Corporate Social Responsibility

Manoelle Lepoutre
Senior Vice President Sustainable Development and Environment
What is at stake?

Managing risks

Facilitating operations

Creating business opportunities
Reducing our risk profile

Global **risk management** system
- Safety culture, preparedness, crisis response, lessons learned
- Internal audits and corrective action plans

Systematic **risk analysis**
- Assessment by the Risk Committee before Executive Committee approval
- Site-by-site analysis based on incident scenarios

*Crisis response - Elgin - March 2012*

- Crisis management teams mobilized
- Well inspections and environmental sample analysis
- Stream of communication with a wide range of stakeholders

**Our first responsibility: managing risks**
Integrating contractors and partners into risk management

**Enforcing** our Code of Conduct

- Ethical assessments followed by action and monitoring plans
- HSE clauses in services contracts, including the Voluntary Principles on Security and Human Rights

Risks linked to **procurement**

- Purchasing Fundamental Business Principles
- Map of CSR risks by geographic area and procurement category

**International Procurement Office in China**

- Qualification of suppliers on diverse criteria including HSE
- Systematic anti-corruption due diligence and **social audits**
- Spot checks and **independent inspections**
- Environmental workshops for suppliers
Building trust with our stakeholders

Dialogue and continuous professionalization

A long-term involvement with successful track record

CLOV project
Boosting local industry through local content
Target: 9 million man-hours in Angola

The “young dealer” program in Africa
Launched in 1960 to encourage entrepreneurship
Around 1,500 pump attendants so far

Seismic survey in Bangladesh
Information campaign in coastal villages prior to operations
No stoppage of the seismic process resulting in savings
Deploying worldwide a societal policy

**Societal policy and company rules**

- Structured and formalized approach
- Applicable to all Total entities and subsidiaries
- Setting up key requirements
  - Stakeholder mapping and regular consulting
  - Strategy tailored to the level of societal risks and opportunities
  - Action plans fitting each specific context at local, regional or host country scale
- Priority to sustainability and empowerment

New **reporting system** applied since 2012

**Strengthening our acceptability and social licence to operate**
Environmental and industrial performance

Public long-term and **measurable commitments**

**Environmental objectives**

- Reduce greenhouse gas emissions by 15% from 2008 to 2015

Enhancing **industrial efficiency** site by site

**Normandy platform**

- Integrated platform made up of the refinery and the petrochemical plant
- Better environmental performance target:
  - 10% improvement in energy efficiency
  - 30% decrease in carbon emissions

**Combining sustainable development and industrial excellence**
Turning environmental innovation into competitive advantage

Differentiating our products and services through assessed environmental performance

Program and label Total Ecosolutions

Eco-efficient products and services
External verification
Awards
- K-Fair “most innovative product”
- InfoPro “oscar of the packaging”
- JEC “innovation award”

Excellium diesel - labeled in July 2011

Premium fuel enhanced with Total additives to improve engine performance
Reduction by
- 2.5% of fuel consumption
- 2.5% of CO₂ eq emissions

Uniplate (ATOTECH) - labeled in July 2010

A new technology for manufacturing printed circuits boards (PCBs) by innovative horizontal copper plating
Reduction by
- 43% of copper consumption
- 20% of formaldehyde consumption
- 41% of water consumption
Open innovation, key to energy future

7 B$ R&D global expenditures between 2013 and 2017

Open innovation model
- Partnerships with world renowned research centers

Total Energy Ventures
- Venture capital: identify and support promising start-ups with innovative technologies

Developing a low cost breakthrough technology (compressed air storage)
To optimize management of electric grids
In response to renewable development and electric demand

Leading sustainable innovation
Social business models

**Total Access to Energy** program

- A social business incubator
- A response to the needs of low income people
- Sustainable and profitable business models

**Awango by Total**

A leading brand for the first successful solar social business

2015 objective: sell 1 million solar lamps and reach 5 million people

Offer already available in 9 countries

Be present in new markets and anticipate local needs
Recognized CSR performance

**Total included** in the main CSR indices

- Selected for ten consecutive years in the DJSI World, and the only super major in the DJSI World and the DJSI Europe
- Level A+ by the Global Reporting Initiative for exhaustiveness of CSR information published

**Ongoing process** and continuous efforts

- Integrating CSR into our operational and excellence goals
- Reducing major short-term risks
- Supporting our activities and operations
- Generating business opportunities for the future

Operational excellence to manage risks and foster acceptability
Appendix
Environment: our objectives

**Resources**
- Flaring: Cut by 50% between 2005 and 2014

**Across-the-Board Challenges**
- Energy efficiency: 1.5% a year improvement between 2012 and 2017

**Greenhouse Gases**
- Reduce greenhouse gas emissions by 15% between 2008 and 2015

**Eco-innovation**
- More than 50 products and services in the Total Ecosolutions lineup in 2015

**Biodiversity**
- Have a Biodiversity Action Plan at all industrial sites\(^1\) in IUCN I to IV or Ramsar protected areas in 2014
  \(^1\): Excluding exploration wells, seismic data acquisition and product marketing and storage.

**Emissions, Discharges and Releases**
- Water: Reduce the hydrocarbon content (expressed in tons) of our onshore and inshore discharges by 40% between 2011 and 2017

**Air**
- Reduce our SO\(_2\) emissions by 20% between 2010 and 2017

**Management Systems**
- All our production sites\(^1\) certified ISO 14001 by 2017
  \(^1\): Sites emitting more than 10,000 tons/year of greenhouse gases five-year grace period for new sites.

Design and Production: M&C Saatchi Corporate - Illustrations: Peter Grundy

To learn more: [csr-analysts.total.com](http://csr-analysts.total.com)
Awango by Total: solar social business

Awango by Total offer in the world (solar lamps)

- **Countries in operation:** Burkina Faso, Cambodia, Cameroon, Haiti, Indonesia, Kenya, Nigeria, Senegal, Uganda
- **Countries in development:** Bangladesh, Congo Brazzaville, Myanmar, Pakistan, South Africa, Tanzania, Zambia

**Suppliers**

**Global partners**

2013 Investors’ day – www.total.com
Ethics commitment and policy

Philip Jordan
Senior Vice President Ethics and Chairman of the Ethics Committee
Business principles rooted in our ethical commitment

Our **Code of Conduct** as a reference document
- Sets out our values and action principles
- Requires each employee to comply with it
- Refers to international standards
- Resources and tools to reinforce its day-to-day implementation

**Core values**
- Respect
- Responsibility
- Exemplary behavior

**Main focuses**
- Respect of Human Rights
- Interpersonal relations
- Ethics in our business
- Integrity at work

**Clear and widespread guidelines**
Ethics, a strong and global organization

**Governance and Ethics Committee** of the Board
- Responsible for supervising implementation of our ethics programs

**Group Ethics Committee** created in 2001
- Independent structure reporting directly to the Chairman and CEO
- Annual reporting to the Executive Committee and to the Board (Governance and Ethics Committee)
- Ensure compliance with our Code of Conduct
- Listen to, support and advise employees
- Whistleblowing systems and investigation of cases

**Dedicated organizations** within the Group
- Ethics Department and Compliance & CSR Department
- Group Human Rights Committee and Integrity Committees at Group and subsidiaries levels
- Compliance, Fraud, Ethics Officers global networks

**Governance and accountability at all levels**
Independent ethical assessments

Assessments led worldwide by **external organizations**

**Follow-up** by the Ethics Department and the Compliance & CSR Department

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**Implementation of our Code of Conduct**

- 87 evidence points
- Stakeholders interviews
- Action plans & Progress Reviews
- More than 100 since 2002

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**Self-assessment process on Human Rights**

- Structured questionnaire and workshops
- Country risk reports
- Joint assessment with GoodCorporation

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**Social implementation assessment**

- Interviews with local communities and report on the impact of our activities
- Report published on website
- Work on high risk areas

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**Ensuring compliance through control and corrective action**
A robust program for prevention of corruption

A set of specific **standards and rules**
- Prevention and Compliance Policy
- Program for Prevention and Compliance
- Group Directives and Procedures
- Business Integrity Guide

Diverse means and **tools for effective enforcement**
- Tone from the top and reporting to the COMEX and the Board
- Dedicated organization with Compliance Officers and Integrity Committees
- Raising awareness and training, such as e-learning
- Detection of non-compliance cases, including whistleblowing
- Disciplinary action for violation of the rules
- Risk prevention and mitigation through due diligences
- Follow-up of the Program and specific audits

**Commitment to business integrity**
Human rights guidelines and roadmap

A Human Rights Internal Guide to help employees apply our Code of Conduct

- Practical approach through 14 concrete situations with issues, risks and recommendations
- Applicable in our activities and our relationships everywhere we operate
- 3 major topics: workplace, local communities, security

Human rights strategic roadmap to reinforce integration of human rights into our business processes

- Due diligence processes
- Assessment and remediation
- Training and awareness tools for our employees and stakeholders
- Internal monitoring and tracking processes
- Specific guidance and tools for supply chain

Human rights as a cornerstone of business principles
Acceptability: case study on Uganda
Environment and social management as key factors of business

Anne-Sophie Leroy
Environment and Social Affairs Manager, Total E&P Uganda
Acreage in Albertine Graben, Uganda

**Four** Production Sharing Agreements (PSAs)
- Total: 33.3% in each PSA (CNOOC, 33.3%; Tullow, 33.3%)
- Total operator of EA-1 and EA-1A

**Exploration** and appraisal phase
- ~20 wells drilled since 2012
- Acquisition of a 402 km² 3D seismic
- Field Development Plans currently being prepared

Estimated **Resources** (100%): ~1.8 billion barrels
Respecting the environment while operating in Murchison Falls National Park

A rich environment
- Significant biodiversity
  - Ramsar site
  - Convention on Biological Diversity
- Archeological sites
- Tourist destination

Our biodiversity strategy and action plan
- **Biodiversity Charter**, in line with International Finance Corporation Performance Standard 6 on biodiversity
- Biodiversity & Livelihoods **Advisory Committee** of 8 international and local experts
- **Environment and social team** of 40 persons within Total E&P Uganda
- Specific measures during 3D seismic acquisition
  - Use of cableless technology
  - Avoidance maps, with potential use of unmanned aerial vehicles
  - Monitoring plans, with aerial surveys and elephant collaring
  - Dedicated organization, including an additional force of 100 rangers
Building sustainable relationships

A challenging context to be taken into account
• Distinct socio-economic realities
• Post Lord’s Resistance Army conflict situation in the North
• Pre-existing disputes on land and on access to resources
• Claims for direct access to oil revenues from stakeholders
• High expectations regarding transparency and employment
• Dense NGOs network concerned with the subject of oil
• Many sub-national administrative units

Development of liaison with stakeholders
• Recruitment of a Tourism Liaison Officer
• Community Liaison Officers in charge of social management in the communities:
  – Community employment by contractors
  – Grievance management
  – Land access & compensation
• Communication material, in local languages with drawings
• Intensive engagement effort (nearly 300 meetings since 2012)
• Future use of Total’s SRM+ tool (Stakeholder Relationship Management)
Foster local development

Promoting local content
- 80% Ugandan staff and contractors in 2012
- Comprehensive industrial survey to identify:
  - Industrial and human resources needs for the basin-wide project
  - Current gaps in the local market
  - Concrete actions

Education and training programs
- International and local scholarship programs, including Total-Quai d’Orsay Scholarship Program
- Total Professeurs Associés (TPA) Program
- Memorandum of Understanding with Makerere University
- Future plans:
  - Vocational training
  - Support for the Uganda Petroleum Institute of Kigumba
  - “Empowering the teachers” Program

Signature of MoU at Makerere University
Security: operating in high risk areas

Hubert de Bremond d’Ars
VPSHR Group Coordinator and Assets Security Advisor
Our security mission within Total

Our core **mission**
- Secure our **personnel** and contractors
- Protect our **assets** and image

Our **actions** at different stages
- Assessing risks, including security, before investment
- Adapting necessary security measures while integrating CSR approach
- Ensuring continuous security risk management
- Managing crises

Continuous adaptation to changing situations
Our principles and courses of action

Anticipation
- Permanent monitoring of movements of both local and expatriate staff
- Security plans

Security management system
- Documentation referential
- Directives and recommendations
- Reporting system

Crisis management tools
- Security plans
- Business continuity plans
- Evacuation plans
Our organization to fulfill our mission

An organization both **centralized** and **integrated** into operations

- Dedicated department at headquarters
- Security coordinators for each Branch
- Security as part of responsibilities of Total’s Group Representatives in each country

A security department with **diverse skills**

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<tr>
<th>GOVERNANCE</th>
<th>ANALYSIS</th>
<th>OPERATIONS</th>
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<td>Governance + Anti-fraud expertise</td>
<td>Watch &amp; Threat Analysis</td>
<td>Asia/Pacific</td>
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<tr>
<td>Personnel Protection &amp; Management System</td>
<td>Analyst (Africa/Central Asia)</td>
<td>Middle East</td>
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<tr>
<td>VPSHR Group Coordinator &amp; Assets Protection + Maritime security expertise</td>
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A dedicated and tailored team
CSR, the heart of our security activities

Voluntary Principles on Security and Human Rights
- Integrated in Total’s Security Charter and Policy
- Full member of this initiative since 2012
- Operational guidelines based on IPIECA Guide

Implementation of VPSHR at entity level
- Risk assessment and action plan with external organizations
- Formal relations
  - Memorandum of understanding with host states
  - Contracts with security service providers
- Recruitment and training of security personnel
- Response to human rights violations

Full acceptance of CSR, a key factor for better security
Case Study (Yemen LNG)

Sensitive environment
- Dual behavior
- Fishermen protecting nets
- Local customs (weapons)

Security consequences
- Attacks on the pipes
- Roadblocks
- Dissuasive security measures

CSR solutions
- Grievance mechanisms
- Dialogue with local and fishermen communities
- Support for piracy alert
- VPSHR agreement with army

Safety risk mitigated through CSR
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(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

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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.

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