WHY INVESTORS SHOULD VOTE AGAINST TOTAL'S CLIMATE STRATEGY

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WHAT IS IT ABOUT

Total will hold its AGM on 28 May 2021. Total is asking its shareholders, through the fourteenth resolution[1], to express an "opinion on the Company's ambition with respect to sustainable development and energy transition towards carbon neutrality and its related targets by 2030".

The term of office of Mr Patrick Pouyanné, as Chairman of the Board of Directors and CEO, is also up for a renewal vote. This sixth resollution[2] is about the renewal of his terms of office for a period of three years expiring at the end of the Shareholders' meeting called in 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

This briefing makes the case for investors in Total to vote against the fourteenth and sixth resolutions to indicate their dissatisfaction regarding Total's insufficient climate strategy, hold the board Chairman and CEO accountable for the failure to adopt Paris-aligned 2030 targets, and push the company to go back to the drawing board up its ambition and 2030 targets, and be transparent on some critical climate-related criteria missing up to now.

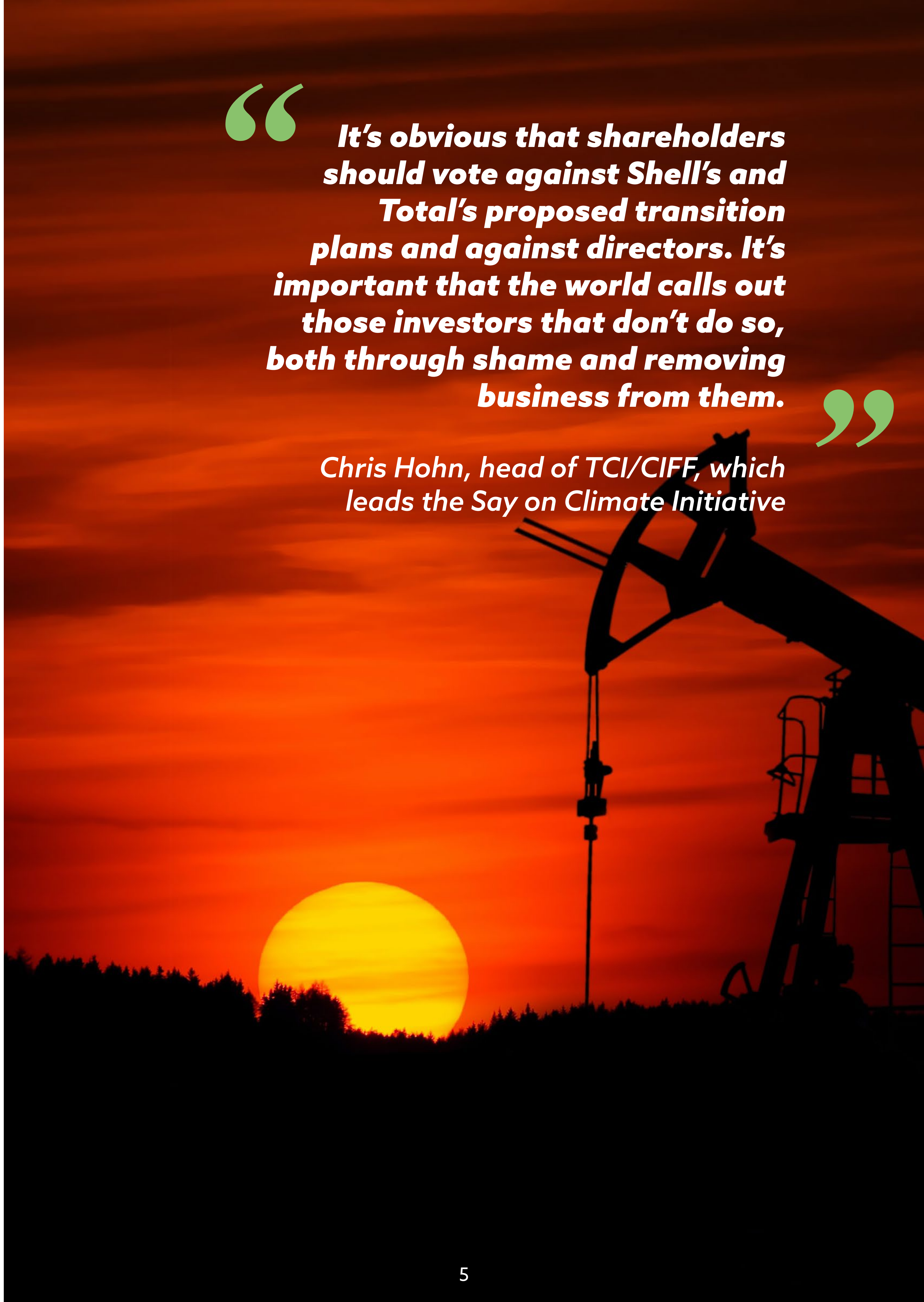
HOW TOTAL'S CLIMATE STRATEGY AND ITS 2030 RELATED TARGETS ARE INCONSISTENT WITH THE PARIS AGREEMENT GOALS

1. Failure to commit to and disclose a precise global scope 3 emissions 2030 reduction target: As stated in its report on the resolution submitted to its AGM, Total writes that "TotalEnergies set itself the target of […] ensuring that the level of Scope 3 worldwide emissions related to the use by its customers of the energy products sold for end use in 2030 are lower in absolute terms compared to the level of 2015[3]." However, it fails to give any specific number.

2. Scope 3 emissions will grow outside Europe and at best slightly decrease at international level: The graph on p.7 of the *Results and Outlook*[4], presented in February 2021, perfectly illustrates the impact of the Group's strategy. While scope 3 emissions are intended to fall by 30% in Europe, Total plans to increase them by almost the same proportions in the rest of the world.

3. Carbon intensity targets are not even close: TotalEnergies' target to operate a 20% reduction of the carbon intensity of its Scope 3 emissions by 2030 against 2015, putting it on a trajectory of 60% decrease by 2050, falls short of the ambition needed to meet its net zero commitment and the Paris Agreement climate objectives. First, carbon intensity indicators allow companies to scale up fossil fuel growth and do not automatically imply Paris-aligned emissions reductions in absolute terms. In fact, as stated in its 2021 universal registration document[5], Total has been reducing its carbon intensity between 2015 and 2019 while simultaneously increasing GHG emissions based on equity share. Secondly and as a reminder, Carbon 4[6] calculates this indicator would have to fall by 2050 by 75% to be consistent with a 2°C target, and by 90% for a target of less than 2°C. Finally, the IPCC AR 6 shows most of GHG emissions reduction must take place early to limit global warming to 1.5°C by the end of the century: it is then urgent Total aligns its targets with what climate science dictates.

4. Capital expenditure is inconsistent with the Paris goals: Total has committed to invest in order to have gross power generation capacity from renewables of 35 GW in 2025, and of 100 GW by 2030, but this is dwarfed by its plans to expand fossil fuel production over the next decade. Despite the need to wind down oil and gas production, the company plans to continue to assign more than 80% of its capex to oil and gas. In addition, according to Carbon Trackers's least cost methodology[7], approximately 58% of potential future oil & gas is at risk under the IEA's Beyond Two Degrees Scenario, creating a significant risk of stranded assets.



5. Failure to disclose precise data on its energy mix in 2030: Total indicates that its "projected [...] sales mix will change significantly by 2030: 50% of gas and green gases, 35% of oil and liquid biofuels, 15% of electricity, mostly renewable". As usual, Total mixes renewable energies with fossil fuels and does not break down the content of what it calls electricity or renewable. As a reminder, Total wrongly integrates biomass in the category "renewable energies" and its electricity production comes partly from combined cycle gas turbine (CCGT)[8]. Total does not indicate a number regarding its production of green hydrogen and green gas either.

6. Dangerous plan to increase its gas production: Total doesn't indicate precisely the absolute production output for each energy source in its energy mix in 2030, in comparison to the situation in 2015. However, in its Board of Directors' report on the resolutions[9], Total states that it plans to increase its energy production from 2.7 to 3.6 Mboe/d by 2030 (17 to 23 PJ/d), with half of that growth coming from gas, and oil likely to remain close to its current level. That means that gas production could increase by by 36% to 41% between 2020 and 2030[10]. Overall, Total's forecasts indicate a 50% growth of its hydrocarbon production between 2015, the reference year for the Group's climate ambition, and 2030[11]. These plans are also at odds with CTI's finding[12] that Total must achieve a minimum 35% reduction in fossil fuel production by 2040 compared to 2019 levels, in order to stay within the carbon budget implied by the IEA's "Beyond 2 Degrees Scenario" (B2DS). Given this scenario drives us to a total temperature rise of 1.75°C by 2100, Total should aim at higher reduction targets in order to align with a 1.5°C scenario.

7. Methane is a key part of Total's climate strategy: As previously stated, Total intends to increase by more than 30% its gas production by 2030 and to pursue its strong growth in LNG. Natural gas and LNG are mostly methane, a potent greenhouse gas (GHG) that traps 86 times more heat in the atmosphere than the same amount of CO2 over a 20-year time period. LNG is gas cooled at around -160°C and condensed into a liquid in terminals situated on the coast or offshore. In addition to being an extremely energy-intensive process, LNG creates long supply chains which imply even more opportunities for methane to escape into the atmosphere. LNG thus adds about 20% more emissions than would be generated from transport through short-distance pipeline and combustion. Many of the projects highlighted in Total's 2020 annual report[13], including Arctic LNG in Russia and Mozambique LNG, face public opposition because of their associated high ESG risks.

8. Still expanding the oil frontier: on February 23[14] Patrick Pouyanné claimed to be proud to drill oil, a month before stating that Total should no longer be depicted as an oil company. While Total's oil production might remain flat or decrease, Total still intends to develop new oil projects. In fact, some of the most iconic and controversial projects pursued by Total are the East African Crude Oil Pipeline (EACOP) and Tilenga projects which aim at opening a new oil basin in the Great Lakes region in East Africa and transporting the oil through wildlife parks and hundreds of villages that would need to be displaced. These projects are opposed by hundreds of NGOs, 6 banks including BNP Paribas, Crédit Agricole and Société Générale, have committed not to finance it, and Total faces current legal charges in France because of its lack of due diligence.

9. Dangerous bet on industrialized and nature-based CCS: to justify high levels of fossil fuel production while claiming to transition towards carbon neutrality, Total is betting on an improbable scale-up of industrialized and nature-based carbon capture and storage and of offsets. Although it makes them an essential part of its climate strategy, it does not specify their respective roles in achieving its objectives of reducing its 2030 or 2050 GHG scope 1+2+3 emissions targets. It's unclear what climate scenario Total uses to drive its decarbonization strategy. Total's own «Rupture 2050» scenario (1.5-1.7°C) mentions a global capacity of 7.5Gt of CCS in 2050. To give an idea of the scale of the challenge, one of the flagship CCUS projects of Total, Nothern Lights[15], developed jointly with Shell and Equinor, aims to store 1.5Mt CO2/year. It's interesting to note that when depicting this project, Total refers to the SDS scenario according to which 2.4bn tons of CO2 should be stored by 2040. Total's Rupture scenario also bets on 8Gt of CO2 being stored through nature-based solutions – twice as much as the maximum amount in the sustainable range of natural carbon capture defined in the IPCC SR1.5 report. Through both CCS and NBS, the equivalent of 28% of the 2018 global emissions would be captured in 2050 in Total's scenario.

> ***"Five-year targets are key. Without near-term targets, we're not going to get anywhere, we'll have vague commitments that don't do anything. Targets and a plan to back them up are fundamental to the change we need."***
>
> *Chris Hohn, head of TCI/CIFF,*
> *which leads the Say on Climate Initiative*

WHY INVESTORS MUST VOTE AGAINST TOTAL'S CLIMATE STRATEGY AND ITS CEO'S RENEWAL

1. Total's 2030 climate targets are not fit to align the company with a net zero 1.5°C transition and the group's lack of communication on some significant targets and data prevents investors from assessing the risks related to their investment. It is the duty of investors to refrain from endorsing Total's plans until the company produces a strategy that is aligned with the Paris goals and ensures a safer future for us all.

2. Investors should not vote to acknowledge progress but only to assess a strategy's credibility. Investors could welcome the company's decision to ask for its shareholders' opinion as well as the small progress made on some targets through a public statement, but the vote must be decided on the credibility of these targets to align the company's business with the Paris goals.

3. Far from offering an annual Say on Climate, Total proposes to only "inform its shareholders" at the annual AGM of the progress made in implementing this ambition and "consult them, if necessary, on adapting its strategy and objectives". Voting in favor of the resolution will slow down the adoption of more ambitious climate measures and waste the minimal but crucial time left for implementing the changes required to limit global warming at 1.5°C.

4. However, the company states that *"if the resolution is not adopted, it will engage to shareholders to assess the reasons for which they may not have supported the draft resolution proposed and will inform them of the results of this process and the measures planned to address this."* **Voting against it will push the company to go back to the drawing board, strengthen its current climate targets and publish information currently missing** – e.g. detailed targets about its scope 3 absolute emissions targets for 2030 worldwide, the share and weight of CCS in achieving its scope 1+2+3 targets: its fossil fuel investment and production targets in absolute terms.

5. Chris Hohn from the respected Children's Investment Fund Foundation, which leads the Say on Climate Initiative, recently publicly remarked that *"It's obvious that shareholders should vote against Shell's and Total's proposed transition plans and against directors. It's important that the world calls out those investors that don't do so, both through shame and removing business from them. It's absolute greenwashing and hypocrisy to say we're supporting all this great stuff on climate and then support plans that don't lead to any reductions."*[16]

6. Our assessment is aligned with your findings, through the Climate Action 100+ (CA100+). Indeed, the recent CA100+ net zero benchmark has shown that Total has failed to set medium-term targets or goals consistent with a global reduction in emissions of 45 per cent by 2030 relative to 2010 levels. Moreover, you have made a strong public climate commitment. **To approve Total's plan will be inconsistent with your own assessment of the company, with your own climate commitment, and will be impossible to defend publicly.**

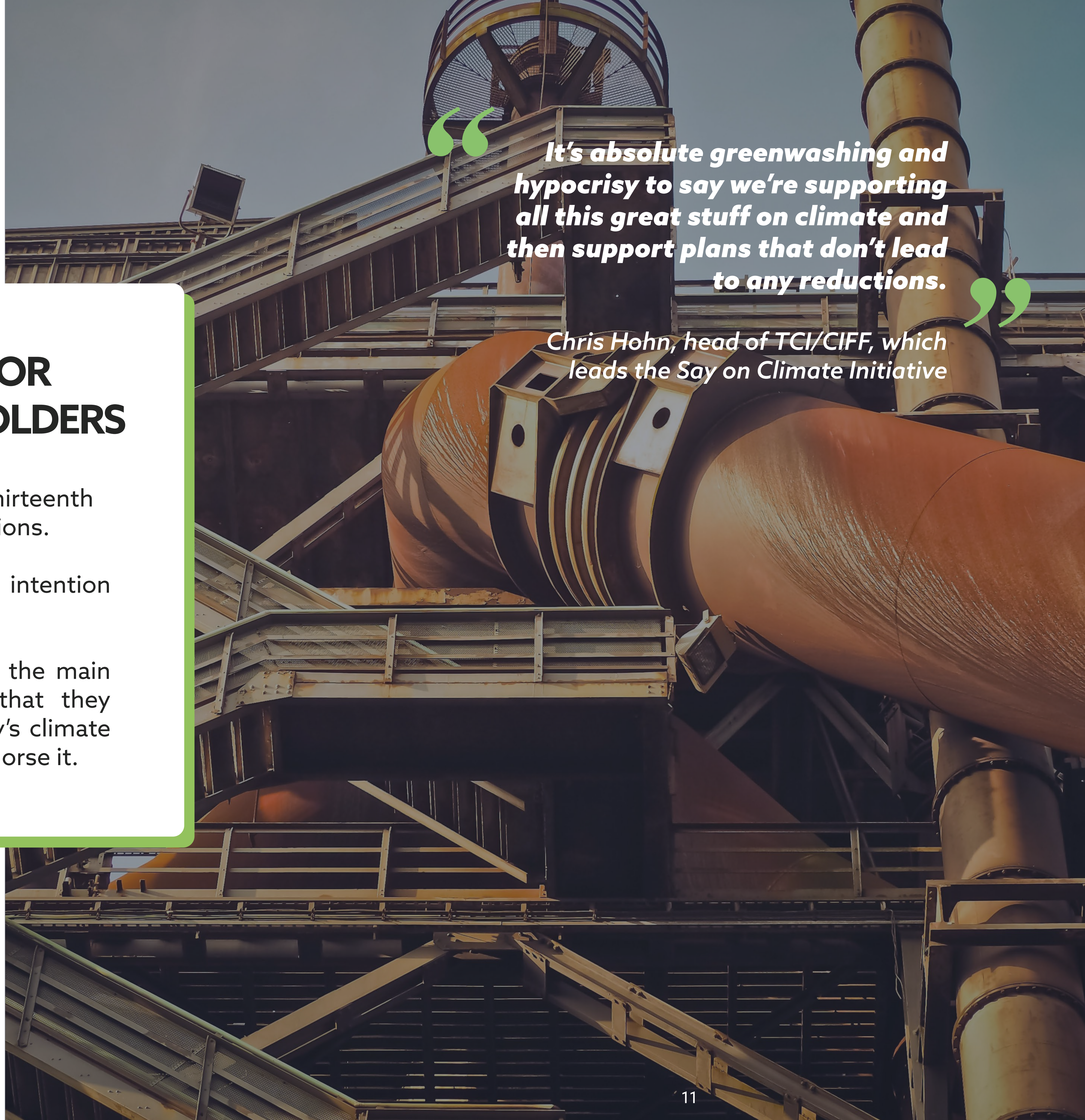
7. The board of directors and above all its Chairman and Total's CEO should be held accountable for the failure to adopt the measures necessary to make the company fit for transitioning towards a 1.5°C net zero economy. Consequently, we encourage you to vote against the renewal of the terms of office of Patrick Pouyanné, as well as against the compensation policy applicable to the Chairman and Chief Executive Officer (resolution thirteenth).

NEXT STEPS FOR TOTAL'S SHAREHOLDERS

1. **Vote** against the sixth, thirteenth and fourteenth resolutions.

2. **Pre-declare** their voting intention publicly.

3. **Publicly clarify** what are the main measures or information that they expect to find in a company's climate strategy to be able to endorse it.



> ***It's absolute greenwashing and hypocrisy to say we're supporting all this great stuff on climate and then support plans that don't lead to any reductions.***
>
> *Chris Hohn, head of TCI/CIFF, which leads the Say on Climate Initiative*

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1. Total SE- Board of director's report on the resolutions- Mai 28, 2021
2. Ibid., p.5-6
3. ., p.13
4. Total SE – Results and Outlook- February 2021- p.7
5. Total SE- Universal Document Registration- 2020
6. Carbone 4- Total, Shell, BP: Une compagnie Oil & Gas peut-elle être neutre en carbone ? – June 4, 2020
7. https://www.climateaction100.org/company/total/
8. Reclaim Finance - Funding coal conversion to biomass, is it a "green" idea?- December 3, 2020
9. Total SE- Board of director's report on the resolutions- Mai 28, 2021- p.12
10. Total's gas production in 2020 was 1328 kbep/d according to its annual report, or 1162 kbep/d according to Rystad Energy UCube. According to its annual general meeting document, Total aims to increase its gas production by 480 kbep/d between 2020 and 2030, resulting in an increase ranging from 36.1% to 41.3%.
11. Total's DEU indicates hydrocarbon production of 2347kboe/d in 2015. The group plans to increase its gas production to 2083kboe/d in 2030, leaving its oil production stable compared to 2019 (1431kboe/d), resulting in hydrocarbon production of 3514kboe/d in 2030.
12. Carbon Tracker- Balancing the budget : Why deflating the carbon bubble requires oil & gas companies to shrink- November 1, 2019
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15. https://www.ep.total.com/en/innovations/research-development/total-invests-heavily-carbon-capture-utilization-and-storage-ccus
16. Follow This- How investors can support oil majors to curb climate change- April 2021

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Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of some financial actors, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to to bend existing practices to ecological imperatives.

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