

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

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

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

This report refers to the management report which is contained in the Reference Document of the Company for the year ending December 31, 2009, regarding the publication of the information mentioned in Article L.225-100-3 of the French Commercial Code on the structure of the Company's capital and on data which may have an impact in case of public offer.

This report has been prepared by the Group Internal Control Department together with the Corporate Secretary's Office. Its outline has been presented to the Internal Control Steering Committee and reviewed by the various departments of the Group Finance and Control Division. The report has been examined by the Audit Committee on February 15, 2010, and approved by the Board of Directors of the Group held on February 16, 2010.

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

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

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1. Composition and conditions of the preparation and organization of the Board of Directors' work

Code of reference

In accordance with Article 26 of the French Act no.2008-649 dated July 3, 2008 regarding the adaptation of several provisions of company law to European law, the Company declares to voluntarily refer to and enforce the AFEP-MEDEF corporate governance code on listed companies of December 2008 resulting from the consolidation of the AFEP-MEDEF report of October 2003 and the AFEP-MEDEF recommendations of January 2007 and October 2008 concerning the compensation of executive directors of listed companies (hereinafter the "AFEP-MEDEF Code"). The AFEP-MEDEF Code is available on MEDEF's internet site (www.medef.fr).

France Proxy, an independent corporate governance consultant firm, reviewed this Report of the Chairman of the Board of Directors, following the Company's request, and confirms that the Company complies with the AFEP-MEDEF Code provisions.

1.1. Composition of the Board of Directors and its specialized Committees

At December 31, 2009, the Board of Directors was made up of 11 members. It does not include any directors representing employees or employee shareholders. Three directors are of a nationality other than French.

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

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

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

At its meeting on February 16, 2009, the Nominations and Remunerations Committee examined the characterization of "independent director" of the Company's Board members which were in office at the date of this Committee with regard to the definition and criteria used in the AFEP-MEDEF Code.

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

- not to be an employee or executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years;
- not to be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office going back five years) is a director;
- not to be a customer, supplier, investment banker or commercial banker: that is material for the corporation or its group; or for a significant part of whose business the corporation or its group accounts;
- not to be related by close family ties to an executive director;
- not to have been an auditor of the corporation within the previous five years;
- not to have been a director of the corporation for more than 12 years. As a practical guideline, loss of the status of independent director on the basis of this criterion should occur only upon expiry of the term of office during which the 12-year limit is reached.

The Committee presented its conclusions to the Board of Directors which adopted them at its meeting on February 18, 2009.

At December 31, 2009, the Board of Directors was composed of eight independent members. It therefore exceeds the recommendations of the AFEP-MEDEF Code, which stipulates that one-half of the Board members must be independent in companies where the share capital is widely held and with no controlling shareholders.

At December 31, 2009, the members of the Board of Directors were the following:

Name	Main position Professional address Age, Nationality	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 52 – 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 Apert	Chairman of the Institut Français du Pétrole ("IFP") Institut Français de Pétrole - 1 et 4 avenue de Bois-Préau - 92852 Rueil Malmaison Cedex 60 - 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	Chairman of the Board of Directors of Valeo 43 rue Bayen - 75017 Paris 64 – 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.
Germaine Gibara	Chairman of Avvio Management Inc. strategic consultancy firm Avvio Management – 1470 Peel Street – Suite 200 – Montreal H3A 1T1 - Canada 65 – 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.
Gérard Hauser	6-8 Allée de l'Arche – Faubourg de l'Arche – 92400 Courbevoie 68 - French	Independent Director	Date of first appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.
Marwan Lahoud	Chief Strategy & Marketing Officer of EADS 37 bd de Montmorency - 75781 Paris Cedex 16 43 - French	Independent Director	Date of first appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.
Jean-Pierre Lamoure	Chairman of Solétanche Freyssinet Solétanche Freyssinet - 133 bd National – 92500 Rueil-Malmaison 60 – French	Independent Director	Date of first appointment: March 13, 1998. Date of last appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.
Daniel Lebègue	Chairman of the Institut Français des Administrateurs IFA – Institut Français des Administrateurs – 7 rue Balzac – 75382 Paris Cedex 08 66 – French	Independent Director	Date of first appointment: April 11, 2003. Date of last appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.
John O'Leary	Chairman and Chief Executive Officer of Strand Energy (Dubai) Strand Energy - PO Box 28717 - Dubai Investment Park - Dubai - UAE 54 – 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.
Joseph Rinaldi	Partner in Davis Polk & Wardwell Davis Polk & Wardwell - 450 Lexington Avenue - New York NY 10017 - USA 52 - Australian and Italian	Independent Director	Date of first appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.
Bruno Weymuller	12 rue Christophe Colomb - 75008 Paris 61– French	Director	Date of first appointment: February 10, 1995. Date of last appointment: April 30, 2009. Expiry of the current term of office: ordinary shareholders' meeting convened to approve the financial statements for the year ending December 31, 2012.

The other offices held by Board members are indicated in Annex A to the Reference Document of the Company for year ending December 31, 2009.

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

On December 31, 2009, the members of the four Committees were, respectively:

Audit Committee:

Member	Title	Date of 1st appointment
Daniel LEBEGUE	Chairman	May 21, 2003
G�rard HAUSER	Member	April 30, 2009
John O'LEARY	Member	April 27, 2007
Bruno WEYMULLER	Member	April 30, 2009

All members of the Audit Committee are competent in finance and accounting and three quarters were independent directors.

Nominations and Remunerations Committee:

Member	Title	Date of 1st appointment
Bruno WEYMULLER	Chairman	May 21, 2003
Pascal COLOMBANI	Member	April 27, 2007
Germaine GIBARA	Member	April 27, 2007
Jean-Pierre LAMOURE	Member	May 21, 2003

The majority of the members of the Nominations and Remunerations Committee were independent directors.

Strategic Committee:

Member	Title	Date of 1st appointment
Germaine GIBARA	Chairman	April 27, 2007
Pascal COLOMBANI	Vice-President	April 27, 2007
Olivier APPERT	Member	May 21, 2003
G�rard HAUSER	Member	April 30, 2009
Marwan LAHOUD	Member	April 30, 2009

The majority of the members of the Strategic Committee were independent directors.

Ethics and Governance Committee:

Member	Title	Date of 1st appointment
Pascal COLOMBANI	President	December 9, 2008
Olivier APPERT	Member	December 9, 2008
Joseph RINALDI	Member	April 30, 2009

The majority of the Ethics and Governance Committee members were independent directors.

General management of the Company

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.

In its meeting on April 27, 2007, the Board of Directors appointed Thierry Pilenko as Chairman of the Board of Directors. At the same meeting, the Board of Directors, in accordance with Article 18 of the Company's Articles of Association, selected the combination of the offices of Chairman and Chief Executive Officer of the Company, which form of organization it determined as the best fit for the Company, and appointed Thierry Pilenko as Chairman and Chief Executive Officer for the duration of his term of office with the Board of Directors (i.e., until

at the end of the Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2010).

At December 31, 2009, the Board of Directors had appointed no Executive Vice President.

1.2. Company shares held by the directors

Pursuant to the provisions of Article 14 of the Articles of Association in force at December 31, 2009, each director is required to hold at least 400 Company shares in registered form.

At December 31, 2009, to the Company's knowledge, each of the Board members holds the following number of shares in registered form:

Members of the Board of Directors	Number of Technip shares held at 12/31/2009
Thierry PILENKO	3 400
Olivier APPERT	560
Pascal COLOMBANI	400
Germaine GIBARA	400
G�rard HAUSER	900
Marwan LAHOUD	400
Jean-Pierre LAMOURE	2 004
Daniel LEBEGUE	400
John O'LEARY	800
Joseph RINALDI	400
Bruno WEYMULLER	400
TOTAL	10 064

1.3. Role and Practices of the Board of Directors

1.3.1. Role and powers of the Board of Directors

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

The Board of Directors' functioning is ruled by an internal charter which was adopted on May 21, 2003 by the Board of Directors, and is periodically updated.

In accordance with Article 17-3 of the Articles of Association of the Company, the Board of Directors conducts suitable controls and verifications.

It ensures, with the assistance of the Audit Committee in particular, 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 may establish specialized committees and determine their composition and responsibilities. These committees exercise their activities under the responsibility of the Board of Directors. At December 31, 2009, 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 internal charter of the Board provides that it formally evaluates, at regular intervals of no more than three years, its operating policies. In addition, it holds a discussion regarding its operations once a year.

1.3.2. Practices of the Board of Directors

1.3.2.1. Meetings and reports of the Board of Directors

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

The Board of Directors meets at least four times per year, or more frequently as may be required by the circumstances. During the 2009 financial year, the Board met nine times. The attendance rate for all directors was 92%.

With the exception of the Board meeting held on October 24 and 25, 2009 in a two-day Strategic Seminar in Doha (Qatar), the average duration of a Board of Directors' meeting was approximately four hours.

After examining the reports of the Audit Committee, the Strategic Committee, the Nominations and Remunerations Committee and the Ethics and Governance Committee regarding the issues within the scope of their missions, the matters on which the Board of Directors worked in 2009 included, in particular, the following:

- Financial and accounting matters:
 - o review and closing of the annual accounts and consolidated financial statements for the 2008 financial year, the half-year consolidated financial statements and quarterly information for 2009, upon the Audit Committee's recommendation and the Statutory Auditors' observations;
 - o review of the press release on the financial results for the period examined;
 - o approval procedure for the engagements carried out by the Statutory Auditors;
 - o review of the half-year financial report and interim financial information;
 - o assessment of the provisional management accounts.
- Preparation for the Annual Shareholders' Meeting:
 - o Notice of the meeting, agenda and draft resolutions;
 - o Reference Document including the Management Report of the Board of Directors and Annual Financial Report.
- Decisions, in particular, regarding:
 - o the list of independent directors;
 - o the distribution of directors' fees;
 - o the implementation of the AFEP-MEDEF Code;
 - o the update of the internal charters of the Audit Committee, the Strategic Committee and the Nominations and Remunerations Committee;
 - o the 2010 budget;
 - o the approval of a share subscription plan and the grant of the first tranche of this plan; the approval of a performance share plan and the grant of two tranches of this plan; the grant of a third tranche of the 2008 performance share Plan;
 - o record of the share capital increase resulting from exercises of share subscription options.
- Review, in particular, of:
 - o the Group's strategic policy over a two-day seminar;
 - o information on the Group's activities;
 - o treasury forecasts;
 - o the remuneration of the Chairman of the Board and the Chief Executive Officer and of his objectives for 2009.

1.3.2.2. Board of Directors' assessment

In 2009, the Board of Directors implemented the measures intended to improve its operation, detailed on December 9, 2008 following the in-depth evaluation carried out in 2008.

The main consequences of these measures focused on:

- the appointment of three new Board members on April 30, 2009;
- a strategic seminar for the Board of Directors which took place in Doha (Qatar) on October 24 and 25, 2009;
- the updates of the internal charters of the Board of Directors' Committees on February 18, 2009.

1.3.2.3. Right to information and communication for directors

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

Directors receive all the information which is useful to the exercise of their duties in accordance with the agenda prior to each Board meeting. For these purposes, the Company applies its own rule, according to which documents that will be examined in a Board meeting are circulated the week before the meeting.

The Directors' Charter adopted on May 21, 2003 and amended on December 9, 2008 provides that each director carefully prepares for Board meetings and Committees' meetings where he or she is a member by studying the communicated documents. He can ask the Chairman of the Company, the Chief Executive Officer and the executive vice presidents, for all additional information that he or she deems necessary or useful. If he or she believes this is necessary, a director can ask for training on the specifics of the Company, its work and its business sector.

1.3.2.4. Limitation of the powers of the Chief Executive Officer

In accordance with Article 19-1 of the Articles of Association of the Company, the Board of Directors delegated to the Chairman and Chief Executive Officer all powers given by French legislation with the power to delegate these powers in specific areas.

1.4. Specific provisions regarding the participation in general shareholders' meeting

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

Convening and holding of shareholders' meetings – Deliberations

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

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

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

The presiding committee appoints a secretary, who needs not to be chosen from the members of the Meeting.

Participation

Every shareholder has the right, after proof of identity, to participate in a Shareholders' Meeting, either personally, via an absentee vote, or by proxy given to another shareholder or to his or her spouse, or by sending a proxy to the Company without other instructions, 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 on paper or by electronic means.

Any shareholder may also, provided the Board has so decided at the same time notification of the meeting is given, 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 which can be proven to have been registered in the name of the same shareholder for at least two years.

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

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

2. Rules and principles determined by the Board of Directors for the compensation and benefits awarded to the 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, on the proposal of the Nominations and Remunerations Committee. It is composed of a fixed portion and a variable portion.

The fixed portion is composed of the annual base compensation on 12 months, and of a fixed amount for travelling equal to 20% of the annual base compensation.

The variable portion of compensation is based on the fixed compensation for the previous year. For 2009 the target variable portion was 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 2009 operating income, 25% is linked to the achievement of individual objectives and 25% to the implementation of Group values and participation in the implementation of measures regarding Technip's economic environment. 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 115% 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 French 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 there will be no severance indemnity for the executive director in the event his mandate is revoked or is 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 on April 30, 2009 determined an amount of €440,000 to be allocated to Board members as directors' fees for 2009 financial year.

The Board of Directors determines the terms of payment of directors' fees (*jetons de présence*). On the proposal of the Nominations and Remunerations Committee, the Board of Directors finalized the distribution of directors' fees for 2009 as follows:

- a fixed portion and a variable portion paid according to the rate of attendance at Board and Committees meetings,
- directors living outside France and Chairmen of the Committees receive additional fixed compensation.

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

3. Information pursuant to the provisions of Article L225-100-3 of the French Commercial Code

Information pursuant to the provisions of Article L225-100-3 of the French Commercial Code is reported in the following sections of the Reference Document of the Company for the year ended December 31, 2009: sections 4, 7.2, 14.1.1, 15, 18, 21.1.3, 21.2.2, 21.2.3, 21.2.6, and Note 7 of the Statutory Financial Statements as of December 31, 2009 included in section 20.2 of the abovementioned Reference Document.

4. Internal control procedures 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 Group's internal control framework is derived from the Reference Framework on internal control, published by the AMF.

The attribute common to all business segments of the Group is the ability to carry out projects that are awarded by its customers, under optimal cost conditions, 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 Company monitors the assessment of internal control procedures, as well as all measures adopted to correct any significant issues encountered.

4.1. Internal control framework

The internal control system as defined by the Group is based on the framework of the Committee of Sponsoring Organizations of Treadway Commission ("COSO"), and is accordingly in line with the internal control framework recommended by the *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 objective of giving 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 implemented contributes to managing the Group's business. However, it cannot give an absolute guarantee that risks are completely eliminated or entirely covered.

The Group's internal control framework on the basis of the COSO defines internal controls according to control environment, risk assessment, control activities, information and communication and monitoring. These elements are explained hereafter.

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

4.2.1. Control Environment

The Board of Directors

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

At December 31, 2009, the four specialized Committees instituted by the Board of Directors have their own charter describing their particular duties, responsibilities and practices.

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

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

The Audit Committee

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 generating and the control of accounting and financial information and, in this respect, is mainly responsible for:

- recommending the appointment and compensation of Statutory Auditors to the Board of Directors, as well as ensuring their independence;
- analyzing the assumptions used in the closing of accounts and reviewing the Company's financial statements and the consolidated annual and interim financial statements or information prior to the Board of Directors' review by remaining informed of the financial situation, liquidity and commitments of the Company;
- evaluating the internal control procedures as well as any other measures adopted to correct any significant problems encountered in the internal control;
- 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 and interview or visit any operational or functional business heads in order to carry out its duties. The Committee may in particular interview any person involved in the financial statements preparation or control processes (Finance and Control Heads, Internal Control Head, General Counsel).

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

The Committee meets at least four times per year. The Committee met five times during the 2009 financial year and had an attendance rate of 100% for all members.

The Nominations and Remunerations Committee

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

The Nominations and Remunerations Committee conducts preparatory work on appointments of Board members and corporate officers, compensation policy and the policy for granting share subscription 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 preparing a report on the foregoing.

This Committee proposes to the Board of Directors, on an annual basis, a list of directors qualified as "independent directors" 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 participates in all the meetings but not the deliberations that relate to him.

Subject to confidentiality requirements in respect of its work, the Committee can 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. The Committee met six times during 2009 financial year. Its attendance rate was 92%.

The Strategic Committee

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 investment budget as well as the examination of any major asset acquisitions or dispositions belong to missions of this Committee.

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

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

The Committee meets at least twice a year. The Committee met three times during the 2009 financial year. The attendance rate was 100% for all members.

The Ethics and Governance Committee

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

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

The Committee can 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. The Committee met three times during the 2009 financial year. The attendance rate was 100%.

The executive management

The Chairman and Chief Executive Officer implements 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 operative.

The EXCOM is assisted by two specialized committees:

- The Committee on Sustainable Development: in charge of driving and measuring the Group's progress in its sustainable development strategy; and

- 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 in order to give a true and fair view of the financial statements.

All 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 civic and 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: Ethics Charter, Social Charter, Environmental Charter, Health and Safety Charter, Quality Charter and Security Charter.

The Group is committed to translating 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 reports directly to the Chairman and CEO of Technip. It ensures that the Group's Ethics Charter and all internal regulations derived therefrom are properly adhered to. The Ethics and Compliance Committee makes proposals to the Chairman and Chief Executive Officer of the Group and the Board of Directors of the Company concerning ethics and compliance. The Ethics and Compliance Committee also organizes reports from the managers of the Regions 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 provides a structure to report conflicting / non-complying situations in the financial, accounting and anti-bribery areas. The Ethics and Compliance Committee is chaired by the Group Compliance Officer.

At the executive level, directors and senior managers have signed the Code of Ethics applicable to the Group's Directors, Executive Management and Senior Financial Officers. 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, annual employee appraisals refer to "analysis of skills and professional behavior" with individual commitment to ethical values.

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

4.2.2. Risk Management

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, credit/counter-party risks, liquidity risks and market risks as detailed in section 4 of this Reference Document) 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.

Regional Organization

This organization is based on the "Principle of Regionality", which is 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.

Seven 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: Western Europe, Africa, India, Pakistan	Paris	Subsea Onshore Offshore

Region B: Italy, Greece, Eastern Europe/Russia/CIS, 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
Middle East : United Arab Emirates, Qatar, Oman, Yemen, Saudi Arabia, Jordan, Syria, Iraq, Bahrein, Kuwait	Abu Dhabi	Onshore Subsea Onshore Offshore

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 Middle East Region has been operational since March 31, 2009. It was created 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 manages autonomously small and medium size projects while large size projects are managed in coordination with the Region A and Region B.

Group Divisions

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

In an effort to assess and manage 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 oversees, 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 Group Compliance Officer reports to the General Counsel and the Board of Directors through the Ethics and Governance Committee. He is responsible for ensuring the application of the Ethics Charter and the effective implementation and enforcement of applicable anti-corruption and compliance policies. He may raise some issues to the Chairman of the Technip Ethics and Governance Committee.

- The Human Resources Division is responsible for managing the Group's human resources (recruitment, training, career and skill management, and remuneration) in order to ensure that the Group attracts, retains the necessary personnel and participates in its professional development.
- The Communication Division, except financial communications, both within and outside the Group, was until June 2009, managed by the Human Resources and Communications Division. This Division now reports directly to the Chairman and the CEO.
- The Global Processes and Development Division was responsible until March 2009, for of assessing and mitigating risks related to Health, Safety and the Environment, Quality and Methods, Security, Information Technology and Procurement. In addition, the Global Processes and Development Division was responsible for the Operational Audit Function (see below) and was involved in merger and acquisition operations.
- Since April 2009, HSE and Security report to the Chairman and CEO directly, Quality and Methods and Global Procurement to the COO, Information Technology, Operational Audit (now integrated in the Internal Audit) and Strategy, to the CFO.
- The Finance and Control Division, under the supervision of the Chief Financial Officer (CFO), monitors, the financial market risks concerning the Group's financing and the financial engineering of Projects, prepares annual and consolidated financial statements as well as management accounts, is in charge of 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

The Internal Audit assists the Chief Financial Officer in evaluating and improving the effectiveness of risk management, control and governance process. It carries out its duties within the framework defined by Technip in the Internal Audit Charter and in compliance with the Internal Audit Plan issued at the beginning of each year, which takes into consideration mapping of activities and risks, as well as the rotation of audits performed. Moreover the Internal Audit monitors the implementation of the corrective action plans defined accordingly to its audits.

Corporate Risk Management

Directly reporting to the Chairman and Chief Executive Officer, the Senior Vice President Corporate Risk Management is responsible for the monitoring of risk processes, tools and evaluation for the Group. The first phase of his mission was 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. This phase is now complete and operating in all Group entities. As a second phase, Portfolio and Enterprise Risk Management processes are being reviewed and rolled out across the Group.

Risk Management of Projects

Risk assessment is directed by the Group Divisions across the Regions and the other structures of the Group down to the level of each individual Project.

Before bidding, Technip estimates its costs and analyzes the technical, commercial, financial and legal aspects of the project.

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

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.

4.2.3. Control Activities

In order to prevent and mitigate risks related to financial reporting, operations and the Group's assets, control activities occur at all levels and in all functions throughout the Group. These activities include a range of controls such as checking the accuracy, completeness, authorization, validation and recording of transactions and ensuring the duties are segregated among different people to reduce the risk of error or fraud.

Control activities are foremost organized at Group, regional, subsidiary, and/or Project levels in different areas including:

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

- Segregation of incompatible duties is monitored with respect to custody of assets, authorization of transactions and 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.
- Closing entries and IFRS adjustments are duly checked, margin recognition calculations approved 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, adjusted and reviewed.

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, Internal Audit
- Business processes: revenues, purchasing, procurement, payroll, capital expenditure, inventories, manufacturing, subcontracting, cost control, treasury, financial control, consolidation, tax
- Information Technology: safety, operations and change management

4.2.4. Information and Communication

Information & Communication is an integral part of the Group's internal control framework as the Group is committed to translate its 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 reference framework and its related 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 are 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 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 overarching framework within which the Regions exercise their operational autonomy. Regions issue as well their own detailed Management Principles and Responsibilities as they see fit, as do the sub-divisions of the Regions (Business Units / Projects).

The dissemination of information within the Group (except for financial communication) as well as public relations was coordinated until June 2009 by the former Human Resources and Communications Division. Since June 2009, public relations and internal communications have been coordinated and monitored by the newly created Communication Department.

The Investor Relations Department centralizes financial communications and oversees that investors and the public receive fair, complete and accurate information on the Group's financial and operating performance in accordance with French legislation and the French Financial Market Authority's (AMF) General Regulations.

Another element of the internal control framework of the Group with respect to the development of the Group's knowledge and talent is Technip University. 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, to ensure the systems and data security, and to ensure the convergence of IT systems in all units.

4.2.5. 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.

The yearly Internal Control assessment report and the report of the Chairman of the Board of Directors to the shareholders meeting on the internal control procedures and risk management procedures put in place by the Company were presented to the Audit Committee in 2009.

Management

The Group's Management is responsible for the implementation and evaluation of internal control mechanisms. In this regard, management, at different levels of the decision-making process, maintains internal control documentation which corresponds to the operational realities of their activities. In addition, management is responsible for ensuring that the controls are operating effectively and for monitoring their operation on a self-assessment basis. This self-assessment of internal controls is based on questionnaires regarding the control environment and on risk and control matrices for controls related to IT (Information Technologies) and transactions.

As part of the annual evaluation process, each Region's Senior Vice President and CFO, as well as the managers of the Corporate function, are required to confirm, in a representation letter, that to their knowledge the internal control system has functioned effectively during the reporting period. In addition, each signatory is required to confirm at the end of the third quarter of every year that the action plans defined following the previous year's assessment have been implemented.

Group Internal Audit

The function of Group Internal Audit to ensure the proper operation of the Group and to recommend improvements.

The scope of the internal audit function encompasses the evaluation of the effectiveness of the system of internal controls through audits of specific Projects, Regions, Processes and overlapping subjects on Group level. On December 31, 2009, the Group Internal Audit Department was composed of a staff of nine persons.

Internal Control Function

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

The Internal Control Function's principal objective is helping Regions and Group Functions improve their controls, including where possible the underlying processes, and ensuring that the Regions and Group Functions have appropriate and robust verification and certification procedures. Specific tasks carried out by the Internal Control Function are further described in Section 4.3.3. of this Report of the Chairman of the Board of Directors to the Shareholders' Meeting.

- **Group Internal Control**

The Group Internal Control Department, with a staff of five employees, defines the internal control assessment framework of the Group. It assists in the implementation of Group procedures and guidelines to address structural/systemic internal control issues at the Group level and, contributes to the sharing of best practices among the different organizations of the Group.

Furthermore the Internal Control Department coordinates a coherent assessment of internal controls throughout the Group based on a risk map of the control environment, business processes and information technologies. It is also responsible for coordinating the implementation and follow up of action plans with the support of regional internal controllers and IT internal control correspondents for IT issues.

The progress and results of the internal control evaluation are regularly presented to a dedicated Group Internal Control Steering Committee composed of members of the Group Divisions and Regional Management. It is chaired by the CFO. The Group Internal Control Steering Committee met three times in 2009.

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

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

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

An important step was taken in 2009 towards embedding internal control evaluations directly into our tailored IT tool. The computerization of the process allows each organization within the Group to monitor its internal control processes, to assess them on a regular basis and to report them to the Group Internal Control Department.

- **Regional Internal Control**

In an effort to further embed internal control within the Regions and the Group Functions, seven Regional internal controllers have been appointed in 2009, among an already existing network of 39 Internal Control correspondents appointed by each entity within the scope of the evaluation.

The Regional Internal Controller is in charge of coordinating and planning the self-assessment internal control testing with the specific departments and entities of the Regions. He also monitors the implementation of remediation plans.

4.3. 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, production of financial information is organized by the Group Consolidation and Accounting Department and relies on the different finance and control functions located in every entity.

4.3.1 Accounting standards

The consolidated financial statements comply with IFRS. At the corporate level, all teams responsible for the preparation of financial information are informed of changes in IFRS and regulatory issues. Changes in accounting methods from the last closing period are highlighted at the beginning of the quarterly closing instructions sent to each entity.

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

4.3.2 Accounts closing process

It is the responsibility of the local CFO to supervise the financial reporting process and the preparation of quarterly consolidation. The CFOs of the Regions monitor the financial reporting process for the entities within their scope of responsibility.

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

Beginning with the preparation of the financial statements for the year ended December 31, 2009, the Region CFOs are required to confirm by email that to the best of their knowledge the contribution to the Group's consolidated income from companies in their scope of consolidation as recorded in the consolidation software (HFM), as well as the management accounts as they appear in the internal reporting software system (Together), constitute a complete and accurate presentation of the operating results and order intake of the Region. This sign off procedure applies to annual and half-yearly closings.

On a quarterly basis, the Group 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 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 of Corporate Business Finance, Financial Control of the Subsea Division, Group Tax and Legal Entities and Treasury.

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 while the Group Tax and Legal Entities Department calculates 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 of March 31, June 30 and September 30. The limited examination of the half-year accounts as of June 30 is subject to a report of the external auditors with respect to the financial information of the first six months of the year.

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

4.3.3 Annual assessment process of procedures for the production of the Group financial statements and other accounting and financial information

The assessment of the effectiveness of the internal controls and procedures for the preparation of accounting and financial information is part of the annual Group internal control appraisal.

The tasks carried out consist of:

- Selecting and identifying the entities and processes that make a significant contribution to the preparation of the Group's accounting and financial information;
- Documenting processes considered important for the preparation of the financial statements;
- Identifying the risks associated with these processes to help improve fraud prevention;
- Defining and documenting the existence of key controls to cover these major risks;
- Assessing the effectiveness and implementation of the controls through the analysis carried out by the Group internal control on test results obtained through the self-assessment internal control testing.

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