

B. EXCHANGE RATE INFORMATION

For information regarding the effects of currency fluctuations on TOTAL’s results, see “Item 5. Operating and Financial Review and Prospects”.

Most currency amounts in this Annual Report on Form 20-F are expressed in U.S. dollars (“dollars” or “\$”) or in euros (“euros” or “€”). For the convenience of the reader, this Annual Report on Form 20-F presents certain translations into dollars of certain euro amounts (\$1.30/€1.00).

The following table sets out the average dollar/euro exchange rates expressed in dollars per €1.00 for the years indicated, based on an average of the daily European Central Bank (“ECB”) reference exchange rate.⁽¹⁾ Such rates are used by TOTAL in preparation of its Consolidated Statement of Income and Consolidated Statement of Cash Flow in its Consolidated Financial Statements. No representation is made that the euro could have been converted into dollars at the rates shown or at any other rates for such periods or at such dates.

DOLLAR/EURO EXCHANGE RATES

Year	Average Rate
2010	1.3257
2011	1.3920
2012	1.2848
2013	1.3281
2014	1.3285

C. RISK FACTORS

The Group and its businesses are subject to various risks relating to changing competitive, economic, political, legal, social, industry, business and financial conditions. These conditions, along with TOTAL’s approaches to managing certain of these risks, are described below and discussed in greater detail elsewhere in this Annual Report, particularly under the headings “Item 4 – C. Other Matters”, “Item 5. Operating and Financial Review and Prospects” and “Item 11. Quantitative and Qualitative Disclosures About Market Risk”.

The operating results and future rate of growth of the Group are exposed to the effects of changing commodity prices.

Prices for oil and natural gas may fluctuate widely due to many factors over which TOTAL has no control. These factors include:

- variations in global and regional supply and demand of energy;
- global and regional economic and political developments in resource-producing regions, particularly in the Middle East, Africa and South America;
- the ability of the Organization of the Petroleum Exporting Countries (OPEC) and other producing nations to influence global production levels and prices;
- prices of unconventional energies as well as evolving approaches for developing oil sands and shale oil, which may affect the Group’s realized prices, notably under its long-term gas sales contracts and asset valuations, particularly in North America;
- cost and availability of new technology;

The table below shows the high and low dollar/euro exchange rates for the four months ended December 31, 2014, and for the first months of 2015, based on the daily ECB reference exchange rates published during the relevant month expressed in dollars per €1.00.

DOLLAR/EURO EXCHANGE RATES		
Period	High	Low
September 2014	1.3151	1.2583
October 2014	1.2823	1.2524
November 2014	1.2539	1.2393
December 2014	1.2537	1.2141
January 2015	1.2043	1.1198
February 2015	1.1447	1.1240
March 2015 ^(a)	1.1227	1.0557

^(a) Through March 24, 2015.

The ECB reference exchange rate on March 24, 2015 for the dollar against the euro was \$1.0950/€.

- governmental regulations and actions;
- global economic and financial market conditions;
- war or other conflicts;
- changes in demographics, including population growth rates and consumer preferences; and
- adverse weather conditions (such as hurricanes) that can disrupt supplies or interrupt operations of the Group’s facilities.

Substantial or extended declines in oil and natural gas prices would significantly and adversely affect TOTAL’s results of operations by reducing its profits. The year 2014 was marked by a sharp oil price decline in the second half, which continued in early 2015. For more detailed information on this oil price decline and its impact on the Group’s 2014 results, financial position and outlook, refer to “Item 5. Operating and Financial Review and Prospects”. For the year 2015, according to the scenarios retained, TOTAL estimates that a decrease of \$10 per barrel in the average annual price of Brent crude would have the effect of reducing its annual cash flow from operations by approximately \$2 billion, and vice versa (Brent price of \$60 per barrel). In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators could lead to a review of the Group’s assets and oil and natural gas reserves. Such review would reflect the Company’s view based on estimates, assumptions and judgments and could result in a reduction in the Group’s reported reserves and/or a charge for impairment that could have a significant effect on the Group’s results in the period in which it occurs. Lower oil and natural gas prices over prolonged periods may also reduce the

⁽¹⁾ For the period 2010 – 2014, the averages of the ECB reference exchange rates expressed in dollars per €1.00 on the last business day of each month during the relevant year are as follows: 2010 – 1.32; 2011 – 1.40; 2012 –1.29; 2013 –1.33; and 2014 – 1.32.

economic viability of projects planned or in development, impact the asset sale program of the Group and reduce liquidity, thereby decreasing the Group’s ability to finance capital expenditures and/or causing it to cancel or postpone investment projects. If TOTAL is unable to follow through with investment projects, the Group’s opportunities for future revenue and profitability growth would be reduced, which could materially impact the Group’s financial condition.

Conversely, in a high oil and gas price environment, the Group can experience significant increases in cost and government take, and, under some production-sharing contracts, the Group’s production rights could be reduced. Higher prices can also reduce demand for the Group’s products.

The Group’s earnings from its Refining & Chemicals and Marketing & Services segments are primarily dependent upon the supply and demand for refined products and the associated margins on refined product sales, with the impact of changes in oil and gas prices on earnings on these segments being dependent upon the speed at which the prices of refined products adjust to reflect movements in oil and gas prices. For the year 2015, according to the scenarios retained, TOTAL estimates that a decrease in the Group’s European Refining Margin Indicator (“ERMI”) of \$1.00 per ton would decrease its annual cash flow from operations by approximately \$0.07 billion, and vice versa.

The Group’s long-term profitability depends on cost effective discovery, acquisition and development of new reserves; if the Group is unsuccessful, its results of operations and financial condition would be materially and adversely affected.

A significant portion of the Group’s revenues and the majority of its operating results are derived from the sale of oil and gas that the Group extracts from underground reserves developed as part of its Exploration & Production activities. The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells is capital intensive and requires advanced technology. Due to constantly changing market conditions and difficult environmental challenges, cost projections can be uncertain. In order for the Upstream segment to continue to be profitable, the Group needs to replace its reserves with new proved reserves. Furthermore, the Group needs to accomplish such replacement in a manner that allows subsequent production to be economically viable. However, TOTAL’s ability to discover or acquire and develop new reserves successfully is uncertain and can be negatively affected by a number of factors, including:

- the geological nature of oil and gas fields, notably unexpected drilling conditions including pressure or irregularities in geological formations;
- the risk of dry holes or failure to find expected commercial quantities of hydrocarbons;
- the inability of service companies to deliver on contracted services;
- the inability of the Group’s partners to execute or finance projects in which the Group holds an interest;
- equipment failures, fires, blow-outs or accidents;
- the Group’s inability to develop or implement new technologies that enable access to previously inaccessible fields;
- the Group’s inability to anticipate market changes in a timely manner;
- adverse weather conditions;
- compliance with both anticipated and unanticipated governmental requirements, including U.S. and EU

- regulations that may give a competitive advantage to companies not subject to such regulations;
- shortages or delays in the availability or delivery of appropriate equipment;
 - industrial action;
 - competition from oil and gas companies for the acquisition and development of assets and licenses (see “Item 4 – C. Other Matters – 5. Competition”);
 - increased taxes and royalties, including retroactive claims; and
 - disputes related to property titles.

Any of these factors could lead to cost overruns and impair the Group’s ability to make discoveries and acquisitions or complete a development project, or to make production economical. It is impossible to guarantee that new reserves of oil and gas will be discovered or acquired in sufficient quantities to replace the Group’s reserves currently being developed, produced and marketed.

Furthermore, some of these factors may also affect the Group’s projects and facilities further down the oil and gas chain. If TOTAL fails to develop new reserves cost-effectively on an ongoing basis, the Group’s results of operations, including profits, and the Group’s financial condition, would be materially and adversely affected.

The Group’s oil and gas reserves data are only estimates and subsequent downward adjustments are possible. If actual production from such reserves is lower than current estimates indicate, the Group’s results of operations and financial condition would be negatively impacted.

The Group’s proved reserves figures are estimates reflecting applicable reporting regulations. Proved reserves are those reserves which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically recoverable – from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations – prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. Reserves are estimated by teams of qualified, experienced and trained geoscientists, petroleum engineers and project engineers, who rigorously review and analyze in detail all available geosciences and engineering data (e.g., seismic, electrical logs, cores, fluids, pressures, flow rates, facilities parameters). This process involves making subjective judgments, including with respect to the estimate of hydrocarbons initially in place, initial production rates and recovery efficiency, based on available geological, technical and economic data. Consequently, estimates of reserves are not exact measurements and are subject to revision. In addition, they may be negatively impacted by a variety of factors that are beyond the Group’s control and that could cause such estimates to be adjusted downward in the future, or cause the Group’s actual production to be lower than its currently reported proved reserves indicate. The main such factors include:

- a decline in the price of oil or gas, making reserves no longer economically viable to exploit and therefore not classifiable as proved;
- an increase in the price of oil or gas, which may reduce the reserves to which the Group is entitled under production sharing and risked service contracts and other contractual terms;
- changes in tax rules and other government regulations that make reserves no longer economically viable to exploit; and
- the actual production performance of the Group’s reservoirs.

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The Group’s proved reserves based on SEC rules were 11,523 Mboe at December 31, 2014, based on the average monthly Brent price of \$101.3/b. If the Brent price were to continue to remain low in 2015 compared to 2014, proved reserves at year-end 2015 could decline. The Group’s reserves estimates may therefore require substantial downward revisions to the extent its subjective judgments prove not to have been conservative enough based on the available geosciences and engineering data, or the Group’s assumptions regarding factors or variables that are beyond its control prove to be incorrect over time. Any downward adjustment would indicate lower future production amounts, which could adversely affect the Group’s results of operations, including profits as well as its financial condition.

The Group’s production growth depends on the delivery of its major development projects.

The Group’s targeted production growth relies heavily on the successful execution of major development projects that are increasingly complex and capital-intensive. These major projects are subject to a number of challenges, including:

- negotiations with partners, governments, suppliers, customers and others;
- cost overruns and delays related to the availability of skilled labor or delays in manufacturing and delivery of critical equipment, or shortages in the availability of such equipment;
- unforeseen technical difficulties that could delay project startup or cause unscheduled project downtime;
- the actual performance of the reservoir and natural field decline; and
- timely issuance or renewal of permits and licenses by government agencies.

Poor delivery of any major project that underpins production or production growth could adversely affect the Group’s financial performance.

Many of the Group’s projects are conducted by equity affiliates. This may reduce the Group’s degree of control, as well as its ability to identify and manage risks.

A significant and growing number of the Group’s projects are conducted by equity affiliates. In cases where the Group’s company is not the operator, such company may have limited influence over, and control of, the behavior, performance and costs of the partnership, its ability to manage risks may be limited and it may, nevertheless, be prosecuted by regulators or claimants in the event of an incident. Additionally, the partners of the Group may not be able to meet their financial or other obligations to the projects, which may threaten the viability of a given project. These partners may also not have the financial capacity to fully indemnify the Group in the event of an incident.

For additional information concerning equity affiliates, refer to Note 12 (“Equity affiliates: investments and loans”) to the Consolidated Financial Statements.

TOTAL has significant production and reserves located in politically, economically and socially unstable areas, where the likelihood of material disruption of the Group’s operations is relatively high.

A significant portion of TOTAL’s oil and gas production and reserves is located in countries outside of the Organisation for Economic Co-operation and Development (OECD). In recent years, a number of these countries have experienced varying degrees of one or more of the following: economic instability, political volatility, civil war, violent conflict, social unrest, actions of terrorist groups

and the application of international economic sanctions. Any of these conditions alone or in combination could disrupt the Group’s operations in any of these regions, causing substantial declines in production or revisions to reserves estimates. In Africa, which represented 31% of the Group’s 2014 combined liquids and gas production, certain of the countries in which the Group has production have recently suffered from some of these conditions, including Nigeria, which has been the main contributing country to the Group’s production of hydrocarbons since 2012, and Libya. The Middle East, which represented 18% of the Group’s 2014 combined liquids and gas production, has in recent years suffered increased political volatility in connection with violent conflict and social unrest, including Syria, where European Union (EU) and U.S. economic sanctions have prohibited TOTAL from producing oil and gas since 2011, and Yemen. In South America, which represented 7% of the Group’s 2014 combined liquids and gas production, certain of the countries in which TOTAL has production have recently suffered from some of the above-mentioned conditions, including Argentina and Venezuela. In Russia, where, as of December 31, 2014, the Group held 19% of its proved reserves, members of the international community have, since July 2014, adopted economic sanctions against certain Russian persons and entities, including various entities operating in the financial, energy and defense sectors, in response to the situation in Ukraine (for additional information, refer to “—Restrictions against Russia”, below). Furthermore, in addition to current production, TOTAL is also exploring for and developing new reserves in other regions of the world that are historically characterized by political, social and economic instability, such as the Caspian Sea region where TOTAL has large projects currently underway. The occurrence and magnitude of incidents related to economic, social and political instability are unpredictable. It is possible that they could have a material adverse impact on the Group’s production and operations in the future and/or cause certain investors to reduce their holdings of TOTAL’s securities.

TOTAL, like other major international energy companies, has a geographically diverse portfolio of reserves and operational sites, which allows it to conduct its business and financial affairs so as to reduce its exposure to political and economic risks. However, there can be no assurance that such events will not have a material adverse impact on the Group.

TOTAL’s activities are subject to intervention by the government of host countries, which could have an adverse effect on the Group’s results of operations.

TOTAL has significant exploration and production activities, and in some cases refining, marketing or chemicals operations, in countries whose governmental and regulatory framework is subject to unexpected change and where the enforcement of contractual rights is uncertain. In addition, the Group’s exploration and production activities in such countries are often done in conjunction with state-owned entities, for example as part of a joint venture, where the state has a significant degree of control. In recent years, in various regions globally, TOTAL has seen governments and state-owned enterprises imposing more stringent conditions on companies pursuing exploration and production activities in their respective countries, increasing the costs and uncertainties of the Group’s business operations, which is a trend TOTAL expects to continue.

Potential increasing intervention by governments in such countries can take a wide variety of forms, including:

- the award or denial of exploration and production interests;
- the imposition of specific drilling obligations;
- price and/or production quota controls and export limits;

- nationalization or expropriation of assets;
- unilateral cancellation or modification of license or contract rights;
- increases in taxes and royalties, including retroactive claims;
- the renegotiation of contracts;
- the imposition of increased local content requirements;
- payment delays; and
- currency exchange restrictions or currency devaluation.

Imposition of any of these factors by a host government where TOTAL has substantial operations, including exploration, could cause the Group to incur material costs or cause the Group's production or value of the Group's assets to decrease, potentially having a material adverse effect on its results of operations, including profits.

For example, the Nigerian government has been contemplating new legislation to govern the petroleum industry which, if passed into law, could have an impact on the existing and future activities of the Group in that country through increased taxes and/or costs of operation and could adversely affect financial returns from projects in that country.

Ethical misconduct or breaches of applicable laws by employees of the Group could expose TOTAL to criminal and civil penalties and be damaging to TOTAL's reputation and shareholder value.

The Group's Code of Conduct, which applies to all of its employees, defines the Group's commitment to business integrity, compliance with all applicable legal requirements and high ethical standards. The Code also defines the behavior and actions expected of the businesses and people of the Group wherever it operates. Ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery and anti-corruption laws, by TOTAL, its partners, agents or others that act on the Group's behalf, could expose TOTAL and its employees to criminal and civil penalties and could be damaging to TOTAL's reputation and shareholder value. In addition, ethical misconduct or non-compliance with applicable laws may lead the competent authorities to impose other measures, such as the appointment of an independent monitor in charge of reviewing the Group's compliance and internal control procedures and, if need be, recommending improvements of such procedures. For an overview of the settlements between TOTAL, the SEC and the Department of Justice (DoJ) providing for the appointment of an independent monitor, refer to "Item 4 – C. Other Matters – 7.3.7.1. Preventing corruption" and "Item 8 – 4. Legal or arbitration proceedings – 4. Iran".

TOTAL is exposed to risks related to the safety and security of its operations.

TOTAL engages in a broad range of industrial activities, including, in particular, drilling, oil and gas production, processing, transportation, refining and petrochemical activities, storage and distribution of petroleum products, specialty chemicals and solar energy. These activities involve a wide range of operational risks, such as explosions, fires, accidents, equipment failures, leakage of toxic products, emissions or discharges into the air, water or soil, and related environmental and health risks. In the transportation area, the type of risk depends not only on the hazardous nature of the products transported, but also on the transportation methods used (mainly maritime, river-maritime, rail, road and pipelines), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environmental considerations). Moreover, most of the Group's activities will eventually require environmental site remediation, closure and decommissioning after operations are discontinued.

The industrial events that could have the most significant impact are primarily:

- a major industrial accident (fire, explosion, leakage of highly toxic products); and
- large-scale accidental pollution or pollution at a particularly sensitive site.

Each of the described risks corresponds to events that could potentially cause death, harm human health, damage property, disrupt business activities or cause environmental damage. The Group's employees, contractors, residents living near the facilities or customers can suffer injuries. Property damage can involve the facilities of the Group as well as the property of third parties. The seriousness of the consequences of these events varies according to the vulnerability of the people, ecosystems and business activities impacted, on the one hand, and the number of people in the impact area and the location of the ecosystems and business activities in relation to TOTAL's facilities or to the trajectory of the products after the event, on the other hand.

Acts of terrorism against the Group's plants and sites, pipelines, transportation and computer systems could also severely disrupt business activities and could cause harm to people, the environment and property.

Like most industrial groups, TOTAL is affected by reports of occupational illnesses, particularly those caused by past exposure of the Group's employees to asbestos. Asbestos exposure has been subject to close monitoring at all of the Group's business segments. As of December 31, 2014, the Group estimates that the ultimate cost of all pending or future asbestos-related claims is not likely to have a material impact on the Group's financial position.

Certain segments or activities of the Group face specific additional risks.

TOTAL's Upstream segment faces, notably, risks related to the physical characteristics of oil and gas fields. These risks include eruptions of oil or gas, discovery of hydrocarbon pockets with abnormal pressure, crumbling of well openings, leaks that can harm the environment and explosions or fires. These events, which may cause injury, death or environmental damage, can also damage or destroy oil or gas wells as well as equipment and other property, lead to a disruption of the Group's operations or reduce its production. In addition, since exploration and production activities may take place on sites that are ecologically sensitive (for example, in tropical forests or in a marine environment), each site requires a risk-based approach to avoid or minimize the impact on human health, flora and fauna, the ecosystem and biodiversity. In certain situations where the operator is not a Group entity, the Group may have reduced influence and control over third parties, which may limit its ability to manage and control these risks.

The activities of the Refining & Chemicals and Marketing & Services business segments also entail additional health, safety and environmental risks related to the overall life cycle of the products manufactured, as well as the materials used in the manufacturing process, such as catalysts, additives and monomers. These risks can arise from the intrinsic characteristics of the products involved (flammability, toxicity or long-term environmental impacts such as greenhouse gas emissions), their use (including by customers), emissions and discharges resulting from their manufacturing process (such as greenhouse gas emissions), and from material and waste disposal (recycling, regeneration or other processes, or waste elimination).

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Contracts signed by the Group’s entities may provide for indemnification obligations either by TOTAL in favor of the contractor or third parties or by the contractor or third parties in favor of TOTAL if, for example, an event occurs leading to death, personal injury or property or environmental damage.

With respect to joint ventures in which an entity of the Group has an interest and the assets of which are operated by such Group entity under an operating agreement between the joint venture and such entity, contractual terms generally provide that the operator assumes full liability for damages caused by its gross negligence or willful misconduct.

With respect to joint ventures in which an entity of the Group has an interest but the assets of which are operated by a third party, contractual terms generally provide that the operator assumes full liability for damages caused by its gross negligence or willful misconduct.

In the absence of the operator’s gross negligence or willful misconduct, other liabilities are generally borne by the joint venture and the cost thereof is assumed by the partners of the joint venture in proportion to their respective ownership interests.

With respect to third-party providers of goods and services, the amount and nature of the liability assumed by the third party depends on the context and may be limited by contract. With respect to their customers, the Group’s entities ensure that their products meet applicable specifications and abide by all applicable consumer protection laws. Failure to do so could lead to personal injury, environmental harm and loss of customers, which could negatively impact the Group’s results of operations, financial position and reputation.

Crisis management systems are necessary to respond effectively to emergencies, avoid potential disruptions in TOTAL’s business and operations, and minimize impacts on third parties and the environment.

TOTAL has crisis management plans in place to deal with emergencies. However, these plans cannot exclude the risk that the Group’s business and operations may be severely disrupted in a crisis situation or ensure the absence of impacts on third parties or the environment. TOTAL also has implemented business continuity plans in order to continue or resume operations following a shutdown or incident. An inability to restore or replace critical capacity in a timely manner could prolong the impact of any disruption and could have a material adverse effect on the Group’s business and operations. For more information on the Group’s crisis management systems, see “Item 4 – C. Other Matters – 1. Management and monitoring of industrial and environmental risks”.

While the Group’s insurance coverage is in line with industry practice, TOTAL is not insured against all possible risks.

The Group maintains insurance to protect itself against the risk of damage to Group property and/or business interruption to the Group’s main refining and petrochemical sites. In addition, the Group also maintains worldwide third-party liability insurance coverage for all of its subsidiaries. The Group’s insurance and risk management policies are described under “Item 4 – C. Other Matters – 2. Insurance and risk management”. TOTAL believes that its insurance coverage is in line with industry practice and sufficient to cover normal risks in its operations. However, the Group is not insured against all potential risks. In the event of a major environmental disaster, for example, TOTAL’s liability may exceed the maximum coverage provided by its third-party liability insurance. The loss TOTAL could suffer in the event of such disaster would depend on all the facts and circumstances of the

event and would be subject to a whole range of uncertainties, including legal uncertainty as to the scope of liability for consequential damages, which may include economic damage not directly connected to the disaster. The Group cannot guarantee that it will not suffer any uninsured loss and there can be no guarantee, particularly in the case of a major environmental disaster or industrial accident, that such loss would not have a material adverse effect on the Group.

TOTAL is subject to stringent environmental, health and safety laws in numerous countries and may incur material costs to comply with these laws and regulations.

TOTAL’s workforce and the public are exposed to risks inherent to the Group’s operations that potentially could lead to loss of life, injuries, property damage or environmental damage and could result in regulatory action and legal liability against the entities of the Group and its officers, as well as damage to the Group’s reputation.

TOTAL incurs, and will continue to incur, substantial expenditures to comply with increasingly complex laws and regulations aimed at protecting health, safety and the environment.

These expenditures include:

- costs incurred to prevent, control, eliminate or reduce certain types of air and water emissions, including those costs incurred in connection with measures taken to address climate change;
- remedial measures related to environmental contamination or accidents at various sites, including those owned by third parties;
- indemnification of individuals or entities claiming damages caused by accidents or by the Group’s activities;
- increased production costs and costs related to changes in product specifications; and
- costs related to the decommissioning of drilling platforms and other facilities.

Such expenditures could have a material effect on the results of operations of the Group and its financial position.

Furthermore, in countries where the Group operates or plans to operate, the introduction of new laws and regulations, stricter enforcement or new interpretations of existing laws and regulations or the imposition of tougher license requirements may also cause the Group’s entities to incur higher costs resulting from actions taken to comply with such laws and regulations, including:

- modifying operations;
- installing complementary pollution control equipment;
- implementing additional safety measures; and
- performing site clean-ups.

As a further result of, notably, the introduction of any new laws and regulations, the Group could also be compelled to curtail, modify or cease certain operations or implement temporary shutdowns of facilities, which could diminish the Group’s productivity and have a material adverse impact on its results of operations.

All TOTAL entities monitor legal and regulatory developments in order to remain in compliance with local and international rules and standards for the assessment and management of industrial and environmental risks. With regard to the permanent shutdown of an activity, the Group’s environmental contingencies and asset retirement obligations are addressed in the “Asset retirement obligations” and “Provisions for environmental contingencies” sections of the Group’s Consolidated Balance Sheet (see Note 19 to the Consolidated Financial Statements). Future expenditures related to asset retirement obligations are accounted for in

accordance with the accounting principles described in Note 1Q to the Consolidated Financial Statements.

Laws and regulations related to climate change and its physical effects may adversely affect the Group's business.

Growing public concern in a number of countries over greenhouse gas emissions and climate change, as well as a multiplication of stricter regulations in this area, could adversely affect the Group's businesses and product sales, increase its operating costs and reduce its profitability.

More of TOTAL's future production could come from unconventional sources in order to help meet the world's growing demand for energy. Since the energy intensity of oil and gas production from unconventional sources can be higher than that of production from conventional sources, the CO₂ emissions produced by the Group's activities may increase. Therefore, TOTAL may need to incur additional costs related to certain projects. For information concerning the regulation of CO₂ emission allowances in Europe, see "Item 4 – C. Other Matters – 3.3.1. European Union – CO₂ emission allowances".

Finally, TOTAL's businesses operate in varied locales where the potential physical impacts of climate change, including changes in weather patterns, are highly uncertain and may adversely impact the results of the Group's operations.

TOTAL faces foreign exchange risks that could adversely affect its results of operations.

The Group faces foreign exchange risks because a large percentage of its revenues and cash receipts are denominated in dollars, the international currency of petroleum sales, while a significant portion of its operating expenses and income taxes accrue in euros and other currencies. Movements between the dollar and euro or other currencies may adversely affect the Group's business by negatively impacting its booked revenues and income, and may also result in significant translation adjustments that impact its shareholders' equity as the Group's financial statements are presented in dollars.

The Group is exposed to trading risks that could adversely affect its business.

TOTAL's trading business is particularly sensitive to market risk and more specifically to price risk as a consequence of the volatility of oil prices, to liquidity risk (inability to buy or sell oil cargoes at quoted prices) and to performance risk (counterparty does not fulfill its contractual obligations). The Group uses various instruments such as futures, forwards, swaps and options on organized markets or over-the-counter markets to hedge against fluctuations in the price of crude oil, refined products, natural gas, power, coal, emissions and freight-rates. Although TOTAL believes it has established appropriate risk management procedures, large market fluctuations may adversely affect the Group's business and results of operations and make it more difficult to optimize revenues from the Group's oil and gas production and to obtain favorable pricing to supply the Group's refineries.

Disruption of the Group's critical IT services or breaches of information security could adversely affect its operations.

The businesses of the Group depend heavily on the reliability and security of its information technology ("IT") systems. If the integrity of the IT systems were compromised due to, for example, technical failure, or cyber attack, the Group's business operations and assets could sustain serious damage, material intellectual property could be divulged and, in some cases, personal injury, environmental harm and regulatory violations could occur, potentially having a material adverse effect on the Group's results of operations, including profits.

TOTAL's IT department has developed and distributed governance and security rules that describe the recommended infrastructure, organization and procedures to maintain information systems that are appropriate to the organization's needs and to limit information security risks. These rules are implemented across the Group under the responsibility of the various business segments.

TOTAL has activities in certain countries that are targeted by economic sanctions under relevant U.S. and EU laws, and if the Group's activities are not conducted in accordance with the relevant conditions, TOTAL could be sanctioned or otherwise penalized.

Various members of the international community have targeted certain countries, including Cuba, Iran, Sudan, Syria and Russia, with economic sanctions and other restrictive measures. This section focuses on certain U.S. and European restrictions relevant to the Group. For certain disclosure concerning the Group's limited activities or presence in certain targeted countries, refer to "Item 4 – C. Other Matters – 8. Cuba, Iran and Syria".

The United States has adopted various laws and regulations designed to restrict trade with Cuba, Iran, Sudan and Syria, and the U.S. Department of State has identified these countries as state sponsors of terrorism. The European Union ("EU") has similar restrictions with respect to Iran and Syria. Since mid-2014, both the United States and the EU have adopted economic sanctions against various persons and entities in Russia in response to the situation in Ukraine. A violation by the Group of applicable laws or regulations could result in criminal and material financial penalties.

The U.S. Treasury Department's Office of Foreign Assets Control (referred to as "OFAC") administers and enforces economic sanctions programs against the countries identified as state sponsors of terrorism, as well as other targeted countries, territories, entities and individuals, including those engaged in activities related to terrorism or the proliferation of weapons of mass destruction and other threats to the national security, foreign policy or economy of the United States. The activities that are restricted depend on the details of each particular sanctions program. Civil and criminal penalties, which are imposed on a per transaction basis for apparent violations, can be substantial. These OFAC sanctions apply to U.S. persons, activities taking place in the United States, and activities that are otherwise subject to U.S. jurisdiction.

TOTAL continues to closely monitor the possible impacts on all of its activities of the different economic sanctions regimes. TOTAL does not believe that its activities in targeted countries are in violation of applicable international economic sanctions administered by the United States, the European Union and other members of the international community. TOTAL cannot assure that current or future regulations or developments related to economic sanctions will not have a negative impact on its business or reputation.

Set forth below is additional information concerning U.S. and EU restrictions adopted against Iran, Syria and Russia.

- Restrictions against Iran

With respect to Iran, the United States has adopted a number of measures since 1996 that provide for the possible imposition of sanctions against non-U.S. companies engaged in certain activities in and with Iran, including in Iran's energy sector. The United States first adopted legislation in 1996 authorizing sanctions against non-U.S. companies doing business in Iran and Libya (the Iran and Libya Sanctions Act, referred to as "ILSA"). In 2006, ILSA was amended to concern only business in Iran (then renamed the Iran Sanctions Act, referred to as "ISA"). Pursuant to ISA, which has been amended and expanded since 1996, the

Item 3 - C. Risk Factors

President of the United States is authorized to initiate an investigation into the activities of non-U.S. companies in Iran’s energy sector and to impose sanctions against persons found, amongst other activities, to have knowingly made investments of \$20 million or more in Iran’s petroleum sector in any 12-month period. In May 1998, the U.S. government waived the application of ISA sanctions for TOTAL’s investment in the South Pars gas field. This waiver, which has not been modified since it was granted, does not address any of TOTAL’s other activities in Iran. In each of the years between the passage of ILSA and 2007, TOTAL made investments in Iran in excess of \$20 million (excluding the investments made as part of the development of South Pars). These investments will not be sanctioned by the U.S. authorities, provided that TOTAL meets certain commitments pursuant to a determination made by U.S. authorities under a “Special Rule” on September 30, 2010, as further described below. Since 2008, TOTAL’s position in Iran essentially has consisted of being reimbursed for its past investments as part of buyback contracts signed between 1995 and 1999 with respect to permits on which the Group is no longer the operator. Since 2011, TOTAL has had no production in Iran.

ISA was amended in July 2010 by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010 (“CISADA”), which expanded both the list of activities with Iran that could lead to sanctions and the list of restrictive measures available. TOTAL had already discontinued potentially sanctionable sales of refined petroleum products to Iran prior to CISADA’s enactment. On September 30, 2010, the U.S. State Department announced that the U.S. government, pursuant to the “Special Rule” provision of ISA added by CISADA that allows it to avoid making a determination of sanctionability under ISA with respect to any party that provides certain assurances, would not make such a determination with respect to TOTAL. The U.S. State Department further indicated that, as long as TOTAL acts in accordance with its commitments, TOTAL will not be regarded as a company of concern for its past Iran-related activities.

Since the applicability of the “Special Rule” to TOTAL was announced by the U.S. State Department, the United States has imposed a number of additional measures targeting activities in Iran. TOTAL does not conduct activities that it believes would be sanctionable under these measures.

The Iran Threat Reduction and Syria Human Rights Act of 2012 (“ITRA”) added Section 13(r) to the Securities Exchange Act of 1934, as amended (“U.S. Exchange Act”), which requires TOTAL to disclose whether it or any of its affiliates has engaged during the calendar year in certain Iran-related activities, including those targeted under ISA, without regard to whether such activities are sanctionable under ISA, and any transaction or dealing with the Government of Iran that is not conducted pursuant to a specific authorization of the U.S. government (refer to “Item 4 – 8.1. Iran”, below). For any annual report that contains responsive Section 13(r) disclosure, an “Iran Notice” must be separately filed with the United States Securities and Exchange Commission (“SEC”). The SEC must notify the President and U.S. Congress, and the President must initiate an investigation and make a sanctions determination within 180 days after initiating the investigation. TOTAL believes that its Iran-related activities required to be disclosed by Section 13(r) are not sanctionable, and TOTAL has not been informed that it is at risk of possible imposition of sanctions for activities previously disclosed.

Moreover, many U.S. states have adopted legislation with respect to Iran requiring, in certain conditions, state pension funds to divest themselves of securities in any company with active business operations in Iran and state contracts not to be awarded

to such companies. State insurance regulators have adopted similar initiatives relating to investments by insurance companies in companies doing business with the Iranian oil and gas, nuclear and defense sectors. If TOTAL’s presence in Iran were determined to fall within the prohibited scope of these laws, and TOTAL were not to qualify for any available exemptions, certain U.S. institutions holding interests in TOTAL may be required to sell their interests. If significant, sales of securities resulting from such laws and/or regulatory initiatives could have an adverse effect on the prices of TOTAL’s securities.

The EU has also adopted sanctions measures with regard to Iran, including a set of restrictive measures adopted in July and October 2010. Among other things, the supply of key equipment and technology in the following sectors of the oil and gas industry in Iran are prohibited: refining, liquefied natural gas (LNG), exploration and production. The prohibition extends to technical assistance, training and financial assistance in connection with such items. Extension of loans or credit to, acquisition of shares in, entry into joint ventures with or other participation in enterprises in Iran (or Iranian-owned enterprises outside of Iran) engaged in any of the targeted sectors also is prohibited. Moreover, with respect to restrictions on transfers of funds and on financial services, any transfer of at least €400,000 or equivalent to or from an Iranian individual or entity shall require a prior authorization of the competent authorities of the EU Member States. TOTAL conducts its activities in compliance with these EU measures.

On January 23, 2012, the Council of the EU prohibited the purchase, import and transport of Iranian oil and petroleum and petrochemical products by European persons and by entities constituted under the laws of an EU Member State. Prior to that date, TOTAL had ceased these now-prohibited activities.

TOTAL continues to closely monitor the Joint Plan of Action announced late 2013 among Iran and the P5+1 countries (China, France, Russia, the United Kingdom and the United States, as well as Germany) regarding limits on Iran’s nuclear activities and the suspension of certain United States and EU sanctions regarding Iran. Negotiations between Iran and the P5+1 were extended in November 2014 and are ongoing.

• Restrictions against Syria

With respect to Syria, the EU adopted measures in May 2011 that prohibit the supply of certain equipment to Syria, as well as certain financial and asset transactions with respect to a list of named individuals and entities. These measures apply to European persons and to entities constituted under the laws of an EU Member State. In September 2011, the EU adopted further measures, including, notably, a prohibition on the purchase, import or transportation from Syria of crude oil and petroleum products. Since early September 2011, the Group ceased to purchase hydrocarbons from Syria. On December 1, 2011, the EU extended sanctions against, among others, three state-owned Syrian oil firms, including General Petroleum Corporation, TOTAL’s co-contracting partner in the production sharing agreement signed in 1988 (Deir Ez Zor licence) and the Tabiyeh contract. The United States also has various measures regarding Syria. Since early December 2011, the Group has ceased its activities that contributed to oil and gas production in Syria.

• Restrictions against Russia

Since July 2014, members of the international community have adopted economic sanctions against certain Russian persons and entities, including various entities operating in the financial, energy and defense sectors, in response to the situation in Ukraine.