The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

TotalEnergies Exits Russian Gas Firm's Board, Takes $3.7Bln Hit

By AFP

December 09, 2022



Eliot Blondet / ABACAPRESS.COM / TASS

French energy group TotalEnergies said Friday it was withdrawing from the board of Russian gas giant Novatek and taking a $3.7 billion hit in the wake of sanctions against Moscow.

While other Western oil and gas majors have exited Russia following Moscow's invasion of Ukraine, TotalEnergies has come under criticism for maintaining investments in the country.

The French company said in a statement that it cannot sell its stake in the Russian gas firm as "it is forbidden for TotalEnergies to sell any asset to one of Novatek's main shareholders who is under sanctions."

But it said that it had decided to withdraw its two directors from the board "with immediate effect" as they have had to abstain from voting in board meetings, "in particular on financial matters," due to the European sanctions.

The two directors were "no longer in a position to fully carry out their duties on the board which might become an issue for the governance of this company," the French firm said.

TotalEnergies added that it will no longer account for its 19.4 percent stake in Novatek, leading to a $3.7 billion write-down in its fourth quarter accounts.

The company has now booked a total of $14.4 billion in impairments related to Russia this year.

TotalEnergies is a minority shareholder in other Russian ventures, including the massive Yamal LNG gas field in Siberia and the Arctic LNG 2 project.

The company said in the statement that it had gradually started to withdraw from its Russian assets while ensuring that it continues to supply gas to Europe.

"Although the decision is late, the move away from Novatek should be welcomed," said Edina Ifticene, who oversees the fossil fuels campaign at environmental group Greenpeace France.

"But it is not enough to make TotalEnergies a responsible company, as long as it keeps a foothold in Russia and continues to fuel the climate crisis," Ifticene said.

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