

More Energy, Less Emissions

Sustainability & Climate
2023 Progress Report



English version
March 2023

Sustainab'ALL

TOTALENERGIES' AMBITION IN SUPPORT OF SUSTAINABLE DEVELOPMENT

TotalEnergies' ambition to be a major player in the energy transition, on the road to net zero by 2050, together with society, will require the mobilization of our 100,000 employees. More than 27,000 TotalEnergies employees took part in workshops during 2022, to develop ten objectives and indicators aligned with the United Nations Sustainable Development Goals (SDGs). In 2023, every TotalEnergies site, business unit and affiliate worldwide will adopt an action plan with targets to be met by 2025. Each plan is based on actions that are directly related to the entity's local operations in the field. These plans form our Sustainab'ALL program, in which TotalEnergies sets out its material contribution to sustainability.

10 KPIs COVERING THE PERIOD 2023-2025 IN SUPPORT OF OUR TRANSFORMATION

OUR KPIs	OUR CONTRIBUTION TO SDGs
TotalEnergies, becoming a global player in Sustainable Energy	
1 Low-carbon energy produced, or low-carbon energy sold (in energy unit)	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
2 Energy consumption (in energy unit) and low-carbon energy consumption (in energy unit)	7 AFFORDABLE AND CLEAN ENERGY, 11 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
3 Number of suppliers with local sales over \$10,000 with a climate commitment, i.e. having a plan with climate goals (in number and in % of total number of suppliers)	13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
4 Number of innovative solutions that help us use less and better energy, or produce and sell more low-carbon energy	7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 13 CLIMATE ACTION
Thanks to our commitment to a just transition for our people	
5 The level of employee engagement measured once a year via TotalEnergies' engagement index	8 DECENT WORK AND ECONOMIC GROWTH, 3 GOOD HEALTH AND WELL-BEING
6 Number of hours of training per employee per year	8 DECENT WORK AND ECONOMIC GROWTH, 4 QUALITY EDUCATION
7 Share of women among NP14+ (in %) and share of international staff among NP15+ (in %)	8 DECENT WORK AND ECONOMIC GROWTH, 5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
TotalEnergies saves natural resources	
8 Sum of weight of recycled waste and recycled feedstock (in tons)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 6 CLEAN WATER AND SANITATION
9 Number of biodiversity plans being deployed	14 LIFE BELOW WATER, 15 LIFE ON LAND
TotalEnergies creates shared value	
10 Share of spending with local stakeholders as a % of total spending = local wages + local spend + societal spend/opex + capex (in %)	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 10 REDUCED INEQUALITIES

TotalEnergies has been a member of the UN Global Compact since 2016 and supports the United Nations Sustainable Development Goals. Each year we issue a special report¹ that details our progress in fulfilling the SDGs. That report supplements the Company's other voluntary reporting initiatives, including our GRI report² and the Global Compact Communication on Progress³.

1. https://totalenergies.com/sites/g/files/nytnzq121/files/documents/2022-11/SDG_Report_2021-2022.pdf 2. <https://totalenergies.com/sustainability/reports-and-indicators/reporting-standards/gri> 3. <https://cop.unglobalcompact.org/view/8462>



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OUR 4 AXES OF SUSTAINABLE DEVELOPMENT





More Energy, Less Emissions

PATRICK POUYANNÉ, MESSAGE FROM THE CHAIRMAN AND CEO

The year 2022 was a year of upheaval that will not soon be forgotten. War returned to Europe, sowing unacceptable horror in its path.

Among the multiple international impacts of this war started by Russia, this conflict has clearly revealed just how crucial energy is as a resource and how much the energy markets are making countries interdependent. The stakes of supply security and energy prices have become just as important as the urgent need to decarbonize energy.

In this environment, TotalEnergies did all it could to contribute to Europe's energy security

and continue to serve its customers around the world.

The Company was able to do this because of its proactive, years-long strategy to develop an integrated LNG portfolio.

In 2022, TotalEnergies further accelerated its **LNG strategy** in response to Europe's supply challenges. This involved diversifying supply sources, notably from the United States; bringing new regasification capacity on stream in Germany and France with floating storage and regasification units (FSRUs); investing in new production capacity, for example in Qatar, to prepare the future; all while using

technologies that make it possible to achieve ever larger reductions in CO₂ and methane emissions. Indeed, in electricity generation, natural gas offers the great advantage of emitting only half as much CO₂ as coal, an energy on which many countries are still too dependent. At the same time, we have continued to reduce our methane emissions while taking action to encourage the entire oil and gas industry to aim for zero methane emissions by 2030.

From a broader perspective, 2022 made it more obvious than ever that the world still

needs the energies available today, of which fossil energies account for more than 80%. For this reason, **we will continue to invest in new oil projects**. Not to grow, but simply to meet still expanding global demand, notably in developing countries. And also to anticipate the natural decline in our current fields' output (4% per year) to ensure that our customers continue to have reliable access to energy at an affordable cost.

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The immediate focus must be on building the energy system of tomorrow while continuing to supply the energy the world needs today.”

Today's world also has a growing need for renewable electricity and new low-carbon energies to address the climate challenge. Events in 2022, among them heat waves, agricultural drought, melting glaciers and more frequent and intense hurricanes, reminded us that urgent action must be taken to decarbonize our economies. The

immediate focus must be on building the energy system of tomorrow while continuing to supply the energy the world needs today.

This is why TotalEnergies chose to invest massively: close to **\$4 billion** in 2022, or a quarter of our total capital expenditure, in **electricity and low-carbon molecules**, thereby lifting our gross production capacity for renewable electricity to 17 gigawatts, the equivalent of

6-7 nuclear reactors. **In 2023, we will invest around \$5 billion** in low-carbon energies – more than our investments in new gas and oil projects – to move forward even faster.

We are resolutely building the future today, by leveraging our strengths. Our 2022 results show that we have made the right strategic choices. These include continuing to provide oil competitively as long as there is demand, developing in LNG (a segment in which we generated \$10 billion operating cash flow) and investing profitably in electricity markets (we posted income of \$1 billion for the first time in our history). In 2022, TotalEnergies recorded the highest growth in net cash flow per share and achieved the highest return on capital employed among its peers. These 2022 results prove that we can combine the strongest profitability of all the majors with the highest multi-energy investments among the majors to support and accelerate the transition.

Beyond these financial results, we are proud of the tangible progress in our low-carbon energy projects. We will meet our worldwide gross installed capacity goal for renewable electricity in 2025 and are already working on projects to achieve our objective of 100 GW by 2030.

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OUR STRATEGY WAS CONFIRMED AND STRENGTHENED IN 2022

In 2023, we will be even more aggressive in reducing our **Scope 1 & 2 emissions** with a new target in absolute value of **38 Mt CO₂e by 2025**. That's two million tons lower than our previous target, while including our power activities that did not exist in 2015. This is possible thanks to the active involvement of all the Company's teams in a \$1 billion program devoted to energy efficiency in 2023-2024. Fewer emissions, and lower energy costs as well.

We are also strengthening our objective for reducing **Scope 3 emissions from our oil activities** from -30% to -40% by 2030 in relation to 2015, and **-30% by 2025**. In addition, our objective for lowering the **carbon intensity** of the energy mix sold to our customers has been strengthened from -20% to -25% by 2030 in relation to 2015, and **-15% by 2025**.

We are committed to ensuring that our businesses and projects create value and positive change. We are working towards that goal, in accordance with our Code of Conduct, in our interactions with all of our stakeholders: employees, customers and partners, host countries, local communities in our core territories, civil society, suppliers and shareholders.

Our progress report is designed to describe, transparently, the implementation of our ambition to get to net zero by 2050, together with society, and the tangible advances made every day in deploying initiatives to promote a sustainable transition. It responds to the controversies we encounter with solid proof of our transformation.

We cannot carry out this transformation alone, without the commitment of all our stakeholders. Our investments in the production and distribution of low-carbon energies will only make a difference if we all decide to change the way we use energy. That's the logic behind our approach of openness, discussion and exchange in our everyday interactions with our stakeholders.

We are embarking on a profound transformation that requires all our energies – society and citizens included.

Every step counts on the road to the energy transition. Let's take that road together. ■

Patrick Pouyanné



Delivering on Commitments

MESSAGE FROM MARIE-CHRISTINE COISNE-ROQUETTE,
LEAD INDEPENDENT DIRECTOR AND CHAIRWOMAN OF
THE GOVERNANCE & ETHICS COMMITTEE.

TotalEnergies is solidly committed to making the transition to low carbon energy while continuing to supply the energy our customers need.

The 2022 invasion of Ukraine by Russia, which is the world's second largest producer of oil and natural gas, sparked a human crisis at the heart of Europe as well as a global energy crisis that has affected every economy in the world, from homes to businesses. In view of evolving sanctions, the Board of Directors was mobilized throughout 2022 to support the actions to be taken by the Company in line with European governments and with our values and strategy, in order in particular to help secure Europe's energy supply.

This crisis demonstrated our resilience and our steadfast ambition to transform into a multi-energy company, able to respond to the energy needs of today while preparing the

decarbonized energy system of tomorrow.

In 2023, for the third consecutive year and keeping up with our commitment, the Board invites our shareholders to express themselves on the progress made in 2022, in the light of our objectives and our implementation of the Company's strategy. With additional financial resources, TotalEnergies is, moreover, accelerating its ambition for sustainability and the energy transition toward carbon neutrality.

This report is a live testimony on the Company's actions, undertaken in contribution to a transparent dialogue with shareholders and many other stakeholders.

Every project submitted to the Board is examined from a financial perspective as well as an extra-financial perspective that includes the climate and CO₂ emissions. Large-scale operational projects are carefully reviewed for their impact on people and the environment,

as was the case for the Company's project in Uganda.

To support our global transformation, the Board of Directors is strengthening our ranks

by asking shareholders to approve the appointment of two new directors who will provide specific expertise in our growth drivers in electricity and renewables, as well as in today's energies, and further diversify the Board's international profile.

“ This crisis demonstrated our resilience and our steadfast ambition to transform into a multi-energy company.”

We are proud to state that we are leading the field in our industry in the transformation toward a multi-energy model. ■

Governance



To define its strategy and take into account the challenges posed by climate change, TotalEnergies relies on a clearly defined organizational structure and governance. Climate issues are addressed at the highest levels of the organization, by both the Board of Directors and the Executive Committee.

Board of Directors

TotalEnergies' Board of Directors is dedicated to promoting long-term value creation. It defines the Company's strategic objectives and annually reviews opportunities and risks, such as financial, legal, operational, social and environmental risks, and the measures taken in response. It ensures that both the

Company's strategy and the investment projects submitted for its consideration take account of climate concerns. To aid the Board in carrying out its duties, a continuous training program on climate was approved for the Directors in 2021. It includes a variety of modules on the following topics: energy, climate change and environmental risks, financial risks and opportunities. In 2022 the Directors took part in the Climate Fresk, a creative and collaborative scientific workshop designed to raise climate change awareness.

Strategy & CSR Committee

During their annual seminar in 2022, the members of the Strategy & CSR Committee

met Larry Fink, Chairman & Chief Executive Officer of Blackrock, in addition to concrete work sessions on areas such as new energies for transport by 2030 (road, sea and air).

Compensation Committee

For the past several years, the Board of Directors has also incorporated climate issues into corporate pay structures (see *infographic*).

The Audit Committee annually reviews the consolidated statement of non-financial performance, which includes information from the Company's climate and environmental reporting, the compliance and fairness of which is subject to a limited assurance review by an independent third party.

SPECIALIZED COMMITTEES FOR ADDRESSING OUR STRATEGIC PRIORITIES

9 meetings of the Board of Directors
98.4% attendance rate

1 executive session chaired by the Lead Independent Director

7 meetings of the Audit Committee
100% attendance rate

4 meetings of the Governance & Ethics Committee
94.4% attendance rate

3 meetings of the Compensation Committee
100% attendance rate

4 meetings of the Strategy & CSR Committee
100% attendance rate

The Executive Committee

The Chairman & Chief Executive Officer of TotalEnergies, assisted by the Executive Committee, ensures that climate issues are taken into account and built into operational roadmaps. The Executive Committee is responsible for identifying and analyzing risks that could prevent TotalEnergies from reaching its objectives.

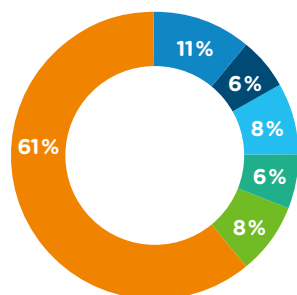
The TotalEnergies Risk Management Committee (TRMC) assists the Executive Committee. The TRMC's primary duties are to ensure that the Company's risk mapping is updated on a regular basis and that its existing risk management processes, procedures and systems are effective (see p. 17).

The Strategy & Sustainability Division coordinates the Company's activities through the entities in charge of strategy and markets analysis, sustainability and climate, and safety, health and environment, relations with public authorities and civil society, and internal audit. Its president also chairs the Risk Committee (CoRisk), which is in charge of the Company's investments.

The Finance General Directorate ensures an ongoing dialogue with investors, analysts and non-financial rating agencies on climate challenges and Environmental, Social and Governance (ESG) issues more broadly. In all, more than 250 ESG meetings were held in France and worldwide in 2022. ■

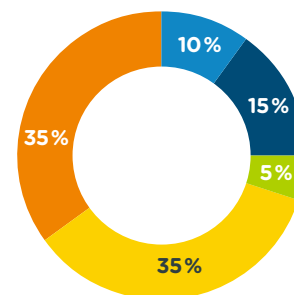
VARIABLE COMPENSATION ALIGNED WITH THE COMPANY'S STRATEGIC OBJECTIVES

Chairman & CEO
criteria account for 39%



- Safety performance¹
- GHG reduction¹
- Supervision of the transformation strategy¹
- Profitability of renewables¹
- CSR performance¹
- Financial performance¹

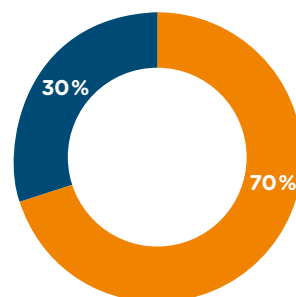
Senior Executives:
criteria account for 30%



- Safety
- GHG reduction
- Diversity - New in 2022
- Individual performance²
- Financial performance

PERFORMANCE SHARE RECIPIENTS

From the Chairman and CEO to all beneficiary employees³:
criteria account for 30%



- Financial performance
- GHG reduction

1. Maximum percentage. 2. According to the role. 3. More than 12,000 employees.

COMMITMENT

TOTALENERGIES' RESPONSIBLE AND GRADUAL WITHDRAWAL FROM OPERATIONS IN RUSSIA

In the wake of Russia's military aggression against Ukraine, TotalEnergies SE set out its principles of conduct in March 2022: ensuring strict compliance with EU sanctions, regardless of the impact on the management of its Russian assets; providing no further capital for the development of projects in Russia; taking no action that would subvert the goal of the sanctions by transferring value to Russian interests; helping to secure Europe's energy supply; and not entering into new contracts or renewals for the purchase of Russian oil or petroleum products, in order to discontinue all purchases by the end of 2022. In accordance with these principles, TotalEnergies has continued to supply Europe with LNG from its Yamal LNG plant under long-term contracts, and has sold several assets that were not contributing to this supply, including its minority interests in the Kharyaga and Termokarstovoye fields.

In December 2022, TotalEnergies decided to withdraw the Company's representatives from Novatek's board, and accordingly ceased to equity account for its stake in Novatek in its accounts. The Company recorded total Russian impairments and provisions of \$14.8 billion in 2022.