

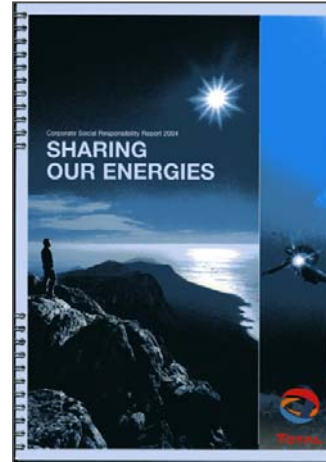
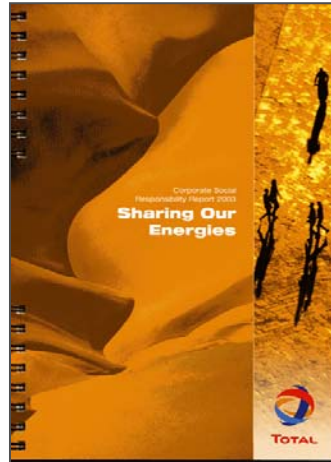
# Total's Contribution to Sustainable Development

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**How Corporate Social Responsibility is integrated into Total's Business Model**



# Combining creation of shareholder value and responsibilities to other stakeholders



## ► Integrating CSR in Total's business model to :

- Mitigate risks and minimize costs
- Limit footprint of operations
- Prepare the future
- Develop an active dialogue with partners and civil society
- Promote transparency and reporting

***Increases acceptability of projects***

***Improves profitability and creates business opportunities***

***Within constant respect of behavior principles inspired from universal rules***

# Integrated management of Corporate Social Responsibility challenges

- ▶ **At Group level**
  - Risk Assessment and Strategy
  - Human Resources and Ethics
- ▶ **Central reference : Code of Conduct**
  - Published in 12 languages, Ethics intranet site
  - Subsidiaries Ethical Assessment process
- ▶ **Group charters and directives transposed across business segments**
- ▶ **High level of Governance and enhanced Internal Control**
- ▶ **Strong involvement of management and efficient reporting systems**

***Defines the company's working framework, then implemented by business segments***

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## **Policies & Organizations in place**

Ethics / Business principles

Industrial Safety, Environment, Health

Relationship with communities

Intelligence, Relationship with Institutions, Security

Human Resources

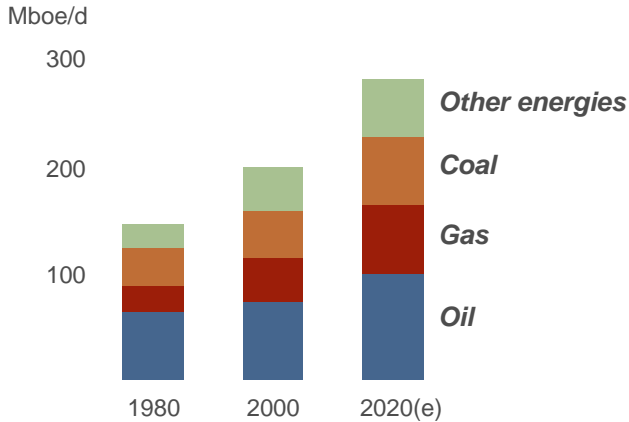
# Centralized decision-making process for investments



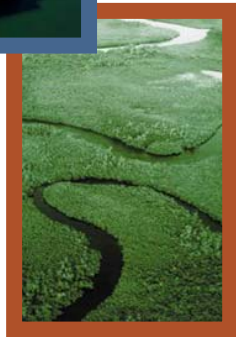
***Ensures consistency with business model  
while promoting initiatives***

# Our role as a major International Oil Company

## Global energy demand\*



- ▶ **Contributing to world's energy supply over the long term**
  - Develop oil & gas supplies in a sustainable way
  - Satisfy an evolving demand for refined products
  - Develop new themes for the very long term
- ▶ **While implementing structured and proactive human resources policies to meet industry challenges**
- ▶ **While playing our part in the world's efforts to counter climate change**
- ▶ **While focusing on industrial safety, reliability and limiting environmental footprint of operations**
- ▶ **While participating to the development of host countries and getting involved with local communities**



***Ensures sustainability of our activities and secures the future of the Company***

\* source : IEA, Total estimates

# I – Contributing to the world's energy supply over the long term

- 1) Develop oil & gas supplies in a sustainable way
- 2) Satisfy an evolving demand for refined products
- 3) Develop new themes for the very long term

# Develop oil & gas supplies in a sustainable way

## ▶ Continuing profitable growth of production primarily through Exploration

- Close to 1 Bboe/y added to reserves potential in average over the last 6 years

## ▶ Extending production of mature areas

- Intensive injection programs to enhance reservoirs productivity
- Limited decline rate of production base

## ▶ Innovating to access new resources

- Numerous projects in deep offshore, HP/HT
- Significant R&D efforts : 700 persons

## ▶ Accelerating the development of our long term projects (LNG, Heavy Oils)

- Growing leadership in LNG
- Valorization of associated gas (Gulf of Guinea...)
- Growing positions in heavy oils

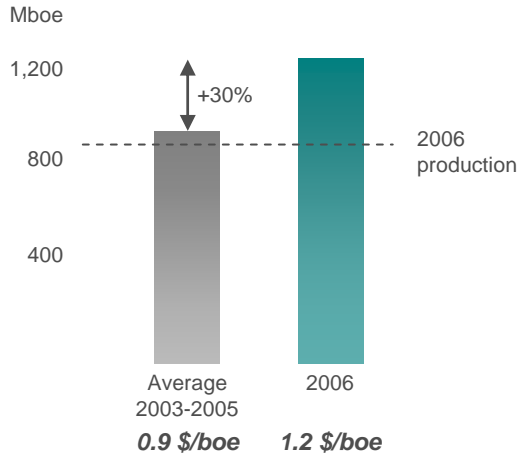


***Axes and rates of growth well adapted to changing balance of energy mix***

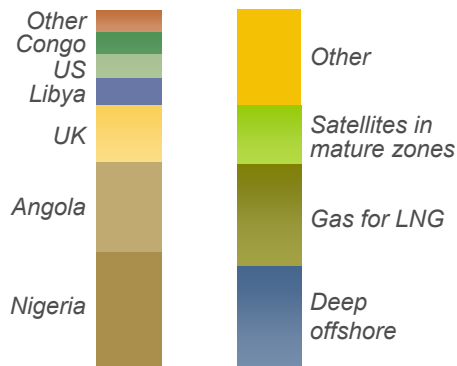
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# 1.2 billion barrels discovered in 2006

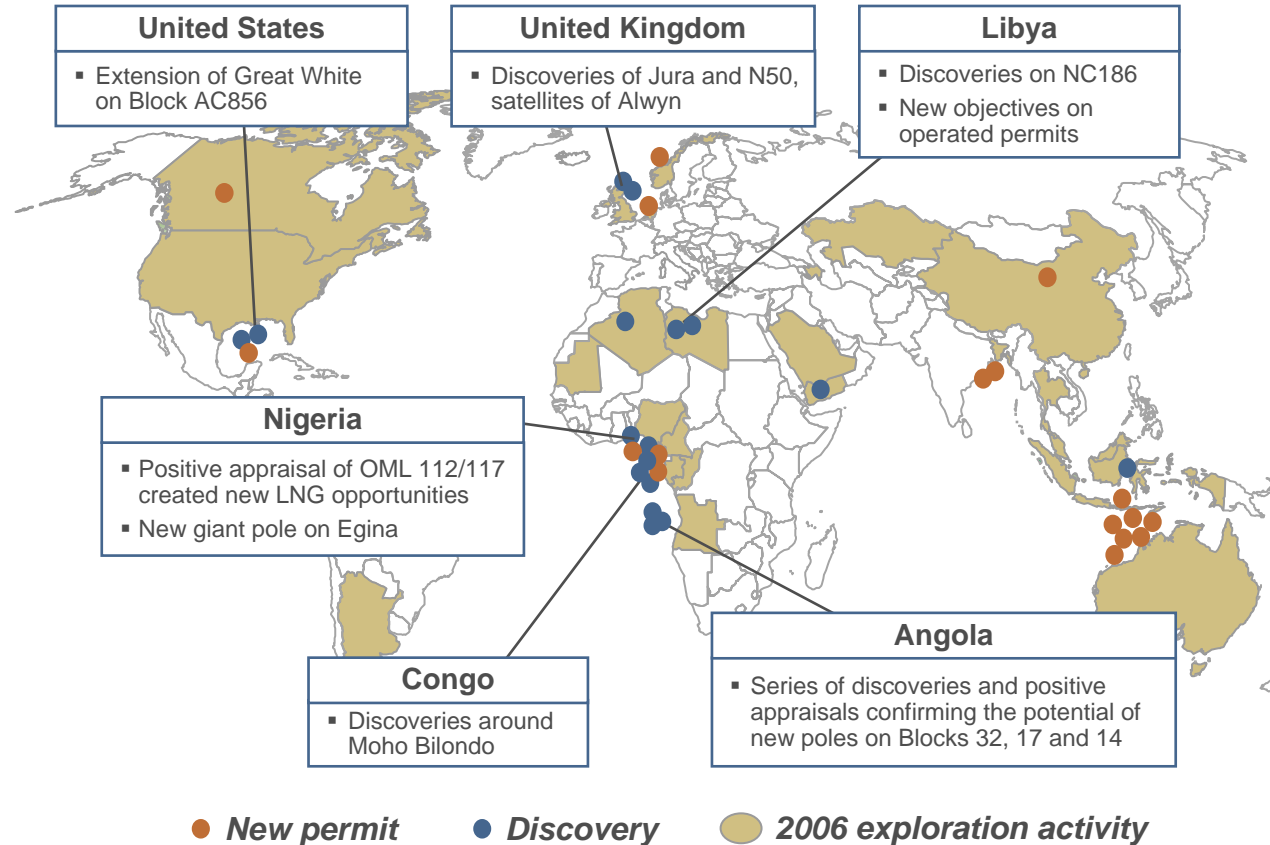
## Contribution to reserve potential from exploration



## 2006 discoveries



## 2006 major exploration successes



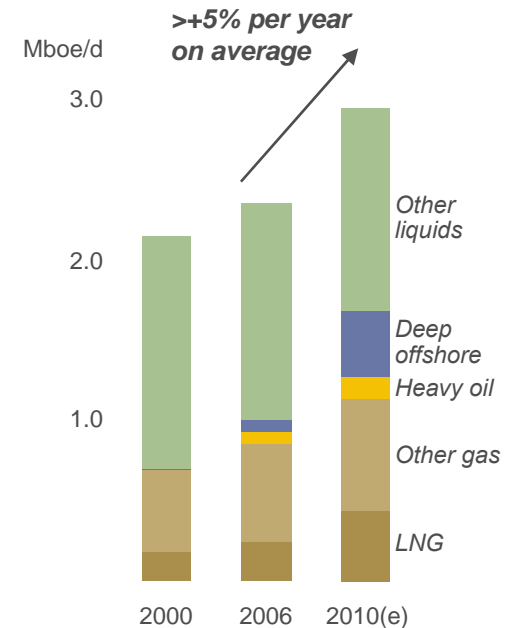
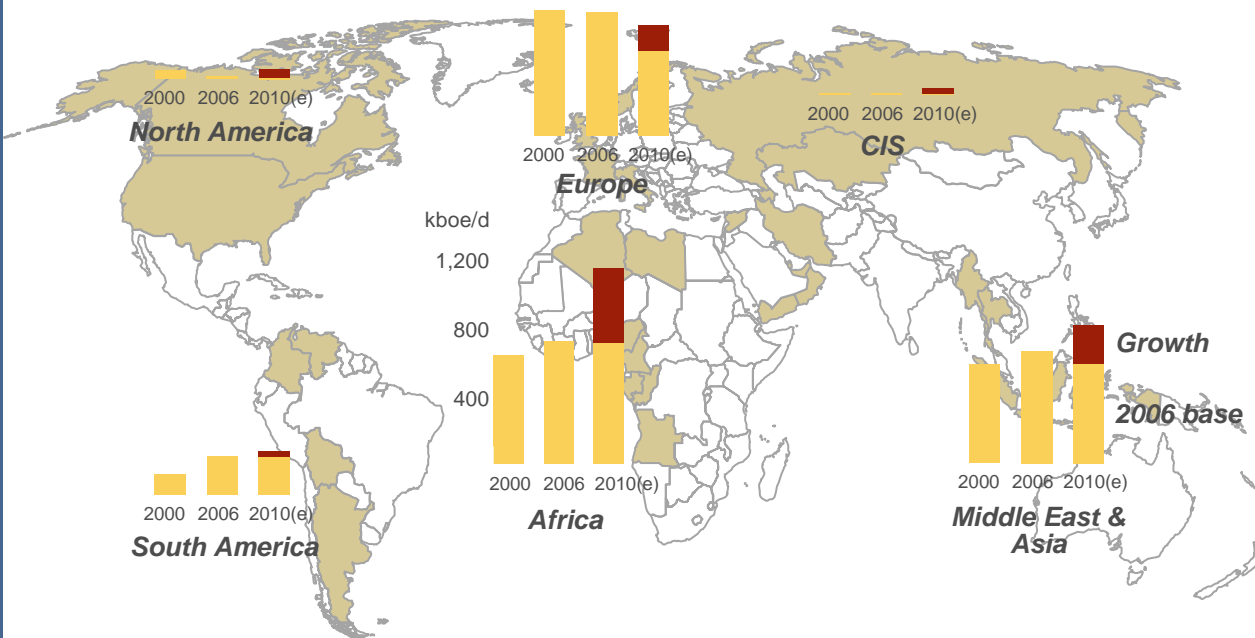
**Operated 70% of 2006 discoveries**  
**2006 average discovery cost of 1.2 \$/boe\***

\* 3-year average 1.1 \$/boe ; exploration and appraisal costs divided by resources discovered or appraised during the year



# 2006-2010 production growth target of more than 5% per year on average

## Total's hydrocarbon production



### Leadership on the fastest growing segments of the industry

- Largest international producer in Africa
- 2<sup>nd</sup> international producer in the Middle East
- 2<sup>nd</sup> international LNG producer worldwide

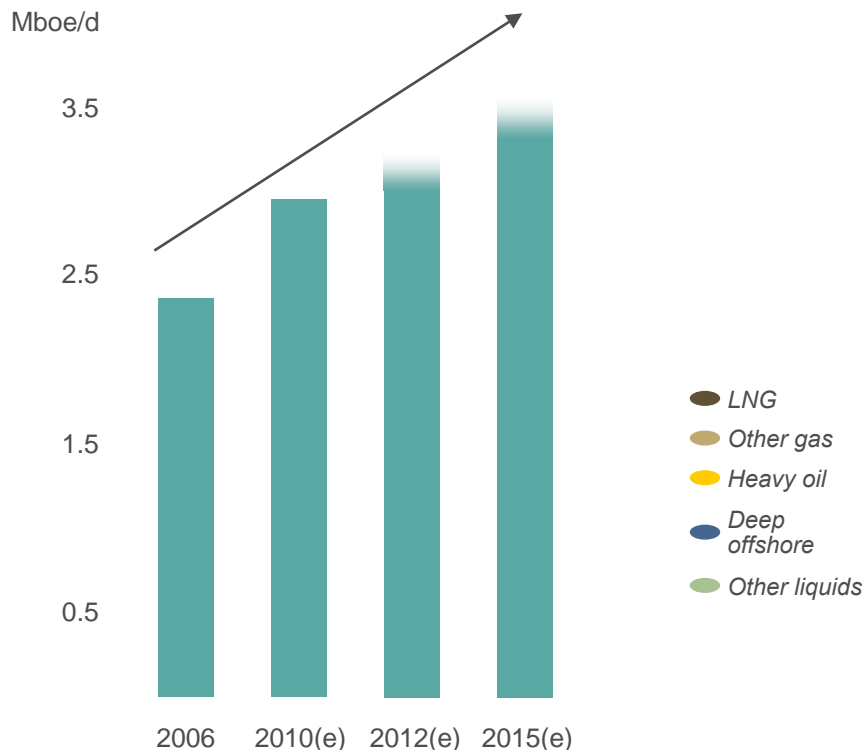
### Limited base decline rate

- Low exposure to most mature areas
- Increased investments dedicated to improving the reliability of installations
- Development of high-value satellite fields

estimates based on Brent at 60 \$/b in 2007 and 40 \$/b thereafter

# Continued strong growth after 2010

## Hydrocarbon production



**Visibility enhanced by a large base of major long-plateau projects**

	Projects	Share	Capacity (kboe/d)	Op.*	Status	
2011-2015(e)	Victoria	40%	Study	✓	Appraisal	●
	Sulige	100%	Study	✓	Appraisal	●
	Joslyn mining	84%	2x100	✓	Study/basic	●
	Surmont full field	50%	200		Study	●
	Ichthys LNG	24%	300		Study	●
	Egina	24%	>150	✓	Study	●
	Block 32	30%	Study	✓	Study	●
	CLOV	40%	Study	✓	Study	●
	Pars LNG (T1 & T2)	30%	>300	✓	EPC	●
	Brass LNG	17%	>300		EPC	●
	NLNG T7	15%	90		EPC	●
	Angola LNG	13.6%	175		EPC	●
	Pazflor	40%	200	✓	EPC	●
Laggan	50%	60	✓	Study	●	
2010(e)	Bongkot South	33.3%	70		Study	●
	Usan	20%	180	✓	EPC	●
	Tempa Rossa	50%	50	✓	Dev.	●
	Kashagan Ph. I	18.5%	450		Dev.	●
2009(e)	Tombua Landana	20%	130		Dev.	●
	Tyrihans	23.2%	70		Dev.	●
	Ofon II	40%	100	✓	Dev.	●
2008(e)	Qatargas II (T2)	16.7%	230		Dev.	●
	Yemen LNG	39.6%	185	✓	Dev.	●
	Akpo	24%	225	✓	Dev.	●
	Tahiti	17%	135		Dev.	●
	Moho Bilondo	53.5%	90	✓	Dev.	●
	West Franklin	46.2%	20	✓	Dev.	●
	Sisi Nubi	47.9%	70	✓	Dev.	●
Jura	100%	45	✓	Dev.	●	
2007(e)	NLNG T6	15%	90		Dev.	●
	Snøhvit	18.4%	120		Dev.	●
	Dolphin	24.5%	>370	✓	Dev.	●
	Surmont Ph. I	50%	27		Dev.	●
	Rosa	40%	150	✓	Dev.	●

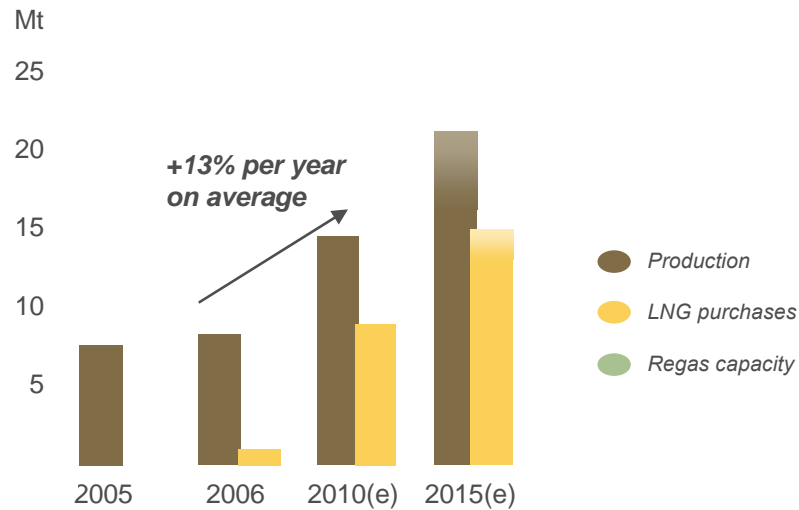
estimates based on Brent at 60 \$/b in 2007 and 40 \$/b thereafter

\* operated by Total or by an operating company

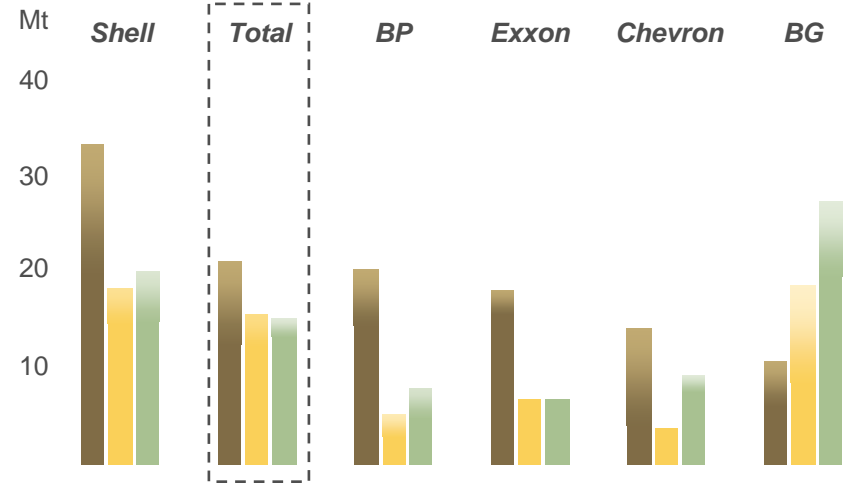


# LNG : 13% growth per year on average for Total over 2006-2010

**Growth of Total's LNG production\* and purchases**



**Positioning of major players in the LNG chain in 2015(e)\*\***



- ▶ LNG production growth of more than 9% in 2006
- ▶ 12 projects in production in 10 countries by 2015

- ▶ Growing leadership of Total across the LNG chain
- ▶ Regas capacity adapted and concentrated in the Atlantic Basin

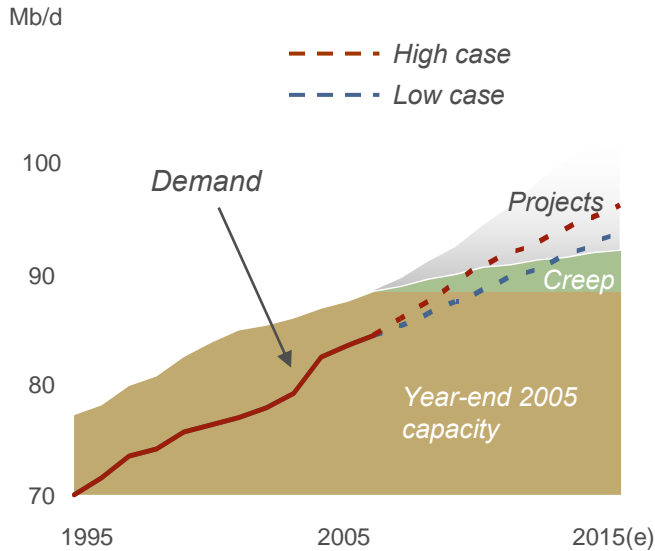
## ***Leverage effect from LNG purchases to accelerate production growth***

\* sales, Group share, excluding trading

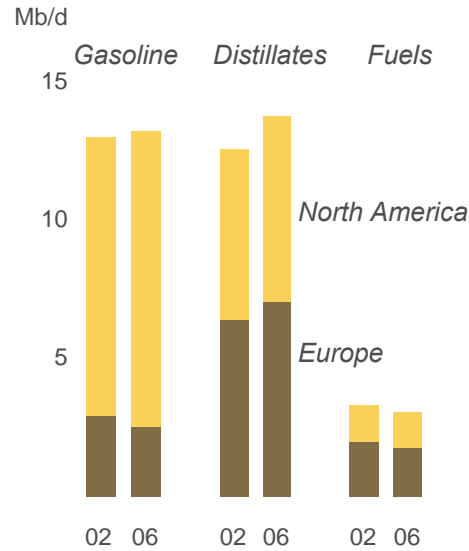
\*\* estimates for 2015 ; public data and Wood-Mackenzie for other companies

# Satisfy an evolving demand for refined products

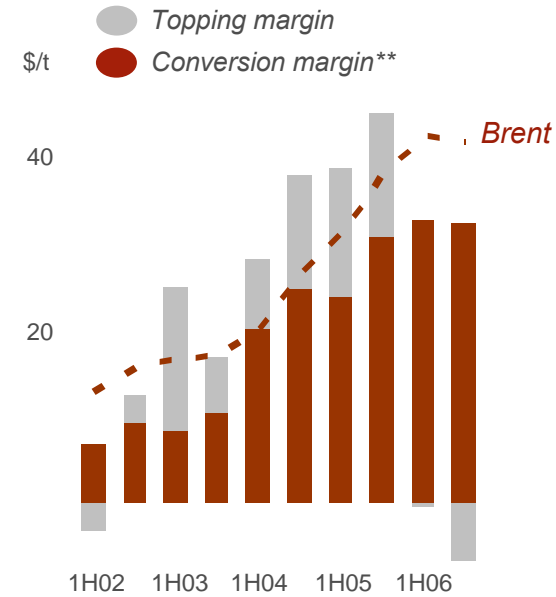
## Global demand vs. refining capacity\*



## Atlantic Basin product demand\*



## European refining margins (TRCV)



### ► High refining capacity utilization rate

- Robust demand in Asia
- ... and uncertainty on the timing of start-ups of new units

### ► Need for new conversion capacity

- ... but construction costs are rising

### ► Strong correlation between conversion margins and oil price

- ... and volatility of topping margins

\* IEA, Total estimates

\*\* reforming, cracking and visbreaking margins



# Adapt refining tools: Capex of approx. 1 B€ per year through 2010\*

## Europe : continuing to adapt to market trends

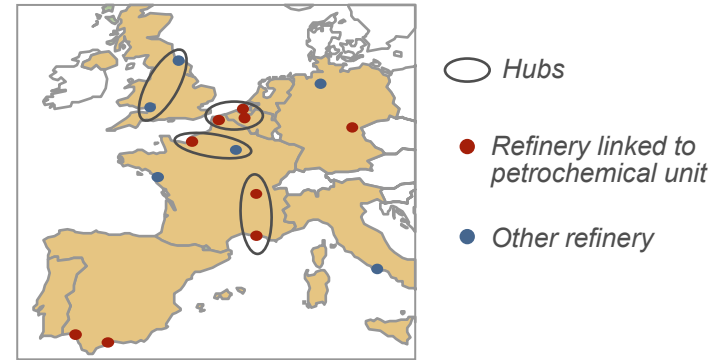
- Increasing diesel production : Normandy DHC and hydrocracker project at Huelva
- Adding new desulphurization capacity : Lindsey, Donges...
- Upgrading units during major turnarounds
- Reducing fixed costs and improving reliability

## North America : studying a combination of integrated solutions to valorize heavy oil over the long term

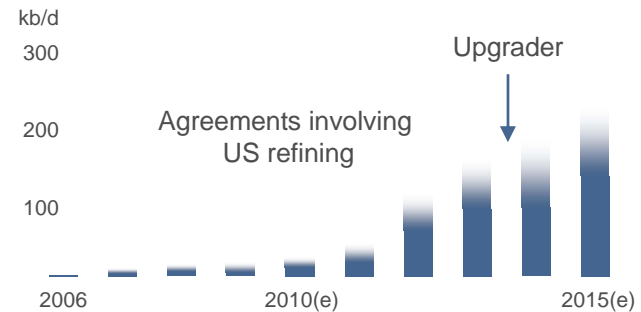
- Upgrader in Canada
- Agreements with US refiners
- Synergies with Port Arthur Coker project

## Asia / Middle East : taking advantage of growing markets through targeted positions

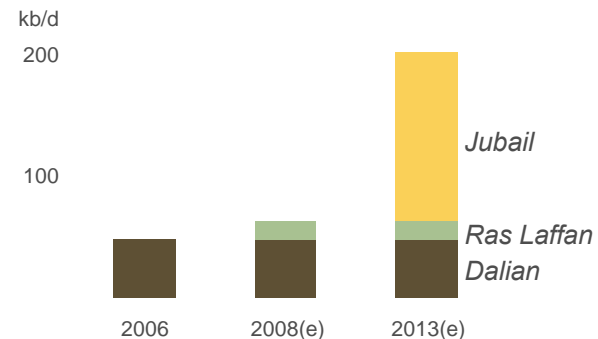
- Conversion refinery project at Jubail
- Building DHC at Dalian and studying other projects that integrate refining-petrochemicals in China



## Heavy oil production of Total in Canada



## Refining capacity in Asia / Middle East



\* excluding capitalization of major turnarounds, average 2007-2010(e)

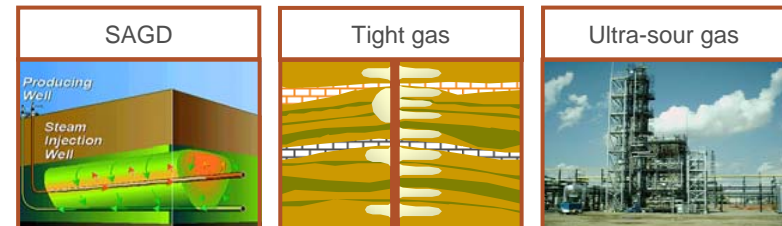
# Develop new themes for the very long term

## Hydrocarbons to dominate the energy mix through 2020

- Improvement of exploration efficiency : subsalt, deep reservoirs...
- Increase in recovery rates : heavy oil, mature areas...
- Assessment of technical challenges : HP/HT, tight gas, sour gas, heavy oil
- Prepare for the possible new oil and gas plays: oil shale...

## Looking for efficient technologies now that will provide energy solutions for the long-term

- Profitable developments in renewable energies
  - *Biomass*
  - *Wind, solar, marine energies...*
- Toward new energy vectors: GTL, CTL, DME...



# Flexible approach in Biomass

## Europe's leader in 1st generation biofuels

- 455 ktons ETBE produced in 2006 in 7 refineries
- 45 ktons ETBE purchased in 2006 by 4 refineries
- 420 ktons VOME blended in diesel fuels produced in 9 european refineries

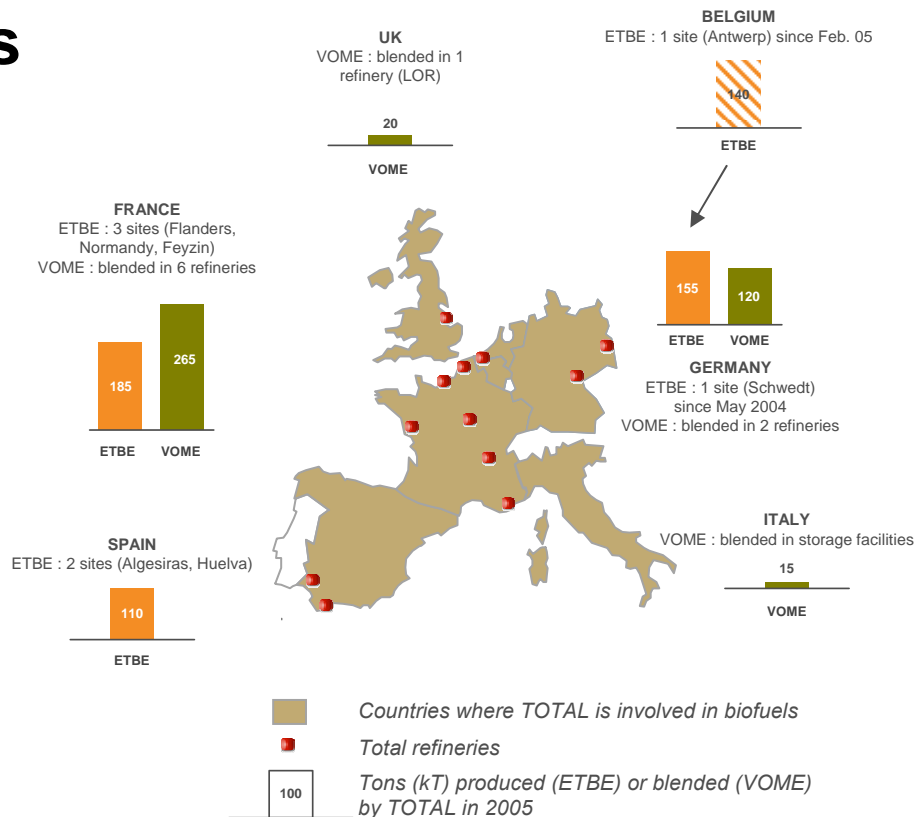
## Purchases of Ethanol to be doubled and purchase of VOME to be tripled between 2005 and 2010

## R&D to develop 2nd generation biofuels

- Biomass to Liquids (BTL)
- « Biocrude » produced through pyrolysis
- Biological conversion into fermentable components

## Diversification of Biofuels supply

- « E85 » pump inaugurated in September 06



**Potential capital investment in new biodiesel production sites**

# Active in Solar, Wind and Wave energies

## ► Profitable growth in Solar

- Production of photovoltaic solar cells and modules
  - *Photovoltech (Total 47.8%) : production of photovoltaic cells in Belgium; capacity: 20 MWc (to be extended to 80 MWc end 2007)*
  - *Tenesol (Total 50%): solar panels produced in France and South Africa*
- Involvement in rural decentralized electrification ventures
  - *South Africa, Morocco, Mali*
  - *33,000 solar home systems installed by end 2006*



## ► Focused developments in Wind power

- 5 windmills in Mardyck since 2003
  - *Capacity: 12 MW*
- Won call for tender end 2005 for the largest onshore wind power project in France
  - *Capex 100 M€, capacity 90 MW, 30 windmills,*
  - *Start-up 2009(e)*
- Studies underway for a +100 MW project offshore Dunkirk

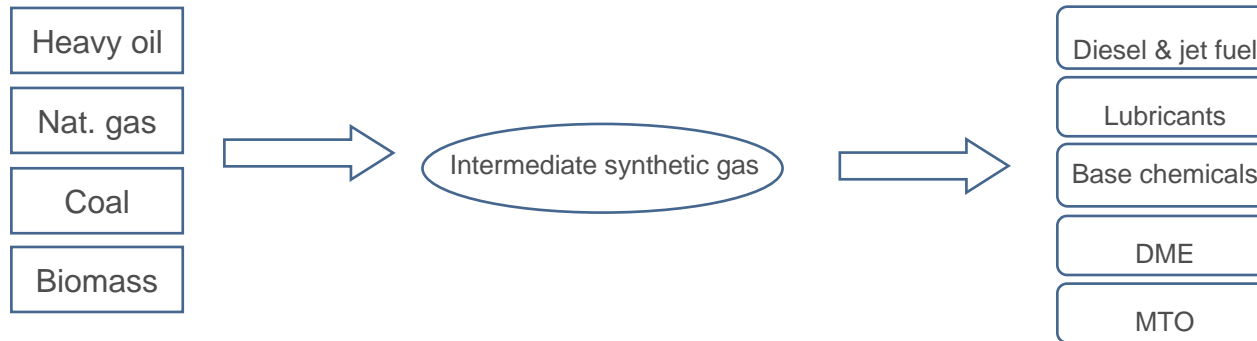


## ► Pilot projects in Wave power (Spain, Scotland)



# R&D to develop new energy vectors

- ▶ **X-to-Liquids: enhanced R&D efforts to develop processes to produce alternate liquid hydrocarbons**



- Gas-to-liquids (GTL) : process to convert methane into liquid hydrocarbons
  - *Partnership with Velocys*
- Biomass-to-liquids (BTL) : process to produce 2<sup>nd</sup> generation biofuels
  - *3 R&D partnerships*
- Di-Methyl Ether (DME) : significant potential on 3 markets: electricity generation, LPG, automotive fuels
  - *R&D efforts and pilot unit in Japan*
- Methanol to Olefins (MTO) : process to convert methanol into ethylene, propylene and other heavier olefins, themselves cracked into propylene and ethylene
  - *Start-up of a pilot unit in Feluy (Belgium) in 2007(e)*



## ▶ Hydrogen

- R&D partnerships on electricity generation through Hydrogen/Oxygen synthesis, thus limiting emissions to water

# Gas conversion, promising technologies

## GTL micro-technologies



- ▶ Aiming at efficiency improvement on
  - CO<sub>2</sub> emissions
  - Flexibility
  - Safety

**Partnership with Velocys to develop an improved catalyst process**

## DME : another GTL option

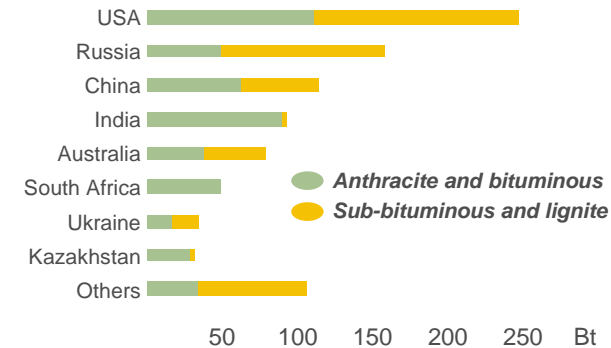


- ▶ A simple molecule (CH<sub>3</sub>-O-CH<sub>3</sub>) burning without any soot => clean fuel
- ▶ Easy to transport and store (comparable to LPG)
- ▶ Premium fuel for diesel engine
- ▶ Competitive production process

**Direct Synthesis Process developed since 2001 by Total and a Japanese consortium**

**Ongoing feasibility study for a commercial plant**

## CTL, an option to be considered for the long term



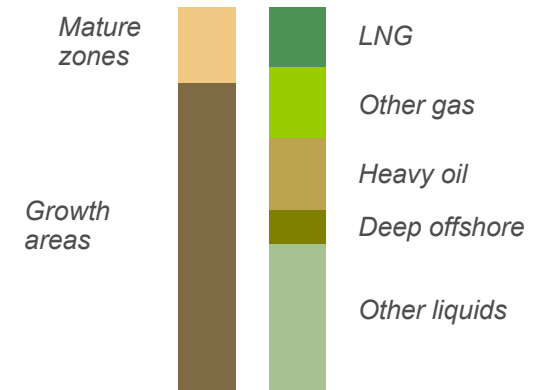
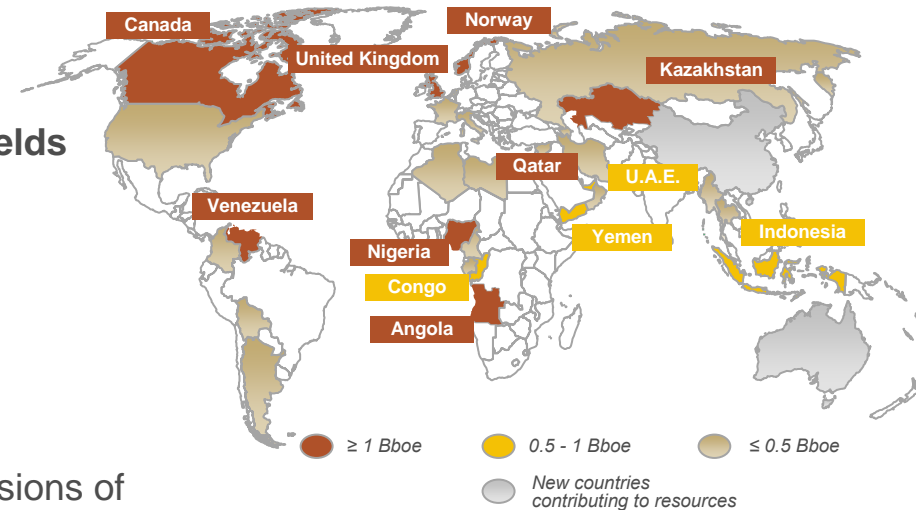
- ▶ Abundant reserves
- ▶ Lower and more stable prices
- ▶ Growing markets
- ▶ Costly process + CO<sub>2</sub> issues
- ▶ Technical improvements needed

**Pursuing feasibility studies and monitoring technology**

# Total, a major energy supplier over the very long term

Proved and probable reserves  
20.5 Bboe end 2006\*

- ▶ Extend production from existing fields
- ▶ Explore, discover and develop new oil & gas fields
- ▶ Access to high-tech plays through technology
  - Heavy oil, Tight gas & Sour gas
- ▶ Find solutions on key environmental issues
  - Address long-term concerns over CO<sub>2</sub> emissions of heavy oil developments and/or unconventional plays
- ▶ Prepare options for unconventional liquids
  - Medium term : GTL, DME technologies...
  - Long term : CTL, oil shale
- ▶ Pursue profitable developments in renewable energies
  - Biomass, photovoltaic...



\* limited to proved and probable reserves at year-end 2006 covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 40 \$/b Brent environment, also includes Joslyn tar sands to be developed with mining

## **II – Implementing structured and proactive Human Resources Policies to meet industry challenges**

1) Continuity of growth strategy implies a diversified and well adapted workforce

# Continuity of growth strategy implies a diversified and well adapted workforce

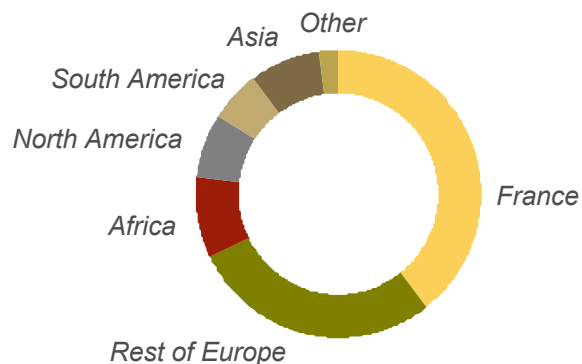
An increasingly tight market for oil-industry talent

- ▶ A historically high level of activity across the industry
- ▶ An acceleration of retirements in the short to medium term
- ▶ Policies to hire local staff worldwide

Total: a structured and proactive HR management system

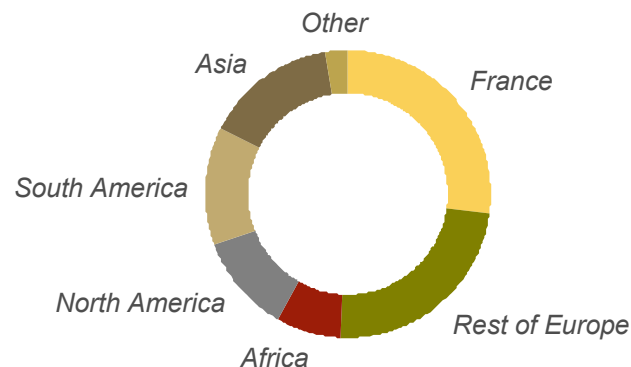
- ▶ Broadening geographical and gender diversity
- ▶ Promoting mobility and extensive training
- ▶ Ensuring ongoing dialogue with employees
- ▶ Modest turnover

2006 breakdown of workforce\*



2006 permanent contract hires\*

Approx. 9,000 new professionals



***Experienced workforce with demonstrated ability to adapt to local environments and to manage complex projects***

\* Excluding Arkema, managed scope

## III – Participating into world's efforts to combat global climate change

- 1) Acting to reduce Greenhouse Gases emissions
- 2) CO2 capture and storage: much needed for heavy oil and X-to-Liquids

# Acting to reduce Greenhouse Gases emissions

## Reduction of emissions from our activities

Business segments	2005 target vs 1990	2005 realization vs 1990
Exploration & Production	< - 30% per ton produced	- 41%
Gas & Electricity (patrimonial)	< 375 kg CO <sub>2</sub> / MWh	- 20%
Refining	< - 20 % per ton treated	- 20%
Chemicals (including Arkema)	< - 45 % in absolute value	- 48%



- ▶ **Participation in Emissions Trading Systems**
  - Since 2005, 39 industrial sites\* are covered by the French National Allocation Plan allocating the first CO<sub>2</sub> emissions trading allowances (*EU Emissions Trading Scheme*)
  
- ▶ **CO<sub>2</sub> Coordination Committee to optimize allowance management at Group level**
  
- ▶ **Improve GHG emissions reporting**
  
- ▶ **Further improving industrial processes**
  - « Zero flaring » policy for new fields
  - Program to reduce volume of gas flared by 50% by 2012 at operated facilities
  - Valorize associated gas
  - Investments in Refining and Chemicals to enhance energy efficiency

***Voluntarily reducing GHG emissions below the targets set in 2001***

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\* excluding Arkema

# CO<sub>2</sub> capture and storage: much needed for heavy oil and X-to-liquids

## Full demonstration Lacq project

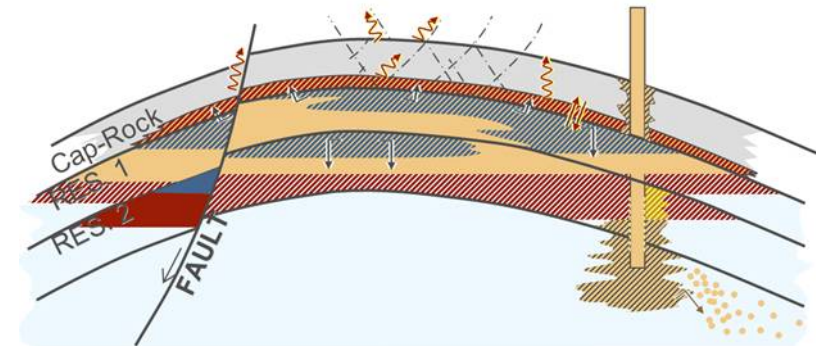
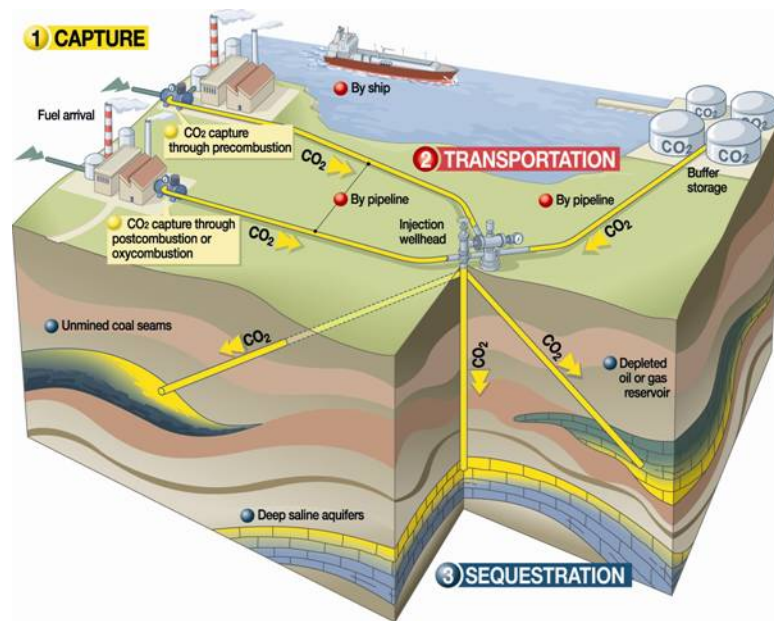
Capex approx. 60M€- Start-up 2008(e)

### ► Oxy combustion for CO<sub>2</sub> capture:

- Attractive cost and energy efficient solution for CO<sub>2</sub> capture on steam boilers
- Reduce by 50% direct and indirect emissions associated with EHO hot production

### ► R&D program:

- CO<sub>2</sub> and acid gas injection
- Storage and well integrity
- Long-term monitoring



● CO<sub>2</sub> or acid gas ● Oil ● HC gas ● Water

***Preparing for the long term by addressing effective industry challenges and mastering the necessary technologies***

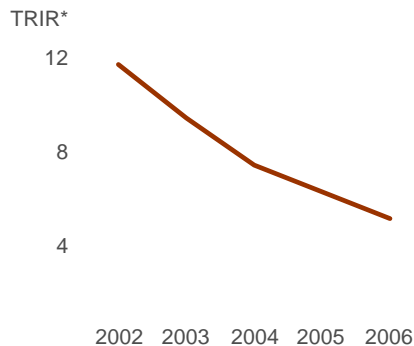


## **IV – Focusing on industrial safety, reliability and limiting environmental footprint of operations**

- 1) Priority to safety and reliability
- 2) Promoting healthcare of employees, neighbors and consumers
- 3) Better manage and reduce our environmental impact
- 4) Minimize environmental impact of operations over entire project life

# Priority to safety and reliability

## Continued improvement in safety performance



## Technological risks

- Worldwide assessment of Safety Management Systems
- Homogenous guidelines on Risk Assessment & Analysis
- Experience sharing based on enquiries on incidents and near-misses

## Workplace Safety

- 2006-2009 plan setting new targets for TRIR reduction
- Emphasis put on road accident prevention and contractors safety management
- « Safety Behavior » programs implemented in the business segments

## Products transportation

- Updated guidelines for road, rail, pipeline, sea or inland waterway transportation: transportation risks analysis procedures strengthened and organized across all businesses

***Safety is key for the valuation of management performance***  
***Safety policy homogeneously applied worldwide***  
***Contractors' safety managed as strictly as for Total's employees***

\* Total Recordable Injury Rate (frequency rate for reported incidents per million hours worked), yearly average

# Promoting healthcare of employees, neighbors and consumers

## ▶ Prevention to protect health in the workplace

- Occupational Health and Hygiene Guidelines expanded in 2005 with more detailed risk assessment methods
- Deployment target: 50% of sites presenting the highest workplace risk by 2008, 75% by 2010.
- 43% achieved end 2006
- Health care audits
- Global tracking and reporting of occupational illnesses

## ▶ Supporting individual and community health

- Corporate funding agreement with Institut Pasteur
- Long-term initiatives to combat HIV/AIDS

## ▶ Health and environmental impact of products

- Implementation of REACH directive



**Group companies involved in prevention programs\***

Africa	97%
North America	83%
South America	100%
Asia	77%
Europe	91%
Middle East	58%
<b>Total</b>	<b>90%</b>

\* Source: 2006 Worldwide Human Resources Survey, programs cover HIV/AIDS, smoking, hepatitis, meningitis, etc.

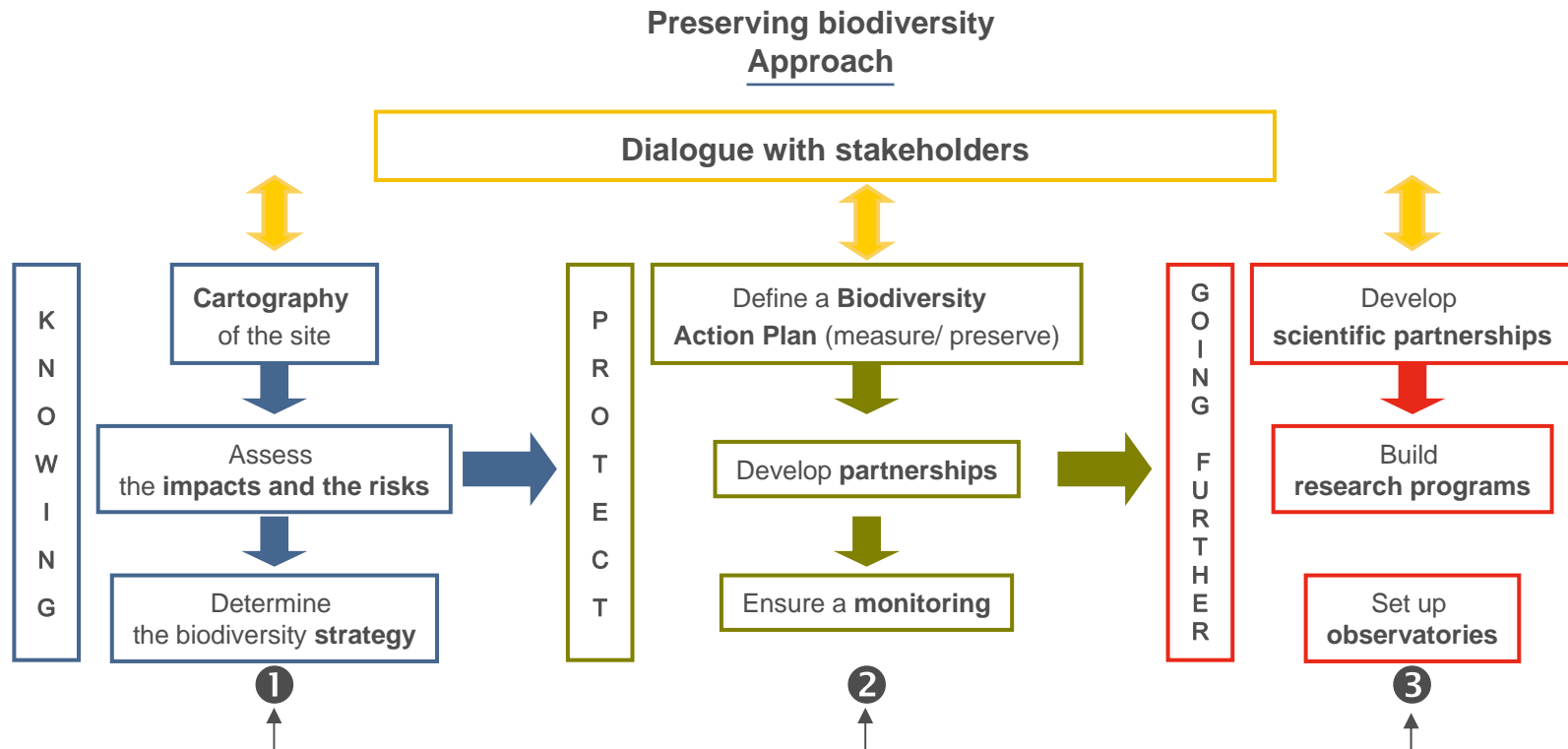
# Better manage and reduce our environmental impacts

- A set of concrete means to improve our performance**

- HSEQ Charter
  - Management systems
  - Reporting (events and performance) externally verified
  - Procedures (Investments and Unsi)
  - HSE job

- An improved identification of the issues (Group and Businesses)**

- Climate change
  - Emissions (air, water, waste, soil)
  - Consumption (energy, water)
  - Biodiversity



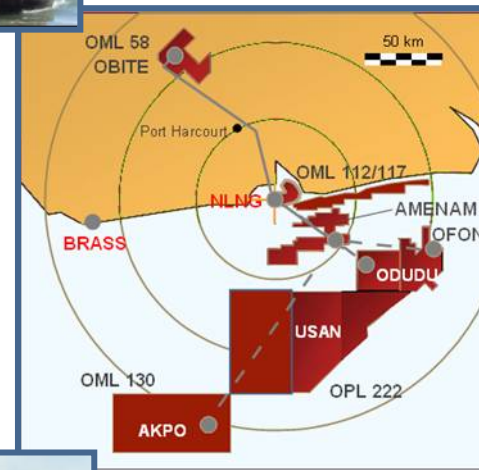
# Minimize environmental impact of operations over entire project life

Exploration

Development / Production

Decommissioning

- Adapting projects to specific environmental constraints, notably biodiversity preservation
  - Caspian Sea exploration, Yemen LNG...
- Valorizing associated gas through integration of the project in LNG chain
  - Nigeria offshore developments...
- Sites remediation
  - Decommissioning of installations integrated in the overall project scheme
    - Frigg decommissioning scheduled until 2012
  - Soils decontamination
    - REMTECH (2004 partnership with BRGM)



***Anticipate / control / mitigate the impacts of our activities  
compensate environmental damages***

## **V – Contributing to host countries development and getting involved with local communities**

- 1) Demonstrated ability to conduct business in developing countries
- 2) Integrating each project within local social and economic context
- 3) Increase acceptability of projects to secure our access to resources

# Demonstrated ability to conduct business in developing countries

## Baseline for Total involvement

- Acceptable security conditions
- No embargo from UN, EU or France
- Ability to undertake our activities in full compliance with our internal standards

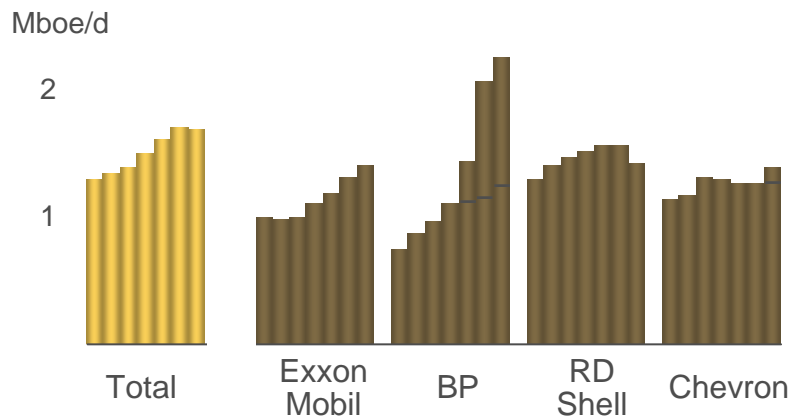
## Ethical assessment of activities

- Identification of strengths and weaknesses by independent consultant firm
  - 39 by end of 2006 + 5 reassessments

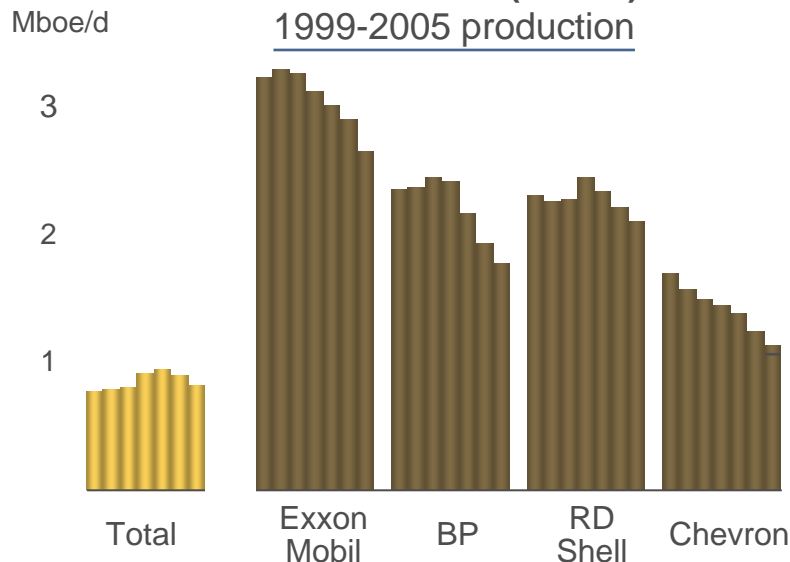
## Promotion of EITI to achieve better transparency on oil & gas revenues

- Offer to help host countries comply with EITI requirements

Growth areas (non-OECD)  
1999-2005 production



Mature areas (OECD)  
1999-2005 production



Estimates based on company reports

# Integrating each project within local social and economic context

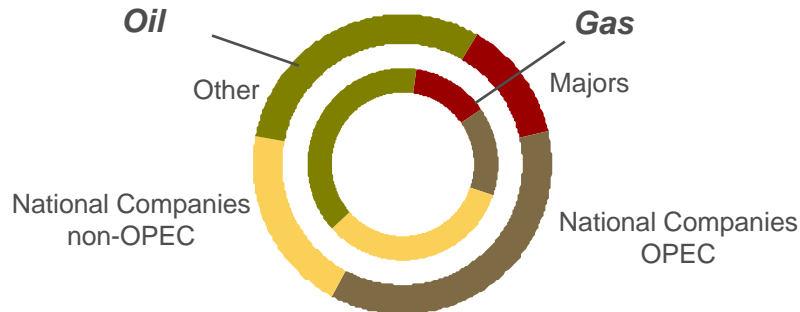
- ▶ **Decision making process for new projects includes Social Impact Assessment**
- ▶ **Develop local employment and economy**
  - Maximize 'Local Content'
  - Favor local hires, transfer of skills and training
- ▶ **Create community partnerships in line with local needs**
  - Methodology and guidelines implemented homogenously across the Group
  - Benefit from NGO's expertise in defining projects
  - More than 110 M\$ social spending in 2005



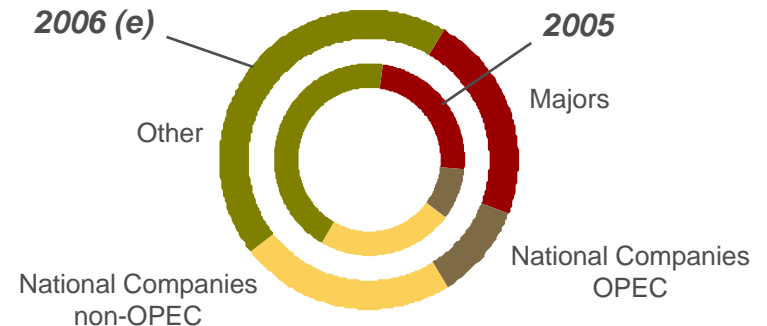


# Increase acceptability of projects to secure our access to resources

2005 world oil & gas production\*



Exploration & development CAPEX\*



## ▶ Sharing the rent with host countries

- Nearly 16 B€ in income and production taxes paid in 2005

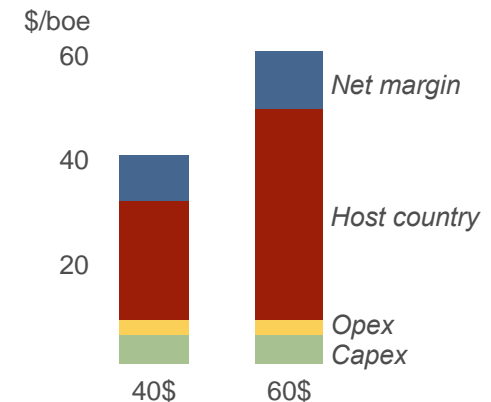
## ▶ Investments balancing global return on investment and local acceptability of projects

- Local industrial sub-projects: Bontang, OML 58, Yadana...

## ▶ Strengthening strategic alliances

- Saudi Aramco, Petrochina, Inpex...

West Africa typical deep-offshore rent sharing



***Increasing local acceptability of projects contributes to securing our license to operate***

\* Source : public data

# Disclaimer

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business, strategy and plans of Total. Such statements are based on a number of assumptions that could ultimately prove inaccurate, and are subject to a number of risk factors, 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. Total does not assume any obligation to update publicly any forward-looking statement, whether as a result of new information, future events or otherwise. Further information on factors which could affect the company's financial results is provided in documents filed by the Group and its affiliates with the French Autorité des Marchés Financiers and the US Securities and Exchange Commission.

The 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.

In accordance with IAS 2, the Group values inventories of crude oil and petroleum products in the financial statements in accordance with the FIFO (First in, First out) method and other inventories using the weighted-average cost method. However, in the note setting forth information by business segment, the Group continues to present the results for the Downstream segment according to the replacement cost method and those of the Chemicals segment according to the LIFO (Last in, First out) method in order to ensure the comparability of the Group's results with those of its main competitors, notably from North America. The inventory valuation effect is the difference between the results according to the FIFO method and the results according to the replacement cost or LIFO method.

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.

Cautionary Note to U.S. Investors - The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as "resources", "proved and probable reserves" and "future production", 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 20F, File N° 1-10888, available from us at 2, place de la Coupole - La Défense 6 - 92078 Paris la Défense cedex - France. You can also obtain this form from the SEC by calling 1-800-SEC-0330.