairman and Chief Executive Officer attends all of the meetings.

The Committee may ask the Chairman and Chief Executive Officer for the assistance of any Company executives whose expertise may be relevant to the Committee's agenda.

The Committee meets at least twice a year. The Committee met three times over the 2008 financial year. The attendance rate at each meeting was 100% for all members.

The Ethics and Governance Committee

The Ethics and Governance Committee was created on December 9, 2008. At December 31, 2008, the Ethics and Governance Committee's members were as follows:

Member	Title	Date of 1st appointment
Olivier APPERT	Member	12/09/08
Pascal COLOMBANI	Member	12/09/08
Bruno WEYMULLER	Member	12/09/08

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

Even directors who are not members of this Committee can freely participate in the Committee's meetings.

The Committee may ask the Chairman and Chief Executive Officer for the assistance of any executives whose expertise may be relevant to the Committee's agenda.

The Committee meets at least twice a year. As it was created on December 9, 2008, the Committee did not meet during the 2008 financial year.

The executive management

The Chairman and Chief Executive Officer is responsible for implementing the orientations determined by the Board of Directors. The Chairman and Chief Executive Officer is at the head of the Group's corporate management and is assisted by the Executive Committee (EXCOM).

The Chairman and Chief Executive Officer and the EXCOM have a central coordination role that significantly influences the control environment and provides the "tone at the top". Through their responsibilities, they ensure that the internal control system is in place and operational.

The EXCOM is assisted by two specialized committees:

- The Committee on Sustainable Development: in charge of impulsing and measuring the Group's progress in its sustainable development strategy
- The Disclosure Committee: in charge of assisting the Chairman and Chief Executive Officer and the CFO in their duties to ensure the respect of the laws and regulations applicable to listed companies to give a true and fair view of the financial statements.

All of the Group's activities are governed by the rules set out in the statement of the Group's Values. The Values of the Group refer to integrity, professional excellence, protection of health, safety, and the environment, as well as social responsibility. The Group is furthermore committed to support and promote the principles of the United Nations Global Compact regarding human rights, labor, environment and ethics within its sphere of influence. The Group's core Values are set out in six Charters: the Ethics Charter, the Social Charter, the Environmental Charter, the Health and Safety Charter, the Quality Charter and the Security Charter.

The Group is committed to translate the Group's Values and the Ethics Charter in particular into operational reality for all staff and its relationship with its stakeholders such as contractors, suppliers and partners in all countries where the Group operates.

The Ethics and Compliance Committee that is reporting to the Chairman and Chief Executive Officer, is in charge of monitoring the application of the Group's Ethics Charter and ensures that all internal regulations deriving therefrom are properly adhered to. The Ethics and Compliance Committee makes proposals to the Chairman and the Board of Directors of the Company concerning ethics and compliance and organizes a reporting from the managers of subsidiaries and business units on how the Charter is being applied. In addition, any employee can refer an issue to the Ethics and Compliance Committee on any subject relative to the principles set forth in the Ethics Charter. A whistleblowing procedure sets the framework to report conflicting / non-complying situations in the financial, accounting and anti-bribery areas.

At the executive level, Directors and senior managers have undersigned the Code of Ethics applicable to the Group's Directors, Executive Management and Senior Financial Officers. The Senior Management has circulated a "No Gift Instruction" to employees worldwide and communicates "Rules of Good Conduct relating to the communication and the use of privileged information". Finally, the annual employee appraisals refer to "analysis of skills and professional behavior" with individual conduct being consistent with the Group's Ethics Charter.

Applying the Group's strategic orientations, a new organizational structure was decided with effect as of October 1, 2007 and implemented throughout 2008. This new organization is based on six regions with full P&L accountability and a vertically integrated Subsea business unit.

The new organization has been set out by the Chairman and Chief Executive Officer of the Company in an organization note defining the strategic framework, the organizational objectives and principles.

This new organization is based on the "Principle of Regionality", the principle of delegation of management responsibility to the appropriate level whereas all day to day operations are under the responsibility of the Regions.

As the Group's core operational unit, the Region is defined by a territory, its operational resources (commercial and performance) and its projects. It is in charge of customer relations, the completion of its projects and their financial performance.

Six Regions have been defined with their respective activities, headquarters and current operating centers:

	<u>Regions</u>	<u>Headquarters</u>	<u>Business Segments</u>
Region A:		Paris	Subsea
	Western Europe, Africa, Middle East A (United Arab Emirates, Qatar, Iran, Yemen, Oman + Pakistan, India)		Onshore Offshore

Region B: Italy, Greece, Eastern Europe/Russia/CIS, Middle East B (Saudi Arabia and Kuwait), South America	Rome	Onshore
Asia-Pacific	Kuala Lumpur	Subsea Onshore Offshore
North Sea, Canada	Aberdeen	Subsea
North America	Houston	Subsea Onshore Offshore
Brazil	Rio de Janeiro	Subsea Offshore/Onshore

In addition, the Product Business Units (PBUs) are entities that work toward the growth and development of technologies and expertise throughout the Group. They take part in the preparation of sales proposals and assist the Regions. They are not directly responsible for a specific profit account but must have a global vision of the operations and their profitability in order to establish benchmarks and propose mid- to long-term strategies.

The Subsea business segment, an integrated business (R&D, design/engineering, manufacturing and installation with its own assets) calls for a unique structure. Strategic management of R&D operations, the fleet, the plants and their scheduled expansion has been entrusted to an integrated Business Unit that reports directly to the Chief Operating Officer (COO). Project management is handled by the Regions.

The Chairman and Chief Executive Officer announced the creation of the Region Middle East on 28 November 2008. This new Region will be operational starting 31 March 2009 to better respond to the Middle East Onshore and Offshore market with respect to business development, proposal and project execution activities. The Region Middle East will manage autonomously small and medium size projects and large size projects in liaison with the Region A and Region B.

3.2.2. Risk Assessment

All risks the Group faces (risks related to the Group and its activities, to the Group's industry, regulatory and legal risks, industrial and environmental risks and market risks as described in Section 4 of the Company's Reference Document for the year ended December 31, 2008) are subject to risk assessment and risk management measures at the different levels of the organization from the Corporate Divisions down to the Regions, entities and projects.

Group Divisions

Under the authority of the Chairman and Chief Executive Officer of the Company, the Group is organized around Corporate Divisions. Each division contributes to assess and mitigate the risks the Group is subject to in its respective scope of responsibility.

In an effort to assess and mitigate risks with respect to the operations of the Group, the COO is in charge of the entire operational structure, business and realization resources. This includes commercial operations, business development, Projects, engineering and construction resources, support and technology development resources.

The General Counsel, to whom the Legal Division and the Group Corporate Secretary Office report, is responsible for all legal matters within the Group and for the definition of the Group's legal strategy and policy and prepares and maintains, among others, the Group's contracting policies, assesses the terms and legal risks of contracts, manages any litigation arising from the performance of contracts and is in charge of the subscription and renewal of insurance policies in order to minimize the contractual risks to which the Group is subject.

The Human Resources and Communications Division is responsible for managing the Group's human resources (recruitment, training, career and skill management, remuneration) in order to ensure that the Group attracts, retains the necessary personnel and participates in its professional development. In addition, the Human Resources and Communications Division is in charge of all types of communication, except financial communications, both within and outside the Group.

The Global Processes and Development Division was in charge until February 2009 of assessing and mitigating risks related to Health, Safety and the Environment, Quality and Methods, Security, IT and Procurement. In addition, the Global Processes and Development Division is responsible for the Operational Audit Function (see below) and is involved in merger and acquisition operations.

Effective March 2009, HSE and Security will report to the Chairman and CEO directly, Quality and Methods to the COO, Information Technology, and the Operational Audit Department together with the Internal Audit Department to the CFO.

The Finance and Control Division monitors the financial market risks with respect to the Group's financing and the financial engineering of Projects, prepares individual and consolidated financial statements as well as management accounts, is in charge of financial control of Projects (appraisal, planning and cost control), tax management, internal audit, financial communications and investor relations. It also supervises the Strategy Division.

The Department of New Technologies is in charge of identifying future technologies and proposing actions for development in order to develop differentiated know-how and technologies, while anticipating the developments necessary to meet future challenges in gas, heavy oil, ultra-deepwater subsea production and ever increasing scale of infrastructure.

Group Internal Audit and Operational Audit

Internal audits are based on an annual assessment of risks and the set-up of a corresponding audit plan. The risk coverage analysis is monitored through the audit plan which takes into consideration a mapping of activities as well as the rotation of audits performed. In addition, a risk analysis is performed before each assessment and each audit.

Corporate Risk Management

Directly reporting to the Chairman and Chief Executive Officer, a Senior Vice President Corporate Risk Management has been appointed in 2008. He is responsible for the monitoring of risk processes, tools and evaluation for the Group. The first phase of his mission is focused on Project risks with the objective of ensuring that appropriate tools and processes are defined, reviewed and implemented consistently across the Group and in all segments of activity. In a second phase, the scope will be extended to cover other types of risks in a more holistic approach in close cooperation with the Finance and Control Division.

Risk Management on Projects

The risk assessment finds its expression from the Group Divisions through the Regions and the other structures of the Group down to the level of each individual Project.

Before bidding, Technip estimates its costs and analyses the technical, commercial, financial and legal aspects of the project. Each bid must be authorized by management through an Authorization to Tender ("ATT"). Once the bid is submitted, the previous cost evaluation and financial and legal analysis are updated. The contract cannot be entered into without an Authorization to Commit ("ATC"). Regional Bid Authorization procedures have been issued to define the authority threshold and approval levels within the Regions' scope of responsibility.

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

3.2.3. Control Activities

In order to prevent and mitigate risks over the financial reporting, operations and the Group's assets, control activities occur at all levels and in all functions throughout the Group. They include a range of activities as

diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, the security of assets and the segregation of incompatible duties. Control activities are foremost organized on Group, regional, subsidiary, and/or Project level in different areas such as the following:

Organizational structures and responsibilities are defined and documented, business objectives reviewed, key performance indicators monitored, tenders duly authorized, regular Project and asset reviews organized at entity/regional/Group level, invoicing to clients monitored and approved.

Segregation of incompatible duties is monitored with respect to custody of assets, authorization of transactions, recording and control procedures. Budgets and forecasts are reviewed according to Group objectives. Reconciliations are performed between physical assets with corresponding accounting records and significant variances are investigated and appropriate adjustments performed. The principle of double signature on disbursements vis-à-vis third-parties is respected. Reporting instructions and rules exist to minimize biases that may affect significant accounting estimates and other judgments. Project cost control data is regularly reconciled with accounting records and margin recognition calculations are approved. Closing entries and IFRS adjustments are duly checked and consolidation packages reviewed.

Competency and experience requirements for key personnel are defined and documented and standards and procedures are applied for the entire employment contract cycle. Training/orientation is provided to newly hired personnel. Personnel turnover is monitored. Checks and reconciliations are performed in the payroll chain from timesheets over payroll preparation, pay slip issuance to payment.

Delegations of authority for decision making and commitment of the Group vis-à-vis third parties are formalized, reviewed regularly and updated. Permanent procedures are managed, reviewed regularly adjusted.

Prospective suppliers are qualified and selected on the basis of bid tabulations approved by authorized personnel according to power reserve lists. Commitments are duly authorized, invoices reconciled with work done /goods delivered and approved. Payments verified and accounting records checked.

Concerning IT security, controls exist to ensure that data is accessible to authorized persons, data is not changed by uncontrolled actions, actions are logged and the respective persons identified and data is not seen by unauthorized persons. Controls ensure that key users validate changes and are the only ones authorized to request release to production.

In the framework of the internal control evaluation, control activities are subject to updated internal control documentation and testing according to a self-assessment approach throughout the different organizations of the Group, from the Group Divisions, to the Regions, entities and projects and in the following areas:

- Control Environment
Business & Organization, Finance, Human Resources, Permanent Procedures & Policies, Corporate Bodies, Ethics & Integrity, Joint Ventures, Internal Audit
- Business processes
Financial reporting and Consolidation, Tax, Financial Control, Treasury, Sales & Margin recognition, Payroll, Procurement, Manufacturing Procurement, Subcontracting, Capex, Stocks, Cost Control
- Information Technology
Security, Operations and Change Management

3.2.4. Information and Communication

Information & communication is an integral part of the Group's internal control framework as the Group is committed to translate the Group's Values and internal control practices into the operational reality for all staff and its relation with stakeholders such as suppliers and partners in all countries where the Group operates.

The management of the Group Documentation is coordinated by the Group Quality function. Permanent procedures and policies are categorized according to four different levels: the Golden Book, Group Operating Principles and Standards and Group Instructions, Group Business Guidelines and Regions' Management Principles and Responsibilities.

The Golden Book is intended to give a comprehensive overview of the Group's management principles and responsibilities:

- the Group's Core Values encompassing its Ethics, Social, Environmental, Health and Safety, Security and Quality Charters,
- The Core Management Principles and structure of the Group including the mission of the

- Regions and
The mission of Corporate Functions.

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

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

To facilitate the compliance with the GOPS, Corporate Functions issue and communicate Group Business Guidelines, that are recommended for support purposes but not mandatory, in order to capitalize on "best practices" and support Operating Centers to improve the operational performance.

The requirements stated in the Golden Book, GOPS and Group Instructions are mandatory across the Group and provide the overriding framework within which the Regions conduct their operational autonomy. Regions issue as well their own detailed Management Principles and Responsibilities as they see fit, as are the subdivisions of the Regions (Business Units / Projects).

The dissemination of information within the Group as well as public relations is coordinated by the Human Resources and Communications Division, except for financial communication.

The dissemination of financial information is centralized by the Investor Relations Department ensuring that investors and the public are informed of the financial and business performance of the Group in a sincere, comprehensive and trustworthy manner and according to French law and the AMF General Regulation.

An essential cornerstone of the internal control framework of the Group with respect to the development of the Group's knowledge and talent is the foundation of the Technip University in 2008. The Technip University strives to promote expertise and capitalize on know-how, develop managerial skills, share a multicultural environment and facilitate integration.

The Information Technology (IT) Department has the responsibility among others, to improve IT and communication tools and to ensure the convergence of IT systems in all units.

3.2.5. Monitoring

Audit Committee

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

In its monitoring function over the evaluation of internal controls, the Audit Committee reviews regularly the Management's assessment of internal controls. The latter has presented the progress of the evaluation and action plans with the objective to foster the Group's system of internal controls to the Audit Committee three times in 2008.

Management

The Group's Management is responsible for maintaining and evaluating internal controls. In this respect, the management on the different decision making levels keeps internal control documentation updated that corresponds to the operational realities of the business. Furthermore, management is responsible for ensuring that internal controls operate effectively and monitors their evaluation on the basis of a self-evaluation approach that has been successfully developed and applied since 2007. This internal control self-assessment is based on the documentation of the control environment through questionnaires and the documentation of the business and IT processes through Risk and Control Matrices.

Group Internal and Operational Audit

Group Internal and Operational Audit is an independent function that contributes to give assurance of the

control of the businesses of the Group and provide the latter with recommendations for improvements.

The scope of the internal financial and operational audit functions encompasses the evaluation of the effectiveness of the system of internal controls through audits of specific Projects, Regions, Processes and transversal subjects on Group level.

Group Internal Control

The Group Internal Control Department, with a staff of six employees, coordinates the evaluation of internal controls throughout the Group based on a risk mapping of the control environment, the business processes and information technology.

In cooperation with the Group IT Department for IT issues, the Group Internal Control Department coordinates and monitors the different steps of the assessment of internal controls throughout the Group. In these tasks, it is supported by a network of 39 Internal Control correspondents appointed by each entity within the scope of the evaluation.

The progress and results of the internal control evaluation are regularly presented to a dedicated Group Internal Control Steering Committee that is composed of members of the Group Divisions and Regional Management. It is chaired by the CFO. The Group Internal Control Steering Committee met five times in 2008.

The internal control evaluation monitored by the Group Internal Control Department has been pursued in 2008 with the successful application of the self-assessment methodology introduced in 2007.

The breadth and depth of the assessment has been adapted to the size and importance of each entity, with tests of key controls categorized as covering significant risks.

In order to ensure the design effectiveness of the controls implemented in each entity, Group Internal Control performed walkthroughs over the most important internal business processes. A testing campaign has been organized with representatives of each entity during the fall of 2008 and Group Internal Control is currently completing the review of results in order to ensure that the self-assessment has been performed according to Group standards and methodology.

The Group's long-term objective is to ensure the sustainability of both the strategy to constantly improve internal controls and its continuous analysis. An important step was taken in 2008 towards the embedment of the internal control evaluation into operational processes with the introduction of a tailored IT tool that will allow each organization within the Group to monitor its internal control processes, to assess them on a regular basis and to report them to the Group Internal Control Department.

3.3. Internal Control procedures related to the establishment and issuance of financial and accounting information

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

Under the responsibility of the CFO of the Group, establishment and issuance of financial information is managed and organized by the Group Consolidation and Accounting Department and rests on the different finance and control functions located in every entity.

The consolidated financial statements comply with the IFRS accounting rules. At corporate level, it is ensured that all Finance Teams are informed on changes in IFRS and regulatory issues. Changes in accounting methods in comparison with the last closing period are highlighted at the beginning of the quarterly closing instructions sent to the entities.

A Group Chart of Accounts Manual is updated every year and communicated to all participants in the consolidation process. In addition, GOPS with respect to the IFRS rules are updated regularly and are available on the Group's intranet.

On entity level, it is the responsibility of the local CFO to supervise the financial reporting process for consolidation purposes to Corporate every quarter. Since 2008, the CFOs of the Regions monitor the financial reporting process for the entities in their scope of responsibility.

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

On a quarterly basis, the Group Consolidation and Accounting Department establishes the consolidated financial statements, i.e. the consolidated balance sheet, the consolidated income statement, consolidated statements of changes in equity and consolidated cash flow. For the annual information, a full set of financial accounts including notes is issued.

For the preparation of consolidated financial statements, the Group Consolidation Department relies foremost on the input of the departments Corporate Business Finance, Financial Control of the Subsea Division, Treasury and Tax.

The Corporate Business Finance Department together with Financial Control of the Subsea Division ensures a full analysis of project results and their impact on the financial statements. The Treasury Department analyzes the Group's cash position and the Tax Department the recorded taxes, deferred tax assets and liabilities and monitors the tax proof process.

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

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

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