



509 A Comparative Review of Multinational Compliance Programs

Peter Herbel

Directeur Juridique Groupe / General Counsel

Total

Faculty Biographies

Peter Herbel

Peter Herbel is the senior vice president and general counsel of Total S.A., in Paris, the publicly held parent company of the 4th largest oil and gas group in the world. Total has business in more than 130 countries in the fields of oil and gas exploration and production, of refining and marketing, of renewable energies, as well as of chemicals. As chief legal officer of the group, Mr. Herbel has worldwide responsibilities for Total's legal department functions. He is also responsible to continually improve and adapt the corporate governance policies.

Prior to joining the Total group, Mr. Herbel was senior vice president, general counsel and secretary general of Thomson, a consumer electronics company. In his early legal career, he was an associate attorney at the German firm Bruckhaus, now part of Freshfields Bruckhaus Deringer.

Mr. Herbel is a member of the International Bar Association.

He received a Ph.D. in law in France as well as a Ph.D. in law in Germany.



TOTAL

Ethics Charter

Total is committed to growing its business based on shared values and common principles that clearly assert its ethical standards and accountability for all its businesses.

In particular, Total is accountable to:

- Its shareholders, with the objective of striving to ensure a good return on their investment and providing them complete and transparent information on a regular basis
- Its customers, with the commitment to supplying quality products and services in strict compliance with accepted safety and environmental standards
- Its employees, with attention to their professional development and the promotion of health and safety in the workplace
- Its suppliers and partners, in accordance with clear contract terms and conditions. The Group expects them to comply with the principles and behaviours described in its Code of conduct
- The civil society. Total contributes to the social and economic development of the countries in which it operates, in compliance with local legislation and regulation. It is committed to protecting the environment and respecting local cultures.

More generally, Total stands for:

- The principles of the 1948 Universal Declaration of Human Rights
- The principles of the International Labour Organization
- The OECD guidelines for Multinational Enterprises.

Total respects the principles of free competition and rejects any form of corruption.

It does not intervene in the political processes of the countries in which it operates.

It is actively involved in environmental stewardship as part of its clear-cut commitment to sustainable development.

Total expects its employees to make a positive contribution to its ethics policy, which they carry out in the course of their daily routine. It therefore requires its employees to adhere to the core values and principles expressed in its Code of conduct. In particular, this involves:

- To strictly abide by all applicable legislation and regulation
- To diligently apply the health, safety and environment rules
- To build clear and honest relationships with customers, suppliers and associates
- To ensure confidentiality of business information
- To act with loyalty and integrity toward the Group by avoiding conflicts of interest and insider trading
- To refrain from intervening in the political arena of the countries in which they have no civil rights
- To contribute to a positive working team environment.

Thierry Desmarest
Chairman and CEO



TOTAL

**A COMPARATIVE REVIEW OF MULTINATIONAL
COMPLIANCE PROGRAMS**

ACC's 2005 Annual Meeting, Washington, D.C., October 18, 2005

**Peter HERBEL
General Counsel**

WHO IS TOTAL?

- **The 4th largest (publicly-traded) oil, gas and chemicals company, listed in Paris and New York**
 - Headquarters: Paris, France
 - Sales (2004): 152 billion \$
 - Market capitalization (July 1, 2005): 149 billion \$
 - Shareholders: 33% France, 42% Rest of Europe, 23% North America, 2% Rest of World
 - Activities in more than 130 countries
 - 110 000 employees (out of which 11 000 in the U.S.A.)

ACC's 2005 Annual Meeting: A comparative Review
Multinational Compliance Programs – Peter Herbel

MULTI-NATIONAL COMPLIANCE PROGRAMS (1/2)

- **Yet another presentation on the same (old?) subject?**
- **One size fits all?**
- **Think globally, act locally?**

for management of multinationals: yes !

for national regulators (SEC...): no !

⇒CLO = between a rock and a hard place

MULTI-NATIONAL COMPLIANCE PROGRAMS (2/2)

- **How to solve legislative dilemmas? Sarbanes-Oxley versus the regulations of other countries?**
- **Competitive advantage : for whom?**
- **TOTAL's corporate governance and compliance programs**
- **Some examples of dilemmas, as well as some solutions**



> Code of Conduct

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June 2004

> Code of Conduct

 Total is a world-class oil, gas and chemicals group of companies.

Given the presence of the company and its subsidiaries in more than 130 countries and the diversity of backgrounds and professions of our employees, my objective is to express our shared values and common principles in a corporate Code of Conduct that will guide and underpin the undertakings of everyone at Total.

Our core values are professionalism, respect for employees, an ongoing concern for safety and environmental protection, and a commitment to contribute to the development of host communities. Our concept of professionalism emphasizes responsibility, accountability, integrity and exemplary behaviour. These values are central to a framework of fundamental principles that include respect for applicable laws and regulations, non-intervention in the political process of host countries, satisfying our shareholders and customers, and solidarity among all Group employees.

The Ethics Committee, whose role is clearly defined in the Code of Conduct, can be consulted by all Group employees on any issue related to professional and business ethics. In particular, it is available to assist those of you whose responsibilities require decisions that they may find difficult to take given the requirements of our Code of Conduct. In such cases, Group employees can consult the Ethics Committee directly, which, without bypassing management, can discuss the issue with them and support them in reaching their decision.

It is through these fundamental principles that we will be able to achieve our objectives for growth within the international business community, for the benefit of our shareholders, customers and, of course, all of us in the Group.

Thank you in advance for your active contribution to achieving these objectives.



Thierry Desmarest
Chairman and Chief Executive Officer



> Business Principles

Total is a world-class oil, gas and chemicals group with industrial and commercial operations spanning oil, gas, power generation, renewable energies and chemicals in more than 130 countries. Our growth is based on shared core values.

As a responsible industrial group, Total is committed to supporting efficient and properly managed utilization of our energy sources and products. We take into account the needs of today's consumers and the interests of future generations through an active policy of environmental stewardship that is an integral part of our sustainable development strategy. We provide regular and transparent reports.

These business principles are our reference point and go hand-in-hand with the objective of continued growth, benefiting shareholders, customers and employees, and contributing to the economic and social development of the countries where we operate.

As a general principle, Total:

- > observes the decisions of the United Nations and the European Union, especially with regard to the choice of where to set up operations
- > is sensitive to the concerns expressed by international, European Union, governmental and non-governmental organizations in matters concerning our operations
- > observes the rules of free competition
- > rejects bribery and corruption in all forms, whether public or private, active or passive.

Total strives to uphold:

- > the principles of the Universal Declaration of Human Rights
- > the key conventions of the International Labour Organization
- > the OECD Guidelines for Multinational Enterprises
- > the principles of the United Nations Global Compact.

Shareholders

Total strives to earn the confidence of its shareholders, with the objective of providing them with a profitable investment.

We regularly provide full and transparent information to all shareholders and are attentive to their concerns, specifically through the Shareholders' Advisory Committee.

We comply strictly with applicable stock exchange regulations and report our activities accurately in our financial statements.

Customers

Total provides customers with quality products and services, and strives at all times to offer them the best performance at competitive prices for their particular requirements.

We are attentive to our customers' needs, continuously monitoring, assessing and improving our products, services, technology and procedures to deliver quality, safety and innovation at every stage of the development, production and distribution process.

Employees

Total has confidence in the loyalty, motivation, competence and sense of responsibility of its employees. We expect them to adhere to the highest standards of integrity and avoid any conflict of interest.

We pay particular attention to our employees' working conditions, respecting individuals, avoiding discrimination, and protecting their health and safety.

We include our employees in our development by encouraging the distribution of information, dialogue and consultation. We respect their personal lives.

We recruit personnel solely on the basis of our requirements and the specific capabilities of individual applicants.

We develop their professional skills and careers without discrimination regarding race, gender, or affiliation with a political, religious, or union organization or minority group.

All employees have an individual performance appraisal with management once a year, at which objectives are set, performance assessed and career development discussed. Career development is facilitated by appropriate training.

Suppliers

Total is careful to respect each party's interests, with transparent and fairly negotiated contract terms.

We expect our suppliers to adhere to principles equivalent to those in our Code of Conduct.

Business Partners

Total applies its business Principles and Rules of Individual Behaviour whenever it leads or operates a joint venture. When we do not lead or operate a venture, we require the leader or operator to apply principles that are compatible with our Business Principles and Rules of Individual Behaviour.

Host Countries

In conducting its businesses, Total respects the natural environment and the cultural values of host countries.


Total respects the sovereignty of all States and refrains from intervening in or funding of the political processes.

However, we reserve the right to express to governments our position concerning our operations, employees and shareholders and our belief in the importance of respecting human rights.

Through our operations, we contribute the social and economic development in countries where we operate, particularly local communities.

We comply with all applicable laws and regulations, especially concerning the environment, competition and employment.

Total rejects all forms of bribery and corruption. In particular, Total will not resort to bribery or corruption "in order to obtain or retain business or other improper advantage in the conduct of international business," as outlined in the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.



> Rules of Individual Behaviour

Total's harmonious development depends in large measure on the trust between the Group and its employees and among the employees themselves.

Creating and nurturing this trust entails the observance, at all levels, of certain rules of behaviour in situations that can be complex and in the context of potentially hazardous operations.

The objective is not to anticipate and make provision for every contingency in advance. Nevertheless, certain clear, precise principles, together with an individual sense of responsibility and common sense, are a useful reference for everyone in the Group, whatever their business activity.

Health, Safety and the Environment

Employees are responsible for ensuring that their involvement in Total's activities is carried out in full compliance with Group health, safety and environment rules and regulations.

Professional Relationships

Each employee is expected to be loyal and attentive to the quality of his or her relationships with colleagues, and to refrain from any act of discrimination. Every employee should try to work as part of a team.

Information Technology and Communication Resources

Total's IT and communication resources are intended for professional use. Reasonable personal use may be tolerated, in line with applicable laws and regulations.

Customer & Supplier Relations

Employee relations with customers and suppliers should be fair and honest, in strict compliance with contractual undertakings and applicable laws and regulations. The giving or receiving of gifts or entertainment should remain within acceptable limits, having regard to what is customary and the provisions of anti-corruption legislation. In case of doubt, employees shall obtain the approval of their management. Under no circumstances may employees solicit gifts or invitations.

Confidentiality and Intellectual & Industrial Property

Employees have a duty to take the necessary steps to protect the confidentiality of any information acquired in the course of their employment, of which they are merely the custodians.

Employees shall not disclose confidential information, whether verbally, in writing, or electronically, unless expressly authorized to do so by their management. They must also observe the rules and regulations governing intellectual and industrial property.

This duty remains in effect even after an employee leaves the Group.

Conflicts of Interest

Employees may encounter situations where their own personal interest or that of persons or companies with which they have ties or links may conflict with the Group's interest. In such cases, they shall act bearing in mind the Group's interests and the loyalty they owe to the Group. In the event of doubt, they should consult their management or the Ethics Committee.

To avoid conflicts of interest, employees should not:

- > acquire an interest in a competitor, supplier or customer without the prior written approval of their management, or, if such an interest consists of listed shares, use privileged information to acquire the interest.
- > if employed on a full-time basis by the Group, exercise any outside professional activity without first obtaining the written approval of their management.

Insider Trading

Employees who have access by reason of their employment to information that is not public and that could affect the share price of any company inside or outside the Group if made public, may not trade in the shares or other securities of the company in question, either directly or through another person, as long as this information has not been made public.

Political Activity

Employees who could be considered to represent the Group shall refrain from political activity in countries where they are not entitled to exercise political rights and where the Group operates. In addition, employees must refrain from doing anything that would be contrary to such countries' traditions or cultures.



The Ethics Committee

The Ethics Committee reports directly to the Chairman and Chief Executive Officer. Its composition, scope of work, and procedures are described below.

Composition and Appointment of Committee Members

The Ethics Committee comprises a Chairman and four other members. The Chairman and Chief Executive Officer appoints the Chairman of the Ethics Committee. The other members are appointed, with their consent, by the Executive Committee on the recommendation of the Chairman of the Ethics Committee.

The members of the Ethics Committee are Group employees who collectively have broad experience of the Group's different businesses and disciplines and occupy positions that guarantee the necessary independence and freedom of judgment.

Members of the Ethics Committee cannot delegate their functions to non-members of the Ethics Committee.

Each Committee member is appointed for a term of four years, unless some other provision is made, to ensure a regular turnover of Committee members.

An appointment to the Ethics Committee may only be revoked by a written decision of all other Committee members. A copy of any such decision must be addressed to the Chairman and Chief Executive Officer and to the Committee member concerned.

Scope of Work

The Ethics Committee, which reports to the Chairman and Chief Executive Officer, is responsible for all ethical issues related to the Group's activities. The Committee:

- > makes recommendations to the Chairman and Chief Executive Officer on all ethical issues, whether in relation to matters on which the Committee has independently decided to issue a ruling or questions that have been submitted to it
- > notifies the Divisions of any risk that Group activities may be contested on ethical grounds
- > ensures that the Group's Code of Conduct is circulated and proposes any amendments it considers necessary or appropriate
- > ensures that all employees are thoroughly familiar with the Code of Conduct, understand its provisions and apply them
- > assists in preparing and authorizing any specific code of conduct that may be necessary for a particular subsidiary.

- > replies in the strictest confidence to any question employees may have concerning application or compliance with the Code of Conduct in specific circumstances
- > prepares, with the business units concerned, any verbal or written communications relating to ethics in the Group and any contacts related to ethics, in particular with international, European Union, governmental and non-governmental organizations
- > prepares, with the business units concerned, replies to any correspondence contesting the ethical standards applied in the Group or by any subsidiary
- > advises the Group's training departments on incorporating, where appropriate, a presentation on the Code of Conduct into training programs, in particular those for new recruits and management.

Procedures

Each Division is required to inform the Ethics Committee in advance of new projects and proposed changes in an ongoing business activity that could raise an ethical issue by reason of its scope or potential impact on local communities.

The Chairman of the Ethics Committee is provided with all files submitted to the Group Management Committee. He also receives in advance copies of the agendas of all divisional management committees meetings and all Risk Assessment Committee meetings. He may attend meetings of the Risk Assessment Committee or designate another member of the Ethics Committee to attend.

A copy of all correspondence addressed to any of the business units calling into question the Group on ethical grounds is sent to the Ethics Committee.

The Chairman and Chief Executive Officer or any employee of the Group may request the Ethics Committee's advice on any ethics-related matter, notably any difficulty in the practical implementation of the Code of Conduct.

The Committee addresses its replies exclusively to the persons requesting its advice. Its members may not reveal the identity of anyone requesting their advice and may not disclose information that would make it possible to identify them.

The Committee may consider on its own initiative any ethics-related matters concerning the Group.

The Committee is entitled to visit any Group facility or subsidiary.

It is assisted by the Group Audit Department, with which it maintains regular contact.

Meetings of the Ethics Committee can be convened to deliberate on a given agenda by the Chairman or by a majority of its members. The Committee's decisions are taken by majority vote.

The Chairman of the Ethics Committee submits an annual report to the Executive Committee and the Board of Directors.



> Ethics Charter

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- > To contribute to a positive working team environment.



Thierry Desmarest
Chairman and CEO

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934 OR ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE fiscal year ended December 31, 2004 OR TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____ to _____ Commission file number: **1**

-10888

TOTAL S.A.*(Exact name of Registrant as specified in its charter)*N/A Republic of France *(Translation of registrant's name into English)* / *(Jurisdiction of incorporation or organization)* TOTAL S.A.

2, place de la Coupole

La Défense 6

92400 Courbevoie

France

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class Name of each exchange on which registered Shares New York Stock Exchange * American Depository Shares New York Stock Exchange _____

* Not for trading, but only in connection with the registration of American Depository Shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

635,015,108 Shares, nominal value €10.00 each, as of December 31, 2004.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18 **BOARD PRACTICES****Corporate Governance**

TOTAL actively examines corporate governance matters. In particular, the Group maintains a policy of transparency regarding the compensation of and the allocation of stock purchase and subscription options to its corporate officers. As early as 1995, the Group established two special committees: a Nominating & Compensation Committee and an Audit Committee. At its meeting on February 19, 2003, the Board of Directors amended the corporate governance policies initially adopted in 1995 and in 2001 to take into account recent developments in this area, including the AFEP-MEDEF report published in France in September 2002.

At its meeting on February 18, 2004, the Board of Directors adopted a code of ethics that, in the overall context of the Group's Code of Conduct, applies to its chief executive officer, chief financial officer, chief accounting officer and the financial and accounting officers for its principal activities. A copy of this code of ethics is included as an exhibit to this annual report. See "Item 16B. Code of

Ethics". The Board has made the Audit Committee responsible for ensuring compliance with this Code. In addition, the Board has designated Jacques Friedman, an independent director, as Chairman of the Audit Committee and as audit committee financial expert.

The shareholders meeting held on May 14, 2004 appointed a director, Mr. Daniel Boeuf, representing employee shareholders.

Directors charter

The Directors Charter specifies the obligations of each director and establishes the mission and operating rules and regulations of the Board of Directors. Each director undertakes to maintain the independence of his analysis, judgment, decision and action as well as not to be unduly influenced. When a director participates in and votes at Board meetings, he is required to represent the interest of the shareholders and the Company as a whole. Directors must actively participate in the affairs of the Board, specifically on the basis of information communicated to him by the Company. Each director must inform the Board of conflicts of interest that may arise, including the nature and terms of any proposed transactions that could give rise to such situations. When such occasions arise, he is required to clearly express the conflict as it pertains to the plans and projects discussed by the Board. He is required to own at least 500 registered company shares (with the exception of the director representing employee shareholders, who is required to own either at least one share or the equivalent of one share via an employee savings plan) and comply strictly with provisions regarding the use of material non-public information.

In addition to stipulating that all director's shares and ADRs of TOTAL S.A. and its publicly traded subsidiaries are to be held in registered form, the Directors Charter places a prohibition on buying on margin or short selling in those same securities, and a prohibition on trading shares of TOTAL S.A. for fifteen calendar days preceding the announcement of the Company's periodic earnings and on the day of the announcement.

The mission of the Board of Directors consists of determining the overall strategic direction of the Company's operations and supervising the implementation of these strategies. With the exception of the powers and authority expressly attributed to shareholders and within the limits of the company's stated purpose, the Board addresses any issues related to the proper operation of the Company and takes decisions concerning the matters falling within its purview. Within this framework, and among other matters, the Board:

- Appoints the corporate officers responsible for managing the Company and supervises their management;
- Defines TOTAL's strategy;
- Discusses and debates major transactions under consideration by the Group, according to the criteria determined by the Board;
- Receives information on any significant event pertaining to the operations of the Company;
- Oversees the quality of the information supplied to shareholders and the financial markets through the financial statements that it approves and the annual report, or when major transactions are conducted;
- Calls and sets the agenda of shareholders meetings;
- Prepares a list each year of the directors it deems to be independent under generally accepted corporate governance criteria; and
- Performs audits and inspections as it may deem appropriate.

Specifically, with the assistance of its specialized committees, it ensures the following:

- Proper delegation of powers and authority within the Company as well as proper exercise of the respective powers and responsibilities of the Company's governing bodies;
- That no person has the power to bind the Company without proper supervision and control;
- The proper functioning of the organizations responsible for internal control and the satisfactory execution by the external auditors of their missions; and
- The proper functioning of the committees that it has created.

The Board of Directors meets at least four times a year and whenever circumstances so require. The directors are present, represented, or participate in meetings via video conferences that satisfy the technical requirements set by applicable regulations.

The Board establishes those specialized committees, whether permanent or temporary, which are required by applicable legislation or which it may deem appropriate. The Board allocates directors' fees to the directors and may allocate additional directors' fees to directors who participate on specialized committees, within the total amount established for that purpose by the shareholders.

The Board performs an assessment of its own functioning and operations at regular intervals not to exceed three years. In addition, it holds an annual discussion of its functioning and operations. The Company does not have any service contracts with its directors providing for benefits upon termination of employment.

Board Meetings

The Board of Directors, in most circumstances, is convened after receiving written notice at least eight days in advance. The documents that are to be examined in order for the Board to make informed decisions are, if possible, included with the convening notice or are separately delivered as soon as possible thereafter. The minutes of the immediately preceding Board meeting are submitted at the next meeting for the approval of the Board.

The Board held eight meetings in 2004, with an average attendance of 81%.

The agendas for these meetings included the following points on the dates indicated.

January 8, 2004: 2004 budget, Group insurance policy, report on Ethics Committee affairs and presentation on the agreement with Gaz de France concerning GSO and CFM.

January 25, 2004: Tender offer of Sanofi-Synthelabo for Aventis.

February 18, 2004: Project for the reorganization of TOTAL's Chemicals segment, parent company and consolidated 2003 financial statements, convening of the annual shareholders meeting, compensation of the Chairman for 2004, code of ethics for financial officers and designation of an audit committee financial expert, evaluation of the independence of the directors and evaluation of the functioning and operation of the Board.

May 6, 2004: Earnings for the first quarter 2004, increased tender offer of Sanofi-Synthelabo for Aventis, dividend policy, strategy for the Gas & Power sector and preparation for the annual shareholders meeting.

May 14, 2004: Appointment of Chairman and Chief Executive Officer, delegations of power and compensation, re-appointment of Board committee members.

July 20, 2004: Estimated earnings for the second quarter and first half 2004, allocation of stock options and long-term plan for the Exploration & Production segment.

September 7, 2004: Presentation of earnings for the second quarter and first half 2004 and mid-2004 outlook, long-term plan for the Refining & Marketing segment.

November 9, 2004: Cancellation of treasury shares and related decrease of share capital, third quarter earnings, distribution of a preliminary dividend and Group strategy and five-year plan.

The Audit Committee

The mission of the Company's Audit Committee is to assist the Board of Directors so that the latter can ensure the effectiveness of internal control and oversight and the reliability of information provided to shareholders and the financial markets. The Audit Committee is specifically responsible for:

- Recommending the appointment of auditors and their compensation and ensuring their independence;
- Establishing the rules for the use of auditors for non-audit services;
- Examining the accounting policies used in preparing financial statements, examining the parent company annual financial statements and the consolidated annual, semi-annual, and quarterly financial statements prior to their examination by the

Board, having regularly examined the financial situation, cash flows and obligations of the Group;

- Evaluating internal control procedures and ensuring the implementation and proper functioning of the disclosure committee, including reviewing the reports of this committee;
- Approving the scope of the annual audit work of internal and external auditors;
- Examining internal audit reports and other reports (external auditors, annual report, etc.), supervising compliance with the code of ethics for financial officers;
- Evaluating delegations of authority and risk monitoring and oversight procedures;
- Evaluating the choice of appropriate accounting principles and methods;
- Examining the policy for the use of derivatives products;
- Issuing an opinion regarding major transactions contemplated by the Group; and
- Annually reviewing significant litigation.

The committee is made up of at least three directors designated by the Board of Directors. Independent directors must constitute at least two-thirds of the members. In selecting the members of the committee, the Board is to pay particular attention to their financial and accounting qualifications. Members of the Audit Committee may receive from the Company and its subsidiaries only (i) the directors fees due on the basis of their positions as Directors and as members of the Audit Committee and (ii) compensation and pensions due for previous work for the Company which are not dependant upon future work or activities. The committee appoints its own Chairman. The Group Chief Financial Officer serves as the committee secretary. At the minimum, the committee meets four times a year to examine the consolidated annual and quarterly financial statements.

The Audit Committee may meet with the Chief Executive Officer, perform inspections and interview managers of operating or functional entities, as may be useful in performing its duties. The committee meets with the external auditors and examines their work, and may do so without management being present. If it deems it necessary for the accomplishment of its mission, the committee may request from the Board the means and resources to make use of outside assistance. The committee submits a written report to the Board of Directors regarding its work.

The committee members are Messrs. Jacques Friedmann, Bertrand Jacquillat and Thierry de Rudder. As of December 31, 2004, the committee members' length of service as directors of TOTAL was four years, eight years, and five years, respectively. The Board of Directors considers that each of the members of the Audit Committee is an independent director. At its meeting on February 18, 2004, the Board of Directors confirmed the appointment of Mr. Jacques Friedmann, Inspector General of Finance, former chairman and chief executive officer of Union des Assurances de Paris, director of BNP Paribas, as audit committee financial expert. See "Item 16A. Audit Committee Financial Expert".

Audit Committee activity in 2004

The Audit Committee met on seven occasions in 2004, with an effective attendance rate of 100%.

At its meeting on January 8, 2004, the committee reviewed the draft report of the Chairman on internal control procedures which was required under French law for the first time. Pursuant to the French Financial Security Law of August 1, 2003 as it concerns the procedures for re-appointing external auditors, the committee reviewed the proposals of the signing partners of Ernst & Young and recommended to the Board that the signing partner for Ernst & Young be changed in 2004 to comply with rules for the rotation of audit partners. At this meeting, the committee also reviewed the Group's policy for insurance.

The meeting on February 17, 2004 was dedicated to reviewing the accounts for the fourth quarter 2003 and the consolidated earnings of the Group and parent company accounts of TOTAL S.A. for fiscal 2003.

In the second quarter, the committee met on May 4, 2004 to review the first quarter consolidated accounts. On June 16, 2004, the committee reviewed a detailed presentation on the Group's procedures for booking reserves and reviewed the work that had been done to reinforce and document the Group's internal control procedures. The committee also reviewed a presentation progress being made in preparation for the transition from French GAAP to IFRS.

In the second half, the committee met on August 5, 2004 to review the accounts for the second quarter and for the first half of 2004. The committee also met on October 8, 2004 and reviewed the progress of the efforts related to the Group's internal control procedures. The committee also reviewed a presentation on significant outstanding litigation and reviewed the management of risks related to oil products trading and shipping rates. On November 8, 2004, the committee's meeting was dedicated to reviewing the accounts for the third quarter 2004, the transition to IFRS and the budget for external auditors fees.

For each quarter in 2004, the committee examined the Group's financial situation and the work of the internal audit department.

The Nominating & Compensation Committee

The principal objectives of this committee are to:

- Recommend to the Board of Directors the persons that are qualified to be appointed as directors or corporate officers and to prepare the corporate governance rules and regulations that are applicable to the Company; and
- Review and examine the executive compensation policies implemented in the Group and the compensation of members of the Executive Committee, recommend the compensation of the Chief Executive Officer, and prepare any report that the Company must submit on these subjects.

It performs the following specific tasks:

- With respect to nominations:
- Assists the Board in the selection of directors, corporate officers, and directors as committee members.
- Recommends annually to the Board the list of directors who may be considered as "independent directors" of the Company.
- With respect to compensation:
- Makes recommendations and proposals to the Board regarding:
- Compensation, the retirement and pension system, in-kind benefits, and other financial benefits of the executive directors of TOTAL S.A., including retirement.
- Allocations of stock subscription or purchase options and specifically allocations to individual executive directors.
- Examines the compensation of members of the Executive Committee, including stock option plans and plans based on movements in share price ("equity-based plans"), retirement and pension systems, and benefits in-kind.

The committee is made up of at least three Directors designated by the Board of Directors. Independent directors must represent a majority of the members. Members of the Nominating & Compensation Committee may receive from the Company and its subsidiaries only (i) the directors' fees due on the basis of their positions as directors and as members of the Nominating & Compensation Committee and (ii) compensation and pensions due for previous work for the Company which are not dependent upon future work or activities. The committee appoints its Chairman and its secretary. The latter must be a senior executive of the Company. The committee meets at least twice a year.

The committee invites the Chief Executive Officer of the Company to submit recommendations and proposals. The latter may not be present for deliberations regarding his own situation. While appropriately maintaining the confidentiality of discussions, the committee may request that the Chief Executive Officer provide it with the assistance of any senior executive of the Company whose skills and qualifications could facilitate the handling of an agenda item. If it deems it necessary to accomplish its mission, the committee may request from the Board the means and resources to make use of outside assistance. The committee submits reports to the Board of Directors regarding its work.

The Committee met twice in 2004 with an average of two-thirds attendance. Its members are Messrs. Bertrand Collomb, Michel Pebereau and Serge Tchuruk, all of whom are independent directors. The committee is chaired by Mr. Michel P ebereau.

The committee proposed to the Board of Directors the list of directors to be recommended to the shareholders meeting, gave its opinion on the candidates for the appointment as the director representing employee shareholders and proposed the list of independent directors, according to generally recognized criteria for corporate governance, who did not have any significant relationship with the

Company. At its meeting on February 18, 2004, the Board confirmed that Messrs. Bouton, Collomb, Desmarais, Friedman, Jacquillat, Jeancourt-Galignani, Ms. Lauvergeon, Messrs. Lippens, P ebereau, de Rudder, Sarrazin, Tchuruk, and Vaillaud were independent directors.

Pursuant to the recommendations of the AFEP-MEDEF report of September 2002, a self-evaluation of the functioning and operations of the Board of Directors was undertaken by an outside firm in November and December 2003. The report of this evaluation was reviewed by the Nominating & Compensation Committee and was discussed by the Board at its meeting held on February 18, 2004. The Board's operation was deemed to be satisfactory and steps were taken to make improvements on certain points. The Board also updated its work schedule at this meeting.

Summary of Significant Differences Between French Corporate Governance Practices and the NYSE's Corporate Governance Standards

Overview

The following paragraphs provide a brief, general summary of significant differences between the corporate governance standards followed by TOTAL under French law and guidelines and those required by the listing standards of the New York Stock Exchange (the "NYSE") for U.S. companies that have common stock listed on the NYSE.

The principal sources of corporate governance standards in France are the French Commercial Code (*Code de Commerce*) and the French Financial and Monetary Code (*Code mon taire et financier*), both as amended in August 2003 by the French Financial Security Act (*Loi de s curit  financi re*), as well as a number of general recommendations and guidelines on corporate governance, most notably the AFEP-MEDEF Report (a consolidated version of reports issued in 1995, 1998 and 2002 published in October 2003). The AFEP-MEDEF Report includes, among others, recommendations relating to the role and operation of the board of directors (creation, composition and evaluation of the board of directors and the audit, compensation and nominating committees) and the independence criteria for board members. The French Financial Security Act prohibits statutory auditors from providing certain non-audit services and defines certain criteria for the independence of auditors. In France, the independence of statutory auditors is also monitored by an independent body, the High Council for Statutory Auditors (*Haut Conseil du commissariat aux comptes*).

The NYSE listing standards are available on the NYSE's website at <http://www.nyse.com>.

Composition of Board of Directors; Independence.

The NYSE listing standards provide that the board of directors of a U.S. listed company must consist of a majority of independent directors and that certain committees must consist solely of independent directors. A director qualifies as independent only if the board affirmatively determines that the director has no material relationship with the company, either directly or indirectly. In addition, the listing standards enumerate a number of relationships that preclude independence.

French law does not contain any independence requirement for the members of the board of directors of a French company and the functions of board chairman and chief executive officer are frequently performed by the same person. The AFEP-MEDEF Report recommends, however, that at least half of the members of the board of directors be independent in companies that have a dispersed ownership structure and no controlling shareholder. The report states that a director is independent when "he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to color his or her judgment." The report also enumerates specific criteria for determining independence, which are on the whole consistent with the goals of the NYSE's rules although the specific tests under the two standards may vary on some points.

Based on the proposal of the Nominating & Compensation Committee, the Board of Directors of TOTAL considers that all of the directors of the Company are independent with the exceptions of Mr. Desmarest, Chairman and Chief Executive Officer of the Company, and Mr. Boeuf, the director representing employee shareholders.

Board committees

Overview. The NYSE listing standards require that a U.S. listed company have an audit committee, a nominating/corporate governance committee and a compensation committee. Each of these committees must consist solely of independent directors and must have a written charter that addresses certain matters specified in the listing standards.

French law requires neither the establishment of board committees nor the adoption of written charters. The AFEP-MEDEF Report recommends, however, that the board of directors set up an audit committee, a nominating committee and a compensation committee, indicating that the nominating and compensation committees may form one committee. The report also recommends that at least two-thirds of the audit committee members and a majority of the members of each of the compensation committee and the nominating committee be independent directors.

TOTAL has established an Audit Committee and a combined Nominating & Compensation Committee and considers all of the members of these committees to be independent. For the membership of each committee, see "— Corporate Governance" above. Each of these committees has a charter that defines the scope of its activity.

Audit committee. The NYSE listing standards contain detailed requirements for the audit committees of U.S. listed companies. Starting on July 31, 2005, some, but not all, of these requirements will also apply to non-U.S. listed companies, such as TOTAL. For the time being, however, the NYSE listing standards do not require that non-U.S. listed companies, such as TOTAL, have an audit committee.

The AFEP-MEDEF Report recommends that French public companies establish an audit committee that is responsible for, among other things, examining the company's risk exposures and material off-balance sheet commitments and the scope of consolidation, reviewing the financial statements, managing the process of selecting the statutory auditors, expressing an opinion on the amount of their fees and monitoring compliance with the rules designated to ensure auditor independence, regularly interviewing statutory auditors without executive management present and which may call outside experts if necessary.

Although the audit committee recommendations of the AFEP-MEDEF Report are less detailed than those contained in the NYSE listing standards, the NYSE listing standards and the AFEP-MEDEF Report share the goal of establishing a system for overseeing the company's accounting that is independent from management and of ensuring the auditor's independence. As a result, they address similar topics, and there is some overlap.

For the specific tasks performed by the Audit Committee of TOTAL, which exceed those recommended by the AFEP-MEDEF Report, see "— Corporate Governance — The Audit Committee" above.

One structural difference between the legal status of the audit committee of a U.S. listed company and that of a French listed company concerns the degree of the committee's involvement in managing the relationship between the company and the auditor. French law requires French companies that publish consolidated financial statements, such as TOTAL, to have two co-auditors. While the NYSE listing standards require that the audit committee of a U.S. listed company have direct responsibility for the appointment, compensation, retention, and oversight of the work of the auditor, French law provides that the election of the co-auditors is the sole

responsibility of the shareholders meeting. In making its decision, the shareholders meeting may rely on proposals submitted to it by the board of directors, the decision of the latter being taken upon consultation with the audit committee. The shareholders meeting elects the auditors for an audit period of six fiscal years. The auditors may only be dismissed by a court and only on grounds of professional negligence or the incapacity to perform their mission.

Disclosure

The NYSE listing standards require U.S. listed companies to adopt, and post on their websites, a set of corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession, and an annual performance evaluation. In addition, the chief executive officer of a U.S. listed company must certify to the NYSE annually that he or she is not aware of any violations by the company of the NYSE's corporate governance listing standards. The certification must be disclosed in the company's annual report to shareholders.

French law requires neither the adoption of such guidelines nor the publication of such certifications. The AFEP-MEDEF Report recommends, however, that the board of directors of a French public company perform annual self-evaluations and that a formal evaluation by an outside consultant be undertaken every three years, which for TOTAL took place in November and December 2003, and that shareholders be informed each year in the annual report of the evaluations.

Code of business conduct and ethics

The NYSE listing standards require each U.S. listed company to adopt, and post on its website, a code of business conduct and ethics for its directors, officers and employees. There is no similar requirement or recommendation under French law. However, under the SEC's rules and regulations, all companies required to submit periodic reports to the SEC, including TOTAL, must disclose in their annual reports whether they have adopted a code of ethics for their principal executive officer and senior financial officers. In addition, they must file a copy of the code with the SEC, post the text of the code on their website or undertake to provide a copy upon request to any person without charge. There is significant, though not complete, overlap between the code of ethics required by the NYSE listing standards and the code of ethics for senior financial officers required by the SEC's rules. For a discussion of the code of ethics adopted by TOTAL, see "— Corporate Governance" above.