

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. Information on the Company – Other Matters", "Item 5. Operating and Financial Review and Prospects" and "Item 11. Quantitative and Qualitative Disclosures About Market Risk".

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

Prices for oil and natural gas historically have fluctuated widely due to many factors over which we have no control. These factors include:

- global and regional economic and political developments in resource-producing regions, particularly in the Middle East, Africa and South America;
- global and regional supply and demand;
- the ability of the Organization of Petroleum Exporting Countries (OPEC) and other producing nations to influence global production levels and prices;
- prices of unconventional energies as well as changes in the valorization of oil sands, which may affect our realized prices, notably under our long-term gas sales contracts, and asset valuations, notably in North America;
- cost and availability of new technology;
- 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 our facilities.

Substantial or extended declines in oil and natural gas prices would adversely affect our results of operations by reducing our profits. For the year 2013, we estimate that a decrease of \$1.00 per barrel in the average annual price of Brent crude would have the effect of reducing our annual adjusted net operating income from the Upstream segment by approximately €0.110 billion (calculated with a base case exchange rate of \$1.30 per €1.00 and a Brent price of \$100 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 properties 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 our results in the period in which it occurs. Lower oil and natural gas prices over prolonged periods may also reduce the economic viability of projects planned or in development, negatively impact our asset sale program and reduce our liquidity, thereby decreasing our ability to finance capital expenditures and/or causing us to cancel or postpone investment projects. If we are unable to follow through with investment projects, our opportunities for future revenue and profitability growth would be reduced, which could materially impact our financial condition.

However, in a high oil and gas price environment, we can experience significant increases in cost and fiscal take, and, under some production-sharing contracts, our entitlement to reserves could be reduced. Higher prices can also reduce demand for our products.

Our downstream earnings 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 downstream earnings being dependent upon the speed at which the prices of refined products adjust to reflect movements in oil and gas prices.

Our long-term profitability depends on cost effective discovery, acquisition and development of new reserves; if we are unsuccessful, our results of operations and financial condition would be materially and adversely affected.

A significant portion of our revenues and the majority of our operating income are derived from the sale of oil and gas that we extract from underground reserves developed as part of our Upstream business. The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells is capital intensive, requires advanced technology and, due to difficult environmental challenges, cost projections are uncertain. In order for this Upstream business to continue to be profitable, we need to replace depleted reserves with new proved reserves. Furthermore, we need to accomplish such replacement in a manner that allows subsequent production to be economically viable. However, our ability to discover or

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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;
- equipment failures, fires, blow-outs or accidents;
- our inability to develop or deploy new technologies that permit access to previously inaccessible fields;
- our 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 publicly held and state-run oil and gas companies for the acquisition and development of assets and licenses;
- increased taxes and royalties, including retroactive claims; and
- problems with legal title.

Any of these factors could lead to cost overruns and impair our 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 in sufficient quantities to replace our reserves currently being developed, produced and marketed. Furthermore, some of these factors may also affect our projects and facilities further down the oil and gas chain. If we fail to develop new reserves cost-effectively on an ongoing basis, our results of operations, including profits, and our financial condition, would be materially and adversely affected.

Our 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, our results of operations and financial condition would be negatively impacted.

Our proved reserves figures are estimates reflecting applicable reporting regulations as they may evolve. Proved reserves are those reserves which, by analysis of geosciences and engineering data, can be estimated with reasonable certainty to be economically producible – 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 our control and that could cause such estimates to be adjusted downward in the future, or cause our actual production to be lower than our 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 we are 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 our reservoirs.

Our reserves estimates may therefore require substantial downward revisions to the extent our subjective judgments prove not to have been conservative enough based on the available geosciences and engineering data, or our assumptions regarding factors or variables that are beyond our control prove to be incorrect over time. Any downward adjustment would indicate lower future production amounts, which could adversely affect our results of operations, including profits as well as our financial condition.

Our production growth depends on the delivery of our major development projects.

Our targeted production growth relies heavily on the successful execution of our major development projects, which are complex and capital-intensive. These major projects are subject to a number of challenges, including:

- negotiations with partners, governments, suppliers, customers and others;

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- 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 our financial performance.

Many of our projects are conducted by equity affiliates. This may reduce our degree of control, as well as our ability to identify and manage risks.

A significant and growing number of our projects are conducted by equity affiliates. In cases where a company in which the Group holds an interest is not the operator, it 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 pursued by regulators or claimants in the event of an incident. Additionally, the partners of the Group (particularly local partners in developing countries) may not be able to meet their financial or other obligations to the projects, which may threaten the viability of a given project, and they may not have the financial capacity to fully indemnify us in the event of an incident.

We have significant production and reserves located in politically, economically and socially unstable areas, where the likelihood of material disruption of our operations is relatively high.

A significant portion of our 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 and actions of terrorist groups. Any of these conditions alone or in combination could disrupt our operations in any of these regions, causing substantial declines in production. In Africa, which represented 31% of our 2012 combined liquids and gas production, certain of the countries in which we have production have recently suffered from some of these conditions, including Nigeria, where we had in 2012 our highest hydrocarbon production, and Libya. The Middle East, which represented 21% of our 2012 combined liquids and gas production, has recently suffered increased political volatility in connection with violent conflict and

social unrest, including Syria, where European Union (EU) economic sanctions have prohibited us from producing oil and gas, and Yemen. In South America, which represented 8% of our 2012 combined liquids and gas production, certain of the countries in which we have production have recently suffered from some of the above-mentioned conditions, including Argentina and Venezuela. In addition, uncertainties surrounding enforcement of contractual rights in these regions may adversely impact our results. Furthermore, in addition to current production, we are 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 we have 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 our 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.

Our operations throughout emerging countries are subject to intervention by the governments of these countries, which could have an adverse effect on our results of operations.

We have significant exploration and production activities, and in some cases refining, marketing or chemicals operations, in developing countries whose governmental and regulatory framework is subject to unexpected change and where the enforcement of contractual rights is uncertain. In addition, our exploration and production activity in such countries is 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, we have seen governments and state-owned enterprises exercising greater authority and imposing more stringent conditions on companies pursuing exploration and production activities in their respective countries, increasing the costs and uncertainties of our business operations, which is a trend we expect 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;

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- the imposition of specific drilling obligations;
- price and/or production quota controls and export limits;
- nationalization or expropriation of our assets;
- unilateral cancellation or modification of our license or contract rights;
- increases in taxes and royalties, including retroactive claims;
- the renegotiation of contracts;
- payment delays; and
- currency exchange restrictions or currency devaluation.

Imposition of any of these factors by a host government in a developing country where we have substantial operations, including exploration, could cause us to incur material costs or cause our production or value of our assets to decrease, potentially having a material adverse effect on our 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 our existing and future activities in that country through increased taxes and/or costs of operation and could adversely affect our financial returns from projects in that country.

Ethical misconduct or breaches of applicable laws by our employees could expose us to criminal and civil penalties and be damaging to our reputation and shareholder value.

Our Code of Conduct, which applies to all of our employees, defines our commitment to integrity, compliance with all applicable legal requirements, high ethical standards and the behaviors and actions we expect of our businesses and people wherever we operate (for additional information on our Code of Conduct, see “Item 4. Other Matters – Fair operating procedures”). Ethical misconduct or non-compliance with applicable laws and regulations, including non-compliance with anti-bribery, anticorruption and other applicable laws, by us, our partners, agents or others that act on our behalf, could expose TOTAL and our employees to criminal and civil penalties and could be damaging to our reputation and shareholder value. In addition to such penalties, a monitor is likely to be appointed to review the Group’s compliance and internal control procedures and may, if need be, recommend improvements of such procedures. Refer to “Item 8. Legal or arbitration proceedings – Iran” for an overview of the investigation since 2003 by the SEC and Department of Justice (DoJ) concerning the pursuit of business in Iran by certain oil companies, including TOTAL.

At this point, the Company considers that the resolution of this matter is not expected to have a significant impact on the Group’s financial situation or its future planned operations.

We are exposed to risks related to the safety and security of our operations.

We engage in a broad scope of activities, which include drilling, oil and gas production, processing, transportation, refining and petrochemical activities, storage and distribution of petroleum products and production of base and specialty chemicals, and involve a wide range of operational risks. These risks include explosions, fires, accidents, equipment failures, leakage of toxic products, emissions or discharges into the air, water or soil, and related environmental and health risks. We also face risks once production is discontinued, because our activities require environmental site remediation. 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, pipelines, rail and road), the volumes involved and the sensitivity of the regions through which the transport passes (quality of infrastructure, population density, environment). Acts of terrorism against our plants and offices, pipelines, transportation or computer systems could severely disrupt businesses and operations and could cause harm to people and property damage.

Like most industrial groups, TOTAL is concerned 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, 2012, 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 face specific additional risks. Our Upstream segment activities face risks related to the physical characteristics of oil or 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 a Group entity is not the operator, the Group may have reduced influence and control over third parties, which may limit the Group's ability to manage and control these risks. The activities of our Refining & Chemicals and Marketing & Services segments also entail additional health, safety and environmental risks related to the overall life cycle of the products manufactured, as well as the raw 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, and from recycling or disposing of materials and wastes at the end of their useful life.

Contracts signed by the Group's entities may provide for indemnification obligations, either by the Group's entities in favor of third-parties or by third-parties for the Group's entities' benefit, if, for example, an event occurs leading to death, personal injury, property damage or discharge of hazardous materials into the environment. With respect to joint ventures the assets of which are operated by an entity of the Group, contractual terms generally provide that this entity assumes 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 others, contractual terms generally provide that the operator assumes liability for damages caused by its gross negligence or willful misconduct. All other liabilities of these types of joint ventures are generally assumed by the partners 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 the Group's customers, the Group's entities seek to 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, regulatory violations and loss of customers, and could negatively impact the Group's results of operations, financial condition and reputation.

Crisis management systems are necessary to respond effectively to emergencies and to avoid potential disruptions in our business and operations.

We have crisis management plans in place to deal with emergencies, such as the leak in the Elgin field in the North Sea (see "Item 4. Other Matters – Environmental protection – Accident risk"). If we do not respond to such emergencies in an appropriate manner, our business and operations could be severely disrupted. We also have implemented business continuity plans in order to continue or resume operations following a shutdown or incident (see "Item 4. Other Matters – Management"). An inability to timely restore or replace critical capacity could prolong the impact of any disruption and could have a material adverse effect on our business and operations.

While our insurance coverage is in line with industry practice, we are not insured against all possible risks.

We maintain insurance to protect us against the risk of damage to Group property and/or business disruption to our main refining and petrochemical sites. In addition, we also maintain worldwide third-party liability insurance coverage for all of our subsidiaries. Our insurance and risk management policies are described under "Item 4. Other Matters – Insurance and risk management". While we believe our insurance coverage is in line with industry practice and sufficient to cover normal risks in our operations, we are not insured against all possible risks. In the event of a major environmental disaster, for example, our liability may exceed the maximum coverage provided by our third-party liability insurance. The loss we could suffer in the event of such a disaster would depend on all the facts and circumstances 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 assurance, 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.

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

Our workforce and the public are exposed to risks inherent to our 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 entities of the Group and damage to our reputation.

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We incur, and will continue to incur, substantial expenditures to comply with increasingly complex laws and regulations aimed at protecting worker health and safety and the natural 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 government action to address climate change;
- remedial measures related to environmental contamination or accidents at various sites, including those owned by third parties;
- compensation of persons claiming damages caused by our activities or accidents;
- increased production costs or costs related to changes in product specifications or sales; and
- costs related to the decommissioning of drilling platforms and other facilities.

If our financial reserves prove inadequate, such expenditures could have a material effect on our results of operations and our financial position.

Furthermore, in countries where we operate or plan 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 pollution control equipment;
- implementing additional safety measures; and
- performing site clean-ups.

As a further result of the introduction of any new laws and regulations or other factors, we could also be compelled to curtail, modify or cease certain operations or implement temporary shutdowns of facilities, which could diminish our productivity and materially and adversely impact our results of operations, including profits.

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 obligation” 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 our businesses.

Growing public concern in a number of countries over greenhouse gas emissions and climate change, as well as 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 our future production is expected to come from unconventional sources in order to help meet the world’s growing demand for energy. Since 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, we may incur additional costs from delayed projects or reduced production from certain projects.

In addition, our business operates 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 our operations.

We face foreign exchange risks that could adversely affect our results of operations.

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

We are exposed to trading risks that could adversely affect our business.

Our 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). We use 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 we believe we have established appropriate risk management procedures, large market fluctuations may adversely affect our business and results of operations and make it more difficult to optimize revenues from our oil and gas production and to obtain favorable pricing to supply our refineries.

Disruption of our critical IT services or breaches of information security could adversely affect our operations.

Our businesses depend heavily on the reliability and security of our information technology (“IT”) systems. If the integrity of our IT systems were compromised due to, for example, technical failure or cyber attack, our 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 our results of operations, including profits.

We have activities in certain countries that are targeted by economic sanctions under relevant U.S. and EU laws, and if our activities are not conducted in accordance with the relevant conditions, we could be sanctioned or otherwise penalized.

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. A violation of these laws or regulations could result in criminal and material financial penalties, including being prohibited from transacting in U.S. dollars. We currently have limited marketing and trading activities in Cuba and a limited presence in Iran and Syria (for more information, see “Item 4. Other Matters –Cuba, Iran and Syria”). Since the independence of South Sudan on July 9, 2011, TOTAL is no longer present in Sudan.

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, especially 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 as described below has since been amended and expanded, the 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 the possible imposition of sanctions against persons found, in particular, to have knowingly made investments of \$20 million or more in any 12-month period in the petroleum sector in Iran. 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 since the passage of ILSA and until 2007, TOTAL made investments in Iran in excess of \$20 million (excluding the investments made as part of the development of South Pars). Since 2008, TOTAL’s position has consisted essentially in 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 sanctions available. In particular, CISADA authorized sanctions for knowingly providing refined petroleum products above certain monetary thresholds to Iran and for providing goods, services, technology, information or support that could directly and significantly either facilitate Iran’s domestic production of refined petroleum products or contribute to Iran’s ability to import refined petroleum products. Investments in the petroleum sector commenced prior to the adoption of CISADA appear to remain subject to the pre-amended version of ISA. The new sanctions added by CISADA would be available with respect to new investments in the petroleum sector or any other sanctionable activity occurring on or after July 1, 2010.

Prior to CISADA’s enactment, TOTAL discontinued potentially sanctionable sales of refined petroleum products to Iran. 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 at that time 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. On November 21, 2011, President Obama issued Executive Order 13590, which authorized sanctions for knowingly, on or after November 21, 2011, selling, leasing, or providing to Iran goods, services, technology or support above certain monetary thresholds that could directly and significantly contribute to the maintenance or expansion of Iran’s ability to develop petroleum resources located in Iran, or domestic

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production of petrochemical products. TOTAL does not conduct activities in Iran that could be sanctionable under Executive Order 13590. In any event, there is no provision in Executive Order 13590 that modifies the aforementioned "Special Rule", and the U.S. State Department issued guidance that completion of existing contracts is not sanctionable under Executive Order 13590.

On July 30, 2012, President Obama issued Executive Order 13622, which authorized sanctions for, amongst other activities, (i) knowingly, on or after July 30, 2012, engaging in a significant transaction for the purchase or acquisition of petroleum, petroleum products or petrochemical products from Iran, and (ii) materially assisting, sponsoring or providing financial, material, or technological support for, or goods or services in support of, the National Iranian Oil Company, the Naftiran Intertrade Company, or the Central Bank of Iran. There is no provision in Executive Order 13622 that modifies the aforementioned "Special Rule". In addition, Executive Order 13622 contains an exception for the Shah Deniz gas field pipeline project, in which we (10%) and Naftiran Intertrade Company ("NICO") (10%) participate, to supply natural gas from the Shah Deniz gas field in Azerbaijan to Europe and Turkey. We do not conduct activities targeted by Executive Order 13622.

On August 10, 2012, President Obama signed into law the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA"), which, amongst other things, amended ISA and CISADA. ITRSHRA, like CISADA before it, expanded both the list of activities with Iran that could lead to sanctions and the list of sanctions available. Amongst other things, ITRSHRA authorized sanctions for (i) provision to Iran of goods, services, technology, information or support above a certain market value that could directly and significantly facilitate the maintenance or expansion of Iran's domestic production of refined petroleum products, including any direct and significant assistance with the construction, modernization, or repair of petroleum refineries or infrastructure directly associated with petroleum refineries, (ii) participation in a joint venture established on or after January 1, 2002 with respect to the development of petroleum resources outside of Iran where either the Government of Iran is a substantial partner or investor or where the joint venture could enhance Iran's ability to develop petroleum resources in Iran, and (iii) owning, operating, controlling or insuring a vessel used to transport crude oil from Iran to another country. ITRSHRA also contains an exception for the Shah Deniz gas field project. We do not conduct activities targeted by ITRSHRA.

ITRSHRA also added a new Section 13(r) to the Securities Exchange Act of 1934, as amended ("Exchange Act"), which requires us to disclose whether TOTAL 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 (see "Item 4. Other Matters – Iran"). Section 13(r) also requires us to file a separate notice to the United States Securities and Exchange Commission ("SEC") concerning any Section 13(r)-related disclosure provided in our annual report. Following receipt of this notice, the SEC must transmit a report to the President and Congress, and the President must initiate an investigation and make a sanctions determination within 180 days after initiating the investigation. We believe that our Iran-related activities required to be disclosed by Section 13(r) are not sanctionable.

Also with regard to Iran, France and the EU have adopted measures, based on United Nations Security Council resolutions, which restrict the movement of certain individuals and goods to or from Iran as well as certain financial transactions with Iran, in each case when such individuals, goods or transactions are related to nuclear proliferation and weapons activities or likely to contribute to their development. In July and October 2010, the European Union adopted new restrictive measures regarding Iran. 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, 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 €40,000 or equivalent to or from an Iranian individual or entity shall require a prior authorization of the competent authorities of the EU Member States. We conduct our activities in compliance with these EU measures.

On January 23, 2012, the Council of the European Union 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.

With respect to Syria, the EU adopted measures in May 2011 with criminal and financial penalties 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 PSA 1988 (Deir Es Zor licence) and the Tabiyeh contract. The U.S. also has various measures regarding Syria. Since early December 2011, the Group has ceased its activities that contribute to oil and gas production in Syria.

The U.S. Treasury Department's Office of Foreign Assets Control (referred to as "OFAC") administers and enforces economic sanctions programs, some of which are based on the United Nations Security Council resolutions referred to above, against targeted foreign 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 sanctions program and targeted country or parties, and civil and/or criminal penalties, imposed on a per transaction basis, can be substantial. These OFAC sanctions generally apply to U.S. persons and activities taking place in the United States

or that are otherwise subject to U.S. jurisdiction. Sanctions administered by OFAC target, among others, Cuba, Iran, Sudan and Syria. TOTAL does not believe that these sanctions are applicable to any of its activities in the OFAC-targeted countries.

In addition, many U.S. states have adopted legislation requiring 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 our presence in Iran were determined to fall within the prohibited scope of these laws, and we 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.

We continue to closely monitor legislative and other developments in France, the EU and the United States in order to determine whether our limited activities or presence in sanctioned or potentially sanctioned jurisdictions could subject us to the application of sanctions. We cannot assure that current or future regulations or developments will not have a negative impact on our business or reputation.

ITEM 4. INFORMATION ON THE COMPANY

HISTORY AND DEVELOPMENT

TOTAL S.A., a French *société anonyme* (limited company) incorporated in France on March 28, 1924, together with its subsidiaries and affiliates, is the fifth largest publicly-traded integrated international oil and gas company in the world⁽¹⁾.

With operations in more than 130 countries, TOTAL has activities in every sector of the oil industry: in the upstream (oil and gas exploration, development and production, liquefied natural gas) and downstream (refining, petrochemicals, specialty chemicals, marketing and the trading and shipping of crude oil and petroleum products). In addition, TOTAL has equity stakes in coal mines and operates in the power generation and renewable energy sectors. TOTAL began its Upstream operations in the Middle East in 1924. Since that time, the Company has

grown and expanded its operations worldwide. In early 1999, the Company acquired control of PetroFina S.A. (hereafter referred to as "PetroFina" or "Fina") and in early 2000, the Company acquired control of Elf Aquitaine S.A. (hereafter referred to as "Elf Aquitaine" or "Elf").

The Company's corporate name is TOTAL S.A. Its registered office is 2, place Jean Millier, La Défense 6, 92400 Courbevoie, France. Its telephone number is +33 (0)1 47 44 45 46.

TOTAL S.A. is registered in France at the Nanterre Trade Register under the registration number 542 051 180. The length of the life of the Company is 99 years from March 22, 2000, unless it is dissolved or extended prior to such date.

⁽¹⁾ Based on market capitalization (in dollars) as of December 31, 2012.