TotalEnergies

Building a sustainable multi-energy company

1st IEF | GARP Global Energy Risk Forum - Energy Security and Transitions in the New Risk Environment

Madrid, June 13-14, 2022

Energy is reinventing itself, so are we

Our purpose is to supply to as many people as possible reliable, affordable, clean energy…
…for sustainable and increased returns to our shareholders

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More energy | **Less emissions** | **Always more sustainable** | **Increased returns**




Global trends underpinning evolution of energy markets

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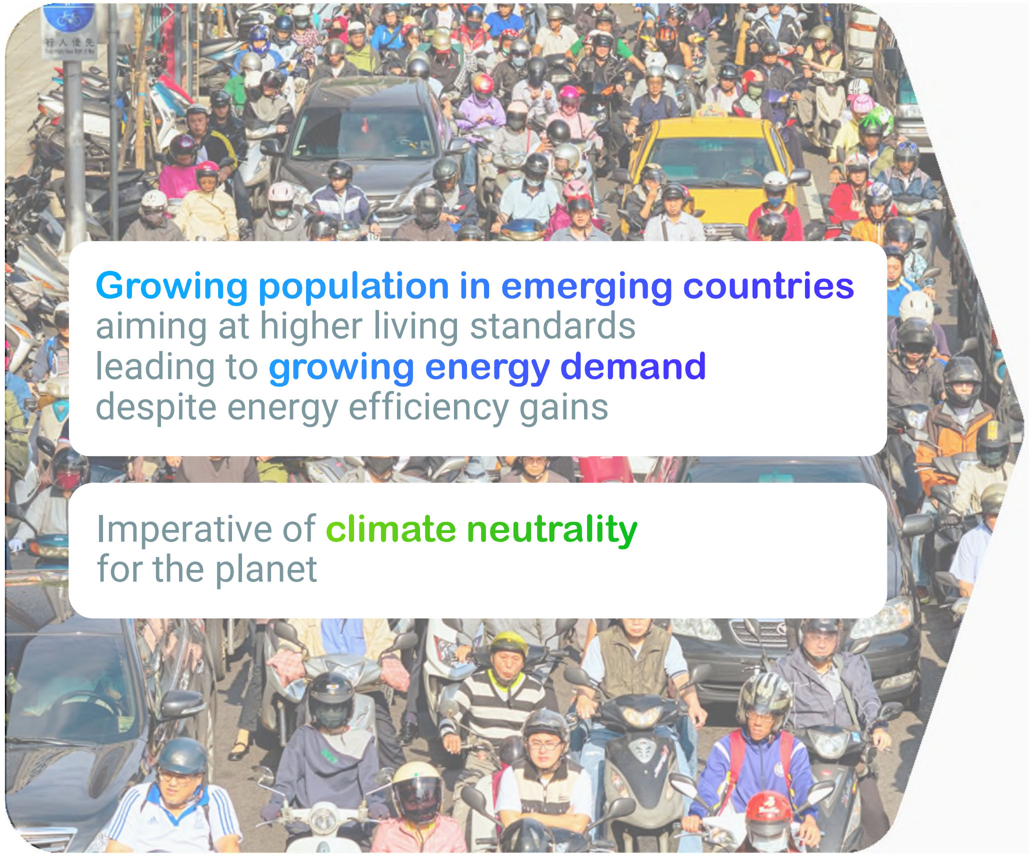

Growing population in emerging countries
aiming at higher living standards
leading to **growing energy demand**
despite energy efficiency gains

Imperative of **climate neutrality**
for the planet

Oil

- → Acceleration of innovation to substitute oil use
- → Oil demand plateau then decline from 2030+ with impact on long-term prices

Natural gas, transition fuel

- → LNG driving growth

New molecules

- → Biofuels, biogas, hydrogen, e-fuels

Electricity

- → Growing demand further increased by Net Zero policies
- → Renewables will decarbonize power generation

Carbon sinks

- → Required to achieve Net Zero

Acting for sustainability

Integrating SDGs into our strategy, projects and operations

Committed to a just energy transition

SUSTAINABLE AND AFFORDABLE ENERGY

Leading the transformation of the energy model to combat climate change and meet energy needs

PEOPLE WELL-BEING

Being a reference as an employer and a responsible operator

ENVIRONMENTAL EXCELLENCE

Being exemplary in terms of environmental management and use of the planet's natural resources

SHARED PROSPERITY

Creating value for society and shared prosperity for communities in host regions

Widely recognized ESG leader

Highest ESG scores among IOC Peers and competitive with Utilities

	CDP Climate	MSCI ESG	ISS ESG	Sustainalytics	S&P ESG	Refinitiv	Bloomberg Transition Score
IOC **Peer*** Rank	1^{st} ex.	2^{nd} ex.	1^{st} ex.	3^{rd}	1^{st}	1^{st}	1^{st}
TotalEnergies **score**	A-	A	B-	27.3	72/100	90/100	8.4/10
Utilities average score**	A-	AA	C+	26.8	81/100	75/100	N/A

Transparency in ESG reporting through TCFD, CDP, SASB, WEF, GRI and WDI frameworks

**Peers: Shell, BP, ExxonMobil, Chevron, Equinor, Eni, Repsol ; ** Nextera, Enel, Iberdrola, Engie, RWE. As of September 13, 2021*

Advocacy aligned with our climate ambition

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Aligning associations

Ensuring alignment of professional associations with our climate ambition

In 2021 ⊕ New

→ Withdrawal from API

→ Publication of our memberships

→ Publication of our advocacy efforts in favor of climate issues

Annual review with assessment of the 6 principles from our advocacy internal directive and publication of the results

1. TotalEnergies recognizes the link established by science between human activities and climate change.
2. TotalEnergies recognizes the Paris Agreement.
3. TotalEnergies supports the implementation of carbon pricing.
4. TotalEnergies supports the development of renewable energies and sustainable bioenergies (biofuels, biogas) as well as energies and technologies aimed at decarbonizing industrial processes and transport.
5. TotalEnergies promotes the role of natural gas as "transition fuel", in particular as a replacement for coal. TotalEnergies supports policies aimed at measuring and reducing methane emissions.
6. TotalEnergies supports the carbon offset mechanisms necessary to achieve carbon neutrality, through organized and certified markets ensuring the quality of carbon credits.

Transition Pathway Initiative

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Transition Pathway Initiative assessed in November 2021 TotalEnergies "as one of three O&G firms that have set emissions reduction targets that are ambitious enough to reach net zero by 2050 and to align with TPI's 1.5°C benchmark."

TPI is supported globally by 120 investors with more than 40 Tn$ combined asset under management and advice

Reference for Climate Action 100+ benchmark

Advancing on our emission targets by 2030

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			2020*	2021*	2030
Net Zero worldwide on operated activities	Scope 1+2 emissions	Mt CO_2	41.5	37	> -40%
		vs 2015	-9%	-20%	
	Methane emissions	kt CH_4	64	49	-80% New
		vs 2020		-23%	
	Routine flaring	Mm^3/d	0.6	0.7	0
Net Zero worldwide for indirect emissions[1]	Scope 3 worldwide emissions	Mt CO_2	400	400	< 400
	Scope 3 worldwide Oil New	Mt CO_2	320	285	> -30% New
		vs 2015	-9%	-19%	
	Scope 1+2+3 emissions in Europe	Mt CO_2	239	241	> -30%
		vs 2015	-14%	-14%	
	Lifecycle carbon intensity[2] Scope 1+2+3	100 in 2015	-8%	-10%	> -20%

Less emissions

[1] Related to the use by our customers of energy products
[2] Average carbon intensity of energy products used by our customers worldwide
* Excluding Covid impact

Lack of common reporting standard

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- **Climate Action 100+:** investor initiative launched at the end of 2017, with around 25% of TTE's shareholders being members
  - Developed in 2020 a "Net Zero Benchmark" on 10 criteria
    - 166 companies analysed
    - 69% have a Net Zero 2050 ambition
    - 17% have an intermediate target of 1.5°C
    - 42% include their Scope 3 in their Net Zero ambition
    - 5% have their CAPEX aligned with their long-term emissions reduction strategy
    - 17% have a robust and quantified strategy for achieving reduction targets

- **SBTi: standards** allowing companies to define GHG reduction targets and long-term neutrality objectives
  - O&G sector methodology put on standby, announcement in March of resumption of work (without industry experts)
  - New policy (March 2022): no SBTi commitments until method developed for the O&G sector

- **SEC:** publication in March of a proposal for new "Climate related disclosures" rules (open for consultation 20 May)
  - Reporting: emissions, governance, climate change risk management (including physical), transition targets and ambitions and scenario analysis

Increase in initiatives to codify extra-financial reporting (e.g. ISSB) – need for some convergence

Investments in Upstream Oil & Gas vs. Power

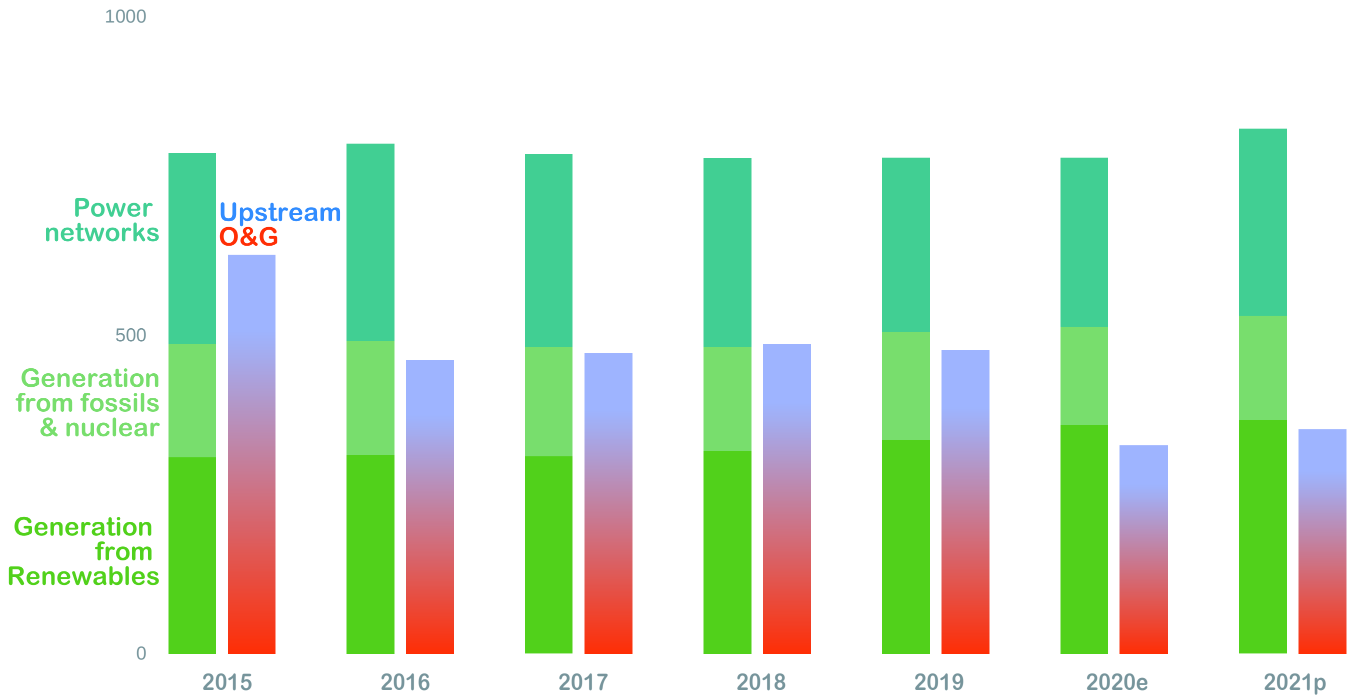
Significantly less investments in Oil & Gas than in power in the last few years

→ A few key facts:

- In 2021, for the 6th year in a row, Power Capex > Oil & Gas Capex
- Since 2014, Upstream Oil & Gas divided by 2
- Since 2016, Power Generation Capex > Upstream Oil & Gas Capex (2018 excluded)
- In 2020 and 2021, Renewable Generation Capex > Upstream Oil & Gas Capex

Investments in Upstream Oil & Gas and Power

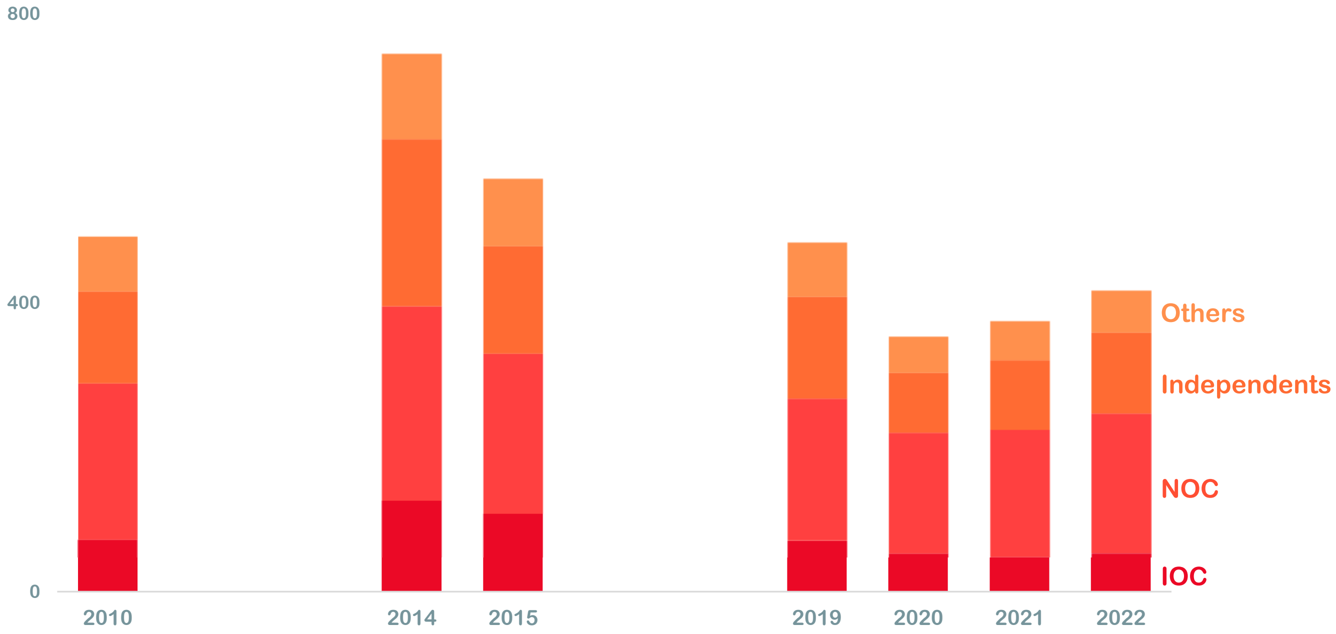
G$2019, IEA data



Upstream Oil & Gas Capex

Upstream Oil & Gas Capex

G$, excluded Exploration, Rystad data



Upstream Oil & Gas Capex divided by 2 since 2014 peak

→ Massive decrease following 2014 oil crisis, with only slow recovery after Covid:

- IOCs and Independents main contributors to the 2014-2020 decline
- Only NOC Capex have come back to pre-Covid levels by 2022, IOCs and Independents still lagging

→ No visible upward trend in Upstream Capex, underinvestment threats are more and more striking

Gas as a transition fuel

Where coal-to-gas switching happens, emissions decrease

In the last decade **coal-to-gas switch** has been **instrumental** in **rapidly reducing CO2 emissions** in the US & UK power sectors

- Coal-to-gas switch has already allowed >2 GtCO2 cumulative abatement since 2010 and about 200 MtCO2 in the UK since 2012

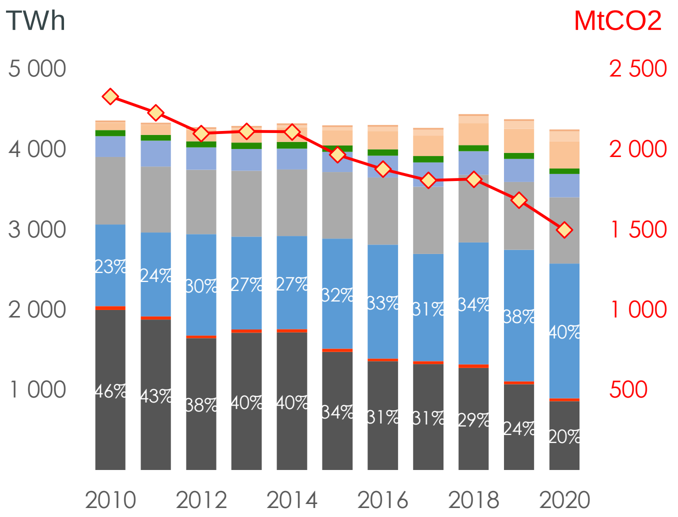
Switching all coal plants to gas overnight would **put the world on a 2°C trajectory**

- ~5 GtCO2 immediate gain worldwide, representing the amount of CO2 emissions abatement needed every 5-years globally to be on an SDS pathway

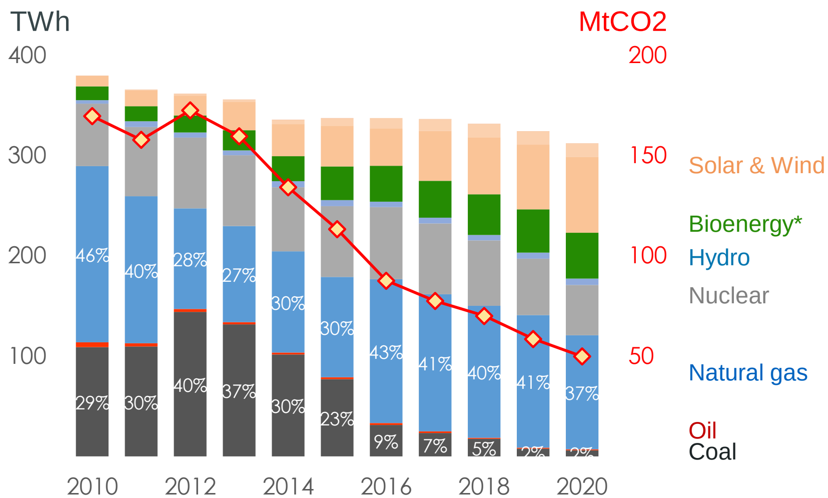
Other abatement options are being developed but will **not be affordably available** in the **short/medium-term**

- "Right now, we don't have enough technology to decarbonize in a fair, just way" (L. Fink)
- "Natural gas could be a bridge fuel" (J. Kerry)

US Power generation mix & related CO2 emissions (RHS)



UK Power generation mix & related CO2 emissions (RHS)



Source : TTE Analysis on Enerdata and IEA data

The Lake Albert project in Uganda and Tanzania

Sustainable development at the heart of our projects

Sustainable energy and climate

Low cost and low emissions oil projects under way

Tilenga and Kingfisher oil resources: **230 kb/d**

Capex+Opex **< 20$/boe**

GHG emissions **13 $kgCO_{2eq}$/boe***

MoU signed for the development of **1 GW of renewable energy**

* at plateau

People well-being

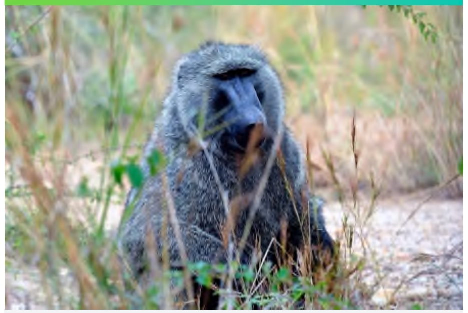
Applying best standards for land acquisition

Compliant with **IFC Performance Standards**

Continuous engagement with local stakeholders and NGOs: 70,000 people consulted; 20,000 consultation meetings held

Grievance mechanism in place

Care for the environment



Biodiversity: commitment to be net positive

Reducing human pressure on Murchison Falls Park through enhanced protection

Protecting the integrity and connectivity of **savannah corridors**

Conserving and restoring **forests and forest connectivity**, as well as **wetlands and riparian vegetation**

Shared prosperity w/ our stakeholders

Creating significant in-country value

Construction: **11,000 direct and 47,000 indirect jobs**; 1.7 B$ spent with local contractors

Operations: **900 direct and 2,400 indirect jobs**; 100 M$/y spent with local contractors

2.1 million hours of training

Reconciling Sustainability and new Oil development, contributing to energy security

Thank you

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