



THE BOND MARKET:

A cash cow for TotalEnergies' climate-wrecking projects

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TABLE OF CONTENTS

Introduction	4
1. TotalEnergies is not in transition	6
2. TotalEnergies' expansion is driving new countries into fossil fuel dependency	7
3. Bonds are a critical source of funding for TotalEnergies	8
4. Financial institutions should urgently turn their back on TotalEnergies' new bonds	10
5. Who are the banks and investors behind TotalEnergies' bonds?	12

INTRODUCTION

In recent years, climate justice movements opposing TotalEnergies' new oil and gas projects have been successful in convincing several financial institutions to turn their back on these projects. For example, 27 banks have committed not to provide direct funding to the EACOP and Tilenga projects in Tanzania and Uganda.¹ Eight banks also indicated they will not directly support the Papua LNG project in Papua New Guinea.²

Despite increasing difficulties in accessing finance for some of its most criticized projects, TotalEnergies can still count on an immense source of funding from the global bond market. Companies involved in fossil fuel expansion have raised more than US\$1 trillion from these markets since the Paris climate agreement.

Between 2016 and 2022, bonds were the main source of financing for TotalEnergies (68%), with dozens of banks and investors helping the company raise more than US\$37.6 billion through bonds over that time.³

TotalEnergies issued a bond worth US\$4.25 billion a few days before the release of this briefing.⁴ With four other bonds reaching maturity in 2024, including one on the day of publication,⁵ TotalEnergies will likely want to raise more of its capital through bonds in the coming months.

Financial institutions that are serious about curbing global change are well aware that fossil fuel expansion will only make the climate crisis worse, as the Intergovernmental Panel on Climate Change (IPCC) has clearly established. It is more than urgent, then, that they do not take part in these refinancings, which will support TotalEnergies' climate-wrecking strategy. Instead, they should commit to stop participating in the issuance of bonds until the company drops its fossil fuel expansion plans.⁶



1. TOTALENERGIES IS NOT IN TRANSITION

In May 2021, Total became TotalEnergies, a “multi-energy company” with the stated ambition of becoming a major player in the energy transition. This rebranding is intended to rid the company of its oil and gas major image and position it as a responsible and socially acceptable partner, customer and employer, even in the context of the climate crisis.

However, TotalEnergies continues to invest massively in new oil and gas projects. In September 2023, the company announced that it will increase its oil and gas production by 2-3% per year by 2028.⁷ This comes despite the need for global oil and gas production to decrease by 21% and 18%, respectively, by 2030 compared with 2022 levels, according to the International Energy Agency’s (IEA) Net Zero Emissions by 2050 Scenario (NZE).⁸ With its announcement, TotalEnergies

even reneged on its earlier commitment to maintain its oil production.

In 2030, the company will produce more oil and gas than in 2021 and fossil fuel extraction will still account for 80% of its energy mix (compared with 95% in 2021).⁹

TotalEnergies’ objectives run counter to the urgent need to reduce greenhouse gas emissions and curb global warming. Indeed, these targets mean its production will exceed the level required to align with the NZE and limit global warming to 1.5°C by more than 35%.¹⁰

2. TOTALENERGIES’ EXPANSION IS DRIVING NEW COUNTRIES INTO FOSSIL FUEL DEPENDENCY

To feed production, TotalEnergies is relying on massive investments dedicated to its new oil and gas projects. It is the leader in short-term oil and gas expansion among publicly traded companies, ahead of ExxonMobil and Shell.¹¹ **TotalEnergies is also the company with short-term expansion plans in the highest number of countries - 53 in total - far ahead of its competitors Shell, Eni or ExxonMobil.¹²**

This expansion covers countries with little to no history of fossil fuel production but that are now at risk of being locked into a fossil fuel future, such as Mozambique, Namibia, Papua New Guinea, South Africa, Suriname and Uganda.¹³ This expansion strategy is not aligned with the scenario laid out in the NZE,

which indicates that no new oil and gas fields are needed beyond those approved before the end of 2021.¹⁴

For its production to reach international markets, TotalEnergies has also made liquefied natural gas (LNG) a central pillar of its strategy. **The company is the 11th largest developer of liquefaction terminals in the world.¹⁵**

Yet, according to the NZE these projects are not needed to meet global gas demand.¹⁶ They will therefore simply reinforce the world’s dependence on fossil fuels, serving to benefit TotalEnergies and its financial supporters in the short term.



3. BONDS ARE A CRITICAL SOURCE OF FUNDING FOR TOTALENERGIES

Behind TotalEnergies are banks and investors that provide financial services to the company's projects and overall strategy. Since the Paris Agreement in 2015, TotalEnergies has received more than US\$55.6 billion in financing from banks,¹⁷ whether in the form of loans - to its fossil fuel projects or to the company itself - or in the form of support for the issuance of bonds. **Bonds represented 68% of the company's funding sources between 2016 and 2022.**¹⁸

While banks assist the company in the bond issuance process, it is investors that buy them, providing fresh capital to TotalEnergies in those instances when they are the first to invest. As of January 2023, 393 investors held

bonds in the company! TotalEnergies can use the capital raised from bonds to expand its activities,¹⁹ including at its most infamous projects such as the EACOP, Mozambique LNG, Papua LNG or Rio Grande LNG projects.

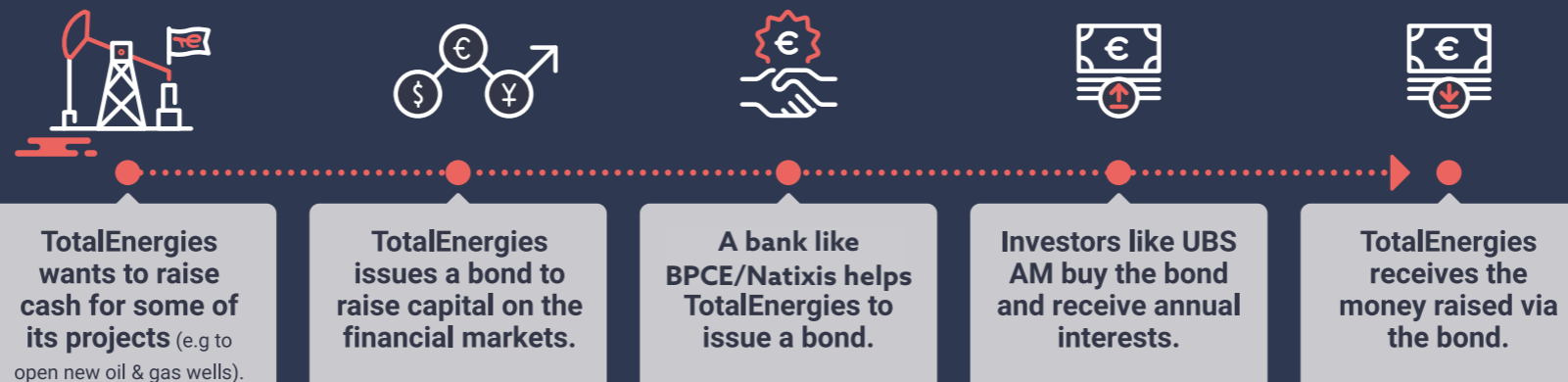
Banks like Barclays, Citi, Crédit Agricole, Deutsche Bank or HSBC, which have committed not to provide direct funding for the EACOP project,²⁰ can still indirectly support all TotalEnergies' oil and gas projects including EACOP through their participation in the issuance of bonds.

What are bonds?

Bonds are essentially loans or debt securities²⁴ issued on the capital markets by organizations, including energy companies, to raise capital. Banks often play a significant role in underwriting and facilitating bond issuances, connecting issuers with investors and structuring the transaction process. They are also key in giving investors confidence that a given bond is a safe deal, with a bank's signature on a bond having value for investors. Therefore, bonds are a way for banks to support companies without granting loans and without taking significant risks.²⁵

Investors, such as asset managers, purchase these bonds - effectively lending money to the issuer. In return, the issuer promises to repay the borrowed amount with interest at a specified future date. Unlike shares, the purchase of bonds by investors does not make them partial owners of the company that issued the bonds. Investors simply lend money to the company and then receive regular interest payments, and they can sell the bond at any time on the bond market.

How are bonds linked to fossil fuel expansion?



4. FINANCIAL INSTITUTIONS SHOULD URGENTLY TURN THEIR BACK ON TOTALENERGIES' NEW BONDS

TotalEnergies currently has 45 active bonds, issued between November 2013 and April 2024, amounting to close to US\$48.9 billion.²¹

The company issued its most recent bond, worth US\$4.25 billion, a few days before the release of this briefing.²² Four of TotalEnergies' 45 active bonds will reach maturity by the end of 2024 (meaning that the company will have to pay the borrowed amounts back to investors), amounting to more than US\$3 billion. Six more bonds will reach maturity in 2025, amounting to close to US\$3.6 billion. TotalEnergies will likely want to issue new bonds so it can pay borrowed amounts back to investors and continue to fund its oil and gas expansion.

For banks and investors claiming to have made net-zero commitments, an immediate change in practice is required in order to end support for fossil fuel expansion and to sanction polluters that continue with activities that are incompatible with limiting global warming to 1.5°C. This builds on the imperative expressed by the IPCC, the UN and the IEA to put an end to fossil fuel expansion.²³

Facilitating or investing in new fossil fuel bonds without any conditions fails to action the changes required. First and foremost, banks and investors should refrain from providing fresh and unconditional money to companies that are still developing new fossil fuel projects. This means committing not to participate in TotalEnergies' new bond issues.

TotalEnergies' bonds arriving at maturity in 2024

Issue volume	Issue date	Maturity date	Banks that participated in the issuance	Investors that hold the bond (only top bondholders per country) ³²
1.25 billion USD	15/01/2014	10/04/2024	Barclays, BNP Paribas, Goldman Sachs, JP Morgan, Société Générale, BNY Mellon	Allianz, BlackRock, Crédit Agricole, UBS
0.8 billion CHF	29/08/2014	29/08/2024	UBS, Citi	BlackRock, UBS
0.5 billion EUR	04/10/2017	04/10/2024	Banco Santander, Barclays, Deutsche Bank, BPCE-Natixis, SFMC-SMBC, Société Générale	abrdn, Allianz, BlackRock, Government Pension Investment Fund
0.25 billion GBP	14/09/2017	16/12/2024	RBC	abrdn, BlackRock

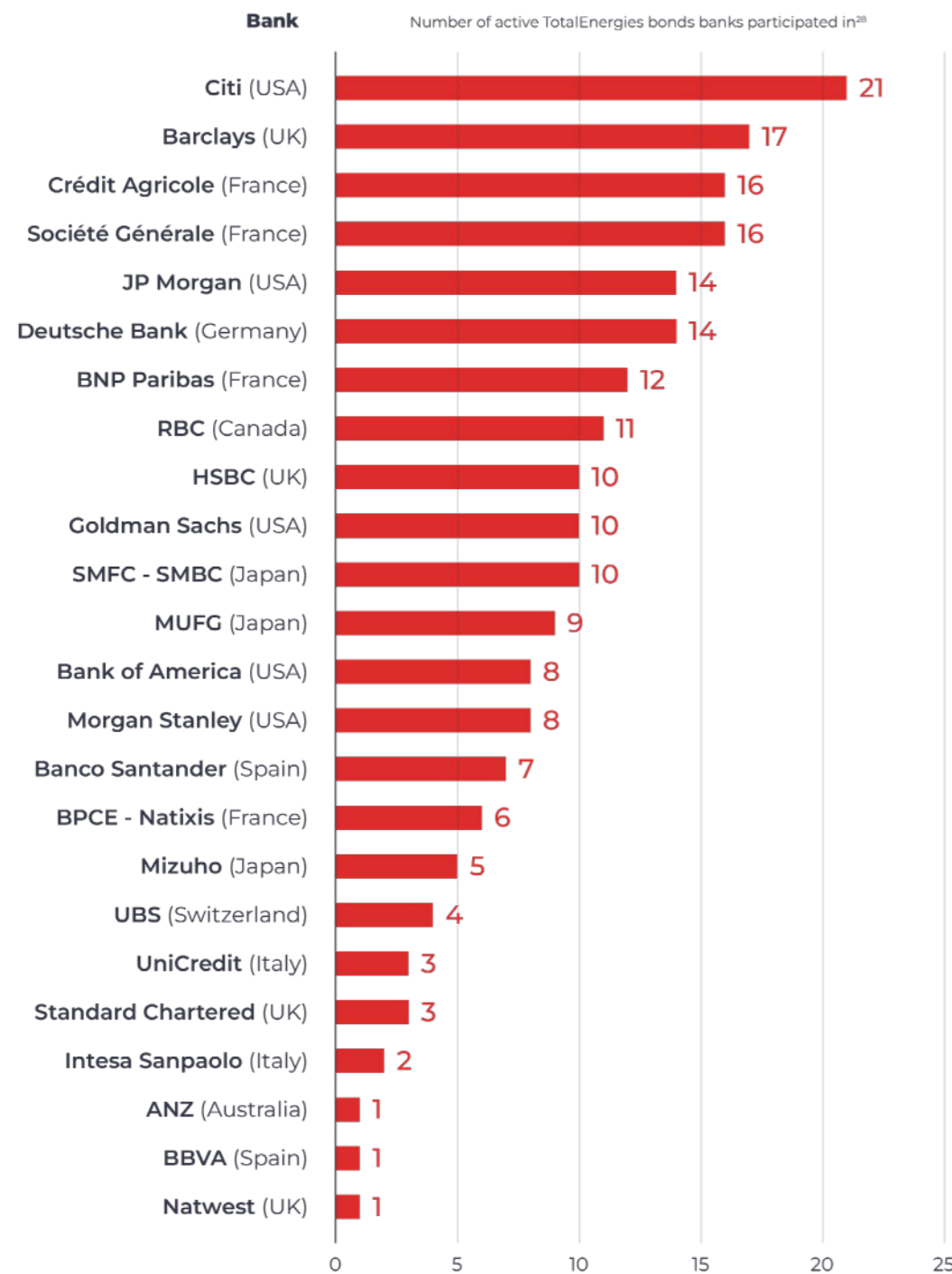


5. WHO ARE THE BANKS AND INVESTORS BEHIND TOTALENERGIES' BONDS?

The banks behind TotalEnergies' bonds

Information on the participation of banks in TotalEnergies' bonds was extracted from the Bloomberg platform (information for outstanding bonds, issued before April 5th, 2024).²⁶

For a more global view on TotalEnergies' most significant underwriters and facilitators since 2016, refer to the Banking on Climate Chaos report.²⁷

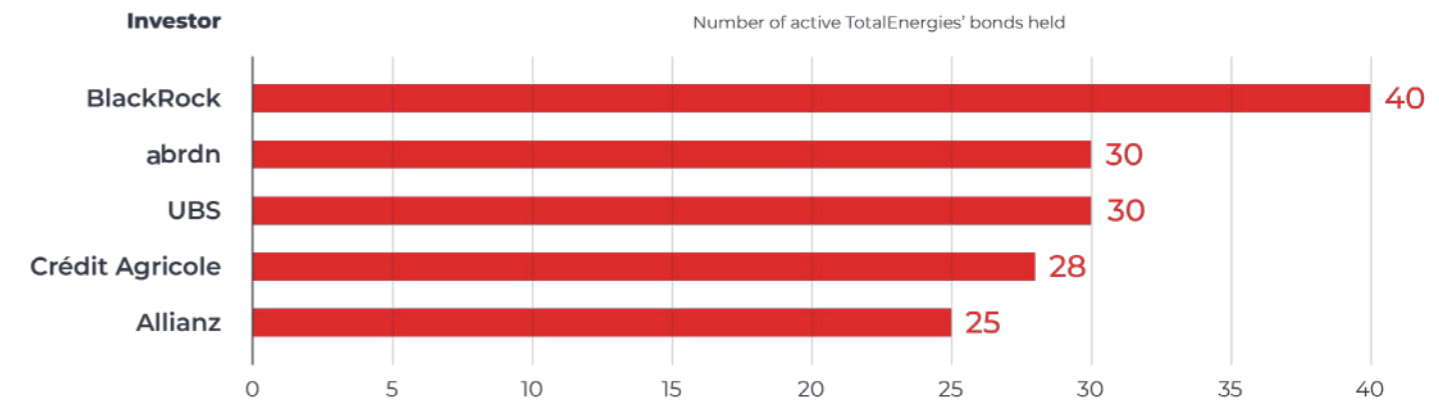


The investors behind TotalEnergies' bonds

Information regarding bondholders is difficult to access, as there is a general lack of transparency about holdings on the bond market. As such, it is nearly impossible to achieve a correct estimation of the flows going to newly issued bonds. The data we gathered for this briefing is at the investor parent level (e.g. holdings for Amundi are reported under Crédit Agricole and could include holdings

from other asset management subsidiaries of the group).

Information on investors' holdings in TotalEnergies' bonds was extracted from the Bloomberg platform as of March 6th, 2024.²⁹ The table below shows the number of bonds held by a selection³⁰ of TotalEnergies' biggest bondholders.



For a more global view on TotalEnergies' most significant bondholders, refer to the Investing in Climate Chaos research.³¹

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4. On April 5th, 2024, TotalEnergies Capital SA issued a US\$4.25 billion debt offering, for general corporate purposes. Participating banks included: BofA Securities, Deutsche Bank Securities, Morgan Stanley, MUFG Securities Americas, Natixis Securities North America, SMBC Nikko Securities America and Standard Chartered Bank. Source : Bloomberg terminal.
5. The bond with the ISIN US89153VAL36 will arrive at maturity on April 10th, 2024.
6. This commitment should be extended to all financial support and services that could be granted to companies involved in new oil and gas projects.
7. Reclaim Finance, [TotalEnergies: Is it really diversifying its energy production?](#), 2023
8. Ibid.
9. Ibid.
10. Reclaim Finance, [Assessment of TotalEnergies' Climate Strategy](#), 2023
11. Urgewald, [Global Oil and Gas Exit List](#), 2023
12. Urgewald, [The 2023 Global Oil & Gas Exit List: Building a Bridge to Climate Chaos](#), 2023. TotalEnergies (53 countries) tops the list of companies expanding in the highest number of countries, followed by Shell (41 countries), Eni (40 countries), ExxonMobil (39 countries), BP (29 countries), Petronas (27 countries), and Chevron and Repsol (25 countries each).
13. Defund TotalEnergies, [TotalEnergies' climate bombs](#), 2024
14. International Energy Agency, [World Energy Outlook](#), 2023
15. Urgewald, [The 2023 Global Oil & Gas Exit List: Building a Bridge to Climate Chaos](#), 2023.
16. International Energy Agency, [World Energy Outlook](#), 2023
17. Rainforest Action Network, Reclaim Finance, et al., [Banking on Climate Chaos](#), 2023
18. Ibid.
19. Bonds are often used by companies for their general corporate needs, as they provide more flexibility than specific project financing and can support overall business strategy. As such, and according to their capital allocation choices, the capital raised via these bonds can be used by fossil fuel companies to expand their activities.

20. Stop EACOP, [Don't bank on EACOP: who's backing the pipeline and who's ruled it out?](#), 2024
21. Information on banks' involvement in TotalEnergies' bonds was extracted from the Bloomberg platform as of April 5th, 2024.
22. On April 5th, 2024, TotalEnergies Capital SA issued a US\$4.25 billion debt offering, for general corporate purposes. Participating banks included: BofA Securities, Deutsche Bank Securities, Morgan Stanley, MUFG Securities Americas, Natixis Securities North America, SMBC Nikko Securities America and Standard Chartered Bank. Source : Bloomberg terminal.
23. In order to limit global warming to 1.5°C.
24. Debt securities are financial instruments that represent a form of borrowing.
25. With bonds, banks do not have to be exposed to the underlying assets and associated risks through their balance sheets. Bonds make the financial risks easily manageable for banks and they can also allow them to (artificially) reduce their carbon footprint because this activity does not appear on their balance sheet.
26. The data was verified using a consolidation of the C Bonds database, the Bloomberg platform and other sources available. For bonds issued after January 1st, 2016, the information on banks' involvement has been verified with each bank mentioned in the report.
27. Rainforest Action Network, Reclaim Finance, et al., [Banking on Climate Chaos](#), 2023
28. The role of banks can include: bookrunner, lead manager, agent, trustee, arranger, underwriter.
29. The data was verified using a consolidation of the C Bonds database, the Bloomberg platform and other sources available. For bonds issued after January 1st, 2016, the information on bondholders' involvement has been verified with each investor mentioned in the report.
30. The biggest bondholders per country, for the US, France, Germany, Switzerland and the UK.
31. Rainforest Action Network, Reclaim Finance, et al., [Banking on Climate Chaos](#), 2023
32. The biggest bondholders per country, for the US, France, Germany, Switzerland and the UK.

CREDITS

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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 financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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