A group of eleven European investors coordinated by Meeschaert AM is working on a draft resolution to be submitted at the next Total general meeting that will be held in Paris on May 29, 2020. The purpose of the resolution is to amend Total’s bylaws in order to enhance the capacity of the oil group’s business model to work towards achieving the objectives of the Paris Agreement. As long-term shareholders, we have an obligation to factor climate risk into the management of our portfolios. We therefore consider that the oil industry must play a decisive role in the energy transition.

The obligation to limit global warming to +1.5°C by the end of the century implies a drastic reduction in greenhouse gas emissions, and therefore an end to all exploration and drilling for new oil and gas reserves. As investors, we are therefore concerned about the risk of impairment of Total’s assets (“stranded assets”), bearing in mind that their valuation and business model depend heavily on the fossil fuel reserves that the company extracts.

We are therefore asking Total to present a medium and long-term action plan with interim milestones, and to specify how it intends to reduce its absolute greenhouse gas emissions. This plan must also include indirect emissions, since the use of products sold by Total represents 85% of its greenhouse gas emissions i.

With this in mind, the resolution aims to have the bylaws amended as follows:

"The management report will contain, in addition to information on the situation of the Company and its operations during the past financial year, and the other elements required by the provisions of the laws and regulations in force, the strategy of the Company as defined by the Board of Directors to align its operations with the objectives of the Paris Agreement, and in particular with Articles 2.1 (a) and 4.1 thereof, specifying (i) an action plan with interim milestones to set absolute reduction targets for the medium and long term that incorporate direct or indirect greenhouse gas (GHG) emissions from the Company’s operations relating to the production, processing and purchase of energy products (Scopes 1 and 2), and the end-use by customers of products sold (Scope 3) and (ii) how the Company intends to achieve these objectives."

We welcome the progress that Total has made, which have been described in its successive Climate Reports. However, we would like it to go further with certain elements of its approach:

i. current commitments do not make it possible to assess to what extent the company’s operations contribute to achieving the objective of the Paris Agreement; in particular, Total’s ambition to reduce the carbon intensity of its energy products by 15% between 2015 and 2030 in no way guarantees an absolute reduction in its greenhouse gas emissions, Scope 3 included;

ii. disclosures relating to capital expenditure, presented under the generic heading of "low-carbon electricity", do not give a precise idea of the resources devoted to achieving the target set by the company for 2025 to bring installed power generation capacity from renewable sources up to 25 GW.

In a tense climate context (e.g. Australian mega-fires, mild winters, lawsuits filed by public bodies and NGOs who are critical of government inaction on climate issues, and the debate
over post-Covid 19 recovery plans), the inadequacy of Total's engagement poses a risk to both the company and its shareholders. The eleven European investors making up this group represent more than €764.5 billion in assets under management (as of December 31, 2019), and approximately 1.35% of Total’s share capital (as of April 14, 2020):

- Actiam
- Candriam
- Crédit Mutuel Asset Management and Assurances du Crédit Mutuel
- Eofi Investissements
- Friends Provident Foundation
- Federal Finance Gestion
- Groupe Edmond de Rothschild
- La Banque Postale Asset Management
- Meeschaert Asset Management
- Sycomore Asset Management

“We want to use shareholder engagement to express our convictions as responsible investors in our dialogue with the companies in our portfolio. Together, we largely exceed the minimum 0.5% share ownership threshold in the company. This is the culmination of a long journey in which we were able to acquire the number of shares necessary to lead this initiative and fulfil all the administrative requirements. This is an important first successful step, even though we still have to clear further obstacles linked to complex administrative procedures in order to put this resolution to a vote at the general meeting. Faced with the more ambitious engagement of its peers, we are confident that Total will respond favorably to all the measures proposed in our resolution. We would stress that this proposed resolution is intended to be constructive, aimed at enabling the company to reclaim its leadership status, in terms of its response to climate change.”

Footnote:
1 This corresponds to scope 3 of the greenhouse gas protocol. Scope 3 covers the GHG emissions in the upstream and downstream phases of production. For energy producers, scope 3 emissions are essentially created in the product use phase, and are calculated based on sales of finished products, the next step of which is end use, i.e. – their combustion to produce energy.

Press contacts

Citigate  
Tom Ruvira - Tel. +33 (0)1 53 32 84 73  
tom.ruvara@citigatedewerogerson.com

Meeschaert  
Nathalie Cuvelier / Christophe Sanchez - Tel. +33 (0)1 53 40 24 63/ +33 (0)1 53 40 24 79  
cuvelier@meeschaert.com / csanchez@meeschaert.com

About ACTIAM

ACTIAM – with over 100 employees – manages € 63.8 billion (December 2019) in assets for insurers, pension funds, banks and intermediaries. ACTIAM offers a complete range of investment funds and solutions and, having launched the first institutional fund in microfinance in 2007, is a pioneer in the area of impact investing. ACTIAM sets strict requirements on its investments and follows a robust and careful selection process, without making concessions in its financial returns, making ACTIAM ‘Responsible for Growth’.
About CANDRIAM

CANDRIAM is a European multi-specialist asset manager with a 20-year track record. CANDRIAM manages around EUR 130 billion of assets under management as of the end of December 2019 with a team of more than 500 professionals. It operates management offices in Luxembourg, Brussels, Paris, and London, and has client representatives in more than 20 countries throughout continental Europe, the United Kingdom, the United States and the Middle East. CANDRIAM offers investment solutions in several key areas: bonds, equities, absolute performance strategies, and asset allocation. CANDRIAM is also a pioneer and leader in sustainable investments with, since 1996, a broad and innovative range covering all its asset classes. CANDRIAM is a New York Life Company. New York Life Investments ranks among the world's largest asset managers.

About Crédit Mutuel Asset Management

Crédit Mutuel Asset Management, with its commitment to responsible and sustainable finance, is the asset management company of Crédit Mutuel Alliance Fédérale. It is the fourth largest asset management company in France and offers a wide range of funds and asset management solutions for third parties, based on a balance between performance and risk management. It has 252 employees and €60 billion in assets under management*. Crédit Mutuel Asset Management has for almost 30 years been involved in socially responsible management through the creation of fund ranges, labelling and integration of ESG criteria.
*source: SIX

About Assurances du Crédit Mutuel

Since 1971, Assurances du Crédit Mutuel has been foreseeing, designing and guiding the products and services that contribute to the development of the insurance activity of Crédit Mutuel, pioneer in the French "Bancassurance" sector.

Being active in the property, personal and life insurance markets, Assurances du Crédit Mutuel, is a major player in insurance and social protection in France, offering innovative solutions to its 12.5 million clients (individuals, professionals, companies and associations) all over France, through Crédit Mutuel*' and CIC.

(*) Crédit Mutuel Alliance Fédérale (Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranéen, Anjou, Antilles-Guyane et Massif Central), Crédit Mutuel Nord Europe, Crédit Mutuel Maine-Anjou, Basse-Normandie, Crédit Mutuel Océan.

About Ecofi Investissements

Ecofi Investissements is the asset management company of Credit Cooperatif Group, which is member of BPCE Group.

Ecofi Investissements is one of the pioneer and main player in engaged finance industry, by the application of a SRI filter to 100%* of its mutual fund's AUM and through a strong expertise in solidarity funds, which finance more than 75 social enterprises.

Since 45 years Ecofi Investissements has developed for their clients a strong know-how in all major asset classes. He manages a comprehensive and relevant range of investment products and solutions, based on a strong culture of risk management.

Its ability to seek innovative solutions, adapted to market changes and the needs of its clients, reveals a reactive and agile structure, based on a long-term engagement. For Ecofi Investissements, being responsible means to commit to its clients in order to choose the best assets to sustain performance and preserve the interests of future generations.

Our signature affirms it: ASSETS FOR THE FUTURE

* 100% since January 2019, excluding certain index funds and sub-advisory funds.

About Friends Provident Foundation

Friends Provident Foundation is an independent, capitalised charity that makes grants and uses its endowment towards a fair, resilient and sustainable economic system that serves people and planet. It utilises its endowment via asset manager engagement, direct shareholder engagement, and impact investing to further its charitable objectives.

About Federal Finance Gestion
Federal Finance Gestion, an Arkéa Investment Services asset management company, specializes in asset management for third parties. It has nearly €40 billion in assets under management. Its areas of expertise are grouped into three areas (discretionary investment solutions, wealth management and cross-asset solutions) for retail and/or institutional investors. An “Analysis and Research” pool provides cross-cutting insight to all its investment management teams, particularly in socially-responsible investing, to which Federal Finance Gestion has long been committed.

About Groupe Edmond de Rothschild

As a conviction-driven investment house founded upon the belief that wealth should be used to build the world of tomorrow, Edmond de Rothschild specialises in Private Banking and Asset Management and serves an international clientele of families, entrepreneurs and institutional investors. The group is also active in Corporate Finance, Private Equity, Real Estate and Fund Services. With a resolutely family-run nature, Edmond de Rothschild has the independence necessary to propose bold strategies and long-term investments, rooted in the real economy. Created in 1953, the Group now has CHF 173 billion (€ 160 billion) in assets under management, 2,600 employees and 32 locations worldwide.

About La Banque Postale Asset Management

With aggregated AUM (LBPAM-Tocqueville Finance) of €235 billion at 31 December 2019, La Banque Postale Asset Management (LBPAM) is the 5th largest asset management company in France. Since June 2018, LBPAM has been the majority shareholder of Tocqueville Finance. A 70% subsidiary of La Banque Postale, 25% of Aegon AM and 5% of Malakoff Médéric, LBPAM manages most of the funds offered to La Banque Postale’s retail and wealth management clients. To its institutional investors, insurers, mutuals, major companies and distributors, it offers open funds, dedicated funds and mandates. As a full manager, LBPAM operates in all asset classes.

About Meeschaert AM

Meeschaert AM is a pioneer in ethical investment, launching France’s first French SRI fund in 1983 under the name of Nouvelle Stratégie 50. It has been taking this process further ever since, by co-building more specific approaches with its customers, notably through active shareholder engagement. This ambition to forge a constructive dialogue with companies is part of the firm’s long-term approach to further the cause of purposeful financing for the common good. This is evidenced for example in the co-foundation of Shareholders for Change, a European network centered on shareholder engagement that works with institutional investors who are extensively involved in their local communities, with a view to leading joint engagement initiatives. With this in mind, in 2019, Meeschaert AM put forward a resolution at the H&M general meeting.

About Sycomore AM

Founded in 2001, Sycomore Asset Management, an asset manager driven by a strong entrepreneurial spirit and specialised in listed investments is a key player in responsible investing. Since its creation, Sycomore has been committed to delivering long-term returns by identifying the levers that enable a company to generate sustainable value. The firm’s expertise draws on a fieldwork approach and a proprietary corporate fundamental analysis model, which includes financial and extra-financial criteria. Its team of 21 analysts-fund managers, including 7 ESG specialists (Environment, Social and Governance) focus on assessing the overall performance of a company with respect to its stakeholders: shareholders, clients, employees, suppliers, civil society and the environment. Since 2015, Sycomore AM has expanded its range of social, societal and environmental impact funds: first with Sycomore Happy@Work, dedicated to human capital, then Sycomore Eco Solutions, with a focus on natural capital, and Sycomore Shared Growth, specialised in societal capital. Recently, the firm launched Sycomore Next Generation, a fund committed to providing a better future for the next generations.