

PRESS RELEASE

Notre Affaire à Tous and Sherpa request the French Financial Markets Authority to scrutinize the accuracy of financial data released by Total on the matter of climate-related risks.



This Thursday, the 28th of May 2020, Notre Affaire à Tous and Sherpa filed a report before the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) to allege potential contradictions, inaccuracies and omissions reported by Total in its financial files and recent public communications addressing climate-related risks. These associations consider that the French oil company bases its financial communication on uncertain hypothesis which do not sufficiently and safely illustrate the financial risks linked to its dependence on a hydrocarbon-based business model, nor the risks of a possibly significant depreciation of its assets. The regulation authority will therefore have the opportunity to check the sincerity of the financial data revealed by Total in terms of climate-related risks.

On the 28th of January 2020, Total was [sued](#) by our organizations and a dozen regional and local authorities on the basis of the French Duty of Vigilance Law and Article 1252 of the French Civil Code. The company's failing energy transition cannot tackle global warming and thereby contributes to serious and irreversible damage to our fundamental rights.

In addition to environmental and social damages, climate change also implies important financial risks for companies, in particular for those involved in the fossil fuels sector. In order to comply with the Paris Agreement, significant decrease in oil and gas production are deemed to be necessary worldwide, according to the different reports by the Intergovernmental Panel on Climate Change (IPCC) and by the International Energy Agency (IEA).

In this regard, the organization *Carbon Tracker Initiative* (CTI) estimates that 20 to 70% of investments made by Total are incompatible with a scenario aimed at limiting the global average temperature under 2 °C. Such a financial risk now causes great worry among some of the company's shareholders. On the 15th of April 2020, a group of eleven investors have issued a climate-related shareholders' resolution, emphasizing the *"concern over the risks of stranded assets faced by Total, as the business' value and economic model strongly rely on fossil fuel stocks exploited and handled by the company"*. On these terms, in 2018, 95% of investments made by the Group were aimed towards the hydrocarbon sector. In 2030, only 20% of investments are projected to finance low-carbon electricity.

According to Notre Affaire à Tous: *"The fall of oil prices linked to Covid-19 reveals in broad daylight how dangerous it is to keep depending on hydrocarbons and how it is leading the company to the brink of financial collapse. An important loss of earnings is to be expected on a short-term, and because of the decarbonization of the transports sector, it is likely that oil prices could never go back to what they once were. The company could therefore not generate sufficient revenue to achieve its own transformation. However, this risk is not detailed in any public document."*

In particular, our organizations emphasize the following aspects:

- Total relies on excessively optimistic projections on oil prices in order to justify a limited risk of depreciation of its oil assets.
- Total does not disclose any information relating to the coherence of its investments with decarbonization scenarii, like the ones elaborated by the Carbon Tracker Initiative.
- Recent announcements made by Total indicating the company's supposed ambition *"of complying with the objectives of the Paris Agreement"* are contested by multiple analysts and are therefore likely to mislead investors, as they are not adequate to tackle the risk of stranded assets.
- Ultimately, we question the prospects of paying dividends in a world where the price per barrel is much lower than the objectives announced by Total and when a significant part of oil companies have already decided to reduce their distribution of dividends.

According to Sherpa, *"Total's business model is undoubtedly exposed to policies fighting against current and future climate change. The company must now be transparent as to the reality of its strategy and the risks it now represents for its investors. In particular, it is up to the AMF, which recently strengthened its control of climate change-induced financial risks, to verify the accuracy of this information and, in case of dishonesty, to sanction the company"*.

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