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## SOME INFORMATION ON THE REASONS FOR OUR DECISION TO PURSUE OUR REQUEST TO INCLUDE THE RESOLUTION IN THE AGENDA OF THE SHAREHOLDERS' MEETING

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**The group of investors welcomes the new ambitions that Total has outlined to tackle climate change. We now ask that the company set a worldwide net zero emissions target (Scope 3) and adopt a detailed action plan. Consequently, the group of investors intends to continue with the resolution, for the reasons explained hereafter.**

As explained in our second press release, we do not believe that Total has defined a clear strategy to achieve the ambitions it has announced and satisfy the commitments on which they hinge. Our resolution therefore calls on the company to develop a viable operational framework to achieve these goals, and leaves the responsibility for defining its content to the Board. It is important that Total act upon this statement of intent by delivering a concrete action plan that sets absolute intermediate quantified goals<sup>1</sup>.

By the same token, in order to be consistent with the Paris Agreement, Scope 3 emissions must be incorporated on a worldwide basis, the company must use one of the benchmark scenarios developed by an international body, and its low-carbon investments must be broken down into natural gas investments and renewable energy investments. Such changes will provide the shareholders and other stakeholders with much-needed clarity regarding the company's climate strategy, and will enable Total to achieve its goal to become the "Responsible Energy Major". The credibility of Total's ambitions hinges on an action plan that has intermediate goals and is based on a benchmark climate scenario.

Scientific methods to achieve carbon neutrality have yet to emerge for the oil sector. In October 2020, the Science-Based Targets initiative will publish the methodology to achieve carbon neutrality in the industry.

**Scope 3 emissions account for nearly 90% of oil companies' emissions. It is therefore essential that all emissions relating to the use of fuel be incorporated in order to address climate change.**

Companies and investors have **a collective duty to reduce Scope 3 emissions**: while public policies and consumer behavior are fundamental drivers of changes in demand, diversification strategies for oil companies' energy mixes are key in promoting the development of renewable energies and new low-carbon technologies. Total recognizes that it can influence the mix of the energy products it sells, and we welcome its commitment as regards Scope 3 emissions in Europe. This is evidence that Total can indeed play a part in reducing its indirect emissions, but we would like to see this progress extend beyond a single geographical area, insofar as climate change has no borders and must be addressed as part of a global approach.

Furthermore, capital expenditure is still heavily focused on fossil fuels (\$9.2 billion channeled into oil and gas exploration and production), which poses a **real risk going forward in terms of Total's ability to adapt and its resilience**. The lifetime of a deposit, i.e. the period during which the hydrocarbons it contains are extracted, averages between 15 and 30 years<sup>2</sup>. Added to the time required to drill and develop the deposit in the upstream phases (anywhere between 10 and 20

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<sup>1</sup> The latest Transition Pathway Initiative report underlines the fact that Total has reduced its carbon intensity but has increased its emissions on an absolute basis.

years), this means that the capital expenditure currently being plowed into new oil fields automatically commits the company to produce oil beyond 2050. This makes Total responsible for adding fossil energy production to the global energy system over a period of **30 to 50 years**.

However, the IPCC's scenarios for limiting global warming to 1.5°C by the end of the century show that the share of oil in global primary energy production must be between 12.9% and 18.7% in 2050 (compared with 60.2%-62.2% for renewable energies).

This is the "lock-in" concept highlighted by the UN in its "Production Gap Report" (excerpt provided below taken from the Executive Summary, p4/80).

*"Oil and gas are also on track to exceed carbon budgets, as countries continue to invest in fossil fuel infrastructure that "locks in" oil and gas use. The effects of this lock-in widen the production gap over time, until countries are producing 43% (36 million barrels per day) more oil and 47% (1,800 billion cubic meters) more gas by 2040 than would be consistent with a 2°C pathway."*

This is why Scope 3 emissions must be incorporated on a global level and investment in renewable energies must be stepped up. Total cannot fulfil its ambition to become a "Responsible Energy Major" as long as fossil fuels continue to make up the bulk of its energy product mix.

An amendment to the articles of association to incorporate environmental issues would be **an extension of the approach initiated by the Board of Directors under resolution No. 14**, which is already included in the agenda of the shareholders' meeting. It is therefore entirely consistent with the company's new strategy, being an operational and concrete extension thereof.

The content of our external resolution does not purport to interfere with the remit of the Board of Directors, insofar as the wording specifically states that the management report should present *"the strategy of the Company as defined by the Board to align its activities with the objectives of the Paris Climate Agreement"*. The management report must indeed contain certain statutory disclosures, but nothing prevents the inclusion of supplemental information, especially if this inclusion has been formally requested through a shareholder vote calling for an amendment to the articles of association.

Furthermore, the company cannot claim that the content of an external resolution is *"in violation of the principle of division of powers between corporate bodies"* between the shareholders' meeting and the Board of Directors, when it has decided to include said resolution in the agenda of the very shareholders' meeting in question. **The Board of Directors itself approved our request to submit the resolution by including it in the agenda**, thereby justifying that it falls within the specific prerogatives granted to shareholders at the general meeting.

<sup>2</sup> <https://www.planete-energies.com/en/medias/close/life-cycle-oil-and-gas-fields>

Previous press releases:

- April 15, 2020 → [here](#)
- May 6, 2020 → [here](#)

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