

## The EU Platform on Sustainable Finance EU taxonomy survey

Survey Link: <https://forms.office.com/e/XM3yf50qSZ>

Deadline August 30<sup>th</sup> 2024

1. What is the name of your organization?

TotalEnergies

2. Which is the size/life stage (1) of your company?

(1) Reference to formal EU Taxonomy Classification/ NACE codes

Large listed group

3. Which sector (2) does your company belong to?

(2) Reference to formal EU Taxonomy Classification/ NACE codes

Energy

4. Which country is your company headquartered in? In which other countries within and outside the EU is your company active?

5. Are there activities which are not yet covered by the EU Taxonomy and which you consider correspond to its objectives?

Yes

6. If YES, in which % on total economic activities?

Minor part of the CapEx at this stage, but not a minor part of the revenues (supply of electricity).

7. Have you used the Stakeholder Request Mechanism to proactively propose a new activity?

Yes

No

8. If YES, please elaborate

The two following new activities have been proposed through the Stakeholder Request Mechanism.

Carbon capture and storage (CCS)

Carbon capture and storage is a process in which a relatively pure stream of carbon dioxide (CO<sub>2</sub>) from industrial sources is separated, treated and transported to a long-term storage location. CCS is one of the necessary levers of combating climate change. However, the taxonomy regulation currently covers transport and storage of CO<sub>2</sub> but capture activities are only covered through a limited list of other eligible activities (including 4.29. Electricity generation from fossil gaseous fuels, 3.7. Manufacture of cement or 3.9. Manufacture of iron and steel). Therefore, it is not clear whether investments in carbon capture equipment by any other eligible and non-eligible activities can be reported as an eligible or aligned CapEx.

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## Supply of electricity

The whole value chain of electricity is key for the energy transition. However, electricity marketing activities are currently not eligible under the taxonomy regulation. Marketing activities are substantially contributing to the climate objectives:

- by selling and promoting decarbonized energy to residential and commercial customers, including renewables and nuclear electricity,
- by encouraging customers to save energy, through the development of new offers and the broadcasting of alarms regarding voltage on the electricity grid
- by actions linked to load offset/load compensation - flexibility to optimize energy management and make the most of capacity

9. In your perspective, which is the value-added of the Opex KPI compared to the other KPIs?

In our perspective, and based on the dialogue with our investors, the value-added of the Opex KPI is limited for different reasons.

First of all, the usage of this KPI by the investors and other stakeholders, seems to be limited:

- OpEx are not considered in the calculation of the Green Assets Ratios and have therefore no impact for the investors and their clients.
- In our understanding, the initial objective of the Opex was a *forward looking* KPI as it was intended to complete the CapEx KPI with non-capitalizable expenses. We understand that it is eventually not used as its initial objective and now viewed by the platform as a *backward looking* KPI such as Revenues which illustrates its lack of interests.

In addition, the usability of the KPI is also questionable:

- The definition is still open for interpretation and therefore reduces the comparability of the KPI between the issuers.
- Given the narrow definition, Opex are not reconcilable to the financial statement (as for Turnover and Capex KPI)

10. Are activities falling under the Opex KPI sufficiently clear and applicable to your business?

Yes

No

11. If NO, please elaborate

Several stakeholder still have different approach and interpretation despite the published FAS. We acknowledge that it is quite challenging to propose a clear definition that would be applicable to every sector and usable by every issuer in a comparable way. This confirms that Opex is not a suitable KPI for Taxonomy reporting purposes.

12. Which % of your company Opex are Taxonomy-eligible? Which % of your company Opex are Taxonomy-aligned? If there is a gap between the two percentages, how can that gap be explained?

- 2023 Opex KPI aligned: 8.6%
- 2023 Opex KPI eligible: 15.4%

Gap between aligned and eligible Opex is mostly related to non-aligned plastic production and non-aligned basic chemicals productions.

13. Is the current Opex calculation methodology clear and easily implementable?

Yes

No

14. If NO, how could the Opex KPI calculation methodology be simplified?

We consider that the calculation methodology could not be improved in order to satisfy every sector. Given the lack of usefulness and usability of the Opex KPI, we think it should be fully removed in the disclosures requirements.

15. Is the current list of Opex considered by the Taxonomy relatable to the list in use by your company in financial reporting?

Yes

No.

16. If NO, please elaborate

We had to create new reporting to match the Taxonomy's definition of Opex.

17. Which alternative metric, if any, does your company see as more relevant to sustainable economic activities KPIs voluntary disclosures (e.g. EBITDA) and why?

Any KPI related to the economic performance of the eligible activities, such as EBITDA, does not pursue any EU Taxonomy objectives and should therefore remain voluntary.

18. Are current mandatory disclosure templates adequate?

No

19. How could existing templates be improved or simplified?

The specific templates for the activities related to natural gas and nuclear energy are adding no relevant information to the main templates and have therefore no usability at all for the users.

20. Do you see other ways to lighten reporting burden?

EU taxonomy regulation should clearly include a concept of materiality. Significant analysis and efforts are incurred for small eligible activities, with a very limited impact on Group's KPI. These efforts could be easily avoided only this inclusion of a materiality concept. The lack of materiality is also quite challenging for the external auditors, in order to define their scope and detailed tests.

21. Do you see criticalities or concerns around the assurance processes on disclosed KPIs?

**Yes**

No

22. If YES, please elaborate

Opex definition and calculation methodology is a critical challenge for the auditors as it is not directly reconcilable to the software systems. In addition, the absence of materiality highly complicates their mandatory review. As a comparison, the audit of CSRD and financial statements are both based on a specified materiality concept which is the main basis for the definition of their works. Such issues increase the cost of the assurance process and weaken the legitimacy of the auditor's report.