



Chairman of the Board

Chief Executive Officer

Mrs Saskia Slomp  
Chief Executive Officer  
European Financial Reporting Advisory Group  
35 Square de Meeûs  
1000 Brussels

Paris, July 28th, 2022

**Subject: TotalEnergies comments on the set of draft ESRS issued by EFRAG for public consultation**

Dear Mrs Slomp,

TotalEnergies SE ("TotalEnergies", "the Company", or "we") appreciates the opportunity to provide comments to the proposed sustainability reporting standards ("the draft ESRS") issued by EFRAG at the request of the European Commission (the "Commission").

TotalEnergies is a global multi-energy company incorporated in France, listed on the Paris, Brussels, London and New York stock exchanges, that produces and markets energies (oil, natural gas, renewables and electricity, biofuels, biogas) present in more than 130 countries with over 100,000 employees. The Company works with a network of over 100,000 direct suppliers of goods and services (Tier1) and invests in all segments of the energy transition, from oil & gas activities to renewable energies with a global portfolio of more than 50 GW in production or in development, with a significant contribution to the European Union ("EU") energy supply security.

TotalEnergies considers transparency as a principle of action to provide a clear picture to investors, regulators and the public at large.

- Since 2016, the Company has voluntarily published on a yearly basis a report dedicated to the integration of Climate into its strategy. TotalEnergies was also among the first companies to support the Task Force on Climate-related Financial Disclosures (TCFD), and actively participates in climate and sustainable development benchmarks (CDP, Climate Action 100+).
- Pursuant to the French regulations, the Company publishes on a yearly basis in its Universal Registration Document (URD, 660 pages), its consolidated statement of Non-Financial Performance (nearly 100 pages) that only discloses material ESG related information. TotalEnergies also supports the World Economic Forum's initiative<sup>1</sup> to propose common ESG metrics for all companies and has reported on the WEF's proposed core metrics since 2020. Furthermore, the Company has disclosed an additional reporting according to the SASB standard, EM-EP Oil & Gas Exploration & Production since 2020.

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<sup>1</sup>"Measuring Stakeholder Capitalism – Towards common metrics and consistent reporting" published in September 2020

- In March 2022, TotalEnergies released a Sustainability & Climate progress report presenting its vision as a Net Zero Company for 2050, together with society, along with the concrete set of actions that will enable the Company to meet its intermediate GHG reduction targets<sup>2</sup>.

TotalEnergies therefore welcomes the EU initiative to harmonize sustainability related disclosure so as to provide relevant, comparable and reliable sustainability information and thus EFRAG's contribution to this endeavor through the issuance of its drafts ESRS for public comments.

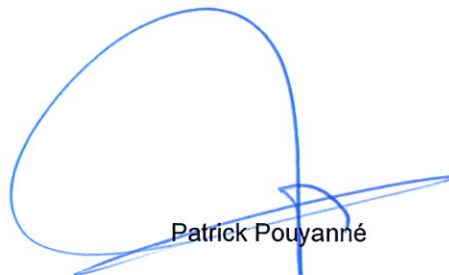
However, the draft ESRS raise from our perspective serious challenges. We are concerned by the breadth, granularity and redundancy of the proposed ESRS disclosure requirements, which may impair issuers' legal certainty. The draft ESRS do not reflect adequately the balance sought by the CSRD between the need to provide useful information for stakeholders and to avoid unnecessary burden for undertakings. Their scope and scale are not aligned with existing or under preparation reporting standards such as ISSB and SEC's proposed standards, which may create substantial distortion in the level playing field with operators running business outside the EU.

In light of these challenges, I invite EFRAG to consider the following comments:

- **ESRS should remain faithful to the mandate given by the CSRD** within the scope of article 29 b of the proposed directive, and refrain from going beyond the Commission delegation by creating substantive obligations on undertakings. For instance, the ESRS should not regulate sustainability due diligence as this will be governed by the EU CSDDD initiative, still under discussion.
- **EFRAG should drop the concept of "rebuttable presumption"**. Such presumption is not mentioned in CSRD and reverses the widely accepted principle that undertakings only report what is deemed material. Its implementation as proposed would considerably increase the reporting burden of preparers without giving relevant insights, and lead to less focused and useful reporting for investors and other stakeholders.
- **EFRAG should seek alignment of ESRS with sustainability reporting standards currently being prepared by the SEC and the ISSB**. Consideration of other reporting/CSR frameworks is critical to avoid duplicating or contradicting reporting obligations on companies operating globally. This is particularly crucial for issuers with multiple stock listings such as TotalEnergies. The importance of consistency between international reporting frameworks was the justification for ISSB's creation of a working group with representatives from a number of jurisdictions looking to establish sustainability-related disclosure standards with a view to ensure collaboration and compatibility between various initiatives. Having a global baseline of sustainability disclosure standards would advance the quality of sustainability-related disclosure worldwide and enable stakeholders to make informed decisions and foster comparability. The ISSB has received support from the International Organization of Securities Commissions, the G7 Finance Ministers and the United Kingdom's government, which announced in 2021 its intention to incorporate the final ISSB standards into the sustainability disclosure requirement of British companies.
- **EFRAG should consider adopting a simplification, prioritization and phasing-in approach**, taking into account the maturity of the different ESG topics covered by the various ESRS. Simplification is needed to preserve the quality of sustainable reporting.

These general comments guide our response to EFRAG's public consultation. We believe that taking them into account is particularly important to achieve the objectives of CSRD and decisively improve the quality of sustainability reporting worldwide, while preserving the competitiveness of European companies and attractiveness of European financial markets.

Sincerely yours,



Patrick Pouyanné

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<sup>2</sup> [https://totalenergies.com/system/files/documents/2022-03/Sustainability\\_Climate\\_2022\\_Progress\\_Report\\_EN\\_0.pdf](https://totalenergies.com/system/files/documents/2022-03/Sustainability_Climate_2022_Progress_Report_EN_0.pdf)