



CSR
in Total's business model

Total in Nigeria : fostering socio-economic development in a challenging environment

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TOTAL

The Nigerian oil context



Nigeria : a country characterized by contrasts and uncertainties

> Vast potential

- Population of 140 million
- Mineral resources and fertile land
- Democratic rule since 1999
- First African country to pay back its Paris Club debt (2006)

> Significant disparities

- 70% of Nigerians live with an income below \$1 per day*
- Adult literates rate : 72 %*
- 158 out of 182 on the UNDP** Human Development Index

> Security issues

- Unresolved crisis in the Niger Delta
- Risk of conflict in various parts of the country

> Political and legislative uncertainties

- Next elections in 2011
- Amnesty for Niger Delta militants under settlement
- New legislative projects to review oil and gas profit sharing with Niger Delta communities
- Ongoing revision of Petroleum Industry Bill



Vast potential for development hampered by security issues and social disparities

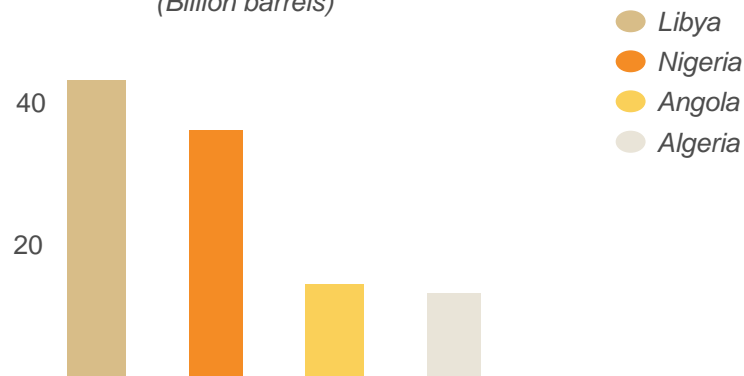
* United Nations statistics

** United Nations Development Program

Largest hydrocarbon reserves in Africa

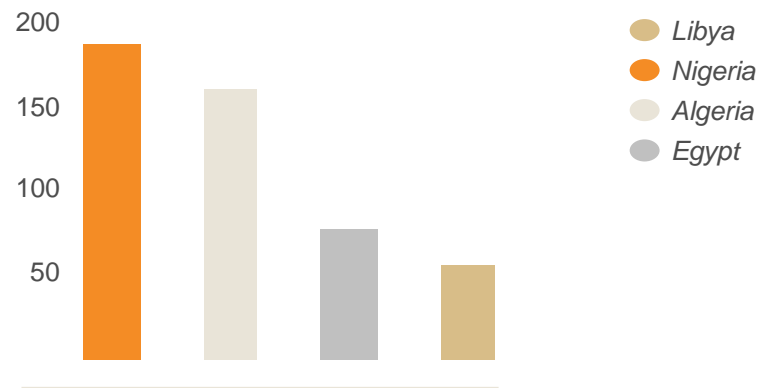
Oil : 2008 proved reserves

(Billion barrels)



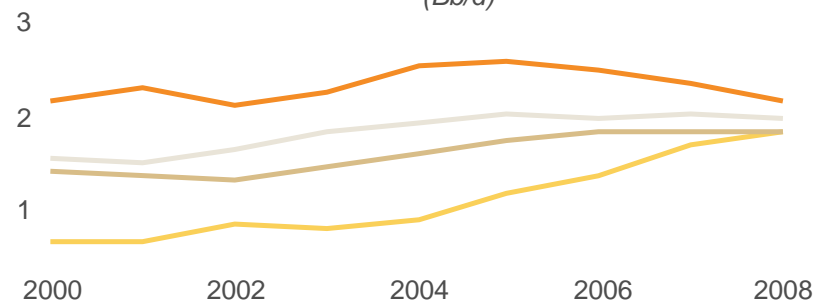
Gas : 2008 proved reserves

(trillion cubic feet)



Oil production

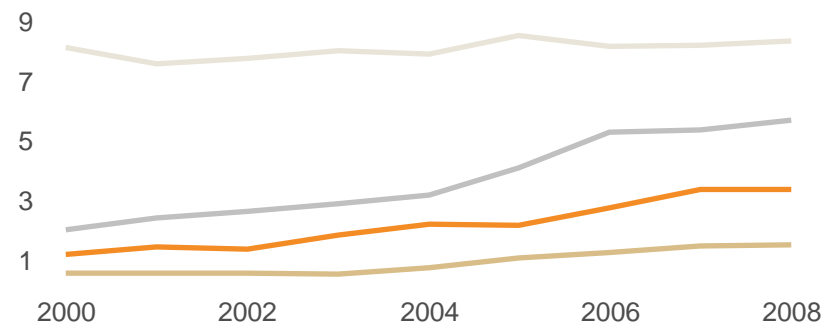
(Bb/d)



> Oil production growth affected by unrest since 2005

Natural Gas production

(Mcf/d)



> Gas potential still underdeveloped

source : public data



High expectations from authorities and Niger Delta communities toward IOC

Nigerian issues

- > Oil producing communities consider that they do not benefit from oil revenues
 - Ignorance of how oil revenues are shared between Federal Government and IOCs
- > Basic needs of communities in the Niger Delta not satisfied
- > Dissatisfaction exploited by criminals and/or activists
- > Flaring bill sets flare-out date at December 2010
- > Nigerian content bill to promote Nigerian participation in oil industry

IOC challenges

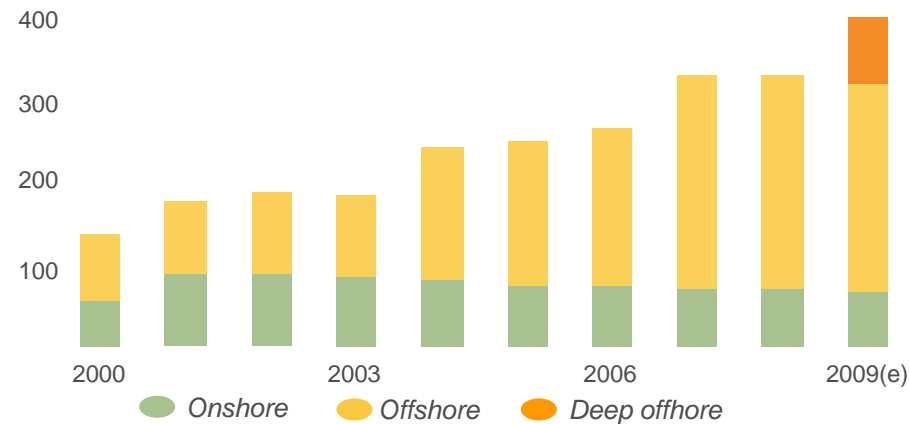
- > Suspicion against IOC from local populations
- > Communities expect IOC to play the role of Government
 - Difficulties to implement sustainable socio-economic programs (vs. "gift" policy)
- > Frequent sabotage and unrest
 - Production shut downs and difficulties to develop onshore potential
 - Security and social issues when dealing with oil spill incident and clean up
- > Financing and implementation issues slowing IOC plans to end flaring
- > Increase local content on very complex projects

Acceptability necessary to continue to operate

Total in Nigeria : current positions & future growth

Leverage Total's historical presence to develop new projects

Total E&P Nigeria operated production (kboe/d)



- > **Strong historical presence**
 - 1962 : Obagi discovery
 - 1966 : 1st oil onshore
 - 1993 : 1st oil offshore
 - 1999 : 1st gas to NLNG
 - 2009 : 1st oil deep offshore

- > **Total acreage located in prolific basins with exploration potential**
 - 1P SEC reserves 2.05 Bboe in 2008
 - 3.4 Bboe discovered since 2000
 - Interests in 6 blocks still to be explored

Strong portfolio of operated projects to support production growth

Akpo
24% - operator

> FPSO, 225 kboe/d
> Production : March 2009

Usan
20% - operator

> FPSO, 180 kboe/d
> Development
> Production : 2012(e)

OML 58 Upgrade
40% - operator

> Onshore gas
> Development
> Production : 2014(e)

Ofon Phase 2
40% - operator

> Offshore gas
> Development / EPC

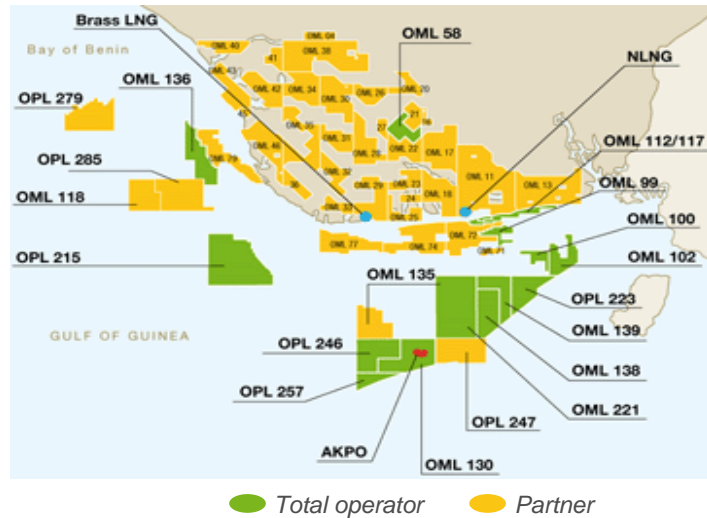
Egina
24% - operator

> Project under study

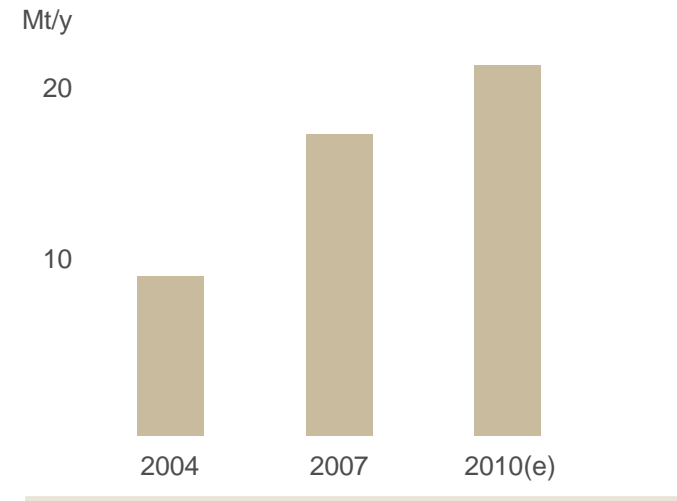
Principal focus on offshore developments

Valorizing gas reserves both for domestic consumption and LNG export

Total's acreage in Nigeria



Nigeria LNG capacity (Total 15%)



Total's domestic gas commitments

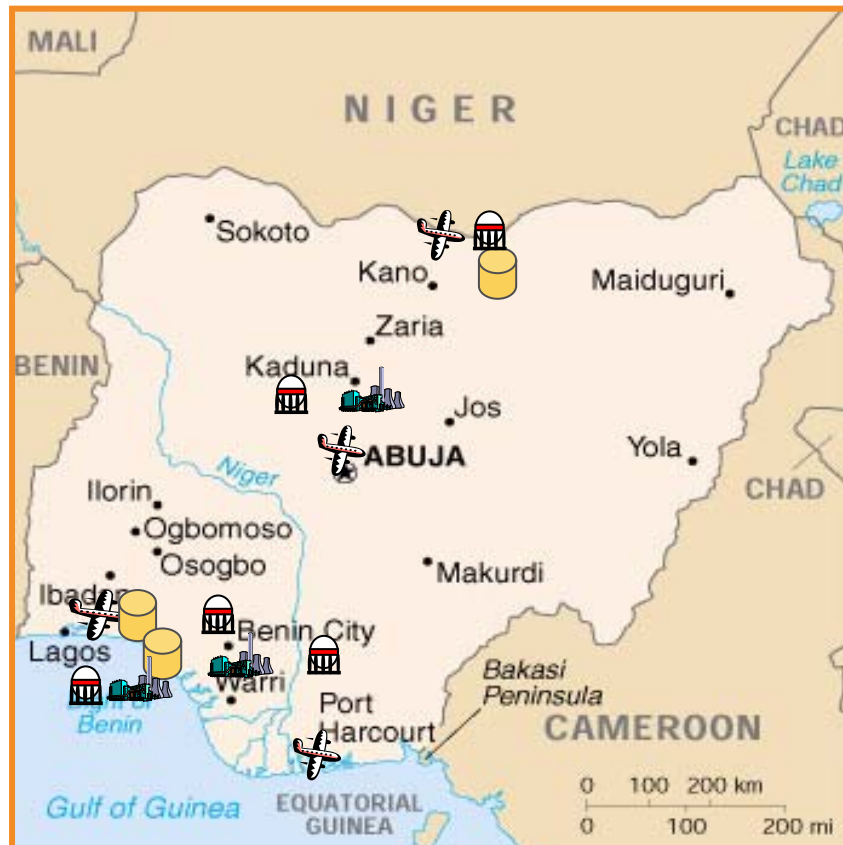
- > 120 Mcf/d supplied by Total in 2010 to domestic market
- > In the long run, Total E&P Nigeria will provide 8% of the domestic gas needs foreseen by Federal Government

> Nigeria LNG :

- Still the only gas export capacity in Nigeria
- Production affected by supply issues in 2009
- Volumes supplied by Total in 2009 (YTD) : 635 Mcf/d (37% of 2009 plant supply)

Existing gas potential to develop additional projects

Leading positions in retail marketing and specialty products



Aviation Storage Blending Plant LPG Filling Plant

- › Vector of Total's brand name in Nigeria
- › 531 staff and approx. 3,500 collateral jobs
- › Major assets :
 - 544 service stations
 - 18 customer service centers
 - 5 LPG filling plants
 - 3 lube blending installations
 - 1 bitumen plant
 - 4 aviation fuel facilities



Integrated business model strengthens Total's commitment to Nigeria

Total E&P Nigeria : social responsibility



Addressing security issues while respecting human rights

> Niger Delta crisis

- Security situation has deteriorated since 2005
- Large volumes of crude oil stolen, operations shut down, staff kidnapped and sabotage of equipment
- “*Force Majeure*” declared in 2008 by several other IOCs
- No major security issues with Total’s neighboring population since 2007

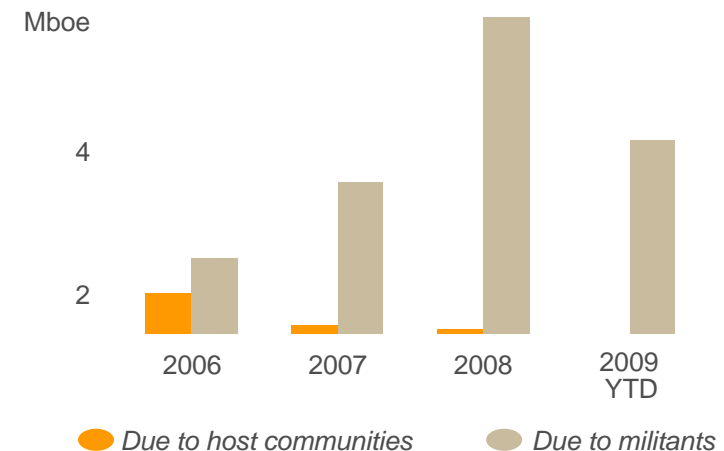
> Total’s security organization

- Managed by Total staff and supported by Nigerian Police Corps seconded to Total
- Tailored to facilitate Group or third-party reviews

> Implementation of Voluntary Principles on Security and Human Rights (VPSHR)

- VPSHR awareness training sessions organized on a regular basis for all security personnel
- Benchmark organized with other Group’s subsidiaries

2006-2009 production shortfalls on Total’s operated onshore activities



Professionalism and transparency

Safety and environment policy in line with Group's standards

> Safety and environment management systems

- Safety Management System audited by third parties
- 4 sites certified ISO 14001 (+1 under process)

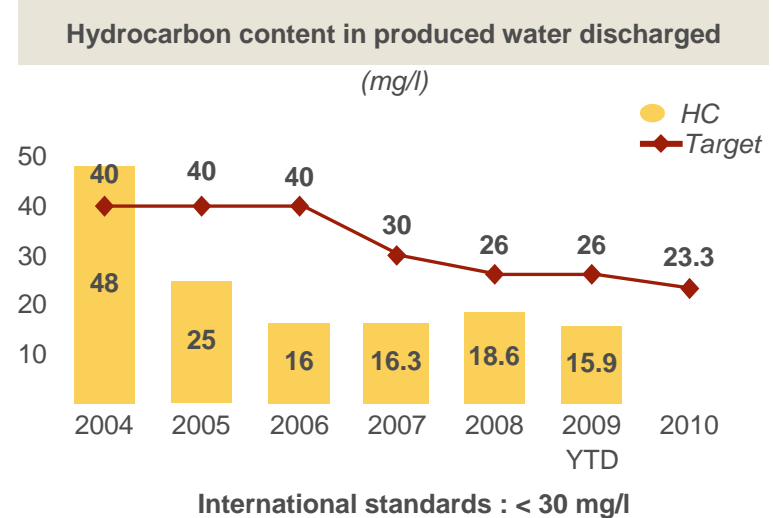
> Due diligence

- Impact assessments carried out for every project (including environmental, economic, sociological aspects)
- Baseline studies to determine environmental status prior to any activity

> Environmental stewardship

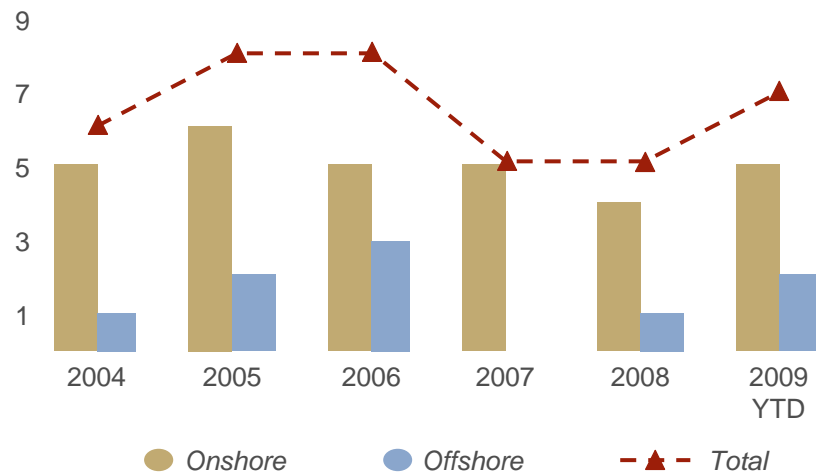
- Water disposal :
 - Offshore : quantity/quality strictly monitored
 - Onshore : no disposal (all produced water re-injected)
- Air emissions strictly monitored
- Waste management

Promoting best practices



Oil spills : 44 onshore spills between 1994 and 2009, 84% due to sabotage

Number of oil spills in Total's operations (2004-2009)



> Preventive measures

- Emergency shut-down systems
- Tight monitoring of installations
- Re-route production where possible

> Site assessment

- Joint inspection with regulatory body

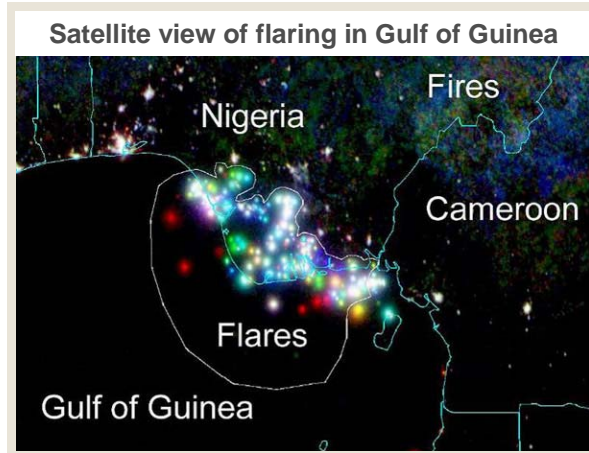
> Clean-up work managed by Total

- Involvement of local communities

> Final clean-up certification by regulatory body

A constant vigilance

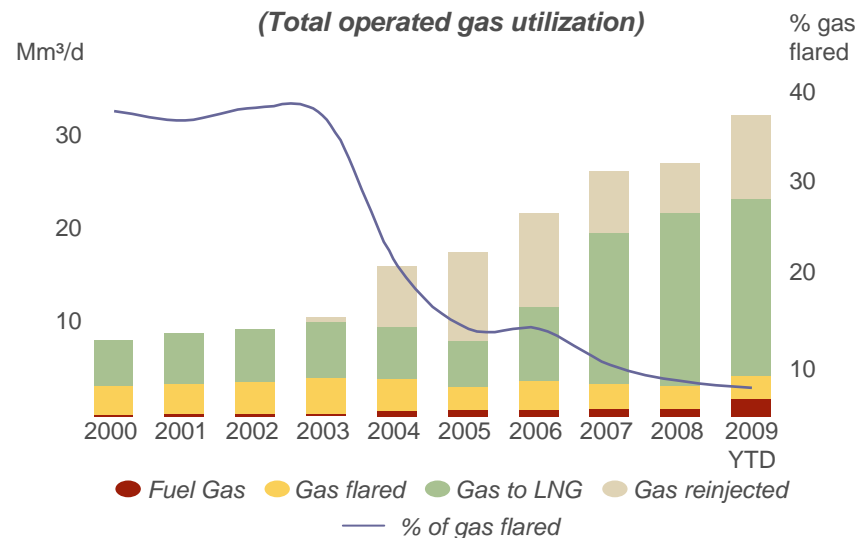
Total plans to stop gas flaring by 2013 through increased reinjection and LNG supply



> Gas flaring : a major issue in Nigeria

- > No flaring on new projects since 1999
- > OML 58
 - Flaring reduced from 1.5 Mm³/d to 0.1 Mm³/d (safety flaring only) since 2000 with start-up of NLNG
- > New projects decided to accelerate flare out
 - OML 58 Upgrade
 - OFON Phase 2
 - OML100 activation
- > Flare-out plan subject to partner's support

Less than 10% of gas flared in 2009



**Among IOC operators in Nigeria,
Total flares the least**

Investing in local human resources

> Important recruitments in Nigeria

- Need for about 100 new employees/year

> Nigerianization

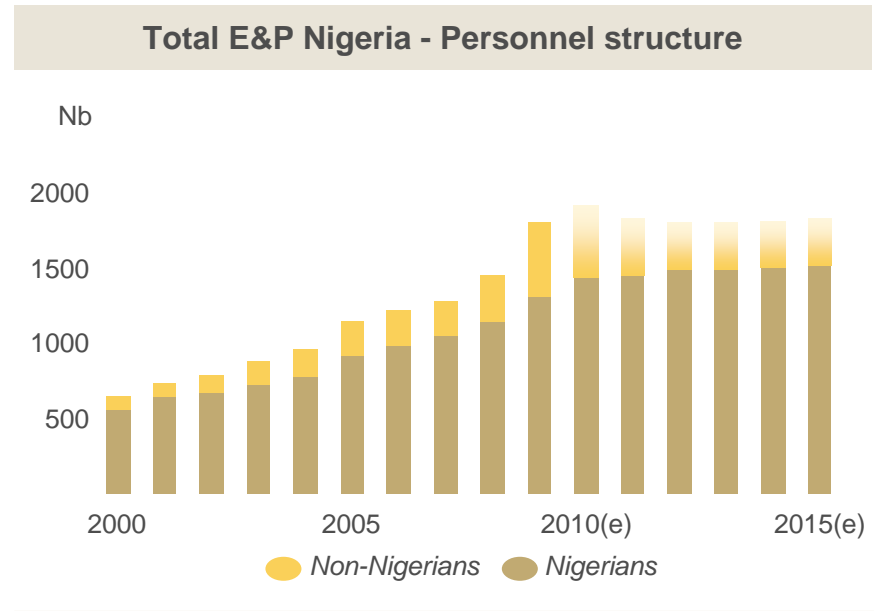
- Integration of national executive staff in managerial positions
- Recruitment and career development compliant with Group standards
- Tutorship and mentoring tailored to match potentials

> Training

- \$10M annual

> Internationalization

- Nigerian executive staff expatriated within the Group



- > 2009 : Rise of non-Nigerian personnel due to start-up of Akpo development and of Usan and OML58 Upgrade projects

More than 80% of our employees are Nigerians

Nigerian content policy enhanced despite the complexity of new projects

> Capitalizing from recent achievements for new projects

- **Akpo** (all disciplines) : **42.5%** of in country man-hours (ie. approx. 13.6 million man-hours worked)
- **Usan** (all disciplines) : **31%(e)** of in country man-hours (ie. approx. 11 million man-hours worked)
- **Egina** (basic engineering) : **90%** of in country man-hours (ie. approx. 280,000 man-hours worked)

> A dedicated approach to increase local content

- Integration of local content approach in concept design for deep-offshore projects
- Trend to locate project management and basic engineering teams in Nigeria
- Egina : approx. 30,000 man-hours of know-how transfer with several Nigerian engineering companies
- New technologies introduced for the first time in Nigeria thanks to Total's projects

Examples of innovative contributions from Akpo to local fabrication industry



- > New jetty built at Saipem Nigeria
- > New telecom facilities at Saipem Nigeria and Socotherm Onne
- > New pipe fabrication, welding, coating and rolling facilities
- > New welding school
- > Sophisticated steel quality introduced for the first time in Globestar
- > New up-to-date workshop built for autogenous welding

Contributing to Nigeria's industrial capacity development

Improving our contribution to local communities' development

Sustainable development principles

- > **Focus on sustainability versus dependence**
- > **Emphasis on benefits for people not on infrastructure completed**
- > **Local communities as participants and not recipients**
- > **Promotion of community-based institutions**
- > **No work / no cash policy**
- > **Partnerships with Pro Natura international and UNITAR***

> Sustainable development strategy

- Defined in 2007
- 3 levels : Corporate, assets, Niger Delta Development Commission (NDDC)
- 86 full-time employees involved

> Professional, long-term approach to develop sustainable programs

- Stakeholder Relationship Management tool implemented in 2008
- Consultation and dialogue to build consensus, define needs and action plans
- Egi Community 15-year Sustainable Development Plan issued in 2009

> Continuously improve actions through third-party reviews

- Field visit and public report by independent agency CDA** in 2005
- Research program with economics researcher : comparative study on the impacts of development programs implemented by IOCs on living standards in the Niger Delta

Total as facilitator to foster capability of local people to manage their own development

* United Nations Institute for Training and Research

** Collaborative for Development Action

Some 2008 socio-economic achievements

> Health

- Free health campaigns : more than 7,000 patients (Rivers and Akwa Ibom States)
- Malaria and HIV/AIDS campaigns : 2,200 people

> Education

- 9,500 scholarships at various levels (post-primary, post-Secondary, post-Graduate)

> Skills development

- 849 individuals trained (catering, GSM repair, computer...)
- Business creation starter packs
- Partnership with UNITAR*

> Agricultural development

- Over 40,000 fish fingerlings distributed to local fish farmers

> Infrastructure development

- 60 ongoing projects (roads, water access, classrooms...)

Access to energy : Egi power plant



- > 2 x 6.5 MW Egi turbines in OML 58
- > Started March 2005
- > 40,000 people supplied with electricity

Improving living standards and developing local economic activities

* United Nations Institute for Training and Research

Corporate social responsibility needed to secure our long-term strategy in Nigeria

- Challenging and unstable environment with high expectations towards IOCs
- CSR practices and policy fully integrated into our daily operations
- Already established acceptance from neighboring communities thanks to focus on sustainability in our socio-economic programs

Total committed to contribute to Nigerians' development through its oil and gas activities

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Business segment information is presented in accordance with the Group internal reporting system used by the Chief operating decision maker to measure performance and allocate resources internally. Due to their particular nature or 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, certain transactions such as restructuring costs or assets disposals, which are not considered to be representative of normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to recur within following years.

The adjusted results of the Downstream and Chemical segments are also presented according to the replacement cost method. This method is used to assess the segments' performance and ensure the comparability of the segments' results with those of the Group's main competitors, notably from North America.

In the replacement cost method, which approximates the LIFO (Last-In, First-Out) method, the variation of inventory values in the income statement is determined by the average price of the period rather than the historical value. The inventory valuation effect is the difference between the results according to FIFO (First-In, First-Out) and replacement cost.

In this framework, performance measures such as adjusted operating income, adjusted net operating income and adjusted net income are defined as incomes using replacement cost, adjusted for special items and excluding Total's equity share of the amortization of intangibles related to the Sanofi-Aventis merger. They are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

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