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Member Memo

18 April 2024

Re: TotalEnergies SE

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Summary

This section provides members with relevant details of forthcoming transition plan votes and summarises the Company's scoring against NZIF criteria and sector specific metrics. Please note that this Member Memo ('Memo') is based on publicly available information *at the time of publication*.

Name: TotalEnergies SE ('TotalEnergies' or 'the Company')

Headquarters: France

Sector: Oil & Gas

AGM date: May 24 2024

Reason for update: Confirmed consultative vote on the Company's *Sustainability & Climate – 2024 Progress Report* announced here.

Vote details: 14th Resolution. Notice of the Meeting is available here (French Only). An English version is expected to be published on the Company's official website.

Relevant materials: (1) Sustainability & Climate – 2024 Progress Report (March 2024); (2) TotalEnergies – Form 20-F 2023 (March 2024); (3) TotalEnergies – Reporting Standards (Webpage); (4) Sustainability & Climate – 2023 Progress Report (March 2023)

Publication of updated transition plan materials: The Company released its FY2023 sustainability disclosures in March 2024. These materials have been evaluated for this memo.

Summary of transition plan scores	
Overall score against NZIF alignment criteria[1]	9/11
Overall score against sector related criteria[2]	7/8
CBD[3] **score, sector rank, European rank**	75.3%, 8/32, 28/35
Relevant context	The Company has committed to Net Zero by 2050 and has set interim targets covering Scope 1, 2 and 3 (Category 11) emissions. Its CBD score indicates that the Company's emissions pathway is inconsistent with the sector benchmark, and while more ambitious than its global sector peers (8/32) it is less aligned than most European CA100+ companies. The Company has outlined its intended decarbonisation actions without quantifying their contribution to its targets. The Company has disclosed non-aligned capex against the EU Taxonomy, but is not phasing out investment in carbon intensive assets. It has specified the contributions of third-party actions to its targets and provides guidance on its exploration and green energy investments and medium-term oil & gas production forecasts. It has not provided any current- or forward-looking greenfield capex guidance.

1 For more details on these NZIF criteria see Section 1, page 2

2 For more details on the sector related criteria see Section 2, page 3

3 Cumulative Benchmark Divergence Metric methodology here. Sector rank is the CBD score relative to all the CA100+ companies within that sector globally (1/32 would be best) and European rank is the CBD score relative to all European CA100+ companies (1/35 would be best).

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Section 1: Net Zero Investment Framework (NZIF) scores

IIGCC members helped develop the Net Zero Investment Framework (NZIF) with the aim of assisting them in measuring the alignment of their individual assets, overall portfolio trajectory, and increasing investment in climate solutions consistent with the Paris Agreement[4]. NZIF provides six criteria to assess listed equity and corporate fixed income alignment and recognises the CA100+ disclosure framework (CA100+ DF) as a relevant data source for this scoring. The box below summarises the Company's alignment with those six criteria based on information that is publicly available at the date of publication of this Member Memo (full results available here).

NZIF alignment

NZIF alignment criteria			
	CA100+ DF metric / sub-indicator / indicator summary	**Score**	**Description**
1. Ambition	**1: A net zero Ambition for 2050 or sooner covering all relevant emissions**	**2/2**	The Company has committed to achieving Net Zero emissions by 2050. This includes separate targets for Scope 1 + 2 operated emissions (53% of Scope 1 + 2 equity emissions) and Scope 3 Category 11 emissions relating to the use of sold products. Therefore, the Company meets both 1.1.a and b. *Source: 1 (p.14)*
1. Ambition	1.1.a Qualitative net zero GHG emissions ambition statement that includes at least 95% of Scope 1 and 2 emissions.	✔	The Company has committed to achieving Net Zero emissions by 2050. This includes separate targets for Scope 1 + 2 operated emissions (53% of Scope 1 + 2 equity emissions) and Scope 3 Category 11 emissions relating to the use of sold products. Therefore, the Company meets both 1.1.a and b. *Source: 1 (p.14)*
1. Ambition	1.1.b Net zero GHG emissions ambition that covers the most relevant Scope 3 GHG emissions categories for the company's sector	✔	The Company has committed to achieving Net Zero emissions by 2050. This includes separate targets for Scope 1 + 2 operated emissions (53% of Scope 1 + 2 equity emissions) and Scope 3 Category 11 emissions relating to the use of sold products. Therefore, the Company meets both 1.1.a and b. *Source: 1 (p.14)*
2. Targets	**2.2, 3.2 and 4.2: The company has set Long-, Medium- and Short-term emissions targets that covers at least 95% of its Scope 1 and 2 emissions and the most relevant Scope 3 emissions (where applicable)**	**3/3**	The Company has set short-, medium- and long-term targets covering Scope 1, 2, and 3 and therefore it scores on all these sub-indicators. Absolute targets include cuts to Scope 1 + 2 emissions of -17% and -40% by 2025 and 2030, respectively, and to Scope 3 oil product sales emissions of 40% by 2030. TotalEnergies also aims to keep Scope 3 category 11 emissions below 400 Mt by 2030 (-2.5% compared to 2015). On an intensity basis, TotalEnergies aims to reduce its Lifecycle Carbon Intensity of energy products sold (Scope 1+2+3) by -15% and -25% by 2025 and 2030. All targets are set against a 2015 baseline. *Sources: 1 (p. 14-16; 28; 43), 2 (p. 306), 4 (p. 43)*
2. Targets	2.2.a and b. Long-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✔	The Company has set short-, medium- and long-term targets covering Scope 1, 2, and 3 and therefore it scores on all these sub-indicators. Absolute targets include cuts to Scope 1 + 2 emissions of -17% and -40% by 2025 and 2030, respectively, and to Scope 3 oil product sales emissions of 40% by 2030. TotalEnergies also aims to keep Scope 3 category 11 emissions below 400 Mt by 2030 (-2.5% compared to 2015). On an intensity basis, TotalEnergies aims to reduce its Lifecycle Carbon Intensity of energy products sold (Scope 1+2+3) by -15% and -25% by 2025 and 2030. All targets are set against a 2015 baseline. *Sources: 1 (p. 14-16; 28; 43), 2 (p. 306), 4 (p. 43)*
2. Targets	3.2.a and b. Medium-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✔	The Company has set short-, medium- and long-term targets covering Scope 1, 2, and 3 and therefore it scores on all these sub-indicators. Absolute targets include cuts to Scope 1 + 2 emissions of -17% and -40% by 2025 and 2030, respectively, and to Scope 3 oil product sales emissions of 40% by 2030. TotalEnergies also aims to keep Scope 3 category 11 emissions below 400 Mt by 2030 (-2.5% compared to 2015). On an intensity basis, TotalEnergies aims to reduce its Lifecycle Carbon Intensity of energy products sold (Scope 1+2+3) by -15% and -25% by 2025 and 2030. All targets are set against a 2015 baseline. *Sources: 1 (p. 14-16; 28; 43), 2 (p. 306), 4 (p. 43)*
2. Targets	4.2.a and b. Short-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✔	The Company has set short-, medium- and long-term targets covering Scope 1, 2, and 3 and therefore it scores on all these sub-indicators. Absolute targets include cuts to Scope 1 + 2 emissions of -17% and -40% by 2025 and 2030, respectively, and to Scope 3 oil product sales emissions of 40% by 2030. TotalEnergies also aims to keep Scope 3 category 11 emissions below 400 Mt by 2030 (-2.5% compared to 2015). On an intensity basis, TotalEnergies aims to reduce its Lifecycle Carbon Intensity of energy products sold (Scope 1+2+3) by -15% and -25% by 2025 and 2030. All targets are set against a 2015 baseline. *Sources: 1 (p. 14-16; 28; 43), 2 (p. 306), 4 (p. 43)*
3. Emissions performance	**11.1: Emissions intensity is reducing at a faster rate than that of the relevant 1.5°C pathway**	**N/A**	Indicator 11 was in beta mode last year and therefore CA100+ results are not publicly available.

4 See Net Zero Investment Framework: Implementation Guide. The six alignment criteria for Listed Equity and Corporate Fixed Income for companies in higher impact sectors are set out on page 16.

	CA100+ DF metric / sub-indicator / indicator summary	Score	Description
4. Disclosure	**10.1 and 10.2: The company is implementing TCFD and discloses scenario planning consistent 1.5°C**	**2/2**	The Company clearly states that it has aligned its disclosures with the TCFD recommendations and includes the disclosures under Section 5.4: Climate-change related challenges (as per TCFD recommendations) in its Annual Report (10.1.a and b). The Company has also conducted quantitative climate scenario analysis and has reported the underlying assumptions and results. The analysis includes a 1.5°C Scenario (IEA NZE) and has been applied to all up- and downstream assets. *Sources: 2 (pp. 288-309), 3*
	10.1.a and b: Commitment to align disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website AND explicitly signposts the disclosure in its annual reporting or publishes them in a TCFD report.	✔	
	10.2a and b: The company has conducted a climate-related scenario analysis including quantitative elements and disclosed its results AND the scenario analysis explicitly includes a 1.5°C scenario which covers the entire company, discloses key assumptions and variables used, and reports on the key risks and opportunities identified	✔	
5. Decarbon-isation strategy	**5.1: The company has set out and quantified the actions it intends to take to decarbonise**	**1/2**	The Company has identified the set of actions it will take to achieve its long- and medium-term Scope 1+2+3 intensity target and hence scores on 5.1.a. These include operational emission reductions, the use of nature-based solutions (NBS), shifts in energy portfolio (increased electricity production and sales, a shift from petroleum to gas/LNG and low-carbon molecules) plus CO2 storage solutions. The Company also sets out the measures it would take to be carbon neutral in 2050, which include further shifting its sales mix towards low-carbon molecules (25%) and electricity (50%) and using NBS and CCUS to mitigate residual emissions. However, this sales breakdown does not quantify how emissions targets will be reached and therefore the Company does not score on 5.1.b. *Sources: 1 (pp. 14-15; 18; 31), 2 (p. 293-96)*
	5.1.a The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframes. These actions clearly refer to the main sources of the company's GHG emissions, including Scope 3 emissions (where applicable).	✔	
	5.1.b The company quantifies the contribution of individual decarbonisation levers to achieving its medium- and long-term GHG reduction targets; including Scope 3 GHG reduction targets where applicable (e.g., changing technology or product mix, supply chain measures).	✘	
6. Capital allocation	**6.1: The company discloses unabated carbon intensive capex and is phasing out new spending**	**1/2**	The Company has GHG abatement investment criteria and acknowledges the need for oil and gas production declines in a Net Zero by 2050 scenario. However, it has not explicitly stated an intention to phase out capital expenditure in new unabated carbon intensive assets or products by a specific year and therefore does not satisfy 6.1.a. The Company discloses that 72% of FY2023 capex was EU Taxonomy non-eligible, with an additional 2.4% being eligible but not Taxonomy-aligned. Hence, the Company meets 6.1.b. *Sources: 1 (pp. 14; 21), 2 (p. 314-15).*
	6.1.a The company explicitly states that it has phased out or is planning to phase out capital expenditure in new unabated carbon-intensive assets or products by a specified year.	✘	
	6.1.b The company discloses the stated value of its capital expenditure that is going towards unabated carbon-intensive assets or products.	✔	
Total score		**9/11**	

Section 2: Sector specific metrics

IIGCC and its members, through their contribution to Net Zero Standards or their sector working groups, have contributed to the development of sector-specific criteria to aid the assessment of transition plans in certain sectors. The box below summarises the Company's alignment with selected metrics from the Net Zero Standard for Oil & Gas (NZS O&G – see here) based on information that is publicly available at the date of publication of this Memo. Where scoring differs from the NZS O&G results, please consider this memo as a provisional independent assessment based on updated disclosure.

Criteria for helping to analyse the transition plans of Oil and Gas

Engagement Topic	NZS O&G Indicator/Metric(s)	Score	Relevant supplemental information and public data source used
1. Customer decarbon-isation	**Does the company disclose the contributions of actions by third parties to long-term and medium-term emission targets [as assessed by NZS O&G metrics 5.ii.f and 5.ii.j]?**	**2/2**	The Company has specified the contributions of third-party actions to its targets. Specifically, it will support its customers to "eliminate" the equivalent of 100 Mt/year of CO_2 by the development of carbon capture utilization (CCU) and storage (CCS) solutions. By 2030, third-party CO_2 storage projects will have a capacity more than 10 Mt CO_2e. Whilst this disclosure could be more precise, it does enable investors to understand the customer contribution to the Company's transition plan and is therefore sufficient to enable it to score. *Sources: 1 (p. 14; 38), 2 (p. 21)*
	5.ii.f The company discloses the contributions of actions by third parties to long-term emission targets in both % or CO_2 as appropriate (even when that contribution is zero)	✔	
	5.ii.j The company discloses the contributions of actions by third parties to medium-term emission targets in both % or CO_2 as appropriate (even when that contribution is zero)	✔	
2. Fossil fuel capex	**Does the company disclose current and forward-looking guidance on exploration capex and investment in greenfield assets [as assessed by the NZS O&G metrics 6.i.e and 6.i.d]?**	**1/2**	The Company discloses FY2023 expensed exploration costs ($575 million) and aims to allocate ~30% of its annual $14-18 billion capital expenditures from 2024-2028 towards new oil & gas projects (greenfield projects and acquisitions). No separate greenfield capex disclosures are provided, so the Company meets 6.i.d only. *Sources: 1 (p. 21), 2 (pp. 15; 32)*
	6.i.d: The company discloses exploration capex (i.e. non-maintenance of existing oil and gas facilities) in the last financial year and a forward-looking guidance (minimum three years ahead).	✔	
	6.i.e: If production decline is not consistent with IEA NZE the company discloses current and forward-looking guidance on long-lived greenfield capex	✘	

Engagement Topic	NZS O&G Indicator/Metric(s)	Score	Relevant supplemental information and public data source used
3. Green Investment	**Does the company disclose current and forward-looking total investment in "green" energy production and has it set a target to increase green energy production [as assessed by the NZS O&G metric 6.ii.a and 5.iii.c]?**	2/2	The Company has disclosed a target to increase the proportion of electricity & low-carbon molecules (biofuels, biogas, hydrogen, e-fuels/e-gas) to 20% of total energy production by 2030, including an interim target in the 2023 progress report, and hence scores on 5.iii.c. Additionally, it has provided guidance on current- and forward-looking low-carbon expenditures, meeting 6.ii.a. These contributed to 35% of the overall $16.8bn capex in 2023 ($5.8 bn) and will account for 33% of the planned annual $14-18bn capex from 2024-2028. *Sources: 1 (pp. 15, 21), 4 (p. 13)*
	6.ii.a: The company discloses total investment in "green" energy production in both the last financial year and a forward-looking guidance (minimum three years ahead) where "green" is clearly defined and consistent with the one used in indicator 5	✔	
	5.iii.c: The company has set a target to grow total green energy production (in TJ or KWh, see paragraph 97, from investment in new capacity + long-term PPAs) with at least ST and MT target components and established base year and base year values	✔	
4. Production	**Does the company provide guidance on medium-term oil AND gas production [as assessed by the NZS O&G metrics 5.v.e AND 5.v.f]?**	2/2	The Company has stated a target for oil and gas production to each represent 40% of the 2030 production mix (80% overall). By 2050, these proportions would decrease to 7% and 18%, respectively. Hence, the Company fulfils 5.v.e and 5.v.f. The Company is not assessed on 5.v.g, which is only applicable where disaggregate information is not supplied. *Source: 1 (pp. 14-15)*
	5.v.e: Gives guidance on its annual medium-term oil production (for the year specified in its medium-term emissions target), expressed either in energy units (boe/TJ) or as a % or absolute change from a stated base year value	✔	
	5.v.f: Gives guidance on its annual medium-term gas production (for the year specified in its medium-term emissions target), expressed either in energy units (boe/TJ) or as a % or absolute change from a stated base year value	✔	
	5.v.g: Gives guidance on annual combined medium-term oil and gas production (for the year specified in its long-term emissions target), expressed either in energy unites (boe or TJ) or as a % or absolute change from a stated base year value	N/A	
5. Total score:		7/8	