

**Address by Patrick Pouyanné**  
**Annual Shareholders' Meeting of May 29, 2020**

Ladies and gentlemen, fellow shareholders, hello.

I hope that many of you are following this exceptional Annual Shareholders' Meeting directly via our website.

This is indeed an exceptional meeting – and for several reasons:

- It's exceptional because this is the first time in Total's history that our Shareholder's Meeting is being held as a closed session. We're doing this to protect everyone's health and to comply with the social distancing rules currently in place.
  
- It's also exceptional because we're living through an historic period and facing several crises and challenges that are literally extraordinary and that we must tackle together – as shareholders, employees, customers, suppliers, and citizens of the community:
  - The health crisis associated with the Covid-19 pandemic, which has resulted in unprecedented lockdown measures worldwide that have ground the global economy to a halt.
  
  - An oil and gas market crisis on a scale that has rarely been seen in the history of our industry.
  
  - And, of course, the major challenge of climate change. The IPCC report published in September 2019 reminded us all of the need to take action to meet our collective goal of carbon neutrality by 2050.

I'm going to talk to you this morning about each of these issues.

**I – First, I'll start with the Covid-19 pandemic.**

The global health crisis caused by the coronavirus is having a major impact on all of us, both personally and professionally.

The Board of Directors and I would like to thank all the people who are playing their part in the face of Covid-19. We'd particularly like to thank the Total employees who are working, in strict compliance with the health guidelines, to ensure the continuity of our operations for the benefit of our customers.

It's in extraordinary moments like these that solidarity – one of the core Total values – really comes into play.

In our response to Covid-19, Total's priority is to protect the health of our employees and ensure the safety and continuity of our operations.

Many of our employees are therefore working from home. On average, 25,000 people are connected to our network at the same time – and the system is working.

In the field, we've had to reorganize our operations and introduce rotating shifts. Obviously, we've provided our teams with the necessary protective equipment, such as face masks and hand sanitizer. Face masks are now mandatory in all of Total's communal areas, people entering a Group site systematically have their temperature taken, and all our sites

have been reorganized to enable the application of social distancing measures.

The crisis response has forced us to review the way we operate. But thanks to everybody's efforts, it's working.

From an operations perspective, we've implemented measures to ensure business continuity by limiting our onsite teams to essential personnel only. A health check is carried out at the entrance of all our sites and prior to accessing our offshore platforms.

Our customers are also central to our concerns. As essential services, 95% of our service stations remain open, with the required health measures in place, ensuring that businesses and public services – including healthcare workers – have access to this essential source of supply.

We also continue to supply gas and power to all our customers, and we've maintained our production of the plastics needed to make protective medical equipment.

In these extraordinary times, we've also been determined to show our solidarity with the communities in which we operate.

In France, Total has provided hospitals and nursing homes with €50 million worth of gasoline vouchers. As a result, more than 1.4 million healthcare professionals have each received a €30 voucher.

Solidarity is also why we've decided not to apply for any of the business support mechanisms introduced by the French government. We believe

that these should be reserved first and foremost for the businesses that need them the most.

Outside France, we've provided gasoline vouchers to healthcare workers in Cambodia, Morocco and other countries. Our affiliate in Kenya has started producing hand sanitizer. And in Thailand, we donated raw materials for the production of 3D-printed medical devices and protective equipment. These are just a few examples of the initiatives implemented by Total around the world.

In addition, the Total Foundation has contributed €5 million to the Pasteur Institute and to hospital and healthcare organizations involved in the fight against Covid-19.

To sum up Total's response to Covid-19, I would say we've been committed, demanding and professional internally and supportive externally.

## **II – For Total, the health crisis has been accompanied by an unprecedented crisis in the oil and gas markets.**

Before I talk about the markets, I'd first like to point out that the strategy implemented by Total since the last major oil crisis in 2015-2016 has made us more resilient in the face of the current crisis, thanks to our solid fundamentals. These include:

- Oil production costs that are close to \$5 per barrel – among the lowest in the industry and half what they were in 2014.
- A disciplined approach to our organic investments, which are \$10 billion lower than in 2014-2015.

- An organic breakeven point that is less than \$25 per barrel, thanks to the aforementioned cost and investment discipline.
- A solid balance sheet and a net-debt-to-capital ratio below 20%, giving us plenty of room for maneuver.

These results have been achieved through a cost-saving culture that is now firmly embedded in our DNA and thanks to an active portfolio management policy, which gives priority to assets with low breakeven points to improve our resilience. These fundamentals give us a competitive advantage over our peers and enable us to face the current crisis in the best possible conditions.

**In this regard, 2019 made us even stronger.**

Even though 2019 already seems far away, given that shareholders will be asked to deliberate on them during this Meeting, it's important that we spend a few minutes reviewing last year's results, which reflect Total's strengths.

- In 2019, in an environment where Brent crude averaged \$64 a barrel, down 20% versus 2018, Total generated \$28.5 billion in cash flow, representing a sharp \$2.4 billion increase over 2018, thanks to a positive contribution from all segments.
- Our adjusted net income for the year was solid at \$11.8 billion, a decline of just 13% in an environment down by an average of 20%.
- Cash flow increased and the decline in income was contained, thanks notably to Upstream production, which reached more than 3 million barrels a day for the first time in Total's history. Between 2014 and 2019, the Group's production increased by 40%. That's another reason why Total is better prepared today than it was in 2014.

- The iGRP segment, which implements Total's gas and low carbon electricity strategy, saw its cash flow increase by 80% to \$3.7 billion, thanks to very strong growth in the production and sale of LNG.
- The cash flow generated by our Downstream operations was stable at \$6.6 billion, despite a decline in refining and petrochemicals margins of around 10%.
- In 2019, the Group's organic pre-dividend breakeven point was less than \$25 per barrel, our return on equity came to above 10% and our net-debt-to-capital ratio excluding leases stood at 17% at year-end.

I can therefore say that our 2019 results are solid or even very solid, which is why we're proposing a dividend for 2019 of €2.68 per share – nearly 5% higher than the previous year.

**But 2019 already seems far away because so much has changed since the end of 2019, and more particularly since March 2020, especially for Total.**

Global energy demand declined because of the global economic shutdown caused by the pandemic, exacerbated by a supply crisis triggered by the untimely decisions made by certain producing countries, which decided to increase their production right when demand was declining.

This triggered a plunge in oil prices. However, the market dynamics worked well, quickly bringing the various players back to their senses and forcing them to make equally unprecedented decisions to reduce production – by nearly 10 million barrels a day for the OPEC+ producing

countries, led by Saudi Arabia and Russia. It also led North American producers, in the United States and Canada, to voluntarily shut in wells and reduce their production by 3 million barrels a day. With 14 to 15 million barrels a day eliminated from the market in May, this strategy of limiting supply is clearly working.

Inventories continue to increase, nonetheless, because demand is still declining sharply and will only pick up once lockdown measures have been eased. It will take some time for the market to absorb the surplus, which will continue to push down oil prices over the coming months.

**Total had to react quickly to adjust to the new context.**

In addition to the impact of lower oil and gas prices, which are expected to reduce our cash flow for 2020 by around \$9 billion, based on an average price of \$30 a barrel from March, the crisis also has a significant impact on our operational outlook for 2020:

- In the Upstream segment, we now expect to produce around 2.95 million barrels a day in 2020, which is at least 5% lower than previous forecasts for the year. This reflects the decline in demand due to Covid-19; the exceptional quotas decided by the OPEC+ countries, which we're applying; the voluntary reduction measures being implemented in Canada; and the situation created by the conflict in Libya.
- In our Downstream segment, we estimate that our refinery utilization rate will decline to around 70% in 2020, a decrease of 15 percentage points compared to 2019, which will obviously impact our refining cash flows. For Marketing & Services, the drop in demand in Europe between March and June is estimated at around 50%. If the trends

here are similar to those seen in China, sales should return to an almost normal level as soon as lockdown measures are lifted throughout the region.

- Overall, these declines in activity represents a loss of earnings of around \$3 billion, on top of the impact from lower prices.

**We therefore need to react and adapt.** In keeping with our corporate culture, we will rely first and foremost on our own capabilities, leveraging our culture of industrial excellence and our core value of being “performance-minded” and focusing on the factors we can control. I have therefore announced that Total will not apply for any form of support from the French government.

Total is strong enough to weather this storm on our own, relying on our own capabilities and retaining our independence.

Relying on our own capabilities means excelling in the areas that we control. Obviously, we don't control oil prices. However, we can make an impact in the four areas on which our industrial culture is built – safety, availability, costs and cash.

The action plan successfully rolled out in 2014 united all Total teams around these four key concepts, which remain our priority today.

- Safety: In 2020, we've broadened the first cornerstone of our action plan to include all aspects of HSE – health, safety and the environment. This reflects our focus in the current crisis on protecting everyone's health and the importance we place on our climate-related objectives, which also unite the entire Group. I'll come back to those shortly.



- Availability: This is our operational excellence. We need to capitalize on our industrial assets – while giving priority in these difficult times to the continuity of our operations – so that we can improve their availability and maximize their utilization rates when demand picks up.
- Costs: Obviously, this is about keeping our capital expenditure and our production costs under control.
- Cash: Cash is king; it's the Group's lifeblood. That's why we're focusing all our attention in these difficult times on generating and preserving cash.

Total is therefore implementing an action plan that will enable us to rapidly impact the areas we control. The effort required is significant because we're aiming to preserve \$7.5 billion of the Group's cash.

The action plan has three main components:

- Component No. 1: First of all, we've decided to step up **our cost-saving program to target savings of at least \$1 billion in 2020**. To achieve this, we're primarily counting on the commitment of our teams. That's why we've decided to maintain their pay increases and bonuses for 2019, just like we're maintaining the payment of a dividend to our shareholders. Obviously, we've decided to restrict recruitments to keep our payroll costs under control, but – as in 2015 – our teams remain our priority.

Given the efforts that we're asking of all Total employees, which will need to continue if the situation doesn't improve, I decided to set the example by making an offer – which has been accepted by the Board of Directors, irrespective of the resolutions submitted today – to

reduce my fixed compensation for the rest of 2020 by 25%, starting on May 1 for the rest of the year.

Eager to contribute, the other Board members also accepted a 25% reduction in their compensation for the rest of the year, starting today, and I thank them for that. In addition, the Executive Committee decided to take a 10% pay cut for the rest of the year, also to set the example.

- Component No. 2: We've also decided to **reduce our net investments in order to limit them to \$14 billion this year** – that's \$4 billion lower than the budgeted amount, or a reduction of nearly 25% – without jeopardizing the future of the Group.
  - We've achieved a reduction of \$3 billion dollars thanks to the flexibility of our investment program, notably on short-cycle projects in the deep offshore, where we drew on the lessons learned in 2014 by negotiating contracts that allowed us to interrupt operations at short notice.
  - We're also being selective in our choice of acquisitions. For example, as provided for in the event that Occidental was unable to sell us its interests in Algeria, we decided not to pursue the acquisition of Anadarko's non-operated assets in Ghana, which wouldn't have provided us with as much room for maneuver. We therefore have the financial flexibility to face the uncertainties and opportunities created by the current environment.

On the other hand, the September 2019 acquisition of Mozambique, the crown jewel of Anadarko's assets in Africa, was a great success for Total. Given the conditions, there's no reason to regret the decision made during the year to access this project in Mozambique.

Taking advantage of another opportunity, we decided to consolidate our investment in Uganda by acquiring all of Tullow's interests, on very good terms (less than \$2 a barrel), with the aim of launching this project by the end of 2020.

- This reduction in investments is not jeopardizing the Group's future. First, because we're obviously continuing with all the major projects launched in 2018 and 2019, like Arctic LNG2 and Mozambique LNG. Second, in line with our strategy to develop our low-carbon business, we're maintaining the planned level of investments in this area at between \$1.5 and \$2 billion, but probably closer to \$2 billion than \$1.5 billion.
- Component No. 3: We've decided to draw on our shareholders for support, by adapting our dividend policy in line with our stated capital allocation policy, which gives priority to investments first, then dividends, debt and lastly, the buyback program.
  - Our buyback program has naturally been suspended. With oil prices at \$60 a barrel, the initial target for 2020 was \$2 billion. Given that \$550 million worth of shares were bought back in the first quarter, we've been able to save \$1.5 billion.

- We've maintained the 2019 dividend while offering our shareholders the option of receiving the final dividend in shares. Based on past experience, this should enable us to save around \$1 billion in cash.
- We've also suspended the annual dividend growth objective of 5%, announced in September 2019, and brought the first interim dividend for 2020 back to the same level as the first interim dividend for 2019.

This effort that we're asking of our shareholders gives me the opportunity – at a time when this topic is fueling much discussion in our country – to **reiterate the Board's approach to the shareholder return policy. I'll sum it up in four key words: confidence first; then responsibility and caution, because the world is full of uncertainty; and finally, dialogue, which is a constant.**

- 1) We attach great value to our long-term relationships with our shareholders. For us, it's a question of confidence. Our shareholders believe in us, and we want them to keep believing. We therefore need to use the confidence we have in our business and financial fundamentals to maintain the confidence of our shareholders.
- 2) Total is fortunate enough to have around 450,000 individual shareholders, including 400,000 in France. These individuals form a loyal and stable shareholder base, and our goal is to grow that base further. For these shareholders, the Total dividend is a significant source of additional revenue, given that it represents an annual payment of around €1,000.

- 3) Among our individual shareholders is a group that is particularly dear to me — our employees. The Total shareholder base includes 60,000 current employees, as well as 40,000 former employees. On average, these employees and retirees receive €4,000 in dividends per year, which is clearly a significant amount.

When people suggest that there's a dichotomy between the interests of Total employees and the payment of dividends, they clearly don't know enough about the shareholder structure of a company like Total. We continue to develop employee share ownership within the Group to further align the interests of our two main categories of stakeholders — employees and shareholders.

And despite stock market volatility, Total employees have once again confirmed their attachment to the Group this year. A large majority requested that we maintain the annual capital increase reserved for employees. And more than 45,000 employees participated in the share issue, for a total of €340 million, up 10% versus 2019.

As the CEO, this makes me very proud. It also strengthens my conviction that we'll be able to weather this storm together.

- 4) In this delicate context, your Board is both confident and cautious — confident about our fundamentals, but responsible and cautious in the face of the extraordinary situation we're currently living through. That's why the Board prefers not to make any hasty decisions, but rather to wait until the macro-economic environment becomes clearer.

Confidence has led the Board to maintain the first interim dividend at the same level as in 2019, at €0.66 per share. However, caution has compelled us to abandon the 5% annual growth objective, which was announced back in September 2019 under very different circumstances.

- 5) Similarly, the Board has maintained the 2019 dividend as planned prior to the pandemic, at €2.68 per share in total, representing a final dividend of €0.68 per share. At the same time, to reconcile confidence with caution, the Board is proposing that we give shareholders the option of receiving the final dividend for 2019 in new shares.

The Board and I are counting on you to consider this option carefully. It's also a way of rewarding our loyal shareholders, because those who opt for the stock dividend will benefit from a 10% discount – the maximum allowed. The reference price was set by your Board this morning at €28.80 per share.

- 6) As I'm sure you've noticed, the Board has chosen not to offer the option of a scrip dividend for 2020. It believes that Total is strong enough to weather the crisis and wants to avoid diluting the shareholder base or increasing the dividend payout, which would penalize the company during the post-crisis period.

This decision reflects the Board's confidence in the Group's fundamentals because it means that, with oil prices at around \$40 a barrel, Total is able to finance the investments it needs to implement its short- and medium-term strategy, while also paying out dividends.

As for the future, if the crisis continues over time, or the price of oil remains at \$30 a barrel or below, we will need to respond by taking additional measures. However, if we do need to revisit our shareholder return policy, we would make that decision after engaging shareholders in the discussion, just like we did in relation to our climate policy.

That brings me to the last part of my address – the part that relates to **Total’s medium- and long-term strategy for combating climate change.**

Because, in addition to doing what needs to be done to meet these short-term challenges, Total is also resolutely pursuing its medium- and long-term strategy as a major player in the energy transition. As recently announced, Total has a new climate ambition, which is to achieve carbon neutrality worldwide by 2050 alongside the broader community. This ambition is in line with and supported by Total’s strategy of becoming a multi-energy group.

### **Meeting the Climate Challenge: Toward Carbon Neutrality in 2050**

As I explained at our last Shareholders’ Meeting, Total’s primary purpose is to supply as many people as possible with energy that is cleaner, more reliable and more affordable. That is how we’ll become the responsible energy major.

To meet the objectives set out in the Paris Agreement, the global energy mix must evolve. Total is taking this into account in its strategy, by promoting the use of natural gas, but also biogas and hydrogen; by investing in low-carbon electricity, primarily produced using renewables; by focusing its investments on low-cost oil and biofuels; and by investing in the carbon sinks that are essential to achieving carbon neutrality,

namely nature-based solutions and carbon capture, utilization and storage.

We're already putting this ambition into action by developing into a multi-energy group with an integrated strategy.

We firmly believe that our low-carbon strategy gives us a competitive advantage that will create value for our shareholders over the long term. In fact, it's critical to the sustainability of our company and our cash flows, and therefore to the sustainability of our shareholder return.

That's why we decided to gauge society's and our investors' increasingly high expectations with regard to the climate. We therefore initiated dialogue with representatives from the Climate Action 100+ investor coalition, whose members include financial institutions that hold more than 25% of our capital.

Incidentally, Total demonstrated its willingness to engage in constructive dialogue with its shareholders twice during the preparation of this Shareholders' Meeting – through its discussions with Climate Action 100+, but also through dialogue with another shareholder, which led to the Board's role in corporate social responsibility being included in the company's articles of association.

We certainly prefer constructive dialogue to being threatened with a shareholder resolution for several weeks and learning of its content only once it's been filed. We've demonstrated our attachment to shareholder democracy by submitting the resolution in question to a vote, despite the obvious legal difficulties associated with it, which have been recognized by the vast majority of our shareholders.



As the Chairman of your Board, I'd like to reiterate that I will always strive to establish constructive dialogue with our shareholders.

So, your Board has adopted a new climate policy, with the ambition of achieving carbon neutrality by 2050, together with society, for all our operations, from production to the use of the energy products sold to our customers.

It's a strong, demanding ambition. We won't achieve it alone, but with our customers, of course, and with the communities and governments in our host countries, because governments will clearly need to implement policies that support carbon neutrality.

On the road to this ambition, we've defined three new objectives or commitments in relation to greenhouse gas emissions:

- First, there are the emissions from our facilities, which the experts call Scope 1 and 2. We are clearly responsible for these emissions and have the power to do something about them, because they're generated by our industrial operations. We've set a target of net-zero emissions from Total's global operations by 2050, with an intermediate objective of reducing global emissions to 45 million tons per year in 2025.

We'll get there, in particular, by improving our energy efficiency, eliminating routine flaring, electrifying our processes and reducing the methane emissions associated with our production of natural gas. And, because there will still be residual emissions, we'll also invest in negative emissions solutions, such as nature-based solutions and carbon capture and storage.

- Next, there are the indirect emissions associated with the energy products used by our customers. We're not directly responsible for these because they depend on the energy consumption choices made by our customers. Total does not manufacture planes, cars or cement. And Total does not decide whether a plane will run on jet fuel, electricity or hydrogen. We supply energy products that are used or transformed by other industries to offer their own products and services.

Obviously, we can have an impact on the mix of energy products Total offers. But demand for energy will only change through technical or technological developments in the way energy is used, supported by public policy. Demand creates supply, not the other way around. It's a basic economic principle, which is particularly evident in the energy market.

That said, society also expects major energy companies like Total to contribute to reducing indirect, Scope 3 emissions. We have therefore set a global goal in this regard and made a firmer commitment at the European level.

Our global goal is to reduce the average carbon intensity of the Total energy products used by our customers worldwide by at least 60% between now and 2050, with intermediate targets of 15% in 2030 and 35% in 2040 (Scopes 1+2+3). When compared with similar initiatives by our peers, this is the most ambitious carbon intensity goal, in absolute terms, set for 2050.

We've also made a commitment, at the level of the European Union, to achieve carbon neutrality for all our production operations and all Total energy products used by our customers by 2050. Europe represents no less than 60% of our sales and 60% of our Scope 3 emissions.

We're able to make this commitment because Europe has set the same goal for itself. The European Union is going to adopt policies, regulations and a carbon price that are in line with its ambition of carbon neutrality. And Total intends to be a committed corporate citizen of Europe and make good use of this E.U. policy.

We will actively support policies that favor carbon neutrality, including carbon pricing. We will also mobilize our resources not only to reduce our own emissions but also to help our customers achieve carbon neutrality in their own operations.

Total is ready and willing to make this commitment in other regions of the world that adopt the same goal as the European Union. This is what we mean when we say that we share the ambition of achieving carbon neutrality by 2050, together with society.

So, how does this impact Total's strategy in practical terms? In short, it strengthens our determination to become a multi-energy group.

In 2015, oil accounted for 66% of our sales, natural gas for 33%, and electricity produced from natural gas or renewables for less than 1%.

In five years, our mix has already evolved; in 2019, oil accounted for 55% of sales, natural gas for 40% and electricity for 5%.

To achieve a 15% reduction in carbon intensity by 2030, we need to continue to grow our electricity business – particularly in renewables – to increase the portion of electricity in the sales mix to 15%. Oil would then account for just 45% of total sales (less than half) and natural gas for 40%.

And if we look ahead to 2050, to reduce our carbon intensity by 60%, our mix will have changed dramatically. We'd be selling 40% green,

renewable electricity, 40% gas – but a mixture of natural gas and green gas produced from hydrogen or biogas – and just 20% liquid fuels, of which three-quarters oil and one-quarter biofuels.

This is the multi-energy group that we want to build and that we are, in fact, in the process of building.

In 2019, we set targets for 2025 that seemed very ambitious: 25 gigawatts (GW) of gross installed power capacity from renewable sources and 10 million residential customers.

Since the beginning of 2020, we've announced many renewable electricity projects, representing more than 6GW in total, including 2GW in Spain, 1GW in Qatar, 1GW of wind power in France, 2GW in India and our first floating offshore wind power project in Wales. We're also working on other offshore wind power projects, which will be announced soon.

With the acquisition of EDP's portfolio in Spain, we'll have more than 8.5 million residential gas and power customers by 2021, in France, Belgium and Spain.

We're also making progress on our ambition to take advantage of strong growth in electric vehicles, which will gradually replace vehicles with internal combustion engines. We've announced the creation of a joint venture with PSA, and soon Renault, to manufacture batteries for electric vehicles, by drawing on the expertise of Saft, which joined the Group in 2016. We're also taking up key positions in the EV charging market, with a contract for 20,000 charging points in the Amsterdam metropolitan area.

This roadmap makes it clearer than ever that we're integrating the climate issue into our strategy and putting it into practice in all our operations.

By taking a proactive approach to the climate challenge, we're positioning Total as a reliable, long-term player in the energy transition – a position aligned with our mission of supplying cleaner, more reliable and more affordable energy to as many people as possible. Because, as I said earlier, we firmly believe that our low-carbon strategy gives us a competitive advantage that will create value for our shareholders over the long term. In fact, it's critical to the sustainability of our company and to the sustainability of our shareholder return.

Despite what others might say, things are definitely changing at Total. For us, carbon neutrality is not just empty words or vague aspirations. It's a clear path to which we've committed ourselves, through real-world investments and the development of specific skills. The journey will be demanding for us, and it will require patience from our stakeholders. Once again, we will need to rely first and foremost on our own capabilities and on our core values – safety, respect for each other, a pioneering spirit, standing together and being performance-minded.

Thank you for your attention.

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