



# Annual Shareholders' Meeting **2013**

May 17, 2013

# Corporate Governance

Christophe de Margerie



# Activity of the Board of Directors in 2012

Investment  
Ichthys (Australia)



Monitoring incidents  
Elgin (U.K.)



Closing **accounts**, budget and financial policy

Defining **strategic orientation**

- Approving and monitoring progress of major projects
- Strategic perspectives of the business segments

Overseeing **risk management** and **internal control**

**Governance**

- Preparing the **Annual Shareholders' Meeting**
- Determining **compensation** of executive officers, review and potential update of the principles and rules applicable
- Reviewing **anti-fraud** and **anti-corruption** policies and procedures
- Assessing of the **independence of directors** under the AFEP-MEDEF Code

# A Board and Committees applying the best practices of corporate governance

## A diverse Board

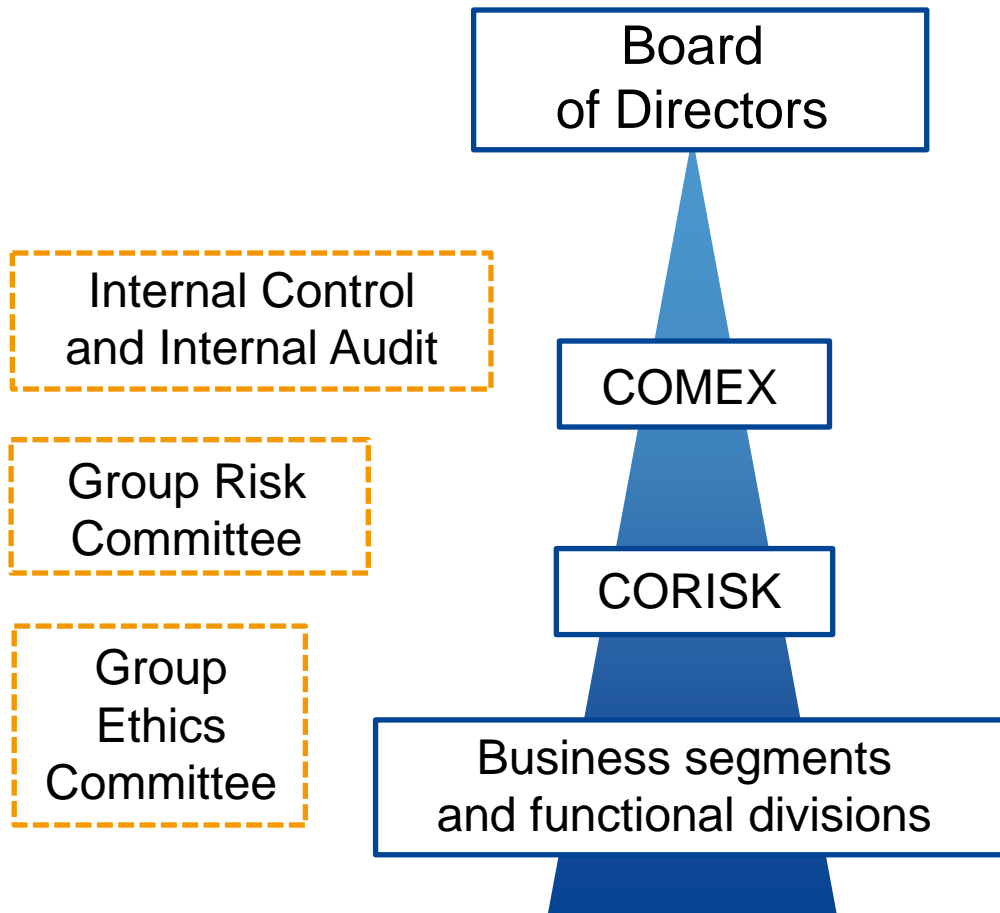
- 5** women (33%)  
out of 15 members
- 4** non-French nationals (27%)
- 12** independent  
Directors (80%)
- 1** Employee-shareholder  
Director
- 4** non-voting CCE delegates

## With active and engaged Directors

	Meetings	Attendance
Board of Directors	9	96%
Audit Committee	8	92%
Compensation Committee	3	93%
Governance and Ethics Committee	2	100%
Strategic Committee	1	100%

## External evaluations of the Board for continuous improvement

# A global and structured risk management system



- Evaluating and monitoring **major projects** by the Board
- Different **instances** and **procedures** to anticipate and evaluate risks at every level
- Integrated and **transverse** risk management (safety, security, finance, strategy, law, ethics, environment, social...)
- **Risk Management, Internal Control and Audit Charter** formalized in 2012

# Ethics, an efficient and transparent organization

A **Governance and Ethics Committee** responsible for supervising implementation of our ethics and compliance programs

## A **Group Ethics Committee**

- Reports directly to the Chairman and CEO of the Group
- 7 members, including 5 business segment representatives
- 77 cases handled directly in 2012
- Annual reporting to the Governance and Ethics Committee, annual reporting by the Compliance division on anti-corruption to the Audit Committee

Clear, widely distributed and accessible **guidelines**



# Corporate Social Responsibility, a priority for Total and its Board



## Contribute actively to **the energy transition**

Improve energy efficiency by 1.5% per year during 2012-17

## Enable as many people as possible to **access to energy**

*Awango by Total* benefitting 5 million people by 2015

## Committed to setting concrete and measurable **targets**

	in 2012	objectives
Total Recordable Injury Rate	<b>1.8</b>	< 2 in 2013
Flaring from E&P operations	<b>- 28%</b> vs 2005	- 50% between 2005 and 2014
Percentage of females in upper management	<b>16%</b>	18% in 2015

# A Compensation Committee for a balanced and incentive-based approach

A compensation policy that is **balanced and objective**

- Developing management **compensation policies**
- Evaluating the **performance** of the CEO
- **Recommendations** and **proposals** to the Board of Directors

## Examples

Proposing in 2012 to award **performance shares**

Considering the **AMF recommendations** on executive compensation

Proposing the **compensation package of the CEO** after comparative analysis

Considering the **retirement benefits** for the CEO



# Compensation due for fiscal year 2012 as Chairman and CEO

Variable portion  
**1,741,000 €**

**116%**  
of the fixed  
portion  
(max. 165%)

Fixed portion  
**1,500,000 €**



## Operational criteria (max. 65% of fixed portion)

Health Safety Environment

Production

Reserves

Downstream

Strategic negotiations

## Economic criteria (max. 100% of fixed portion)

Return on Equity

Earnings Per Share

Consolidated Net Income

**Fixed portion set by comparison with the  
compensation paid to management  
of CAC 40 companies**

## In 2013

New criteria  
based on  
**CSR performance**  
(CO<sub>2</sub> emissions,  
energy efficiency...)

**Criteria linked to performance**

# Options and performance shares awarded to the Chairman and CEO



## Performance conditions

- Return on Equity
- Return on Average Capital Employed

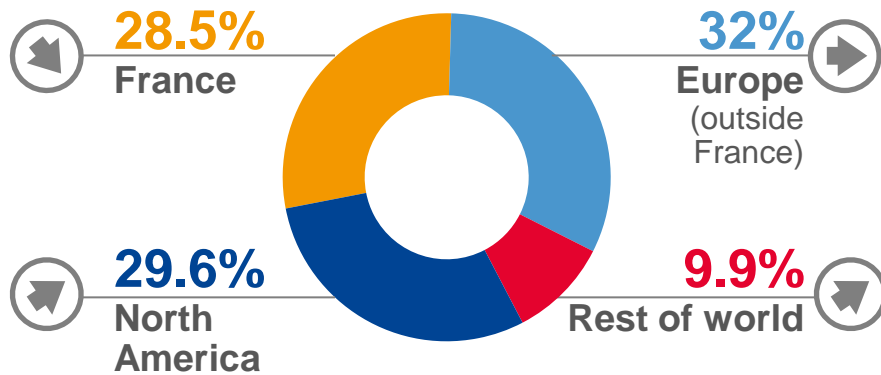
**Vesting period** (2 years) and required **holding period** (2 years) for PS

Awards conditioned on **continuous service** during the vesting period

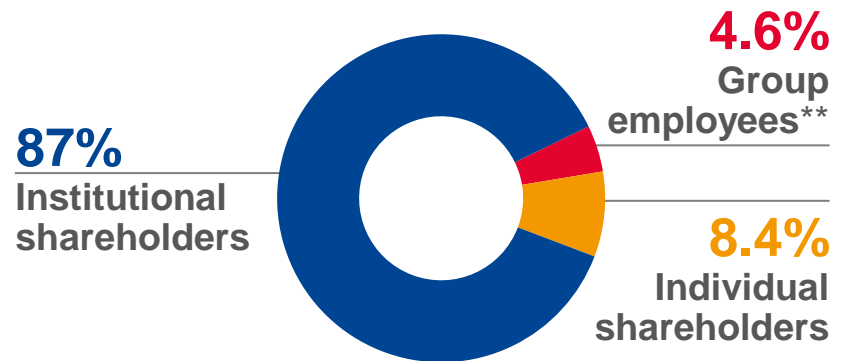
**Stable** allocation of equity compensation

# Fostering individual and employee shareholding

## Shareholder base by region\*



## Shareholder base by category\*



- About **520,000** individual shareholders
- **Performance shares** awarded in 2012 to more than 10,000 people in the Group
- **Employee stock purchase plan** with limited dilution effect (0.45% of capital)

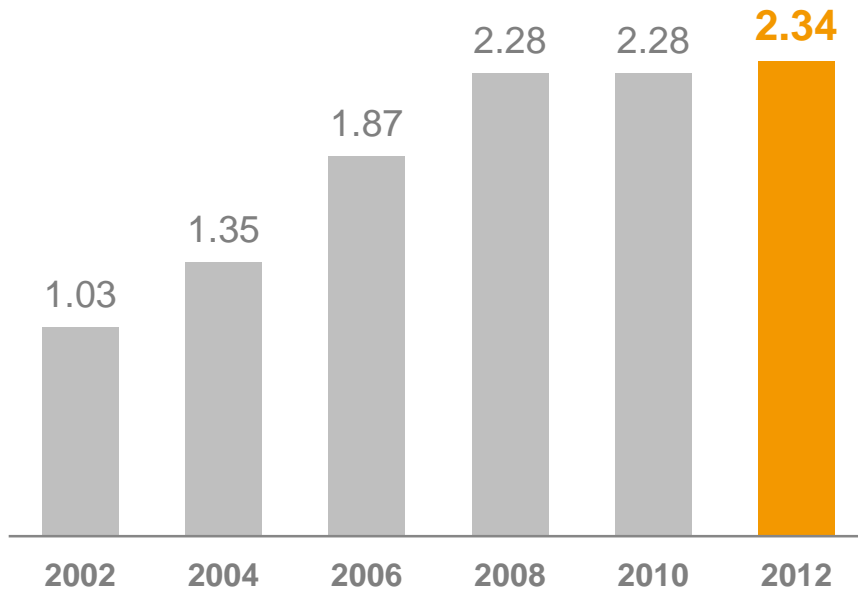
\* As of December 31, 2012, excluding treasury stock.

\*\* Based on the definition of employee shareholding pursuant to Article L. 225-102 of the French Commercial Code.

# Increasing shareholder return

Dividend multiplied by more than 2 over the past ten years

€/share



Clear dividend policy

Payout ratio averaging around **50%** since 2008

In 2012, proposed dividend of **2.34 euros per share**, an increase of about 3%

First quarter 2013 **interim dividend** of 0.59 euro per share

Growing the dividend regularly for the past 30 years



# Creating value across the globe

Present in  
**+130** countries

**97,126**  
employees

**700**  
industrial  
sites

**23 B€**  
investments  
(incl. acquisitions)

**316 M€**  
community  
development

**5.5 B€**  
R&D over 5 years



**13 B€ (56.2%)**  
taxes

**5.3 B€**  
dividends

**7.1 B€**  
Wages  
(incl. social shares)

**29 B€**  
goods  
and services  
purchased

# Contribution of Total in France in 2012

**35,439**

employees

**116**

Operated  
industrial sites

**1.6 G€**

Investments  
(incl. acquisitions)

**395 M€**

R&D

**1 B€**

paid in taxes

**32 M€**

for social and  
professional  
integration  
since 2009



**6 B€**

Goods  
and services  
purchased

**360 SMBs**

supported over  
past 3 years



# Results of 2012 & 1Q 2013

Patrick de La Chevardière





# Key figures for 2012



**18** % decrease in TRIR, a safety indicator

**2.3** Mboe/d production

**4** Major discoveries

**100** % organic reserve replacement

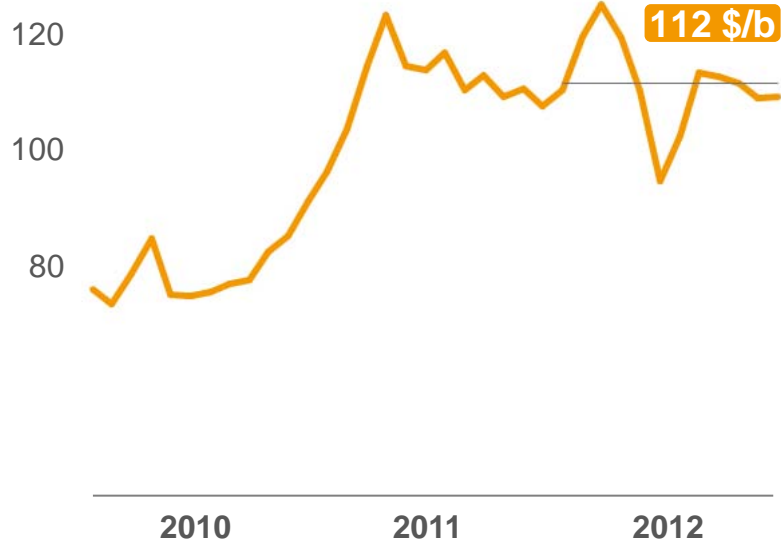
**12.4** B€ adjusted net income

**17** B€ net investment

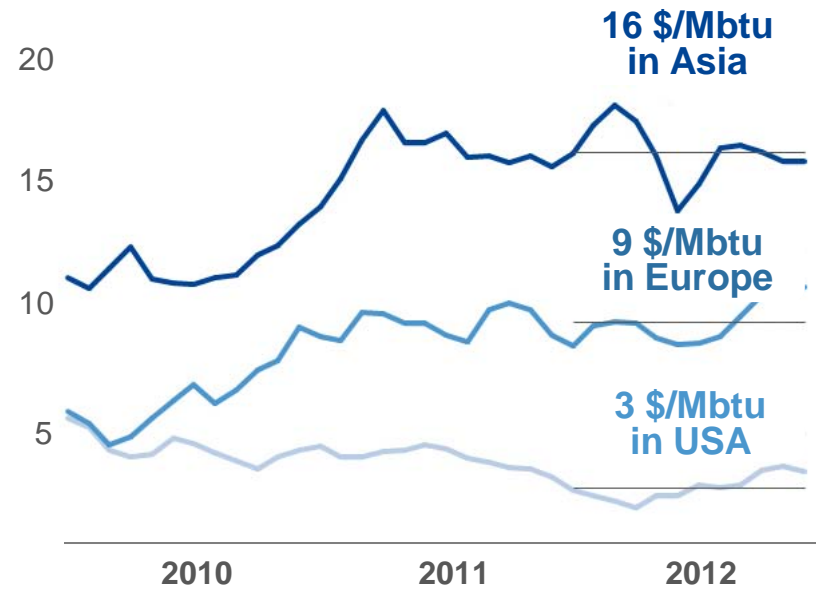
**Good performance in 2012**

# A favorable environment in 2012

## BRENT Stable on average

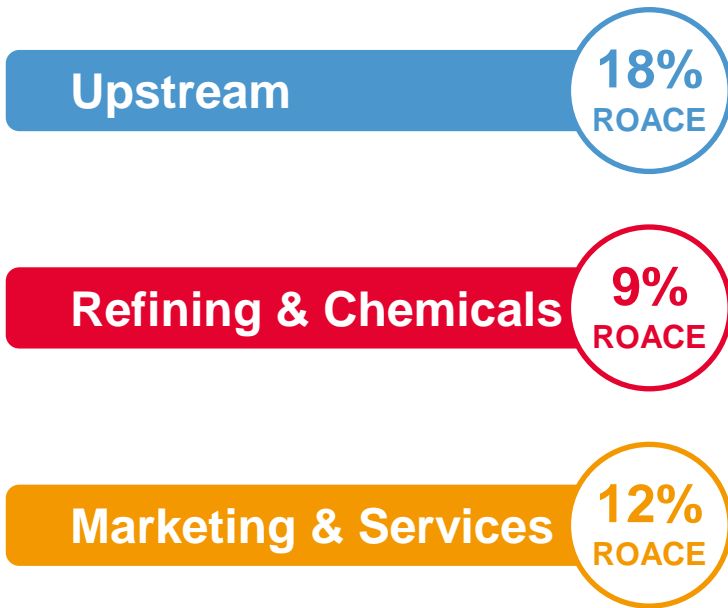
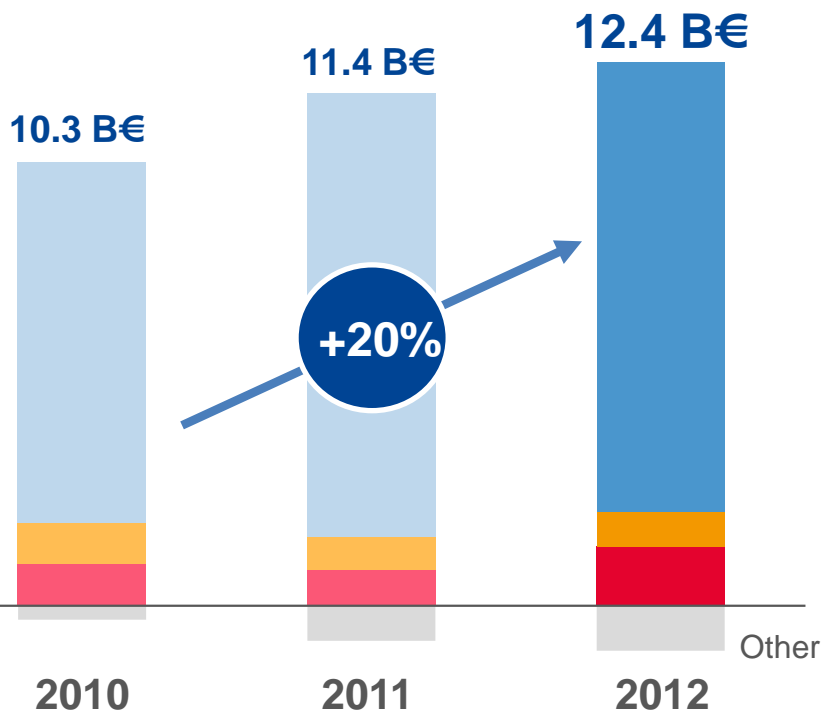


## GAS Different regional evolutions



# Good performance from business segments

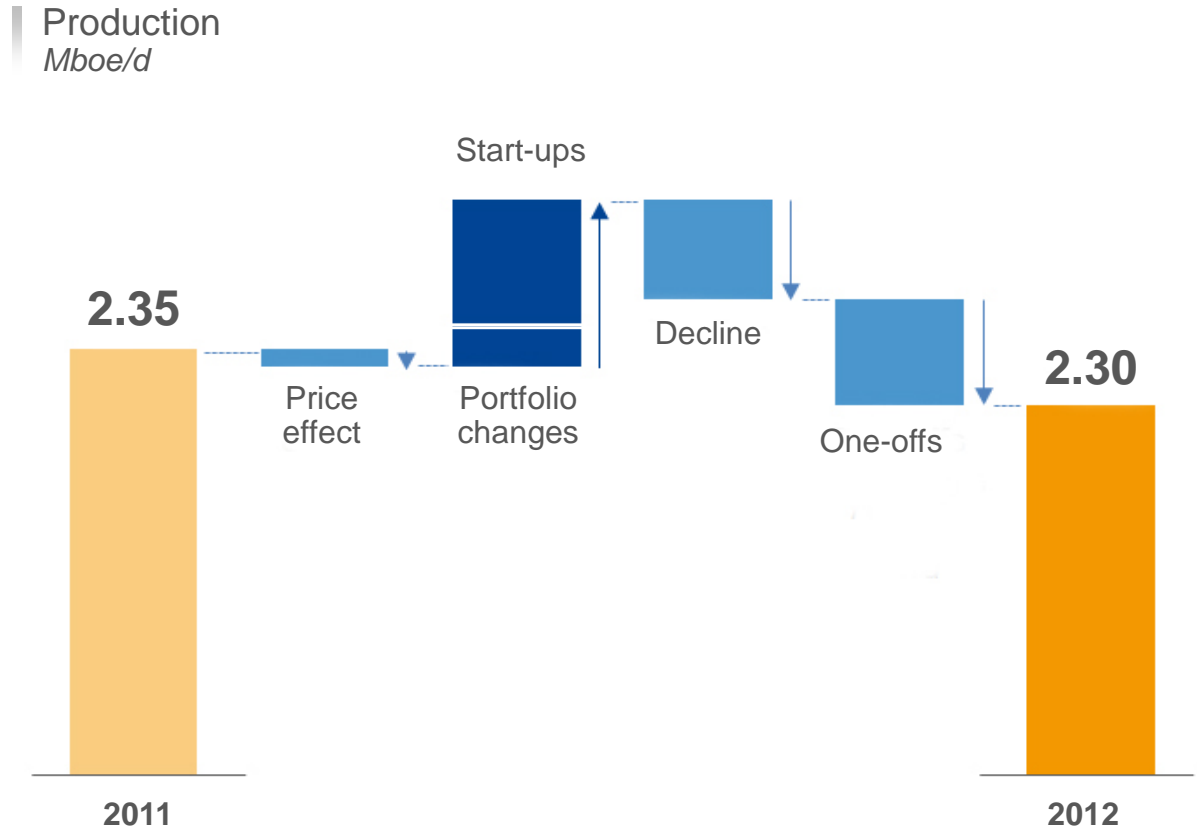
Adjusted net income



**16% Group ROACE in 2012 and 18% return on equity**

ROACE: return on average capital employed

# Evolution of Upstream production



# Results of a revitalized exploration strategy

▲ 2012 main new acreage

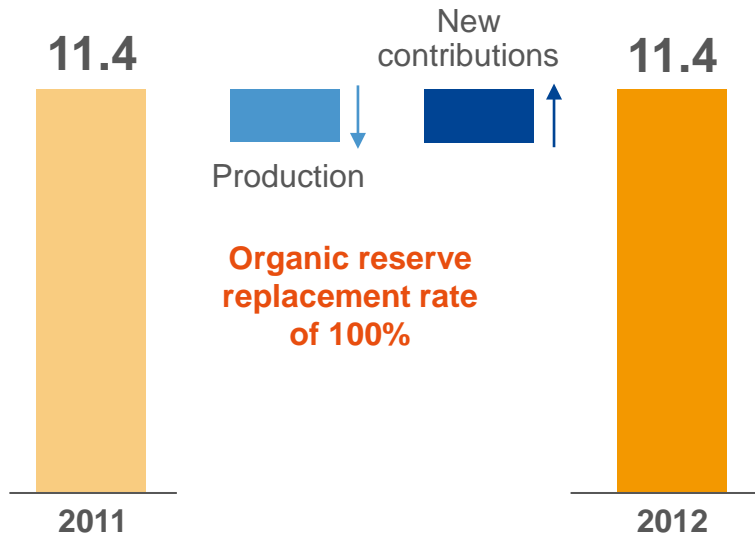
● 2012 main discoveries



**A vast and promising exploration portfolio**

# 2012 reserve replacement rate

Proved reserves  
Bboe at 12/31/12



**136%** average reserve replacement rate for 2010-2012

More than **13 years** of proved reserves

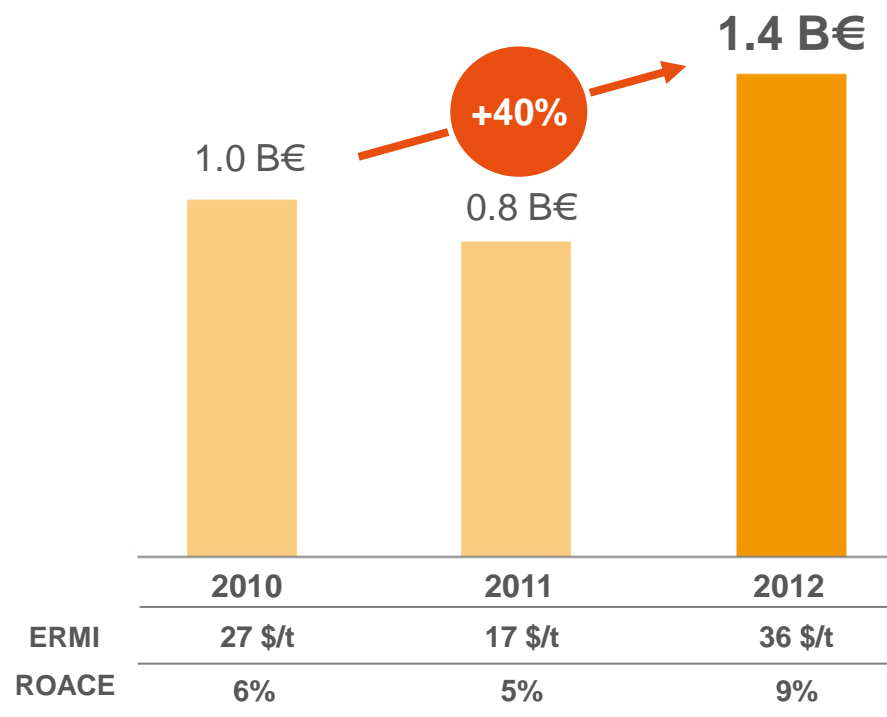
More than **20 years** of proved and probable reserves

More than **40 years** of resources

# Refining & Chemicals



Adjusted net operating income

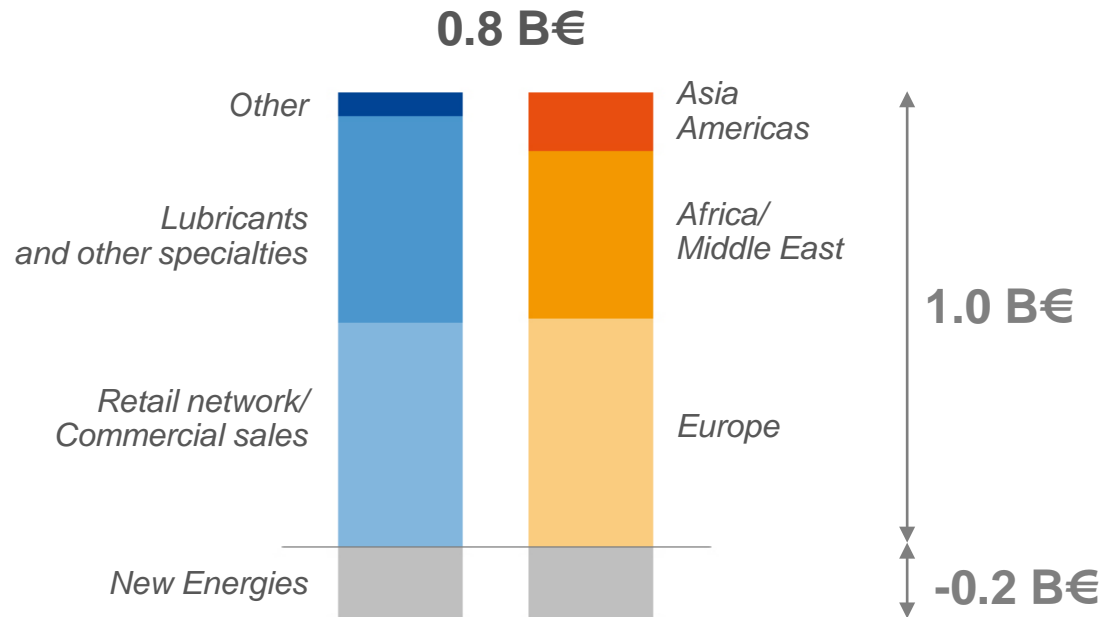


**Improved results in a favorable,  
but volatile, environment**

# Marketing & Services, New Energies



Adjusted net operating income  
2012



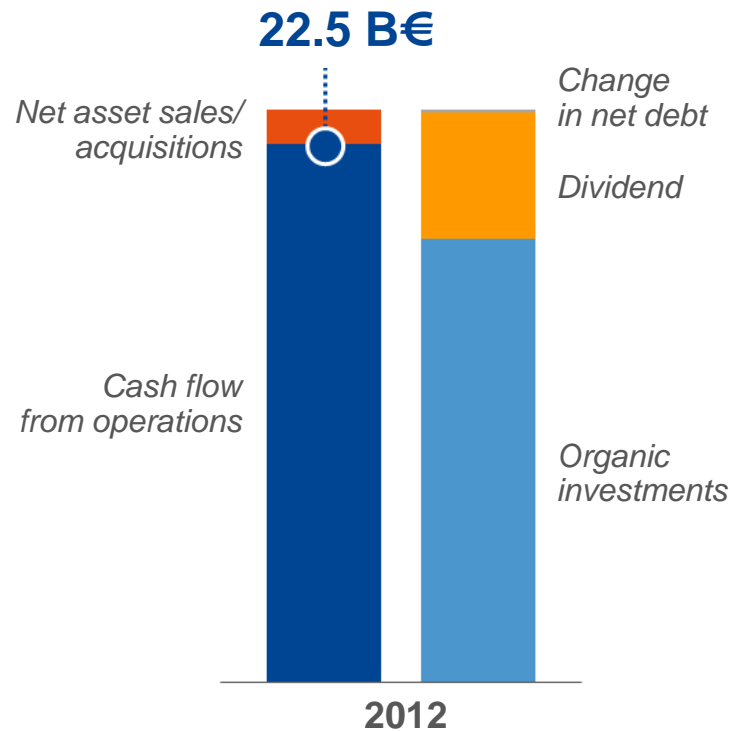
**Diverse worldwide positions provide strong resilience and growth potential**





# Solid cash flow generation

## Cash flow allocation



**17.1 B€** net investments  
in line with budget

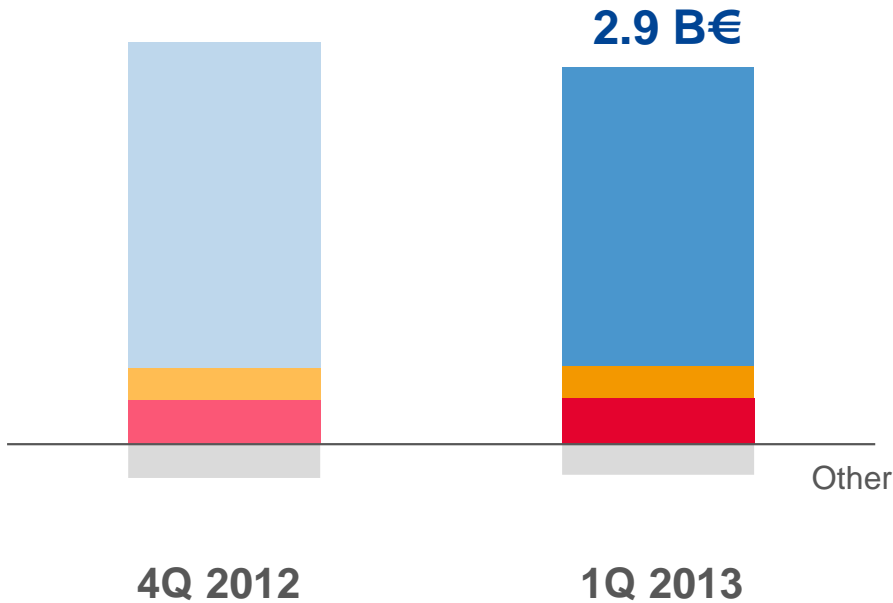
**5.3 B€** dividend,  
including 2Q12 increase

**21%** gearing at end-2012

**Funding Capex and dividend,  
increasing financial flexibility**

# Solid performance for 1Q 2013

Adjusted net income



## Upstream

17%  
ROACE

Progressive restart of Elgin-Franklin  
 Launched Moho Nord in Congo  
 Sold stake in Voyageur Upgrader in Canada

## Refining & Chemicals

10%  
ROACE

Modernization of Normandy refinery

## Marketing & Services

13%  
ROACE

Good contribution from speciality products  
 Improvement in New Energies

**15% Group ROACE**

ROACE: return on average capital employed

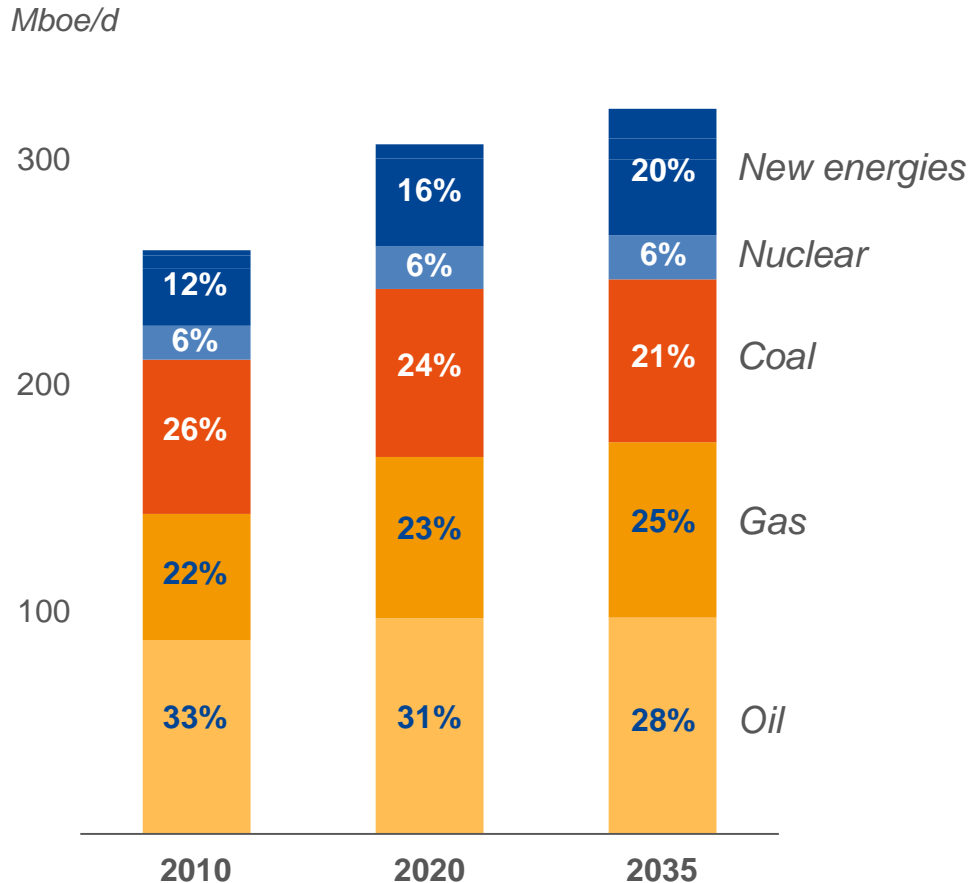


# Strategy and Outlook

## Christophe de Margerie



# Our vision of the energy mix



Share of **fossil fuels** will remain dominant at **74%** in 2035

**Gas** will become the **second source of energy**

Demand for oil is driven by **non-OECD** countries

**Dynamic role** of new energies, particularly **solar**

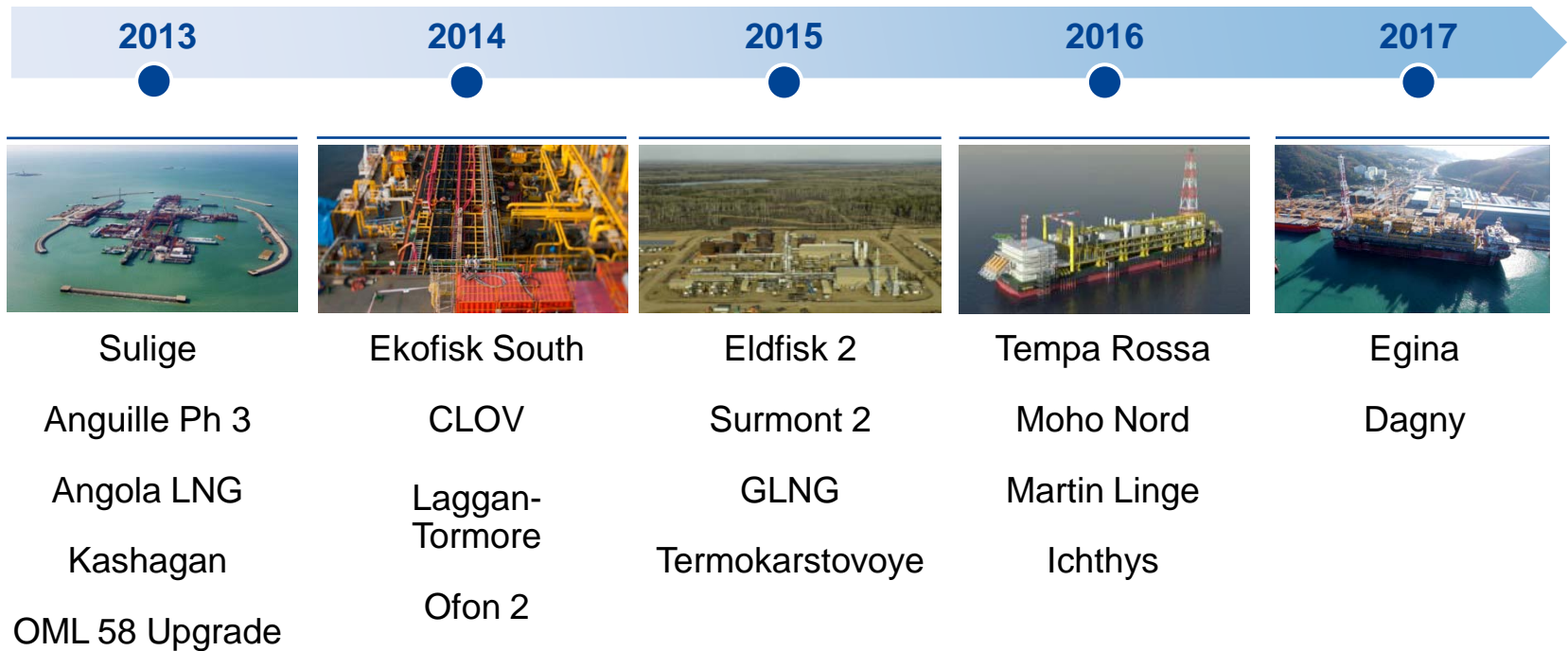
# Ambitious exploration program with more than 60 wells in 2013

● Major wells



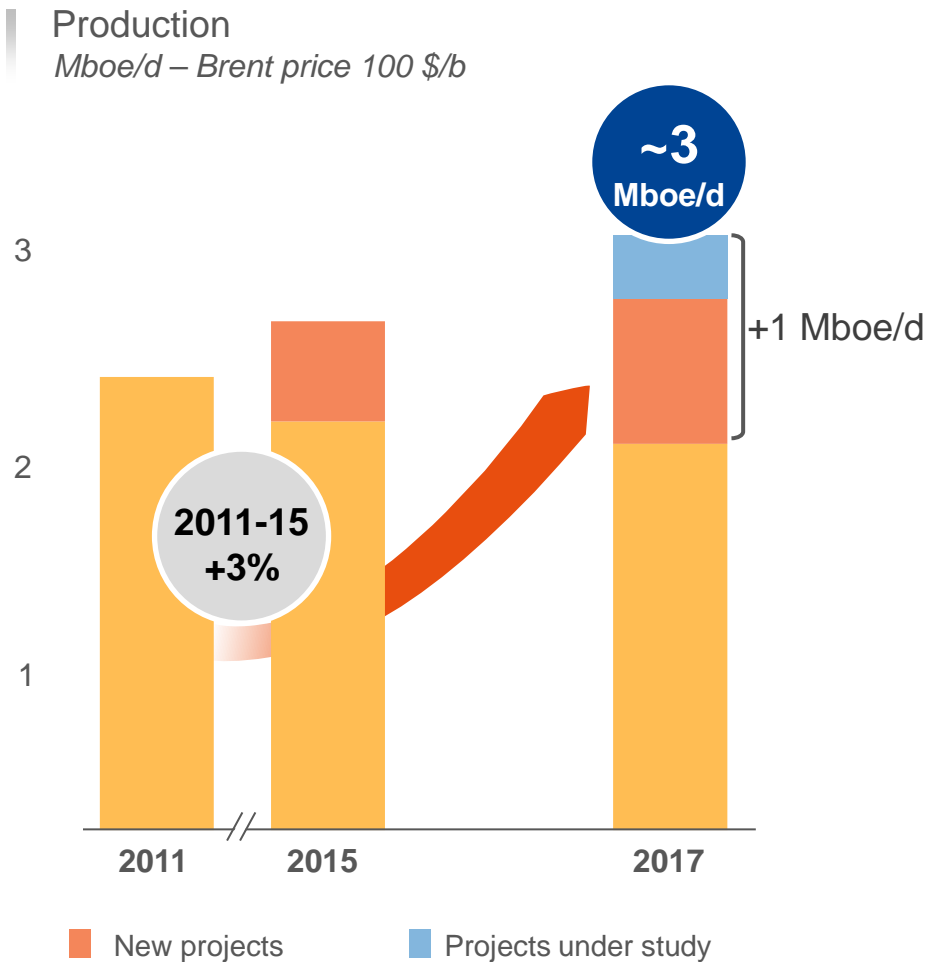
More than 5 billion boe of exploration potential  
Exploration budget increased to 2.8 B\$ for 2013

# Exciting pipeline of major start-ups



**Developing 800 kboe/d of equity production,  
around 50% in OECD countries**

# Good visibility for production growth



Production potential  
of **3 Mboe/d** in 2017

**Accelerating growth**  
post-2015

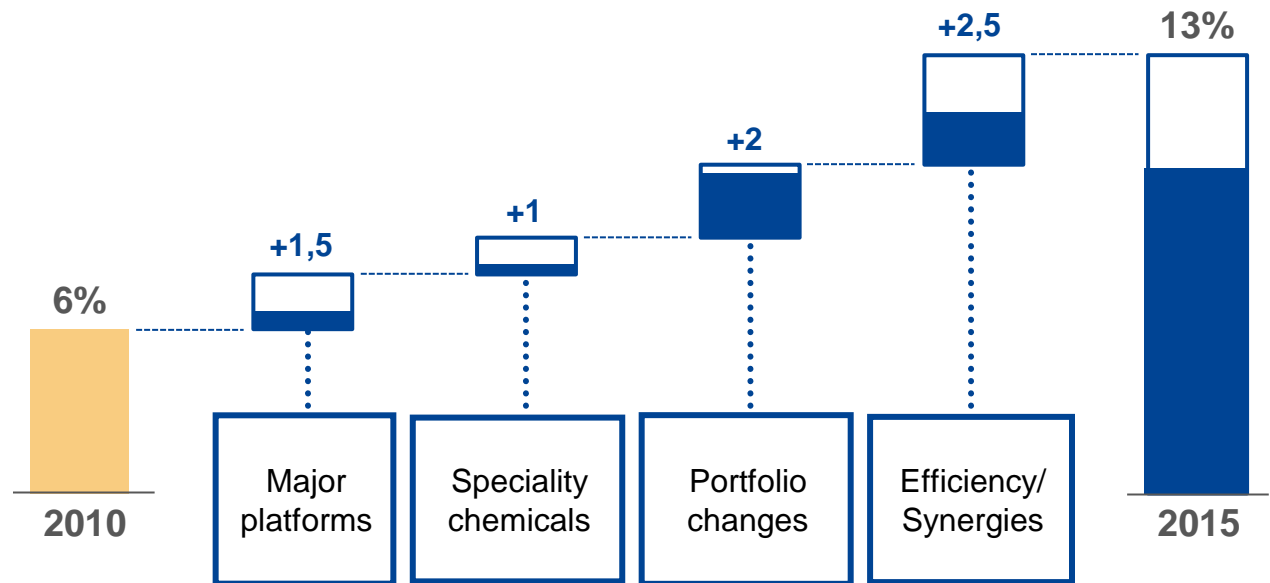
~ **95%** of 2017 potential already  
in production or under development

# Refining & Chemicals, improving profitability by 2015



Evolution of ROACE  
(return on average capital employed)

■ 2011-2013    □ 2014-2015



In a 2010 environment: ERMI 27 \$/t, mid-cycle for petrochemicals, \$/€ 1.33





# Marketing & Services, New Energies



## MARKETING & SERVICES

Create a popular **brand** on a worldwide basis

Maintain **balanced positions** across all regions and in all market segments

Rigor and responsibility for **sustainable growth**

A visible, modern and attractive **presence**

Keep a **profitability superior to 16%**

## NEW ENERGIES

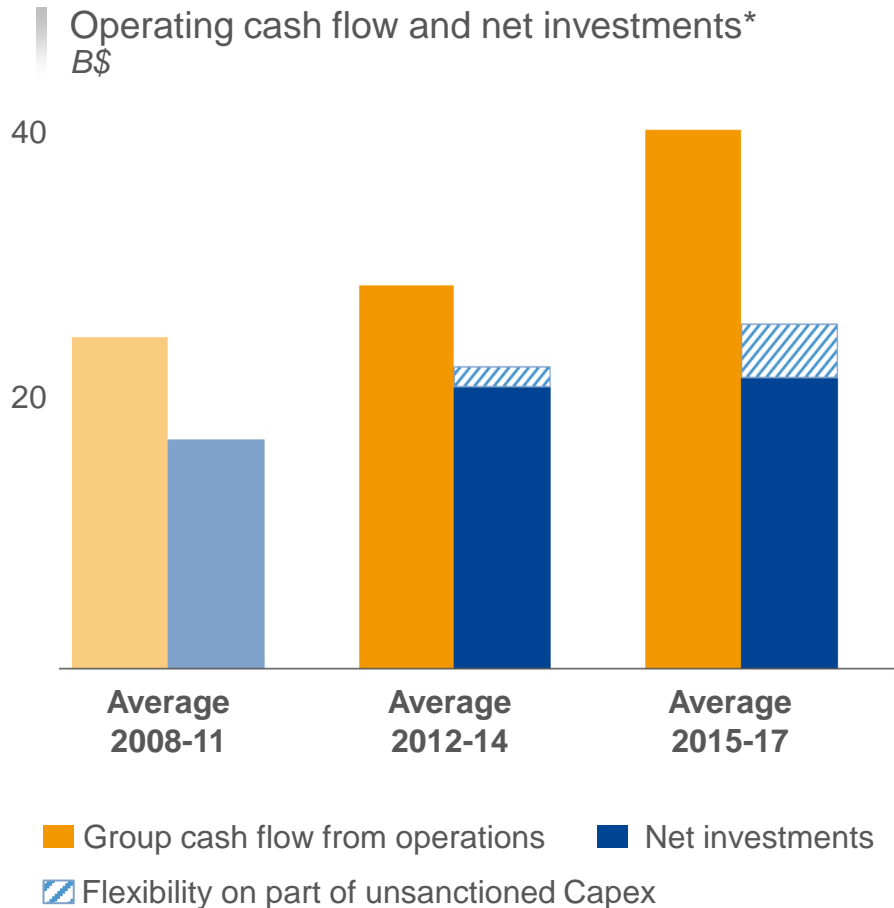
Solar, **reducing costs** and returning to profitability

Maintain Sunpower's **leading position** in solar technologies

**Profitable growth and brand recognition**



# Rising cash flow supports investment strategy



Accelerating **cash flow growth**

Investing for the **future**

Funding **competitive dividend growth**

Maintaining a **solid balance sheet**

\*2013-17 in a Brent 100\$/b scenario  
Net investments = Capex + acquisitions – asset sales

# Committed to operating responsibly



Upholding our **ethics values**, and promoting **transparency** and **human rights**



Building **relationships on trust**

Managing the **environmental impact** of our activities

Supporting development, employment and access to energy at a **local level**



# A clear path forward



Relying on an ambitious **exploration** program

Delivering the next generation of **major projects**

Increasing our **competitiveness**

**Actively managing** our portfolio

Investing in tomorrow's **energy mix**

**Creating value for the Group**

# Disclaimer

This document may contain forward-looking information on the Group (including objectives and trends), as well as forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, notably with respect to the financial condition, results of operations, business, strategy and plans of TOTAL. These data do not represent forecasts within the meaning of European Regulation No. 809/2004.

Such forward-looking information and statements included in this document are based on a number of economic data and assumptions made in a given economic, competitive and regulatory environment. They may prove to be inaccurate in the future, and are subject to a number of risk factors that could lead to a significant difference between actual results and those anticipated, including currency fluctuations, the price of petroleum products, the ability to realize cost reductions and operating efficiencies without unduly disrupting business operations, environmental regulatory considerations and general economic and business conditions. Certain financial information is based on estimates particularly in the assessment of the recoverable value of assets and potential impairments of assets relating thereto.

Neither TOTAL nor any of its subsidiaries assumes any obligation to update publicly any forward-looking information or statement, objectives or trends contained in this document whether as a result of new information, future events or otherwise. Further information on factors, risks and uncertainties that could affect the Company's financial results or the Group's activities is provided in the most recent Registration Document filed by the Company with the French *Autorité des Marchés Financiers* and annual report on Form 20-F filed with the United States Securities and Exchange Commission ("SEC").

Financial information by business segment is reported in accordance with the internal reporting system and shows internal segment information that is used to manage and measure the performance of TOTAL. Performance indicators excluding the adjustment items, such as adjusted operating income, adjusted net operating income, and adjusted net income are meant to facilitate the analysis of the financial performance and the comparison of income between periods. These adjustment items include:

## (i) Special items

Due to their unusual nature or particular significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, transactions such as restructuring costs or asset disposals, which are not considered to be representative of the normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to occur again within the coming years.

## (ii) Inventory valuation effect

The adjusted results of the Refining & Chemicals and Marketing & Services segments are presented according to the replacement cost method. This method is used to assess the segments' performance and facilitate the comparability of the segments' performance with those of its competitors.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the statement of income is, depending on the nature of the inventory, determined using either the month-end prices differential between one period and another or the average prices of the period rather than the historical value. The inventory valuation effect is the difference between the results according to the FIFO (First-In, First-Out) and the replacement cost.

## (iii) Effect of changes in fair value

The effect of changes in fair value presented as an adjustment item reflects for some transactions differences between internal measures of performance used by TOTAL's management and the accounting for these transactions under IFRS.

IFRS requires that trading inventories be recorded at their fair value using period-end spot prices. In order to best reflect the management of economic exposure through derivative transactions, internal indicators used to measure performance include valuations of trading inventories based on forward prices.

Furthermore, TOTAL, in its trading activities, enters into storage contracts, which future effects are recorded at fair value in Group's internal economic performance. IFRS precludes recognition of this fair value effect.

The adjusted results (adjusted operating income, adjusted net operating income, adjusted net income) are defined as replacement cost results, adjusted for special items, excluding the effect of changes in fair value.

Dollar amounts presented herein represent euro amounts converted at the average euro-dollar exchange rate for the applicable period and are not the result of financial statements prepared in dollars.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to separately disclose proved, probable and possible reserves that a company has determined in accordance with SEC rules. We may use certain terms in this presentation, such as resources, that the SEC's guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 20-F, File N° 1-10888, available from us at 2, Place Jean Millier – Arche Nord Coupole/Regnault - 92078 Paris-La Défense Cedex, France, or at our Web site: [www.total.com](http://www.total.com). You can also obtain this form from the SEC by calling 1-800-SEC-0330 or on the SEC's Web site: [www.sec.gov](http://www.sec.gov).

