

## TotalEnergies SE

### Publication of the components of the compensation of executive directors in accordance with the AFEP-MEDEF Corporate Governance Code of Listed Corporations

#### **1. Chairman and Chief Executive Officer's compensation for fiscal year 2022**

At its meeting on February 7, 2023, the Board of Directors set, on the proposal of the Compensation Committee, the Chairman and Chief Executive Officer's compensation in respect of fiscal year 2022, by applying the principles and criteria set in the compensation policy of the Chairman and Chief Executive Officer for fiscal year 2022 set by the Board of Directors and approved by the Ordinary Shareholders' Meeting on May 25, 2022.

It is composed of a base salary (fixed portion) and a variable portion (paid in 2023).

Mr. Pouyanné's annual fixed compensation in his capacity as Chairman and Chief Executive Officer has been set by the Board of Directors at €1,550,000 (base salary) for the period of January 1 to December 31, 2022.

For the setting of the variable portion of the Chairman and Chief Executive Officer's compensation allocated in respect of fiscal year 2022, the Board of Directors, at its meeting on February 7, 2023, reviewed the level of achievement of the economic parameters based on the quantifiable targets set by the Board of Directors at its meeting on March 16, 2022. The Board of Directors also assessed the Chairman and Chief Executive Officer's personal contribution on the basis of the target criteria also set during its meeting on March 16, 2022, to qualitatively assess his management.

The variable portion for fiscal year 2022 amounts to €2,731,875, corresponding to 176.25% of the base salary.

The payment to the Chairman and Chief Executive Officer of the annual variable component for fiscal year 2022 was conditional upon the approval of the Ordinary Shareholders' Meeting on May 26, 2023, (12th resolution) that approved it with 90.55% of the votes cast.

**Annual variable compensation allocated in respect of fiscal year 2022 (expressed as a percentage of the base salary)**

	% targets +over-performance	% allocated
<b>Summary of the quantifiable targets</b>		
<b>Safety and greenhouse gas (GHG) emissions</b>	<b>30%</b>	<b>26.25%</b>
a) Safety	20%	16,25%
– TRIR	6%	6.00%
– FIR, by comparison <sup>1</sup>	6%	2.25%
– Evolution of the number of Tier 1 + Tier 2 incidents	8%	8.00%
b) Evolution of GHG emissions (Scope 1+2)	10%	10%
<b>Financial parameters</b>		
– Return on equity (RoE)	30%+10% <sup>(1)</sup>	40%
– Gearing ratio (excluding lease commitments)	30%+10% <sup>(1)</sup>	40%
– Pre-dividend organic cash breakeven	30%+10% <sup>(1)</sup>	36.8%
– Return on average capital employed (ROACE), comparative	20%+10% <sup>(1)</sup>	30%
Maximum percentage that may be allocated in respect of financial parameters	<b>110%</b>	<b>110%</b>
<b>Maximum percentage that may be allocated in respect of economic quantifiable parameters</b>	<b>140%</b>	<b>136.25%</b>
<b>Personal contribution (qualitative criteria)</b>		
– Steering of the Corporation’s strategy of moving towards carbon neutrality, in line with the 2020/2030 targets announced to investors in September 2020, in particular increasing energy production focusing on gas and renewable energy/electricity, as well as moving towards a sales mix of 35% oil, 50% gas and 15% electricity	15%	15%
– Profitable growth in renewables and electricity	10%	10%
– Corporate Social Responsibility (CSR) performance, notably the integration of climate issues in the Company’s Strategy, the Company’s reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity	15%	15%
<b>Maximum percentage that may be allocated in respect of the personal contribution</b>	<b>40%</b>	<b>40%</b>
<b>TOTAL</b>	<b>180%</b>	<b>176.25%</b>
(1) 10% for stretch overperformance.		

The results of financial parameters leads to an over-performance resulting in an achievement rate, which has been reduced to 110% by the capping rule in the compensation policy approved by the Shareholders’ Meeting on May 25, 2022.

<sup>1</sup> The Board of Directors decided on February 7, 2023 to revise the FIR criterion by applying retroactively for 2022 the definition of the criterion as proposed in the 2023 compensation policy.

## Safety and Greenhouse gas emissions criteria

The Board of Directors assessed achievement of the targets set for the Safety and Greenhouse gas emissions criteria as follows:

The **safety evolution** was assessed for a maximum of 20% of the base salary through (i) the achievement of the annual TRIR (Total Recordable Incident Rate) target, (ii) the number of accidental deaths per million hours worked, FIR (Fatality Incident Rate) compared to those of the four large competitor oil companies (ExxonMobil, Shell, BP and Chevron), as well as (iii) through change in the Tier 1 + Tier 2 indicator<sup>2</sup>.

Concerning the 2022 fiscal year, the following elements were noted:

- the **TRIR** was 0.67, which is below the target of 0.7. The result of this criterion was thus set at its maximum of 6%;
- the number of **Tier 1 + Tier 2** incidents was 48, which is below the level of 70 allowing to achieve the target. The result of this criterion was set at its maximum of 8%;
- at 0.765, the **FIR** is ranked between the maximum FIR of the panel of majors *i.e.*, 1.74 and the minimum FIR of the panel of majors *i.e.*, 0.44. The result of this criterion would thus have been set at 75% of its maximum of 6% *i.e.*, 4.5%;

However, with the three accidental deaths of subcontractors in 2022, the Board of Directors noted that the Chairman and Chief Executive Officer considered that the achievement rate of the FIR criterion (HSE) did not reflect adequately the number of deaths too high in his opinion in 2022.

On the proposal of the Compensation Committee, the Board of Directors decided at its meeting on February 7, 2023 to revise the FIR criterion as follows and to apply it as from 2022:

- up to 50%: the maximum weighting of this sub-criterion is reached if there is no accidental death and is zero from at least one accidental death,
- up to 50%: the maximum weighting of this sub-criterion is reached if TotalEnergies' FIR is the best of the panel of majors and will be zero if the FIR is the worst of the panel. The weighting of the criterion is calculated based on TotalEnergies' FIR by linear interpolation between these two points of reference

This change leads to an achievement rate of the FIR for 2022 of 2.25% compared to 4.5% with the method initially planned.

The result of the criterion related to the safety evolution was thus set at 16.25%.

For the criterion of the **evolution of the greenhouse gas (GHG) emissions on operated facilities**, the Board noted that the GHG Scope 1+2 emissions from operated facilities amounted to 40 Mt CO<sub>2</sub>e in 2022, which is a level below the target for 2022. The result of this criterion was thus set at its maximum of 10%.

## Financial parameters

- For the **return on equity (ROE) criterion**, the Board noted that the ROE for fiscal year 2022 was 32.5%, *i.e.*, above the 18% target for the over-performance. The result of this criterion was thus set at its maximum, *i.e.*, 40%.
- For the **gearing ratio criterion**, the Board thus noted that the gearing ratio (excluding lease commitments) at year-end 2022 was 7.0%, *i.e.*, above the target of the over-performance (below 15%). The result of this criterion was thus set at its maximum, *i.e.*, 40%.
- For the **pre-dividend organic cash breakeven criterion**, the Board noted that the pre-dividend organic cash breakeven set at \$23,2/b, *i.e.*, at a level resulting in a 6.8% over-performance. The result of this criterion was thus set at 36.8%.
- For the return on average capital employed (ROACE) criterion, by comparison, the Board noted that TotalEnergies' ROACE is 4.8% above the average of the ROACEs of the four peers, *i.e.*, above the target of the over-performance (more than 4%). The result of this criterion was thus set at its maximum, *i.e.*, 30%.

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<sup>2</sup> Tier 1 and Tier 2: indicator of the number of loss of primary containment events, with more or less significant consequences, as defined by the API 754 (for downstream) and IOGP 456 (for upstream) standards. Excluding acts of sabotage and theft.

Considering an extraordinary performance, and as the maximum amount for the abovementioned financial criteria cannot exceed 110% of the base salary, the result of the financial criteria was capped at 110% of the base salary.

### **Personal contribution**

Regarding the personal contribution of the Chairman and Chief Executive Officer, the Board of Directors conducted an evaluation based on the following criteria:

- the steering of the Corporation's strategy of moving towards carbon neutrality, in line with the 2020/2030 targets, in particular increasing energy production focusing on gas and renewable energy/electricity, as well as moving towards a sales mix of 35% oil, 50% gas and 15% electricity, for up to 15%;
- the profitable growth in renewables and electricity, for up to 10%;
- the Corporate Social Responsibility (CSR) performance, including the integration of climate issues in the TotalEnergies strategy, the Company's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity, for up to 15%.

All the set targets being considered as largely met, the personal contribution of the Chairman and Chief Executive Officer was determined at its maximum, *i.e.*, **40%** of the fixed compensation.

The compensation allocated to Mr. Patrick Pouyanné for fiscal year 2022 is thus composed of a fixed compensation of €1,550,000 and of a variable portion of €2,731,875 (paid in 2023), *i.e.* a total of €4,281,875.

In addition, at its meeting on March 16, 2022, the Board of Directors of the Corporation decided, on the proposal of the Compensation Committee, to grant 100,000 performance shares to Mr. Patrick Pouyanné. The grant of these performance shares to the Chairman and Chief Executive Officer is part of a broader plan decided by the Board of Directors on March 16, 2022 for the benefit of more than 11,700 beneficiaries. The final allocation of all the shares is subject to the beneficiary's continued presence during the vesting period and to performance conditions.

Finally, Mr. Patrick Pouyanné was provided with a company car during fiscal year 2022. He also benefits from a supplementary pension plan paid for by the Corporation, as detailed in the Universal Registration Document 2022.

## **2. The Chairman and Chief Executive Officer compensation policy**

The compensation policy of the Chairman and Chief Executive Officer for fiscal year 2023 was set by the Board of Directors, at its meetings on February 7, 2023 and on March 15, 2023, in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code, on the proposal of the Compensation Committee. It was approved by the Shareholders' Meeting on May 26, 2023 (thirteenth resolution) with 92.83% of the votes cast. It is based on the general principles for determining the compensation of executive directors set out below.

### **2.1. General principles for determining the compensation of the executive directors**

The general principles for determining the compensation and other benefits granted to the executive directors of TotalEnergies SE are as follows. They were approved by the Board of Directors and clarified at the Board meeting on March 16, 2022, on two specific points: one concerns the treatment of performance shares granted to the Chairman and Chief Executive Officer in the event of his leaving the Company, and the other concerns the possibility for the Board to approve a compensatory payment in the event of the recruitment of an executive director from outside the Company, where this recruitment results in the loss of deferred benefits (*buy-out award*). These two clarifications were made in order to take into account certain remarks made by the proxy advisors and certain shareholders:

- Compensation as well as benefits for the executive directors are set by the Board of Directors on the proposal of the Compensation Committee. Such compensation must be reasonable and fair in a context of solidarity and motivation within the company. Compensation for the executive directors is based on the market, the work performed, the results obtained and the responsibilities assumed.
- Compensation for the executive directors includes a fixed portion and a variable portion. The fixed portion is reviewed at least every two years.
- The amount of the variable portion is reviewed each year and may not exceed a stated percentage of the fixed portion. Variable compensation is determined based on pre-defined quantifiable and qualitative criteria that are periodically reviewed by the Board of Directors. Quantifiable criteria are limited in number, objective, measurable and adapted to the Company's strategy.
- The variable portion rewards short-term performance and the progress made toward paving the way for medium-term development. It is determined in a manner consistent with the annual performance review of the executive directors and the Company's medium-term strategy.
- The Board of Directors monitors the change in the fixed and variable portions of the executive directors' compensation over several years in light of the Company's performance.
- There is no specific pension plan for the executive directors. They are eligible for retirement benefits and pension plans available to certain employee categories in the Company under conditions determined by the Board.
- In line with the principles for determining the compensation of the executive directors as set out in the AFEP-MEDEF Code which the Corporation uses as a reference, the Board of Directors takes into account the benefit accruing from participation in the pension plans when determining the compensation policy of the executive directors.
- Stock options and performance shares are designed to align the interests of the executive directors with those of the shareholders over the long term.

The grant of options and performance shares to the executive directors is reviewed in light of all the components of compensation of the person in question. No discount is applied when stock options are granted.

The exercise of options and the definitive grant of performance shares to which the executive directors are entitled are subject to conditions of presence in the Company and performance that must be met over several years.

The Board of Directors determines the rules related to holding a portion of the shares resulting from the exercise of options as well as the performance shares definitively granted, which apply to the executive directors until the end of their term of office.

The executive directors cannot be granted stock options or performance shares when they leave office.

In the event of the retirement or a change of position within the Company, the Chairman and Chief Executive Officer upholds all vesting rights in the course of acquisition.

In the event of forced departure, other than for serious or gross misconduct, the Board of Directors may decide that the Chairman and Chief Executive Officer upholds his vesting rights in the course of acquisition on a *pro rata basis* according to the length of time of his presence within the Company.

In the event of resignation or termination of his function for gross negligence or misconduct, all vesting rights in the course of acquisition will be lost in whole.

The upholding of vesting rights in the course of acquisition under the conditions of departure described above is accompanied by the upholding of the performance criteria set for the definitive grant of the shares.

In case of exceptional circumstances, the Board may decide to maintain stock options and performance share grant rights after the executive director left, the decision of the Board of Directors has to be duly motivated and taken in the corporate interest.

- After three years in office, the executive directors are required to hold at least the number of Corporation shares set by the Board.
- The components of compensation of the executive directors are made public after the Board of Directors' meeting at which they are approved.
- The executive directors do not take part in any discussions or deliberations of the corporate bodies regarding items on the agenda of Board of Directors' meetings related to the assessment of their performance or the determination of the components of their compensation.
- When a new executive director is nominated, the Board of Directors decides on his or her compensation as well as benefits, further to a proposal by the Compensation Committee, and in accordance with the above general principles for determining the compensation of the executive directors.

The Board of Directors, on the proposal of the Compensation Committee, may approve a compensation payment in the event of the recruitment of an executive director from outside the Company, where this recruitment results in the loss of deferred benefits (*buy-out award*). The Board will ensure that the amount thus granted does not exceed the loss of these benefits and may make its payment subject to performance conditions. Exceptional compensation or specific benefits when taking office are forbidden, unless the Board of Directors decides otherwise for particular reasons, in the corporate interest and within the limits of the exceptional circumstances.

At its meeting on February 7, 2023, the Board of Directors adopted a clawback policy under which, in the event of a restatement of the financial statements, the Corporation will require, within the framework and limits of applicable law, the recovery within a reasonable period of time of the variable compensation (in cash and/or equity) paid or awarded to the executive officers, or otherwise vested in them, during the three financial years preceding the decision to make such a restatement in the amount of the portion of such compensation that should not have been paid, vested or awarded on the basis of the restated financial statements. A restatement is defined as any accounting restatement that gives rise to an obligation to make restitution in accordance with Section 10D-1 of the Securities Exchange Act of 1934, the New York Stock Exchange standards and the implementing measures issued thereunder.

## **2.2. Compensation policy applicable to the Chairman and Chief Executive Officer for fiscal year 2023**

At its meetings on February 7, 2023 and on March 15, 2023, the Board of Directors, on the proposal of the Compensation Committee, approved the compensation policy applicable to the Chairman and Chief Executive Officer for the 2023 financial year, after ensuring that it was consistent with the external benchmarks that the Compensation Committee had commissioned and after taking into consideration the opinions expressed by the proxy advisors.

### **A) The Chairman and Chief Executive Officer's base salary (fixed compensation) for fiscal year 2023**

In line with the compensation policy voted by the Shareholders' Meeting on May 28, 2021, Mr. Patrick Pouyanné's annual base salary (fixed compensation) in respect of his duties as Chairman and Chief Executive Officer for fiscal year 2023 is set at €1,550,000. Such fixed compensation is unchanged compared to 2022.

### **B) Annual variable compensation due for fiscal year 2023 (expressed as a percentage of the base salary)**

The maximum amount of the variable portion that could be paid to the Chairman and Chief Executive Officer for the fiscal year 2023 is maintained at **180%** of base salary (percentage unchanged compared to the variable portion allocated in respect of fiscal year 2022).

The formula for calculating the variable portion of the Chairman and Chief Executive Officer for fiscal year 2023, which may not exceed 180% of his base salary, includes, as in 2022, quantifiable targets reflecting the Company's performance, up to a maximum of 140% of the fixed portion, and the personal contribution of the Chairman and Chief Executive Officer allowing for qualitative assessment of his management, up to a maximum of 40% of the fixed portion. The total variable portion may thus reach a maximum of 180% of the fixed portion of the Chairman and Chief Executive Officer's compensation.

The economic parameters (quantifiable targets) are based on three themes: Safety for 20%, GHG emissions (Scope 1+2) for 10%, financial for 110%.

For the variable portion in respect of fiscal year 2023, the Board of Directors decided to:

- remove the over-performance relative to each of the financial criteria, in case over-performance observed beyond the maximum limit of each of the sub-criteria by defining target objectives;
- modify some of the levels of the criteria for determining the variable portion, the Board having wished to ensure that they were set at an ambitious level:
  - revise the FIR criterion as follows:
    - up to 50%: the maximum weighting of this sub-criterion will be reached if there is no accidental death and is zero from at least one accidental death,
    - up to 50%: the maximum weighting of this sub-criterion will be reached if TotalEnergies' FIR is the best of the panel of majors and will be zero if the FIR is the worst of the panel. The weighting of the criterion is calculated based on TotalEnergies' FIR by linear interpolation between these two points of reference
  - replace the gearing ratio criterion by that of the Underlying Cash Flow Growth corresponding to the variation of the operating cash flow before working capital changes (MBA) in a constant market prices environment. This criterion is a key indicator for measuring the Company's profitable growth. It is thus central in the financial communication to investors, in particular in relation to the shareholder return policy. Indeed, the ordinary dividend growth, since it measures the growth of the cash flows generated by the Company, year on year, at constant market prices, thus reflecting the underlying structural growth of the Company;
  - raise the upper limit of the ROE criterion from 12% to 13%;
  - tighten up the upper limit of the organic cash breakeven from \$30/b to \$25/b;
  - set the greenhouse gas emissions reduction target in accordance with the roadmap, by setting the minimum and maximum limits at 41.6 Mt CO<sub>2</sub>e for 2023 and at 39.6 Mt CO<sub>2</sub>e for Scope 1+2 from operated facilities, in line with the new target of 38 Mt CO<sub>2</sub>e in 2025. These targets include the change in the Company perimeter related to the new electricity strategy acquiring flexible production capacity (gas-fired power plants).

The personal contribution targets (qualitative criteria) are focused on the challenges of advancing the transformation of the energy transition.

**Annual variable compensation due for fiscal year 2023 (expressed as a percentage of the base salary)**

	% targets
<b>SUMMARY OF THE QUANTIFIABLE TARGETS</b>	
<b>A. Safety and greenhouse gas (GHG) emissions</b>	
a) Safety	20%
– TRIR	6%
– FIR	6%
– Evolution of the number of Tier 1 + Tier 2 incidents	8%
b) Evolution of GHG emissions (Scope 1+2)	10%
<b>Maximum percentage that may be allocated in respect of Safety and greenhouse gas (GHG) emissions criteria</b>	<b>30%</b>
<b>B. Financial parameters</b>	
– Return on equity (ROE)	30%
– Underlying Cash Flow Growth	30%
– Pre-dividend organic cash breakeven	30%
– Return on average capital employed (ROACE), comparative	20%
<b>Maximum percentage that may be allocated in respect of financial parameters</b>	<b>110%</b>
<b>Maximum percentage that may be allocated in respect of economic quantifiable targets</b>	<b>140%</b>
<b>PERSONAL CONTRIBUTION (QUALITATIVE CRITERIA)</b>	
– Steering of the Corporation’s strategy of moving towards carbon neutrality, in line with the 2020/2030 targets announced to investors in September 2020, in particular increasing energy production focusing on gas and renewable energy/electricity, as well as moving towards a sales mix of 35% oil, 50% gas and 15% electricity	15%
– Profitable growth in renewables and electricity	10%
– Corporate Social Responsibility (CSR) performance, notably the integration of climate issues in the Company’s Strategy, the Company’s commitment and ratings regarding CSR, as well as the policy concerning all aspects of diversity	15%
<b>Maximum percentage that may be allocated in respect of the personal contribution</b>	<b>40%</b>
<b>TOTAL</b>	<b>180%</b>

## Safety and Greenhouse gas emissions criteria

The Safety and Greenhouse gas emissions criteria are assessed on the basis of the quantifiable targets set out below for a maximum of 30% of the Chairman and Chief Executive Officer's fixed salary.

**The change in safety** will be assessed, for a maximum of 20%, through the achievement of an annual TRIR (Total Recordable Incident Rate) target and the number of accidental deaths per million hours worked, FIR (Fatality Incident Rate), as well as through changes in the Tier 1 + Tier 2 indicator<sup>3</sup>:

- The maximum weighting of the **TRIR criterion** is 6% of the base salary (as in 2022).
  - The maximum weighting will be reached if the TRIR is below 0.65 (0.7 in 2022).
  - The weighting of the criterion will be zero if the TRIR is above or equal to 1.04 (1.12 in 2022).
  - The interpolations are linear between these points of reference;
- The maximum weighting of the **FIR criterion** will be 6% of the base salary (as in 2022).
  - up to 50%: the maximum weighting of this sub-criterion will be reached if there is no accidental death and is zero from at least one accidental death,
  - up to 50%: the maximum weighting of this sub-criterion assessed by comparison with that of the four major competing oil companies (ExxonMobil, Shell, BP et Chevron), will be reached if TotalEnergies' FIR is the best of the panel of majors and will be zero if the FIR is the worst of the panel. The weighting of the criterion is calculated based on TotalEnergies' FIR by linear interpolation between these two points of reference.
- The maximum weighting of the changes in the number of **Tier 1 + Tier 2 incidents** is 8% of the base salary (as in 2022).
  - The maximum weighting will be reached if the number of Tier 1 + Tier 2 incidents is equal to or below 50 (70 in 2022).
  - The weighting of the parameter will be zero if the number of Tier 1 + Tier 2 incidents is equal to or higher than 90 (125 in 2022).
  - The interpolations are linear between these two points of reference.

**The change in greenhouse gas (GHG) emissions from operated facilities** will be assessed, for a maximum of 10% of the Chairman and Chief Executive Officer's fixed portion, through the achievement of a GHG (Scope 1+2) reduction emission target from 46 Mt CO<sub>2e</sub> in 2015 to 38 Mt CO<sub>2e</sub> in 2025, corresponding to a reduction of 800 kt CO<sub>2e</sub>/y, *i.e.*, a target of 39.6 Mt CO<sub>2e</sub> for 2023. The maximum weighting of the GHG criterion is 10% of the base salary:

- the maximum weighting of the criterion, *i.e.* 10% of the base salary, will be obtained if the GHG emissions (Scope 1+2) from operated facilities reaches the target set at 39.6 Mt CO<sub>2e</sub> in 2023 (compared to 41.8 Mt CO<sub>2e</sub> in 2022);
- the weighting of the criterion will be zero if the emissions are 2 Mt CO<sub>2e</sub> above the target set;
- the interpolations are linear between these points of reference.

## Details on the financial parameters

The four financial criteria are assessed on the basis of the quantifiable objectives set out below for a maximum of 110% of the Chairman and Chief Executive Officer's fixed portion:

- The **return on equity (ROE)**, as published by the Company on the basis of its balance sheet and consolidated statement of income, will be assessed as follows. The maximum weighting of the ROE criterion will be 30% of the base salary:
  - the maximum weighting of the criterion will be reached, *i.e.*, 30% of the base salary, if the ROE is higher than or equal to 13% (compared with 12% in 2022);
  - the weighting of the criterion will be zero if the ROE is lower than or equal to 6% (as in 2022);
  - the interpolations are linear between these two points of reference.

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<sup>3</sup> Tier 1 and Tier 2: indicator of the number of loss of primary containment events, with more or less significant consequences, as defined by the API 754 (for downstream) and IOGP 456 (for upstream) standards. Excluding acts of sabotage and theft.

- The **Underlying Cash Flow Growth, i.e., the variation of the operating cash flow before working capital changes**<sup>4</sup> in 2023 compared to 2022, in the 2022 price environment -excluding Novatek, will be assessed as follow. The maximum weighting of the Underlying Cash Flow Growth criterion will be 30% of the base salary:
  - the maximum weighting of the criterion, i.e., 30% of the base salary, will be reached if the variation of the operating cash flow before working capital changes is above or equal to \$1 billion;
  - the weighting of the criterion will be zero if the variation of the operating cash flow before working capital changes is negative;
  - the interpolations are linear between these two points of reference.
- The **pre-dividend organic cash breakeven** will be assessed as follows. The maximum weighting of this criterion will be 30% of the base salary:
  - the maximum weighting of the criterion will be reached, i.e., 30% of the base salary, if the breakeven is below or equal to \$25/b;
  - the weighting of the criterion will be zero if the breakeven is above or equal to \$35/b;
  - the interpolations are linear between these two points of reference.

The pre-dividend organic cash break-even is defined as the Brent price for which the operating cash flow before working capital changes (MBA) covers the organic investments<sup>5</sup>. The ability of the Company to resist to the variations of the Brent barrel price is measured by this parameter.
- The **return on average capital employed (ROACE)**, by comparison, will be assessed as follows. The maximum weighting of the ROACE criterion will be 20% of the base salary. TotalEnergies' ROACE, as published from the consolidated balance sheet and the income statement, will be compared to the ROACE average of each of the four peers (ExxonMobil, Shell, BP and Chevron). The ROACE is equal to the net adjusted operating income<sup>6</sup> divided by the average of the capital employed (at replacement costs, net of deferred income tax and non-current liabilities) of the start and end of the fiscal year:
  - the maximum weighting of the criterion will be reached, i.e., 20% of the base salary, if TotalEnergies' ROACE is 2% above the average of the 4 peers' ROACE (as in 2022);
  - the weighting of the criterion will be zero if TotalEnergies' ROACE is under 2% or more compared to the average of the 4 peers' ROACE (as in 2022);
  - the interpolations will be linear between these two points of reference.

### Personal contribution

The criteria for assessing the personal contribution of the Chairman and Chief Executive Officer, up to a maximum of 40% of his fixed portion, are as follows:

- **Steering the Corporation's strategy** of moving towards carbon neutrality, in line with the 2020/2030 targets announced to investors in September 2020, in particular increasing energy production focusing on gas and renewable energy/electricity, as well as moving towards a sales mix of 35% oil, 50% gas and 15% electricity, for up to **15%**;
- Profitable growth in **renewables and electricity**, for up to **10%**;
- **Corporate Social Responsibility (CSR) performance**, including the integration of climate issues in the Company's strategy, the Company's commitment and ratings regarding CSR, as well as the policy concerning all aspects of diversity, for up to **15%**.

### Powers of the Board under special circumstances

In the event of a significant change affecting the calculation of the economic parameters for the Company (change in accounting standard, change in the policy of rating agencies, significant patrimonial transaction approved by the Board of Directors, etc.), the Board reserves the right to calculate the parameters *mutatis mutandis* with justification of the changes *i.e.*, excluding exogenous extraordinary elements.

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<sup>4</sup> The operating cash flow before working capital changes is defined as cash flow from operating activities before changes in capital at replacement cost, excluding the impact of contracts recognized at fair value in the iGRP segment and including capital gains on the disposal of renewables projects (as of the first quarter of 2020).

<sup>5</sup> Organic investments: net investments excluding acquisitions, asset sales and other operations with non-controlling interests.

<sup>6</sup> Adjustment items include special items, the inventory effect and the impact for change in fair value.

In addition, the Board of Directors may exercise its discretionary powers regarding the determination of the compensation of the Chairman and Chief Executive Officer, in accordance with Articles L. 22-10-16, paragraph 1 and L. 22-10-17, paragraph 3 of the French Commercial Code, and pursuant to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code, in the event of particular circumstances (significant change in the perimeter, completion of a transformation transaction or unexpected changes in the competitive environment...) that could justify that the Board of Directors adjusts, exceptionally and both on the upside and the downside, one or more of the criteria that make up his compensation to ensure that the results of the application of the criteria described above reflect both the performance of the Chairman and Chief Executive Officer and the performance of the Company either in absolute terms or relative to the four peers of the Company, for the economic criteria measured in comparison with these four peers.

This adjustment would be made to the variable compensation of the Chairman and Chief Executive Officer by the Board of Directors on the proposal of the Compensation Committee, within the limit of the variable compensation cap of 180% of the fixed compensation, after the Board of Directors ensured that the interests of the Corporation and of its shareholders are aligned with those of the executive director.

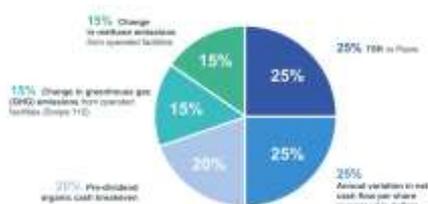
Pursuant to Article L. 22-10-34 of French Commercial Code, the payment of this annual variable portion is subject to the approval of the Shareholders' Meeting to be called in 2024 to approve 2023 financial statements.

### C) Performance shares

The granting of performance shares to the Chairman and Chief Executive Officer corresponds to the long-term component of his global compensation. Performance shares are definitively granted at the end of a three-year vesting period. The definitive grant of shares is subject to a presence condition and performance conditions assessed at the end of this three-year vesting period.

In accordance with the principles of the compensation policy approved by the Shareholders' Meeting on May 28, 2021, which approved the principle of increasing the number of performance shares to be granted to the Chairman and Chief Executive Officer for fiscal years 2021, 2022 and 2023 to the following levels: 90,000, 100,000 and 110,000 shares, the compensation policy for fiscal year 2023 includes the granting of **110,000 performance shares** to the Chairman and Chief Executive Officer as part of a 2023 plan that is not specific to him.

#### Performance conditions



The performance shares will be subject to the following performance conditions, subject to the approval of the 17<sup>th</sup> resolution by the Shareholders' meeting to be held on May 26, 2023. The definitive number of granted shares will be based on (i) the TSR (Total Shareholder Return), (ii) the annual variation of the net cash flow by share in dollars compared to his peers, (iii) the pre-dividend organic cash breakeven, (iv) the change in the greenhouse gas (GHG) emissions from operated facilities (Scope 1+2), (v) the change in methane emissions from operated facilities, regarding fiscal years 2023, 2024 and 2025, and applied as follows:

- For **25%** of the shares, the Corporation will be ranked against its peers (ExxonMobil, Shell, BP and Chevron) each year during the three vesting years (2023, 2024 and 2025) based on the **TSR criterion** of the last quarter of the year in question, the dividend being considered reinvested based on the closing price on the ex-dividend date.
- For **25%** of the shares, the Corporation will be ranked against its peers (ExxonMobil, Shell, BP and Chevron) each year during the three vesting years (2023, 2024 and 2025) using the **annual variation in net cash flow per share** criterion expressed in dollars.

Based on the ranking, a grant rate will be determined each year for these two first criteria: 1<sup>st</sup>: 180% of the grant; 2<sup>nd</sup>: 130% of the grant; 3<sup>rd</sup>: 80% of the grant; 4<sup>th</sup> and 5<sup>th</sup>:0%, with a maximum of 100%.

- For **20%** of the shares, the **pre-dividend organic cash breakeven criterion** will be assessed each year during the three vesting years (2023, 2024 and 2025) as follows:
  - the maximum grant rate, *i.e.*, 100% for this criterion, will be achieved if the breakeven is less than or equal to \$25/b,
  - the grant rate will be zero if the breakeven is greater than or equal to \$35/b.
  - the interpolations will be linear between these two points of reference.

The pre-dividend organic cash breakeven is defined as the Brent price for which the operating cash flow before working capital changes (MBA) covers the organic investments<sup>7</sup>. The ability of the Company to resist to the variations of the Brent barrel price is measured by this parameter.

A grant rate will be determined each year for each of these above criteria. For each of the first three criteria, the average of the three grant rates obtained (for each of the three fiscal years for which the performance conditions are assessed) will be rounded to the nearest 0.1 whole percent (0.05% being rounded to 0.1%) and capped at 100%.

- For **15%** of the shares, the **change in the greenhouse gas (GHG) emissions from operated facilities (Scope 1+2)** will be assessed with regard to the achievement of the target to reduce the GHG emissions set at 38 Mt CO<sub>2e</sub> in 2025:
  - the maximum grant rate, *i.e.*, 100% for this criterion, will be obtained if the GHG emissions (Scope 1+2) reach in 2025 the target set;
  - the grant rate will be zero if the GHG emissions (Scope 1+2) at year-end 2025 are 2 Mt CO<sub>2e</sub> above the target set;
  - the interpolations will be linear between these two points of reference.
- For **15%** of the shares, the criterion of the **change in the methane emissions from operated facilities** will be assessed with regard to the achievement of the target to reduce methane emissions set for 2025 at -50% compared to the methane emissions of 2020.
  - the maximum grant rate, *i.e.*, 100% for this criterion, will be reached if the methane emissions in 2025 reach the target;
  - the grant rate will be zero if the methane emissions are 10% below the set target in 2025;
  - the interpolations will be linear between these two points of reference.

The definitive grant rate will be rounded to the nearest 0.1 whole percent (0.05% being rounded to 0.1%).

The number of shares definitively granted after determination of performance conditions will be determined according to the weighting of each of the five criteria and rounded up to the next whole number of shares.

In accordance with Article L. 225-197-1 of the French Commercial Code, at the end of the three-year vesting period, the executive director will be required to hold 50% of the shares definitively allocated to him at the end of the vesting period in registered form until the end of his term of office.

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<sup>7</sup> Organic investments: net investments excluding acquisitions, asset sales and other operations with non-controlling interests.

## **Treatment of performance shares in the event of the Chairman and Chief Executive Officer leaving the Company**

The Board paid particular attention to the comments made by shareholders concerning the treatment of performance shares granted to the Chairman and Chief Executive Officer in the event of his leaving the Company and clarified the following points:

- In the event of the retirement or of a change of position within the Company, the Chairman and Chief Executive Officer upholds all vesting rights in the course of acquisition,
- In the event of forced departure, other than for serious or gross misconduct, the Board of Directors may decide that the Chairman and Chief Executive Officer upholds his vesting rights in the course of acquisition on a pro rata basis according to the length of time of his presence within the Company,
- In the event of resignation or termination of his function for gross negligence or misconduct, his vesting rights in the course of acquisition will be lost in whole.

The upholding of existing vesting rights in the course of acquisition under the conditions of departure described above is accompanied by the upholding of the performance criteria set for the definitive grant of the shares.

In case of exceptional circumstances, the Board of Directors may decide to maintain stock options and performance share grants after the executive director left, the decision of the Board of Directors has to be duly motivated and taken in the corporate interest.

### **D) Commitments made by the Corporation to the Chairman and Chief Executive Officer**

The commitments made by the Corporation to the Chairman and Chief Executive Officer relate to the pension plans, the retirement benefit and the severance benefit to be paid in the event of forced departure related to a change of control or strategy, as well as the life insurance and healthcare benefits. They were approved by the Board of Directors on March 14, 2018, and by the Annual Shareholders' Meeting on June 1, 2018, in accordance with the provisions of Article L. 225-42-1 of the French Commercial Code.

It should be noted that Mr. Pouyanné already benefited from all these provisions when he was an employee of the Corporation, except for the commitment to pay severance benefits in the event of forced departure related to a change of control or strategy. It should also be noted that Mr. Pouyanné, who joined the Company on January 1, 1997, ended the employment contract that he previously had with the Corporation through his resignation at the time of his appointment as Chief Executive Officer on October 22, 2014.

#### **Pension plans**

Pursuant to applicable legislation, the Chairman and Chief Executive Officer is eligible for the basic French Social Security pension and for pension benefits under the AGIRC-ARRCO supplementary pension plan.

He also participates in the internal defined contribution pension plan applicable to all TotalEnergies SE employees, called PERO (*Plan d'épargne retraite obligatoire* - mandatory retirement savings plan), covered by Article L. 242-1 of the French Social Security Code. The Corporation's commitment is limited to its share of the contribution paid to the insurance company that manages the plan. For fiscal year 2022, this pension plan represented a booked expense to TotalEnergies SE in favor of the Chairman and Chief Executive Officer of €2,468.

The Chairman and Chief Executive Officer also participates in a supplementary defined-benefit pension plan, covered by Article L. 137-11 of the French Social Security Code, set up and financed by the Corporation and approved by the Board of Directors on March 13, 2001, for which management is outsourced to two insurance companies effective January 1, 2012. In accordance with the ordinance 2019-697 published on July 4, 2019, this plan is closed to any new participant as from July 4, 2019, and, for participants as of July 4, 2019, and retiring as from January 1, 2020, the amount of supplementary pension provided for in this plan is calculated on the basis of number of years of service as at December 31, 2019, and up to a maximum of 20 years.

This plan applies to all TotalEnergies SE employees whose reference compensation exceeded as of July 4, 2019 eight times the annual ceiling for calculating French Social Security contributions (PASS), set at €40,524 for 2019 (*i.e.*, €324,192), and above which there is no conventional pension plan.

To be eligible for this supplementary pension plan, participants must have served for at least five years, be at least 60 years old and exercised his or her rights to retirement from the French Social Security. The benefits under this plan are subject to a presence condition under which the beneficiary must still be employed at the time of retirement. However, the presence condition does not apply if a beneficiary aged 55 or older leaves the Corporation at the Corporation's initiative or in case of disability.

The length of service acquired by Mr. Pouyanné as a result of his previous salaried duties held at the Company since January 1, 1997, has been maintained for the benefit of this plan.

The compensation taken into account to calculate the supplementary pension is the average gross annual compensation (fixed and variable portion) over the last three years. The amount paid under this plan is equal to 1.8% of the compensation falling between 8 and 40 times the PASS and 1% for the portion of the compensation falling between 40 and 60 times this ceiling, multiplied by the number of years of service as of December 31, 2019, up to a maximum of 20 years.

The sum of the annual supplementary pension plan benefits and other pension plan benefits (other than those set up individually and on a voluntary basis) may not exceed 45% of the average gross compensation (fixed and variable portion) over the last three years. In the event that this percentage is exceeded, the supplementary pension is reduced accordingly. The amount of the supplementary pension determined in this way is indexed to the AGIRC-ARRCO pension point.

The supplementary pension includes a clause whereby 60% of the amount will be paid to beneficiaries in the event of death after retirement.

The Board noted that Mr. Pouyanné can no longer acquire additional pension rights under this plan given the rules for determining pension rights set out in the plan and the 20 years of service of Mr. Pouyanné as of December 31, 2016.

The conditional rights granted to Mr. Patrick Pouyanné for the period from January 1, 1997, to December 31, 2016 (inclusive), are now equal to a reference rate of 36% for the portion of the base compensation falling between 8 and 40 times the PASS and 20% for the portion of the base compensation falling between 40 and 60 times the PASS.

Based on Mr. Pouyanné's seniority capped at 20 years on December 31, 2016, the commitments made by TotalEnergies SE to the Chairman and Chief Executive Officer in terms of supplementary defined benefits and similar pension plans represented, at December 31, 2022, a gross annual retirement pension estimated at €638,431. It corresponds to 14.91% of Mr. Pouyanné's gross annual compensation consisting of the annual fixed portion for 2022 (*i.e.*, €1,550,000) and the variable portion paid in 2023<sup>8</sup> for fiscal year 2022 (*i.e.*, €2,731,875).

Nearly the full amount of TotalEnergies SE's commitments under these supplementary and similar retirement plans (including the retirement benefit) is outsourced for all beneficiaries to insurance companies and the non-outsourced balance is evaluated annually and adjusted through a provision in the accounts. The amount of these commitments as of December 31, 2022, is €16.1 million for the Chairman and Chief Executive Officer (€16.2 million for the Chairman and Chief Executive Officer and the executive and non-executive directors covered by these plans). These amounts represent the gross value of TotalEnergies' commitments to these beneficiaries based on the estimated gross annual pensions as of December 31, 2022, as well as the statistical life expectancy of the beneficiaries.

The total amount of all the pension plans in which Mr. Pouyanné participates represents, at December 31, 2022, a gross annual pension estimated at €766,735, corresponding to 17.91% of Mr. Pouyanné's gross annual compensation defined above (annual fixed portion for 2022 and variable portion paid in 2023 for fiscal year 2022).

### **Retirement benefit**

The Chairman and Chief Executive Officer is entitled to a retirement benefit equal to those available to eligible members of the Company under the French National Collective Bargaining Agreement for the Petroleum Industry. This benefit is equal to 25% of the fixed and variable annual compensation received during the 12 months preceding retirement.

The receipt of this retirement benefit is subject to conditions related to the performance of the beneficiary.

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<sup>8</sup> Subject to approval by the Ordinary Shareholders' Meeting on May 26, 2023.

Therefore, the conditions applicable to the beneficiary will be deemed to be fulfilled if at least two of the following criteria are met:

- the average return on equity (ROE) for the three years preceding the year in which the Chairman and Chief Executive Officer leaves is at least 10%;
- the average gearing ratio for the three years preceding the year in which the Chairman and Chief Executive Officer leaves is less than or equal to 30%; and
- the pre-dividend organic cash breakeven of the three years preceding the year in which the Chairman and Chief Executive Officer retires is below or equal to \$30/b.

The retirement benefit cannot be combined with the severance benefit described below.

### **Severance benefit**

The Chairman and Chief Executive Officer is entitled to a benefit equal to two years of his gross compensation in the event of a forced departure related to a change of control or strategy. The calculation is based on the gross compensation (fixed and variable) of the 12 months preceding the date of termination or non-renewal of his term of office.

The severance benefit will only be paid in the event of a forced departure related to a change of control or strategy. It will not be due in case of gross negligence or willful misconduct or if the Chairman and Chief Executive Officer leaves the Corporation of his own volition, accepts new responsibilities within the Company or may claim full retirement benefits within a short time period.

The receipt of the severance benefit is subject to conditions linked to the beneficiary's performance.

Therefore, the conditions applicable to the beneficiary are deemed to be fulfilled if at least two of the following criteria are met:

- the average return on equity (ROE) for the three years preceding the year in which the Chairman and Chief Executive Officer leaves is at least 10%;
- the average gearing ratio for the three years preceding the year in which the Chairman and Chief Executive Officer leaves is less than or equal to 30%; and
- the pre-dividend organic cash breakeven of the three years preceding the year in which the Chairman and Chief Executive Officer retires is below or equal to \$30/b.

### **Life insurance and health expense reimbursement plans**

The Chairman and Chief Executive Officer is covered by the following life insurance plans provided by various life insurance companies:

- an “incapacity, disability, life insurance” plan applicable to all employees, partly paid for by the Corporation, that provides for two options in case of death of a married employee: either the payment of a lump sum equal to 5 times the annual compensation up to 16 times the PASS, corresponding to a maximum of €3,290,880 in 2022, plus an additional amount if there is a dependent child or children, or the payment of a lump sum equal to 3 times the annual compensation up to 16 times the PASS, plus a survivor's pension and education allowance;
- a second “disability and life insurance” plan, fully paid by the Corporation, applicable to executive officers and senior executives whose annual gross compensation is more than 16 times the PASS. This contract, signed on October 17, 2002, amended on January 28 and December 11, 2015, guarantees the beneficiary the payment of a lump sum, in case of death, equal to two years of compensation (defined as the gross annual fixed reference compensation (base France), which corresponds to 12 times the monthly gross base salary paid during the month prior to death or sick leave, to which is added the highest amount in absolute value of the variable portion received during one of the five previous years of activity), which is increased to three years in case of accidental death and, in case of accidental permanent disability, a lump sum proportional to the degree of disability. Death benefits are increased by 15% for each dependent child.

Payments due under this contract are made after the deduction of any amount paid under the above-mentioned plan applicable to all employees.

The Chairman and Chief Executive Officer also has the use of a company car and is covered by the health care plan available to all employees.