

A statement by investors at the 2021 AGM of Total SE

Mr Chairman, members of the Board, Fellow Shareholders.

We, MN, Meeschaert AM and EOS at Federated Hermes on behalf of its stewardship clients, would like to make this statement as shareholders and as signatories to the Climate Action 100+, an investor initiative that aims to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.

To date, over 575 investors with ~\$54 trillion in assets under management have signed up to support the Climate Action 100+ initiative, equivalent to more than one third of all assets under management, globally.

These investors realize that to mitigate investment exposure to climate risk and secure ongoing sustainable returns for their beneficiaries, the companies that they own must cut emissions and help accelerate the transition to net-zero emissions by 2050 or sooner.

Investors have been engaging with TOTAL as one of the focus companies of the Climate Action 100+ initiative on the basis of its relatively high greenhouse gas (GHG) emissions including Scope 1, 2 and applicable scope 3 or indirect emissions that are produced through your organization's supply chain.

This March, the Climate Action 100+ Net-Zero Company Benchmark was published, offering the first detailed and comprehensive assessment of individual focus company performance against the initiative's three high-level commitment goals:

- Reducing greenhouse gas emissions
- Improving governance and
- Strengthening climate-related financial disclosures

Based on the engagement and assessments of current disclosures in the CA100+ Net-Zero Company Benchmark, and following our last discussions with the company, we do commend the Board of Directors for the actions already taken to address climate change. In particular, we note that:

- The company has set medium- and long-term GHG reduction targets towards its net zero strategy by 2050 worldwide (scopes 1+2+3), together with society.
- The 2030 carbon intensity reduction target has been increased from 15% to 20% (compared to 2015) worldwide for scope 3.
- Investment targets in renewable power have been increased, aiming at reaching a gross capacity of 100 GW by 2030.
- A climate governance is in place, with GHG emissions reduction criteria in the executive remuneration schemes.

- Information is now provided in the reference document on the criteria used to evaluate the economics of the project and the impact on GHG emissions for 8 significant investments in 2020.
- The decision to withdraw from two associations including the American Petroleum Institute (API) following the annual review of each association's position on climate.
- The consultation of shareholders on the company's energy transition strategy and its related targets by 2030.

The Net-Zero Company Benchmark shows that there are several components for which TOTAL meets the criteria partially, or not at all. As leads for the CA100+ initiative, we want to continue our engagement with the goal of TOTAL meeting all the 10 criteria. The most important topics of engagement for next year relate to the short, and medium-term absolute and intensity emissions reduction targets, capex disclosure and the decarbonisation strategy.

Our questions now to the Board:

- How does TOTAL review the CA100+ Net-Zero Company Benchmark and is it committed to align with the goals of it?
- Can you confirm that TOTAL aims to achieve net zero emissions worldwide in the entire value chain and that this includes scope 3 emissions for both upstream and downstream activities?
- Will the company bring its short-, and medium carbon reduction intensity targets in line with a 1.5 °C scenario so that it meets the criteria of the CA100+ Net Zero Company Benchmark?
- Will the company explain how its intensity targets will translate into reductions in absolute gross emissions in the short, medium, and long-term?
- Will the company disclose the geographical breakdown of its scope 3 emissions?
- With regards to governance, could an independent director be appointed to chair the Strategy & CSR Committee?
- Will you be submitting your net zero transition plan to a vote by shareholders at least every three year thereafter, with an annual update on progress made in its implementation?

The IPCC, IEA and other models are clear that, while the amount varies by product and scenario, very large declines in oil and gas consumption are needed by 2050 if global emissions are to remain within the budget needed to limit the temperature rise to 1.5 °C. This decline must begin before 2030, particularly for oil. We understand that for TOTAL, oil production in 2030 will be either equivalent to or lower than in 2019.

- Can you confirm that your capital expenditure plans are aligned with a 1.5 °C scenario, and provide the following elements to help demonstrate this?
 - Guidance on the year in which oil and gas production is expected to peak.

- The proportion of the forward-looking capex budget dedicated to oil and to gas, with granularity on greenfield/brownfield (growth/maintenance) projects.

- On an anonymised basis, for each project where the final investment decision has been made or is yet to be made, key information such as production costs and carbon intensity. An investment decision greater than €500 million can be considered as significant and we therefore suggest applying this materiality threshold.

- Will you be reviewing the investment strategy in light of the new IEA special report and its Net-Zero Emissions by 2050 scenario?

Many large investors have now signed up to net zero investment strategies. One such example is the Net Zero Investment Framework [\[LINK\]](#) which indicates that investors will be aiming for 90% of their financed emissions in material sectors to be, by 2030, either assessed as net zero, aligned with a net zero pathway, Paris-aligned pathway, or the subject of direct or collective engagement and stewardship actions in order to drive alignment. We hope to continue our productive dialogue with TOTAL.

Thank you

This statement and questions are supported by the following shareholders:

CA100+ engagement leads

Pauline Lecoursonnois,
EOS at Federated Hermes on
behalf of its stewardship
clients



Aur lie Baudhuin,
Meeschaert Asset
Management



Bas Bijleveld,
MN (also for PMT and
PME pensions)



Engagement supporting investors who have co-signed this letter

Ben Ritchie, Head of European
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Investments



Greta Fearman, Senior Responsible
Investment Officer, Actiam



Erwan Crehalet, Caroline Le Meaux,
Amundi Asset Management



Olivier EUGENE, AXA Investment
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Emmanuelle Mourey, President, La Banque Postale AM



Pieter van Stijn, Responsible Investment, BMO Global Asset Management



Wim Van Hyfte, Head of ESG Investments and Research, Candriam



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Laetitia Tankwe, Ircantec



Cllr Doug McMurdo, chair of UK Local Authority Pension Fund Forum (LAPFF)



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