



Corporate Social  
Responsibility Report 2003

# Excerpts



**TOTAL**

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This document comprises excerpts from our corporate social responsibility report, *Sharing Our Energies 2003*.  
The full report is available at [www.total.com](http://www.total.com).

Many of the issues covered in the report are central to current discussions on the environment, social change, North-South relations, and the role of multinationals.

They challenge received ideas about the benefits of Western development processes and technological change and garner extensive media coverage at major international governmental and non-governmental meetings, such as summits and social forums.

We do not claim to have exhaustively covered all aspects of these issues — far from it. But the *Sharing Our Energies 2003* report is our response to widespread, growing global awareness, describing our corporate citizenship initiatives, which are designed to more effectively meet expectations expressed by stakeholders.

# Foreword by Thierry Desmarest

Chairman and Chief Executive Officer



**The concept of corporate social responsibility is fairly recent. What does it mean for Total, the world's fourth-largest international oil and gas company?**

**Thierry Desmarest:** Although the way the concept of corporate social responsibility is expressed today is new, the issues involved have been discussed for decades. Theories covering social and societal issues began to be developed in the nineteenth century, with the advent of the Industrial Revolution, and the environmental movement as we know it today began to get organized in the 1960s. Over the last 20 years, the Western world has developed a very comprehensive system of environmental standards and regulations, which means that large corporations have considerable experience with environmental management. But the emergence of new issues, such as global warming, is driving demand for new international measures.

What is more recent, I think, is how environmental concerns are converging with increasing challenges to a social and economic order that is perceived as unfair, a source of instability, and untenable in the longer term. Another major development is the increasing importance of the cultural, financial and political divide between the North and the South, perhaps accentuated since the September 11 attacks in the United States.

The challenges to our growth model and the resultant global imbalances directly impact industrial operations, in particular for a company like Total, which is an energy and chemical concern active in more than 130 countries. We are very directly affected by the challenges to this type of globalization raised by leading governmental and non-governmental organizations.

**What does this mean in practice?**

**Thierry Desmarest:** Civil society expects companies, especially the biggest ones, to manage the environmental impact of their operations and industrial risk, as well as to plan for and manage their direct and indirect social and societal impacts, wherever they are located. In practical terms, that means engaging in broader dialogue with a wide array of stakeholders. But more than that, it means we have to tailor our practices, organization, decision-making processes, and management systems to these new developments. We have to integrate sustainable development parameters as far upstream as possible in the decision-making process, which requires clear procedures that are recognized and accepted across the Group.

**What do you think about these changing expectations?**

**Thierry Desmarest:** In my opinion, discussion of broader corporate responsibilities is a particularly significant development, since it covers areas — employee relations, ethics, the environment, relations with outside partners — that were too often dealt with piecemeal in the past. That's why managing our operations demands a wide overview of the issues that we face daily. Moreover, we didn't wait until broader responsibility gained media coverage to take action in all the areas it covers. Over the years, we've learned to take into account local expectations in conducting our business. However, our commitment to a more structured, formal approach is more recent.

That said, we have to remain vigilant about the real risk of confusing issues. Declining public action in many countries, which sometimes has very serious consequences in the least developed regions, should not result in the private sector assuming public sector responsibilities. In the areas of health care and education for example, this could be counter-productive in the long term, because it would create over-reliance on our presence.

A company like Total can and must support initiatives around its facilities, if only for reasons of fairness and social harmony, especially in the most underprivileged regions. But such efforts will only be sustainable if they support a government's vision and actions. Ensuring the sustainability of a societal program launched by a company like us therefore requires genuine partnership with the public authorities, international organizations such as the Global Compact, credible local stakeholders who represent the surrounding population, and NGOs that are rooted in the local social fabric.

**You mention the progress that companies have made in terms of opening up to civil society. Nonetheless, the media and some of the public have a very unflattering opinion of business. Image is the Achilles heel of many large companies, and Total is no exception. How do you explain this problem?**

**Thierry Desmarest:** Clearly, companies have yet to win the battle for legitimacy in the eyes of the general public, particularly in continental Europe. Things are a little different in North America and the United Kingdom, for historical and sociological reasons. It's perfectly natural that we are asked to report on our actions and assume the direct and indirect impact of our operations; it's part of our responsibility as a manufacturer or entrepreneur. This is an incentive to further improve our production, transportation and marketing processes. It's a healthy development, which often stimulates innovation and is beneficial for all stakeholders, starting with the Company and our partners.

On the other hand, automatically stigmatizing business is another matter altogether. I think it's time to highlight the pace of improvement and avoid criticism for criticism's sake, which often goes hand in hand with an overly simplistic take on things. Some people think that all the planet's major problems can be resolved with the wave of a wand. But there are no easy answers in today's complex world, and actions can't be effective until we clear up misperceptions and stop oversimplifying.

**What are Total's main avenues of action?**

**Thierry Desmarest:** First, we're continually reducing the environmental footprint of our operations and maintaining our initiatives to effectively manage industrial risk. This is not a new goal, and it's being strengthened every year, as attested by our results and objectives. In the four years from 2002 to 2005, for example, we are spending €500 million on a major program to enhance safety at our sites. For us, it's all about actions, which speak louder than words.

Second, we're constantly developing oil and gas resources, notably by enhancing recovery of resources in place. In this way, we can contribute to a seamless transition to the post-oil energy era, which in large part has yet to be envisaged. This also means working on enhanced energy efficiency, renewable energies and future energies, usually in partnership with international research organizations and private and public energy operators. Our contribution consists of expertise, innovation and technological research.

Other major challenges are more people and ethics-related. They include fostering social and societal equity and equal opportunity, which underpin the harmonious integration of our operations into our host environments.

**There is considerable public debate on financial transparency in the extractive industries. How do you approach this issue at Total?**

**Thierry Desmarest:** Clearly, oil and gas revenues, like revenues from other natural resources, do not drive the development they should in a large number of countries. In some cases, there are also shortcomings in governance, which generate tension and suffering for civil society. Greater transparency in managing these revenues would be a decisive growth driver.

That's why I very early advocated measures to make this transparency possible, with the agreement of the governments concerned, for example as part of a supranational organization that would publish consolidated revenue figures related to extractive industries. We support the Extractive Industries Transparency Initiative (E.I.T.I.) adopted by the G8 at the Evian Summit in June 2003 as part of an action plan designed to combat corruption and enhance transparency.

**Total has strong historic roots in Europe, as reflected in the fact that three out of four employees are based there. How does Total intend to meet its corporate social responsibility commitments in emerging countries, in particular in the South?**

**Thierry Desmarest:** I would say through integration and diversification. We have to achieve balanced integration in all our host countries, encouraging local and national economic development as much as is practicable.

That's the way to eventually replace oil revenues with diversified, sustainable revenues. In the most disadvantaged countries, at first integration has to pay careful attention to the contrast between our installations, synonymous with wealth, and the often very precarious living conditions of our neighbors. When not carefully managed, this contrast can quickly become a source of tension and conflict that is prejudicial to everyone, local communities and employees alike. This is true now and will be even more sensitive in the future, since most of the potential for growth in our oil and gas production is located in developing countries.

**As you point out, Total has extensive experience operating in both OECD and non-OECD countries. Do you think that the expectations of society concerning Total are different in rich countries and developing countries?**

**Thierry Desmarest:** In part, yes. People in non-OECD countries express fundamental expectations concerning health care, housing and education. In Northern countries, the emphasis is on continuous improvement in the quality of life, accompanied by criticism of any real or imagined negative impact of our business and industrial model. But Westerners are not prepared to give up their material comforts, hence the sometimes paradoxical disconnect between beliefs and actions, between ideal citizenship and consumerism. The problems with implementing the Kyoto Protocol clearly illustrate the conflict between one's conscience and a reluctance to sacrifice a certain standard of living.

**You spoke of the diversity of expectations regarding sustainable development. What about ethics and fundamental human rights?**

**Thierry Desmarest:** Human rights expectations seem to be the same everywhere, since they are deeply rooted in a universal need for recognition of human dignity and the respect people deserve. Of course, these expectations are expressed differently depending on whether you are in Asia, Africa, Europe, or North or South America.

These differences require a real effort to understand them, as well as to teach, explain and promote the values and principles expressed in our Code of Conduct. And just because expectations are expressed differently doesn't mean we should lower standards on the pretext of adapting to local cultures or conditions, either for us or our business partners. Management has to be extremely vigilant in widely varying, challenging environments. Compromise is unacceptable.

**How do your employees perceive and experience this broader corporate social responsibility and these higher ethical standards?**

**Thierry Desmarest:** More than 110,000 people work for Total, bringing with them their rich and diversified experience. They are stakeholders in civil society, with many of them investing in community life. They are just as concerned as any other citizens by core sustainable development issues, such as depletion of resources and preserving ecological balances, which are also increasingly central to their daily work.

The international experience of many of our employees has often made them more aware of the diversity of environments, and has sometimes required them to deal with serious situations. In the area of ethics, awareness has been reinforced, and our actions must match our principles. Ethics and sustainable development are not just expressed outside the company. Our employees share these commitments. To me, this is a critical growth driver.

# Total: From Global to Local

As an international energy and chemical company, Total is directly concerned by major global economic, social and environmental issues, such as governance, transparency, greenhouse gas abatement, and the future of energy. Making headway in these areas entails continuous dialogue and partnership with the relevant public and private institutions, which are often global in scope. This global responsibility must also be tailored in the field to provide practical responses to local stakeholder expectations.



## Global Environmental and Social Contributions

### Global Social Challenges: Guaranteeing Fundamental Human Rights

- 1 Ensure that human rights are respected in host countries by:
  - Guaranteeing the human rights of employees, suppliers, contractors and local communities.
  - Lobbying to promote high global standards on this issue.
- 2 Implement good governance and foster greater transparency by:
  - Contributing to economic and social development in host countries.
  - Promoting transparent management of oil and gas revenues.
- 3 Promote social equity and diversity of human resources through:
  - Gender diversity.
  - Internationalization.
  - Training.
  - Sharing knowledge and technological skills.

### Global Environmental Challenges: Helping to Change the Energy System

- 4 Help to reduce the economy's reliance on carbon by:
  - Abating operated greenhouse gas emissions.
  - Encouraging energy conservation.
  - Developing carbon sequestration solutions.
  - Developing hydrogen applications.
- 5 Make the energy system secure by:
  - Optimizing oil and gas resources and increasing their availability.
  - Developing alternative solutions.
- 6 Prevent impacts related to the growth of transportation by:
  - Improving automotive fuel quality.
  - Making land and maritime transportation safer.

This means that we have to show employees, neighbors, local communities, NGOs and local unions that we are capable of effectively reconciling operational performance with safety and social equity. This global and local responsibility is governed by an ethical requirement based on principles such as respect for employees, a constant dedication to safety and environmental stewardship, and support for the development of host communities. Our engagement is reflected in our support for the UN-sponsored Global Compact, whose nine principles define global corporate citizenship.



## Local Environmental and Social Contributions

### Local Social Challenges: Being a Good Neighbor

- 1 Prevent and manage industrial and work-related incident risks and protect the health of neighbors by:
  - Assessing and managing impacts.
  - Deploying an industrial safety policy and assessing the results.
  - Informing neighbors of the risks associated with installations and communicating transparently in the event of a minor incident or serious accident.
- 2 Contribute to host community development by:
  - Promoting sustainable growth in developing countries and reducing poverty.
  - Supporting the disadvantaged.
  - Encouraging employment.

### Local Environmental Challenges: Reducing Our Footprint

- 3 Reduce our environmental footprint by:
  - Curbing emissions.
  - Preserving air and water quality.
  - Reducing odor, noise and visual disamenities.
  - Reducing the risks of accidental pollution.
- 4 Maintain biodiversity by:
  - Performing environmental impact assessments for ecosystems before investment decisions are made.

## Key Figures: Environmental, Safety, Human Resources and Societal Indicators

Operations	2001	2002	2003	% change 2002/2003
Oil and natural gas production (in millions of barrels of oil equivalent per day)	2.20	2.42	2.54	+ 5%
Proved reserves (in billions of barrels of oil equivalent)	10.98	11.20	11.40	+ 2%
Refinery throughput (in millions of barrels per day)	2.47	2.35	2.48	+ 6%

Environmental Indicators			2001	2002	2003
NOx	'000 metric tons/year	Upstream	49.6	43.0	49.5
		Downstream	25.8	23.2	24.9
		Chemicals	12.6	12.7	12.4
SO <sub>2</sub>	'000 metric tons/year	Upstream	37.6	42.3	46.6
		Downstream	106.6	96.9	98.1
		Chemicals	14.6	18.2	12.0
VOCs	'000 metric tons/year	Upstream	113.8	105.1	95.5
		Downstream	20.7	20.8	30.7
		Chemicals	26.8	24.6	24.5
Water releases (excluding cooling water)	Mcu. m/year	Upstream	67.2	72.3	73.5
		Downstream	54.6	53.6	49.0
		Chemicals	67.4	57.6	42.5
Suspended solids releases	'000 metric tons/year	Downstream	0.7	0.8	0.8
		Chemicals	6.7	5.6	5.2
Chemical oxygen demand (COD) releases	'000 metric tons/year	Downstream	3.6	4.4	4.7
		Chemicals	8.3	8.2	7.3
Hydrocarbon releases	metric tons/year	Upstream	5,024	4,640	2,749
		Downstream	88.3	92.7	122.0
		Chemicals	25.6	40.1	31.7
E&P oil spills	ppm	Upstream	101	88	46
		number	215	165	286
Greenhouse gases	MTCDE per year	in metric tons	11,076	284	162
		Upstream	32.9	29.8	29.3
Energy consumption	Mtoe per year	Downstream	22.7	21.3	22.4
		Chemicals	18.6	16.8	14.2
		Upstream	2,276	2,306	2,617
Hazardous waste production (treated offsite)	'000 metric tons per year	Downstream	7,778	7,293	7,575
		Chemicals	6,731	6,811	7,079
		Upstream	10.5	15.3	25.2
		Downstream	54.0	58.0	111.1
		Chemicals	143.9	148.5	153.6

Safety Indicators			2001	2002	2003
Group and contractor employee work-related incidents	TRIR*	Exploration & Production	10.0	5.1	3.8
		Gas & Power	13.8	9.0	5.9
		Refining & Marketing	16.0	10.8	7.9
		Integrated Chemicals & Specialties	22.4	18.9	16.8
		<b>Group average (all businesses)</b>	<b>15.4</b>	<b>11.8</b>	<b>9.5</b>
		<b>Oil and Petrochemicals average</b>	<b>12.6</b>	<b>7.9</b>	<b>6.0</b>
Group and contractor employee work-related incidents	LTIF**	Exploration & Production	4.0	1.5	1.2
		Gas & Power	4.7	3.3	4.3
		Refining & Marketing	7.8	7.4	5.9
		Chemicals	9.9	8.6	7.8
		<b>Group average (all businesses)</b>	<b>7.7</b>	<b>5.9</b>	<b>5.0</b>
		<b>Oil and Petrochemicals average</b>	<b>5.5</b>	<b>4.3</b>	<b>3.4</b>
Group and contractor employee fatalities			41***	14	11

\* TRIR: Total recordable incident rate (number of incidents with or without lost time per million man-hours worked).

\*\* LTIF: Lost time incident frequency (number of lost time incidents per million man-hours worked).

\*\*\* Of which 21 related to the AZF explosion in Toulouse.

Human Resources Indicators		Upstream	Downstream	Chemicals	Holding Company	Total
Workforce	2003	14,017	34,410	61,212	1,144	110,783
	2002	14,019	35,054	71,268	1,128	121,469
	2001	13,870	35,743	71,312	1,100	122,025
Workforce by age bracket (%)	2003	< 25 7	25-35 25	35-45 29	45-55 28	> 55 11
	2002	6	24	29	31	10
Women in each age bracket (%)	2003	< 25 33	25-35 31	35-45 27	45-55 23	> 55 19
	2002	31	28	26	22	16
Women managers in each age bracket (%)	2003	< 25 28	25-35 27	35-45 18	45-55 12	> 55 7
	2002	35	27	19	12	6
Average number of training days per employee by region		Africa	Asia Middle East Pacific DOM-TOM*	Europe (excluding France)	France	Americas
	2003	10.0	4.4	4.2	3.8	3.4
	2002	8.1	4.1	3.0	3.4	2.6
Workforce by region		France	Europe (excluding France)	Americas	Africa	Asia Middle East Pacific DOM-TOM*
	2003 (%)	44.8	27.2	14.1	6.6	7.3
		49,637	30,128	15,641	7,259	8,118
	2002 (%)	43.6	30.9	13.0	5.8	6.7
		52,915	37,584	15,848	7,020	8,102

\* French overseas departments and territories.

Societal Indicators	Total	Economic development	Good neighbor	Health care and social support	Education and youth	Training
Voluntary external spending by type of initiative (in € million)						
Total amount non-OECD in 2003	57	17.2	10.6	11.7	4.6	12.9
Total amount non-OECD in 2002	75	23.2	15.8	10.5	6.8	18.8

Expressed in U.S. dollars, 2003 societal spending was unchanged from 2002.

# Enhancing Performance to Meet Expectations More Effectively

Questions for Jean-Michel Gires,

Senior Vice President, Sustainable Development and Environment, Member of the Management Committee

## Was Total's concern with environmental issues prompted by growing pressure from civil society?

**J.-M. Gires:** A straight yes or no answer would be oversimplifying, of course. Total has had an organized Environment process for 30 years, which has become increasingly sophisticated as we have grown. What has changed, however, is stakeholder awareness of this issue. The very demanding expectations that we face today are naturally lifting our own environmental standards and encouraging us to take our performance to a new level.

## What were the highlights of your environmental policy in 2003?

**J.-M. Gires:** Much of our work focused on climate change, at a time when the European Union has decided to apply, perhaps too unilaterally, the Kyoto Protocol recommendations. The Directive approved in July 2003 on greenhouse gas emissions trading — concerning the reduction of CO<sub>2</sub> emissions over the 2005-2007 period, and probably all six greenhouse gases over the 2008-2012 period — clearly concerns us, since we are Europe's leading refiner, one of its top-ranked chemical producers, and a major North Sea oil and gas producer.

But the Directive didn't catch us off guard. In 2002, we announced quantified targets for 2005. We tightened these targets in 2003 for Exploration & Production. We have already improved our results in areas where significant progress can be achieved by optimizing installations, for instance to reduce flaring and abate emissions of fluorine gas and nitrogen oxide.

We're getting ready to buy and sell in the emissions trading market that will be introduced in the European Union in 2005, depending on whether we are above or below our allowances.

At the same time, we are again examining the issue of energy efficiency. We're launching audits to identify opportunities to significantly improve our performance.

In addition to work on climate change, in 2003 we decided to extend the application of the ISO 14001 management system. We already had internal environmental management systems that have produced significant results, but are not known, verified or certified by outside organizations. Given existing stakeholder expectations, we felt it was necessary to opt for an international benchmark that is clear and understood by all, i.e. ISO 14001.



We have already initiated the process, since 159 of our plants were ISO 14001-certified at end-2003. Our target now is to extend certification to 50% of our major sites by 2005 and 75% by 2007.

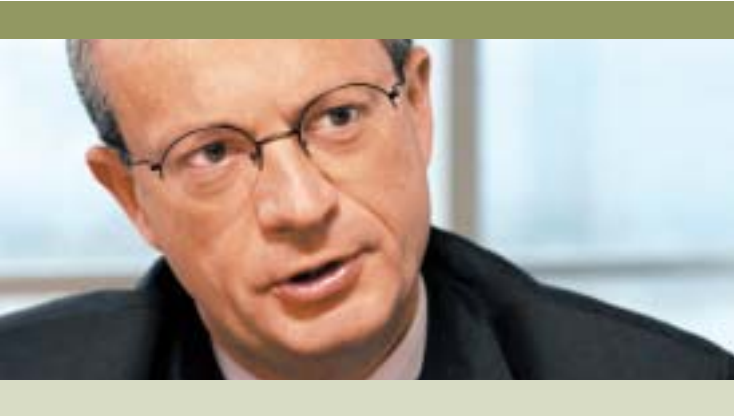
## Environmental protection involves a number of restrictions, but do you think it also offers opportunities for Total?

**J.-M. Gires:** Having to take into account regulatory requirements helps us to develop ways to enhance our environmental performance. Our emissions are directly related to our processes, which have to be tailored to reduce releases and discharges at source. That requires dialogue between specialists from two different organizations — operations on the one hand and environment on the other — who have a tendency to stick to their own areas of expertise. That's why we've set up cross-functional structures such as the Energy Committee, which is a forum for multidisciplinary cooperation on issues such as managing greenhouse gas emissions.

When you approach things in this way, you uncover myriad opportunities to conserve energy, water and raw materials, more efficiently regulate processes, and foresee possible incidents. This will have an impact on the reliability of your industrial operations, with your environmental performance as a direct result.

# Finding Successors and Alternatives to Oil and Gas

Questions for Yves-Louis Darricarrère,  
President, Gas & Power, Member of the Executive Committee



**Thirty years ago, some experts were predicting that the oil era would be ending now. What's the reserves situation today?**

**Y.-L. Darricarrère:** Those experts didn't make sufficient allowance for technological advances, which have partially offset the impact of sustained economic growth. So not only do we still have oil in 2004, but we have enough for another 40 or so years. Although expert opinion is divided on the issue, here at Total we put the watershed oil production peak at around 2020 to 2030.

**Why are you relatively optimistic?**

**Y.-L. Darricarrère:** The forecast end of the oil era is continually being pushed back by advances in identifying resources and enhancing recovery. Not so long ago, developing new non-conventional resources was something straight out of science fiction, but is now an everyday reality for Total. For example, we produce extra-heavy crude oil in Venezuela's Orinoco Belt, and we recently brought on stream Angola's offshore Girassol and Jasmim fields, which lie in 1,400 meters of water. We are also using our technological proficiency to enhance the recovery of ultimate resources in place.

After oil, there's natural gas, with an estimated reserve life of around 60 years in the current state of technology.

We are stepping up our activities across the gas chain, from identifying and producing resources to pipeline transmission and LNG transportation. For example, in May 2003, we inaugurated one of the world's largest gas-fired cogeneration plants, which produces power and freshwater, in Abu Dhabi in the United Arab Emirates. And in a first for us, we have also acquired a stake in a regasification terminal project, in Mexico.

Even though we're working to postpone an uncertain deadline, oil and gas reserves will be depleted one day. Our longer-term challenge will be to balance world oil and gas supply and demand. Our responsibility as an energy supplier is to find successors and alternatives to fossil fuels.

**What successors and alternatives to fossil fuels are you working on?**

**Y.-L. Darricarrère:** We are heavily involved in renewable energies, which are a long-term industrial process.

Along with French national electric utility Electricité de France (EDF), we are partners in Total Energie, which was created in 1983 and today is a world leader in designing, assembling and installing photovoltaic systems. Total and EDF are currently implementing large-scale rural electrification programs in isolated regions of Morocco and South Africa. Photovoltech, which we founded with Belgium's Electrabel and microelectronics lab Imec, has been producing advanced photovoltaic cells in Tienen, Belgium, since late 2003. In addition, we are highly committed to biofuels derived from biomass, which we are developing with farmers.

More recently, in November 2003, we inaugurated our first wind farm, at our Mardyck refinery near Dunkirk, France. Five latest-generation wind turbines foreshadow major developments in the future, especially offshore.

Other technologies that we are examining include fuel cells, which are capable of continuously converting a mixture of oxygen and hydrogen into electricity. We are active in this area through our Chemicals business, as well as through our fuel production and retailing operations. We have created a hydrogen skills center in Berlin, where we opened one of Europe's very first hydrogen service stations in October 2002.

Alongside nuclear power, which is bound to experience a revival, and coal, which will continue to make a substantial contribution, especially as it improves its environmental performance, these energies will play a role in the energy supply of the future.

# Enhancing Safety, A Continuous Process

Questions for Pierre Guyonnet,  
Senior Vice President, Industrial Safety, Member of the Management Committee

## How does an oil, gas and chemical company manage industrial risk?

**P. Guyonnet:** Safety has always been central to Total's businesses, because our operations involve manufacturing and handling flammable, explosive and toxic products. All three founder companies had their own risk management policies, which were harmonized following the mergers, in a process that retained the best practices offering the most effective protection for people and installations. This harmonization was reflected in the signature by Chairman and CEO Thierry Desmarest of the *Health Safety Environment Quality Charter* in 2001.

## Can a company like Total be said to have a safety culture?

**P. Guyonnet:** Industrial risk is inherent in our oil, gas and chemical operations. The people who work on our platforms and sites are on the front line and are fully aware of the critical importance of safety. Their culture makes them attentive to anything that can enhance and strengthen safety. Furthermore, it's our duty to do all we can to minimize risk. Enhancing safety must be a continuous process.

## You say that safety must be, and is, continuously improved. Yet you have had to deal with two major incidents, the *Erika* sinking and the AZF explosion. How did Total respond to these two exceptional situations?

**P. Guyonnet:** We worked hard to learn as much as we could from these two events, as quickly as possible. We would have failed in our responsibilities if we had not done so. You're right to bring these incidents up. The sinking of the *Erika*, which profoundly affected people inside and outside the company, spurred us to further tighten our vessel vetting process, which is one of the toughest in the industry.

The AZF disaster in Toulouse was painful not just for everyone directly affected, but also for all Total employees. Because we still don't know what caused the explosion, we're systematically exploring every possible way to enhance safety. In January 2002, Mr. Desmarest clearly expressed his commitment to taking safety to a new level. And we're doing it. We have set ambitious Group-wide targets for improving technological risk management and workplace safety. We're targeting a more than 60% reduction in work-related incidents over the four years from 2002 to 2005.



## How will you achieve these targets?

**P. Guyonnet:** In early 2002, we approved a safety action plan designed to improve our performance in this area. For example, one component of the plan is updating facility risk assessment across the Group, which entails identifying and analyzing hazards, defining measures to reduce risk at source, and introducing efficient prevention and protection measures. Priorities are set in line with these assessments, which are supported by a four-year, €500-million investment program.

More generally, in a large group like Total, identifying and sharing best practices is a critical improvement driver, whatever the risk being considered.

## How far along is your safety action plan?

**P. Guyonnet:** At end-2003, thanks to initiatives undertaken in all our businesses, our results were in line with the reduction target for the total recordable incident rate (TRIR), which is the number of incidents with or without lost time per million man-hours worked by Total and contractor employees combined. The TRIR has declined 38% since 2001, exceeding the target of 30%, an outstanding result equivalent to 3,580 incidents averted in 2002 and 2003.

## Total operates in countries whose regulations are less stringent than France's. How do you make sure that operations there meet the same demanding safety standards?

**P. Guyonnet:** We apply the same criteria and the same ambitions in all our 130 host countries, aligning ourselves with best industry practices. Meeting our demanding standards requires sustained training and supervision of local employees. This transfer of expertise and knowledge contributes to the development of host countries, which is always appreciated by the local authorities.

# Seeking a Fair, Innovative Response to Employee Expectations

Questions for Jean-Jacques Guilbaud,

Senior Vice President, Human Resources and Corporate Communications, Member of the Management Committee



**What do you see as the major challenges for human resources management in a group like Total?**

**J.-J. Guilbaud:** Historically, Total is a European company, but our geographic expansion has stepped up significantly in the last 15 years in Latin America, Africa, the Middle East and Asia. We now operate in more than 130 countries, with one in five employees working in emerging or developing countries. This means that social and cultural situations and references are widely varied, as is their transposition into legislation and regulations. This can create fairly complex issues in such areas as equitable career management, health care monitoring, compensation, and training. Meeting our commitments requires discipline and creativity in contexts that can be shifting and sensitive, as is often the case in many emerging countries.

In developed countries, although the environment is generally more favorable and the fundamental principles of social equity are better assured, we are nonetheless facing issues that require substantive examination over the long term. One of the challenges we face in Europe is reconciling our image as a prosperous company with the need to adjust our industrial base to the competitive environment while taking into account what that means in terms of jobs. Two other major issues are longer careers and the need to fight discrimination.

**Total is committed to complying with international labor conventions. How do you reconcile this commitment with the diversity of situations encountered?**

**J.-J. Guilbaud:** That question is mainly applicable to countries with serious social, economic and political problems, where practices may exist that do not comply with certain international conventions and, as a result, breach our commitments.

Our position is clear: these very challenging environments must not undermine our standards or professionalism in the area of human resources. This is a critical challenge for a multinational company striving to act responsibly with regard to its employees, contractors, and host communities, wherever it operates.

In response, we've set up processes that allow us to respect our commitments and engage in fairer practices. This is an area that has to be dealt with on a case-by-case basis. We have to be attentive in our own units, but also with regard to contractor practices, even though the larger contractors are aware of these issues and sometimes have their own codes of conduct. We have engaged these processes in full cooperation with our local partners, who are usually aware of the link between economic progress and social progress.

**By definition, human resources is an area whose management and understanding varies widely, depending on the country, legal framework, and local sensitivity to labor issues. How do you ensure that the themes and issues on which you report are understood in the same way?**

**J.-J. Guilbaud:** That's a key point. For instance, time spent on training is not always accounted for in the same way, even in close neighbors such as France and Belgium. Issues such as insurance and compensation are highly technical and subject to legal standards that vary from one country to another. Not all regions are equally interested in measuring gender diversity.

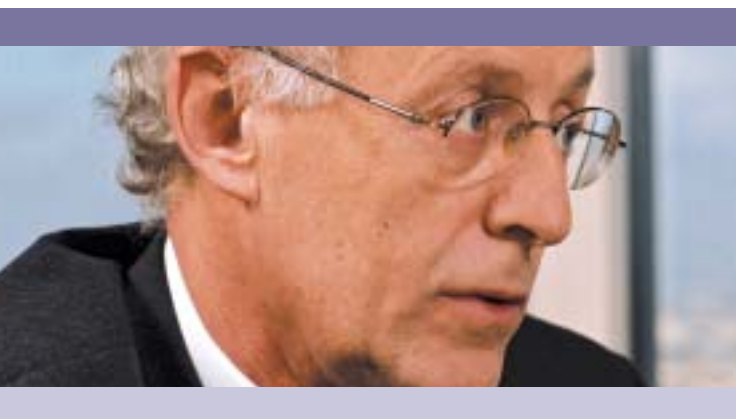
Accurate reporting requires benchmarks that are understood and shared by the entire network of human resource professionals in all our units. That takes time, understanding and instruction. But we are making progress and gaining a clearer picture of practices across Total.

**Are you ready to submit this process of identifying and measuring our employee relations practices to outside scrutiny?**

**J.-J. Guilbaud:** We began in 2003 with the publication of our first corporate social responsibility report, *Sharing Our Energies*. The process of identifying our employee relations practices is being discussed with academics, which enables us to share points of view and compare practices with other major companies in Europe and internationally. This could eventually lead to a certification process. These external contributions are essential to driving improvement.

# Universal Human Rights and Cultural Diversity

Questions for Jean-Pierre Cordier,  
Chairman of the Ethics Committee



**Total sometimes conducts business in countries where human rights are violated. What can you do about this? Or, to put it another way, how much can you do?**

**J.-P. Cordier:** Respect for human rights in the broadest sense is a primary objective, and we must do everything we can to stop violations of these basic rights wherever we do business. However, as a private company we have no legal authority to intervene in the political processes of our host countries. We therefore express our beliefs through ongoing dialogue. The process isn't necessarily publicized, since that might jeopardize its effectiveness, but in certain sensitive countries managers are involved in such actions on a daily basis, however discreetly. We are constantly monitoring the situation and seeking the most effective initiatives possible to promote human rights. It's in our interest to do so, since a business can only be profitable to both the company and local population if it has been successfully integrated into the country's socio-cultural fabric and if a constructive, sustainable relationship is established with host communities.

**Are there any countries where you won't do business?**

**J.-P. Cordier:** Our position is clear. We only undertake projects in countries where our presence is authorized by the United Nations and the European Union and where we are able to comply with the principles and values laid out in our Code of Conduct.

**Is a code of conduct really necessary? Isn't it enough to respect international laws and conventions?**

**J.-P. Cordier:** Strict compliance with international laws and conventions isn't enough, and we need more than that to justify the legitimacy of our operations. We need to have a code of conduct because it's important for us to have a positive impact on the human rights situation in the non-democratic countries where we operate.

**How?**

**J.-P. Cordier:** We think that the presence of a Western company in an outcast country with a despotic regime can encourage receptiveness to new ideas and behavior and provide an opportunity to highlight the universal values stated in a code of conduct. It goes without saying that this can only be done if the company in question conducts itself irreproachably and doesn't engage in unethical dealings with the authorities. This is the basis on which the legitimacy of our presence in controversial countries is founded.

**What about Myanmar (Burma), where Total's presence is strongly criticized by some organizations?**

**J.-P. Cordier:** As an oil company, we have to work in many difficult countries, including Myanmar (Burma), which has become a symbolic crusade for many activists, especially in the English-speaking world.

Our experience in Myanmar has taught us a lot about the need for us to serve as an example and the importance of being a final resort when the local population has no other means of defending its fundamental rights.

**How do you make sure these responsibilities are understood and fully assumed?**

**J.-P. Cordier:** Implementation of the Code of Conduct principles is subject to a monitoring procedure known as ethical profiling that carefully audits each of our subsidiaries in order to pinpoint our strengths and weaknesses. In addition, our traveling Ethics, Values and Culture seminar aims to familiarize as many employees as possible with our philosophy.

# A Year of Sustainable Development at Total

January > February > March > April > May > June >

- Acquisition of a 43.5% interest in the Surmont oilsands lease in the Athabasca region of Alberta, Canada. The potential of these extra-heavy oil resources will increase as technological advances enhance recovery in the future.



- Ethics awareness program launched — 2,000 employees concerned in 2003.

- WHO issues international alert concerning the SARS epidemic in a number of Asian countries. Health crisis for our Asian units. Deployment of crisis units.



- Management and unions sign three memoranda of understanding on employing the disabled, covering hiring, support for sheltered employment, relations with schools, and training. The agreements are valid for a period of three years.
- Social Innovation and Diversity Department created to transpose our corporate social responsibility commitments into human resources policy.

- Taweelah A1 power generation and desalination plant commissioned, Abu Dhabi, United Arab Emirates.
- New visual identity launched.
- First CSR report published.
- OTC 2003 Distinguished Achievement Award for the outstanding offshore expertise demonstrated in Girassol project in Angola.
- Total's HIV/AIDS prevention and treatment principles and actions formalized for employees and their families in sub-Saharan Africa.

- 20<sup>th</sup> anniversary of Total Energie, our solar power subsidiary.
- Technical and scientific cooperation agreement with St. Petersburg Polar Academy in Russia renewed.



July > August > September > October > November > December



- Incentive and profit-sharing agreements signed, affecting around 18,500 employees in ten companies in the Oil business.
- Total and Cap Gemini Ernst & Young decide to locate a CGE&Y center in Toulouse for some of our information systems. This activity is expected to create more than 200 jobs over three years.

- Following training programs, Total hands over operation of the production and accommodation platform on Iran's offshore Balal oil field to the National Iranian Oil Company (NIOC), in line with contractual terms.



- Total Energy Committee's missions broadened, with three working groups: Energy Markets, Energy Efficiency and the Environment, and Long-term Energy Outlook.



- Mardyck wind farm commissioned, northern France.



- Photovoltech solar cell production plant commissioned, Tienen, Belgium.



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