

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 2020

At its meeting on March 17, 2021, 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 2020, by applying the principles and criteria set in the compensation policy of the Chairman and Chief Executive Officer for fiscal year 2020 submitted by the Board of Directors to the Ordinary Shareholders' Meeting on May 29, 2020, which had approved it (13th resolution).

It is composed of a base salary (fixed portion) and a variable portion (paid in 2021).

Mr. Pouyanné's annual fixed compensation in his capacity as Chairman and Chief Executive Officer has been set by the Board of Directors at €1,400,000 (base salary). However, due to the health crisis, the Chairman and Chief Executive Officer's compensation was reduced by 25% as of May 1, 2020 until December 31, 2020, leading Mr. Pouyanné's fixed compensation to be set at €1,166,667 for fiscal year 2020.

Mr. Pouyanné's fixed compensation for the period of January 1 to December 31, 2020 thus amounts to €1,166,667.

The variable portion amounts to €1,972,740, corresponding to 140.91% of the base salary set for fiscal year 2020.

The payment to the Chairman and Chief Executive Officer of the annual variable portion allocated in respect of fiscal year 2020 was subject to the approval by the Ordinary Shareholders' Meeting to be held on May 28, 2021, of the fixed, variable and extraordinary components of the total compensation and the benefit-in-kind paid during fiscal year 2020 to the Chairman and Chief Executive Officer or allocated to the latter during the same fiscal year, in accordance with Article L. 22-10-34 of the French Commercial Code (12th resolution approved).

For the setting of the variable portion of Mr. Pouyanné's compensation allocated in respect of fiscal year 2020, the Board of Directors 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 18, 2020. 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 18, 2020, to qualitatively assess his management.

Annual variable compensation allocated in respect of fiscal year 2020 (expressed as a percentage of the base salary)

	Maximum percentage	Percentage allocated
Economic parameters (quantifiables targets)	140%	100.91%
– HSE	30%	26,01%
a) Safety	20%	16.01%
– TRIR	8%	8%
– FIR, comparative	4%	2.05%
– Evolution of the number of Tier 1 + Tier 2 incidents	8%	5.96%
b) Evolution of greenhouse gas (GHG) emissions	10%	10%
– Return on equity (ROE)	30%	0%
– Gearing ratio	30%	24.90%
– Pre-dividend organic cash breakeven	30%	30%
– Return on average capital employed (ROACE), comparative	20%	20%
Personal contribution (qualitative criteria)	40%	40%
– steering of the hydrocarbon strategy (successful strategic negotiations with producing countries and achievement of production and reserve targets) and performance and outlook with respect to Downstream activities (Refining & Chemicals/Marketing & Services)	15%	15%
– development of the low-carbon Businesses (Integrated Gas, Renewables & Power perimeter)	10%	10%
– Corporate Social Responsibility (CSR) performance, notably the integration of climate issues in the Group's Strategy, the Group's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity	15%	15%
TOTAL	180%	140.91%

The Board of Directors assessed achievement of the targets set for the economic parameters as follows:

- The safety criterion was assessed for a maximum of 20% of the base salary through (i) the achievement of the annual TRIR (Total Recordable Injury 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, Royal Dutch Shell, BP and Chevron), as well as (iii) through change in the Tier 1 + Tier 2¹.

Concerning the fiscal year 2020, the Board noted the following elements:

- the TRIR was 0.742, which is below the target of 0.80. The result of this criterion was thus set at 8%;
- the FIR rate is 0.257, which is between the maximum FIR of 0.5263 of the majors' panel and the minimum FIR of 0 of the majors' panel. The result of this criterion was thus fixed at 51.20% of its maximum of 4%, i.e. 2.05%;
- the number of Tier 1 + Tier 2 incidents was 84, which is above the level of 70 to achieve the target of 100. The result of this criterion was set at 5.96%.

The Board thus determined the portion allocated for the safety criterion at 16.01% of the fixed compensation (out of a maximum of 20%);

- for the criterion linked to the greenhouse gas (GHG) emissions on operated oil & gas facilities The Board noted that the GHG Scope 1 and Scope 2 emissions on operated oil & gas facilities amounted to 35.8 Mt CO_{2e} in 2020 and the result of this criterion was thus set at its maximum of 10%;
- for the return on equity (ROE) criterion, the Board noted that in 2020, the ROE was 3.7%, i.e. below the limit of 6% and the result of this criterion was thus set at 0%;
- for the gearing ratio criterion, the Board of Directors noted that the gearing ratio excluding lease commitments at year-end 2020 was 21.7%, above the 20%-threshold and decided consequently that the obtained result for this criterion should be set at 24.9% (out of a maximum of 30%);
- for the pre-dividend organic cash breakeven criterion², the Board noted that the pre-dividend organic cash breakeven set at \$25.6/b, which is below \$30/b and decided consequently that the result of this criterion should be set at its maximum of 30%;
- for the return on average capital employed (ROACE) criterion, by comparison, the Board noted that TOTAL SE's ROACE is 3% above the average of the ROACEs of the four peers (ExxonMobil, Royal Dutch Shell, BP and Chevron) and decided to set the result of this criterion at 100% of the maximum weighting of this criterion, i.e. 20%.

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 hydrocarbon strategy (successful strategic negotiations with producing countries, achievement of production and reserve targets) and performance and outlook with respect to Downstream activities (Refining & Chemicals/Marketing & Services) for up to 15%;
- the development of the low-carbon businesses (Integrated Gas, Renewables & Power perimeter), for up to 10%;

¹ 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.

² 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. The ability of the Group to resist to the variations of the Brent barrel price is measured by this parameter. The operating cash flow before working capital changes is defined as cash flow from operating activities before changes in capital at replacement cost. The organic investments are net investments excluding acquisitions, asset sales and other operations with non-controlling interests.

- the Corporate Social Responsibility performance, notably the integration of climate issues in the Group's Strategy, the Group's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity, for up to 15%.

Being that all the objectives were considered as largely met, the personal contribution of the Chairman and Chief Executive Officer was thus determined at its maximum, i.e. 40% of the fixed compensation.

The compensation allocated to Mr. Patrick Pouyanné for fiscal year 2020 is thus composed of a fixed compensation of €1,166,667 and of a variable portion of €1,972,740 (paid in 2021), i.e. a total of €3,139,407.

In addition, at its meeting on March 18, 2020, the Board of Directors of the Company decided, on the proposal of the Compensation Committee, to grant 72,000 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 18, 2020, concerning 0.26% of the capital for the benefit of more than 11,000 beneficiaries. The final allocation of all the shares is subject to the beneficiary's continued presence during the vesting period and to performance conditions. The book value of the performance shares granted on March 18, 2020 corresponds to an amount of €714,240³.

Finally, Mr. Patrick Pouyanné was provided with a company car during fiscal year 2020. He also benefits from a supplementary pension plan paid for by the Company, as detailed in the Universal Registration Document 2020.

2. The Chairman and Chief Executive Officer compensation policy

The compensation policy of the Chairman and Chief Executive Officer was set by the Board of Directors, at its meeting of March 17, 2021, in accordance with the provisions of Article L. 22-10-8 of the French Commercial Code, on the proposal of the Compensation Committee and was approved by the Ordinary Shareholders' Meeting on May 28, 2021 (thirteenth resolution). It is based on the general principles for determining the compensation of the executive directors specified below.

³ In accordance with the accounting treatment of performance shares for the year 2020 in application of IFRS 2, which takes into account the assumption of an 80% grant rate at the end of the vesting period, this amount corresponds to 72,000 shares granted in 2020, valued on the basis of a unit fair value of €12.40. This fair value was calculated in accordance with IFRS 2 on the grant date of the plan, i.e. March 18, 2020, on the basis of a closing price of the Total share on that date of €21,795. For information, the unit fair value would amount to €24.85 based on a calculation using identical parameters and the average closing price of the Total share in 2020, i.e. €34.957. On the basis of a unit fair value of €24.85, the valuation of the 72,000 performance shares granted in 2020 would have been €1,431,360.

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 are as follows:

- 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 Group under conditions determined by the Board.
- In line with the principles for determining the compensation of executive directors as set out in the AFEP-MEDEF Code which the Company 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 departure of executive directors from the Group results in the inapplicability of share options and the rights to the definitive attribution of performance shares. Under exceptional circumstances, the Board of Directors can decide to maintain the share options and the rights to the definitive attribution of performance shares after the executive beneficiary's departure, if the decision of the Board of Directors is specially justified and taken in the Company's interest.

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.

- After three years in office, the executive directors are required to hold at least the number of Company 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. Exceptional compensation or specific benefits when taking office are forbidden, unless the Board of Directors decides otherwise for particular reasons, in the Company's interest and within the limits of the exceptional circumstances.

2.2. Compensation policy's principles for the next term of office of the Chairman and Chief Executive Officer

The criteria used to determine the compensation paid to the Chairman and Chief Executive Officer were set by the Board of Directors during its meeting of December 16, 2015, when Mr. Patrick Pouyanné, Chief Executive Officer since October 22, 2014, was appointed Chairman of the Board of Directors. In September 2016, a new Group organizational structure was introduced with the aim of making the Group more resilient, reducing its sensitivity to oil price volatility across the integrated oil chain, and ensuring its development in the integrated gas chain in both renewable energies and low-carbon electricity, against the backdrop of the 2°C Climate scenario.

At its meetings on December 16, 2020, and February 2, 2021, with the help of an external consultant, the Compensation Committee reviewed the compensation paid to the Chairman and Chief Executive Officer by comparing it with that of his peers. Consulting firm Mercer was used to carry out an independent study into the compensation paid to executive directors of companies in the oil and gas sector worldwide, as well as at French companies, in order to obtain an overview of the position of the Company's Chairman and Chief Executive Officer in the current competitive landscape.

This study showed that the compensation paid to Mr. Patrick Pouyanné (fixed and variable) is in the **median** of salaries paid at international companies, and in the **third quartile** for CAC 40 French companies. The valuation of performance shares granted to Mr. Patrick Pouyanné is in the **lower third quartile** compared with CAC 40 companies.

The Board of Directors took into consideration:

- The size, scope and complexity of the Company's global operations in its current and expected configuration.
- The extent of changes needed in the Company's strategy, as well as any changes that will be needed to improve its competitive position.
- Market developments in general and trends in executive compensation.
- The increasing importance of ESG criteria for the entire financial community and how the Company needs to factor these criteria into its executive compensation structure.
- Shareholders' expectations and the need to garner their support for the proposed changes.

As regards the Group's strategic repositioning, the global energy market is currently undergoing major changes that are shaping how the industry will look in the long term. The shift from using fossil fuels will be the biggest change in the energy industry since the Industrial Revolution 200 years ago. The Company has made public its ambitions with regard to the climate, its strategy and the action plan already implemented in the light of this major change, in order to be able to continue to offer its shareholders a sustainable yield. In this context, the Board of Directors needs to ensure that it has the right leadership in terms of both skills and experience to guide the Group through this major transition.

The Board of Directors deemed that Mr. Patrick Pouyanné is recognized within the industry and has demonstrated that he can implement substantial and successful change. The Chairman and Chief Executive Officer has proposed a clear strategy to the Board of Directors with a coherent action plan. The implementation of this new strategy supported by the Board of Directors is possible thanks to the solid foundations and flexible organizational structure implemented over the last five years. This was particularly evident in 2020, when the Chairman and Chief Executive Officer continued to implement the Group's new strategy despite the health crisis. It is therefore important that the Company and its Board of Directors are assured of the stability and motivation of the Chairman and Chief Executive Officer throughout these major changes for the Group.

The Board of Directors deemed that the clear strategy put in place by the Chairman and Chief Executive Officer regarding the Company's transformation, as well as his results compared with those of his peers, justify increasing the compensation paid to Mr. Pouyanné, particularly in terms of performance share grants as a reflection of the Group's long-term performance, when his term of office as Chairman and Chief Executive Officer is renewed.

a) Base salary of the Chairman and Chief Executive Officer (fixed compensation)

The Board of Directors deemed that the amount of fixed compensation, which has been €1,400,000 for five years (since fiscal year 2016), could be increased by around **10%** to €1,550,000. However, in view of the current economic situation, the Board of Directors decided that this increase in fixed compensation will be deferred from fiscal year 2021 to **January 1, 2022**.

b) Annual variable portion of the Chairman and Chief Executive Officer's compensation

After analyzing the maximum percentage of the base salary attributable to variable compensation, the Board of Directors decided at its meeting of March 17, 2021, not to amend the maximum amount of the variable portion that could be paid to the Chairman and Chief Executive Officer set at 180% of his base salary, but to make changes relating to expectations in terms of exceptional performance and strategic transformation.

As set out below, the Board of Directors decided on the following amendments applicable to the formula for calculating the variable portion of the Chairman and Chief Executive Officer:

- The maximum amount of the variable portion that could be paid to the Chairman and Chief Executive Officer is maintained at 180% of base salary (percentage unchanged relative to the variable portion allocated in respect of fiscal year 2020).
- As regards the Chairman and Chief Executive Officer's personal contribution allowing for qualitative assessment of his management, the maximum amount is maintained at 40% of base salary (percentage unchanged relative to the variable portion allocated in respect of fiscal year 2020), with a change in qualitative criteria, which are now based on progress made in the energy transition transformation process.

As regards quantifiable targets:

- the maximum amount is maintained at **20%** of base salary (percentage unchanged relative to the variable portion allocated in respect of fiscal year 2020) for the HSE criterion
- the maximum amount is maintained at **10%** of base salary (percentage unchanged relative to the variable portion allocated in respect of fiscal year 2020) for the Scopes 1 & 2 GHG emissions criterion
- the maximum amount for financial criteria is maintained at **110%** of base salary (percentage unchanged relative to the variable portion allocated in respect of fiscal year 2020) taking account of the following elements resulting in an amendment:
 - the ROE and gearing ratio criteria thresholds will be aligned with the targets announced to investors
 - an exceptional performance relative to each of the financial criteria, counting overall for **110%** of the fixed portion of compensation, may result in the granting of an exceptional performance for the financial criterion concerned, nevertheless ensuring that the granting of an exceptional performance cannot exceed the limit of 110% or offset a significant deficit in another criterion.

The Board of Directors therefore decided to maintain the maximum amount of the variable portion that could be paid to the Chairman and Chief Executive Officer for fiscal year 2021 at **180%** of his base salary (the same percentage as the variable portion paid in fiscal year 2020). This ceiling was set based on the level applied by a benchmark sample of companies operating in the energy sectors.

The formula for calculating the variable portion of the Chairman and Chief Executive Officer's compensation as **180%** of base salary for fiscal year 2021 will be (as in 2020): **140%** based on quantifiable targets reflecting the Group's performance, and **40%** based on the Chairman and Chief Executive Officer's personal contribution allowing for qualitative assessment of his management, equaling total variable compensation of **180%** of fixed compensation.

Quantifiable target valuation criteria

The valuation criteria for quantifiable targets, representing **140%** of the fixed portion, are based on three themes: HSE (**20%**), financial (**110%**) and Scope 1 & 2 GHG emissions (**10%**).

However, the Board deemed that in the event of an exceptional performance on the basis of financial criteria, the maximum amount for each of the financial criteria may be exceeded, resulting in an increase in the amount of variable compensation attributable to a specific financial criterion, although without exceeding the maximum amount of variable compensation in respect of these criteria equal to **110%** of fixed compensation attributable in respect of all financial criteria. The aim of exceptional performance criteria is to put the emphasis on elements that can be controlled and only allow for potential gains if the Group achieves exceptional results. In any case, the maximum amount of the abovementioned financial criteria on the basis of an exceptional performance cannot exceed **110%** of the base salary.

- ROE: 30% with a maximum of 100% for ROE of 10%; minimum of 0% for ROE of 6%; with an increase of 10% if ROE is between 10% and 13% (linear calculation between the points of reference)
- Gearing ratio: 30% with a maximum of 100% for a ratio of 20%; minimum of 0% for a ratio of 40%; with an increase of 10% if the ratio is between 20% and 15% (linear calculation between the points of reference)
- Breakeven: 30% with a maximum of 100% for \$30/b and 0% for \$40/b; with an increase of 10% if breakeven is between \$30/b and \$25/b (linear calculation between the points of reference)
- Comparative ROACE versus its peers: 20% with a maximum of 100% if the comparative ROACE is +2% versus its peers and minimum of 0% if it is -2%; with an increase of 10% if it is +4% versus its peers (linear calculation between the two points of reference).

The change made therefore makes it possible to reward exceptional performance while also ensuring a level of control in the event of exceptional performance in more than two of the four financial criteria during a given year. The Board of Directors has decided to reserve the right to adjust any exceptional performance if, in the opposite scenario, other financial criteria are much lower than expected, in particular those relating to the operational actions of the Chairman and Chief Executive Officer.

Personal contribution valuation criteria

For the personal contribution, the Board of Directors wanted all criteria proposed to take account of the Company's transformation into a broad energy company, as well as social responsibility in general and in terms of diversity in particular.

The personal contribution will therefore now be valued on the basis of the three following criteria:

- Steering of the Company'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%**;
- CSR performance, including the integration of climate issues in the Group's Strategy, the Group's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity, for up to **15%**.

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.

The Compensation Committee deemed that the current structure of the Chairman and Chief Executive Officer's compensation compared to market practices does not take sufficient account of the long-term component represented by the granting of performance shares, a source of alignment of interests with shareholders and involvement in value creation over the long term. The aim of achieving an equal balance between short-term cash elements (fixed and variable annual compensation) and long-term elements, which in turn are subject to medium-term individual and comparative performance criteria, as well as presence and holding conditions, therefore guided the changes proposed by the Compensation Committee.

The comparison made with the help of an external consultant (Mercer) led to the consideration that the valuation of performance shares granted should eventually represent around 50% of total compensation, with the other 50% corresponding to the fixed and variable portion of compensation. Therefore, on the basis of a fixed portion of €1.4 million and variable compensation equal to 150% of the fixed portion, or €2.1 million, the valuation of performance shares should represent €3.5 million. Based on an average IFRS valuation of €35, this amount represents 100,000 shares.

On the proposal of the Compensation Committee, the Board of Directors decided to approve 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.

At its meeting on March 17, 2021, the Board of Directors decided to not set a holding period at the end of the vesting period for the performance shares granted to all beneficiaries (including the executive director) for future granting plans, except for the 2021 plan because the performance shares granting authorization given by the Shareholders' Meeting on June 1, 2018, provides for a two-year holding period. The removal of the holding period as a granting condition will apply as from the plan for the performance shares to be granted in **2022, for all beneficiaries, as well as for future plans.**

Notwithstanding, in order to reinforce the long-term nature of performance share grants to the Chairman and Chief Executive Officer, the Board of Directors decided that, as from the **2021** plan, the Chairman and Chief Executive Officer, would, from this point on, be required to retain in the form of registered shares until the end of his term, 50% of the shares which will be definitively granted during the three-year vesting period.

It is reminded that the Board of Directors had decided, that for the previous performance share plans, in particular the plans granted in 2018, 2019 and 2020, the Chairman and Chief Executive Officer would, until the end of his term, be required to retain in the form of registered shares, 50% of the gains on the granted shares net of tax and national insurance contributions related to the granted shares. When the Chairman and Chief Executive Officer will/would hold a volume of shares representing five times the fixed portion of his gross annual compensation at that time, this percentage will/would be equal to 10%. If this condition was no longer met, the abovementioned 50% holding requirement will/would again apply, the nature of this provision as set forth in Article L. 225-197-1 of the French Commercial Code.

In addition, the Compensation Committee reviewed the four performance conditions used for previous performance share grants: comparative TSR ranking, comparative change in net annual cash flow ranking, organic cash breakeven before dividend, change in Scope 1 and 2 GHG emissions on operated oil and gas facilities.

On the proposal of the Compensation Committee, the Board of Directors decided to add a fifth performance condition relating to the change in Scope 3 greenhouse gas (GHG) emissions of the Group's customers in Europe. This criterion relating to Scope 3 emissions is in line with the Company's target of achieving the carbon neutrality in 2050. The Board considered it important to include this criterion as a condition for awarding performance shares, thereby aligning the Company's long-term objectives with the long-term compensation of the Chairman and Chief Executive Officer. Therefore, the weighting of financial performance conditions is 70% and the weighting of ESG performance conditions is 30%.

Conclusion

The proposed changes can be summarized as follows:

- Increase in base salary from €1.4 million to €1.55 million, deferred as of **January 1, 2022**.
- Maintaining the annual variable portion at **180%** of the fixed portion, but which may result, for each of the financial criteria and up to a maximum of **110%** relating to these criteria, in the granting of additional compensation in the event of exceptional performance in order to reward exceptional results in some or all key dimensions.
- Increase in the number of performance shares from a stable number of shares granted of **72,000** shares in 2018, 2019 and 2020, to an average of **100,000** shares during the next term of office (2021, 2022 and 2023), reflecting an adjustment based on the market and better alignment of qualification variables with the Company's long-term strategy.

On a post-2016 basis and projected up to 2022, these changes reflect the Chairman and Chief Executive Officer's performance and long-term strategy adjustments. The increased weighting relative to performance targets makes the Chairman and Chief Executive Officer's compensation more aligned with shareholders' expectations.

The Group has undergone restructuring and a significant transformation under the leadership of the Chairman and Chief Executive Officer. The emphasis placed on clients at a downstream stage, the updating of the portfolio and the shift towards renewables has provided a solid framework to help the Company deal with the rapid changes in the energy sector and the Company's prospects for the future. The team developed and led by the Chairman and Chief Executive Officer has upheld its commitments and continued this positive transformation.

The Compensation Committee noted that 2020 saw major changes in the markets in which the Group operates. The health crisis due to the pandemic, the spectacular fall in oil prices in the first half of the year and the growing momentum of ESG concerns have all been addressed by the Chairman and Chief Executive Officer and his team with the appropriate care and diligence, building the confidence of employees as well as shareholders and stakeholders. At the same time, the establishment of a strategy that duly takes these various points into account demonstrates the forethought and the sensitivity with which the Chairman and Chief Executive Officer has developed the Group's strategy. The Committee deemed that the Chairman and Chief Executive Officer should be given full credit for successfully navigating such a complex situation.

The energy market is continuing to evolve at a very rapid rate and the Group's ability to continue to develop positively depends to a large extent on the Chairman and Chief Executive Officer and his managing team.

In a world affected by the COVID-19 pandemic and which is increasingly aware of equality and fairness:

- Any changes in compensation should be modest, measured and balanced with the competitive position of the industry and social perceptions.
- Changes reflecting ESG expectations and fairness issues will benefit from general support, particularly those that reflect movements with a significant impact for the Group.
- Increases in compensation should reflect the Group's results in all areas, aligning shareholders' interests with those of General Management and responding to greater social expectations.

The changes made to compensation policy have taken all the above considerations into account and aim to offer fair compensation for the Chairman and Chief Executive Officer.

2.3. Compensation policy applicable to the Chairman and Chief Executive Officer for fiscal year 2021

a) Chairman and Chief Executive Officer's base salary (fixed compensation) for fiscal year 2021

The Board of Directors decided to maintain Mr. Patrick Pouyanné's annual base salary (fixed compensation) in respect of his duties as Chairman and Chief Executive Officer for fiscal year 2021 at **€1,400,000** (the same amount as the fixed portion for fiscal year 2020 as approved by the Shareholders' Meeting on May 29, 2020).

b) Annual variable compensation for fiscal year 2021 (expressed as a percentage of base salary)

The parameters used include:

	Maximum percentage
Economic parameters (quantifiable targets)	
HSE	30%
a) Safety	20%
– TRIR	8%
– FIR, comparative	4%
– Evolution of the number of Tier 1 + Tier 2 incidents	8%
b) Evolution of greenhouse gas (GHG) emissions	10%
Financial parameters	
– Return on equity (ROE)	30%
– Gearing ratio (excluding lease commitments)	30%
– Pre-dividend organic cash breakeven	30%
– Return on average capital employed (ROACE), comparative	20%
Maximum percentage that may be allocated in respect of financial parameters (including outperformance)	110%
Maximum percentage that may be allocated in respect of economic parameters (including outperformance)	140%
Personal contribution (qualitative criteria)	
– Steering of the Company'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 Group's Strategy, the Group's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity	15%
Maximum percentage that may be allocated in respect of the personal contribution	40%
TOTAL	180%

- **The change in safety**, for up to 20% of the base salary, will be assessed through the achievement of an annual TRIR (Total Recordable Injury Rate) target and the number of accidental deaths per million hours worked, FIR (Fatality Incident Rate) compared to those of four large competitor oil companies (ExxonMobil, Royal Dutch Shell, BP and Chevron), as well as through changes in the Tier 1 + Tier 2 indicator⁴:
 - The maximum weighting of the TRIR criterion is **8%** of the base salary. The maximum weighting will be reached if the TRIR is below **0.75** (compared to 0.80 in 2020). The weighting of the criterion will be zero if the TRIR is above or equal to **1.2** (compared to 1.3 in 2020). The interpolations are linear between these points of reference;
 - The maximum weighting of the FIR criterion is **4%** of the base salary. The maximum weighting will be reached if the FIR is the best of the panel of the majors. It will be zero if the FIR is the worst of the panel. The interpolations are linear between these two points and depend on the ranking;
 - The maximum weighting of the changes in the number of Tier 1 + Tier 2 incidents is **8%** of the base salary. The maximum weighting will be reached if the number of Tier 1 + Tier 2 incidents is equal to or below **70** (as in 2020). The weighting of the parameter will be zero if the number of Tier 1 + Tier 2 incidents is equal to or higher than **125** (as in 2020). The interpolations are linear between these two points of reference.

- **The change in GHG emissions on operated Oil & Gas facilities** will be assessed through the achievement of a GHG (Scopes 1 & 2) reduction emission target from 46 Mt CO_{2e} in 2015 to 40 Mt CO_{2e} in 2025, corresponding to a reduction of 600 kt CO_{2e}/y, i.e. a target of 42.4 Mt CO_{2e} for 2021. 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 Scopes 1 & 2 emissions on operated Oil & Gas facilities reaches the target set at 42.4 Mt CO_{2e} in 2021 (compared to 43 Mt CO_{2e} in 2020);
 - the weighting of the criterion is zero if the emissions are 1 Mt CO_{2e} above the set target;
 - the interpolations are linear between these points of reference.

The four **financial criteria** are the following:

- The **return on equity (ROE)** as published by the Group 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 is reached, i.e. **30%** of the base salary, if the ROE is higher than or equal to 10%;
 - the weighting of the criterion is zero if the ROE is lower than or equal to 6%;
 - the interpolations are linear between these two points of reference.

Additional compensation of up to 10% of the base salary will be allocated if ROE is between 10% and 13% (with linear interpolation between these points of reference).

⁴ 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 **gearing ratio (excluding lease commitments)** will be assessed as follows. The maximum weighting of the gearing ratio criterion is 30% of the base salary:
 - the maximum weighting of the criterion, i.e. **30%** of the base salary, is reached for a gearing ratio equal to or below 20%;
 - the weighting of the criterion is zero if the gearing ratio is equal or above 40%;
 - the interpolations are linear between these two points of reference.

Additional compensation of up to 10% of the base salary will be allocated if gearing ratio is between 20% and 15% (with linear interpolation between these points of reference).

The IFRS 16 accounting standard, applicable as of January 1, 2019, led the Group to consolidate as from this date all leases in the balance sheet and as counterpart to record the corresponding financial debts as a liability in the balance sheet (before January 1, 2019, only finance leases were consolidated). The entry into force of this accounting standard led to increase the gearing ratio by 3.1% as of January 1, 2019. As the Group discloses a gearing ratio with and without the consideration of the financial debt corresponding to leases, the Board of Directors decided to assess the gearing ratio without considering the financial debt corresponding to the leases.

- The **pre-dividend organic cash breakeven** will be assessed as follows. The maximum weighting of this criterion is **30%** of the base salary.
 - the maximum weighting of the criterion is reached, i.e. 30% of the base salary, if the breakeven is below or equal to \$30/b;
 - the weighting of the criterion is zero if the breakeven is above or equal to \$40/b;
 - the interpolations are linear between these two points of reference.

Additional compensation of up to 10% of the base salary will be allocated if the pre-dividend organic cash breakeven is between \$30/b and \$25/b (with linear interpolation between these 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 ⁵ (MBA) covers the organic investments⁶. The ability of the Group 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, Royal Dutch Shell, BP and Chevron). The ROACE is equal to the net adjusted operating income⁷ 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 is reached, i.e. 20% of the base salary, if TotalEnergies' ROACE is 2% above the average of the 4 peers' ROACE;
 - the weighting of the criterion is zero if the TOTAL's ROACE is 2% or more below the average of the 4 peers' ROACE;
 - the interpolations are linear between these two points of reference.

Additional compensation of up to 10% of the base salary will be allocated if TotalEnergies' ROACE is 4% above the average of the 4 peers' ROACE (with linear interpolation between these points of reference).

⁵ 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).

⁶ Organic investments: net investments excluding acquisitions, asset sales and other operations with non-controlling interests.

⁷ Adjustment items include special items, the inventory effect and the impact for change for fair value.

The aim of taking account of exceptional performance in financial criteria is to put the emphasis on elements that can be controlled and only allow for potential gains for the Chairman and Chief Executive Officer if exceptional results are achieved. In any case, the maximum amount of the financial criteria, including taking account of exceptional performance, cannot exceed 110% of the base salary. The Board of Directors reserves the right to adjust any exceptional performance if, in the opposite scenario, other financial criteria are much lower than expected, in particular those relating to the operational actions of the Chairman and Chief Executive Officer.

The Chairman and Chief Executive Officer's **personal contribution**, which may represent up to **40%** of the base salary, is evaluated based on the following three criteria:

- Steering of the Company'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%**;
- CSR performance, notably the integration of climate issues in the Group's Strategy, the Group's reputation in the domain of Corporate Social Responsibility, as well as the policy concerning all aspects of diversity, for up to **15%**.

In the event of a significant change in the Group affecting the calculation of the economic perimeters for the Group (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.

Furthermore, the Board of Directors may exercise its discretionary powers regarding the determination of the compensation of the Chairman and Chief Executive Officer, pursuant to Articles L. 22-10-16, paragraph 1 and L. 22-10-17, paragraph 3 of the French Commercial Code (formerly Articles L. 225-47 and 225-53), and according to Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code (formerly Articles L. 225-37-2 and L. 225-100), in the event of particular circumstances 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 Group either in absolute terms or relative to the four peers of the Group, 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 Company and of its shareholders are aligned with those of the executive director.

c) Performance shares

In view of the compensation policy principles described above, the compensation policy for fiscal year 2021 would include the granting of **90,000** performance shares to the Chairman and Chief Executive Officer as part of a 2021 plan that is not specific to him.

This grant of **90,000** shares to the Chairman and Chief Executive Officer, under performance conditions, was decided on March 17, 2021 and took effect on **May 28, 2021**, at the end of the Shareholders' Meeting on May 28, 2021, convened on first notice; the 13th resolution relating to the Chairman and Chief Executive Officer policy was approved at 60.27% of the votes cast.

Performance conditions

The definitive number of granted shares will be based on the TSR (Total Shareholder Return), the annual variation of the net cash flow by share in dollars, the pre-dividend organic cash breakeven, the change in the greenhouse gas emissions on operated Oil & Gas facilities (Scopes 1 & 2), as well as the change in greenhouse gas emissions (Scope 3) of the Group's customers in Europe relating to fiscal years 2021, 2022 and 2023, applied as follows:

- For **25%** of the shares, the Company will be ranked against its peers (ExxonMobil, Royal Dutch Shell, BP and Chevron) each year during the three vesting years (2021, 2022 and 2023) 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 Company will be ranked against its peers (ExxonMobil, Royal Dutch Shell, BP and Chevron) each year during the three vesting years (2021, 2022 and 2023) 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 each of these two first criteria: 1st: 180% of the grant; 2nd: 130% of the grant; 3rd: 80% of the grant; 4th and 5th: 0%, with a maximum of 100%.

- For **20%** of the shares, the **pre-dividend organic cash breakeven criterion** will be assessed during the three vesting years (2021, 2022 and 2023) as follows:
 - the maximum grant rate, i.e. 100% for this criterion, will be achieved if the breakeven is less than or equal to \$30/b,
 - the grant rate will be zero if the breakeven is greater than or equal to \$40/b,
 - the interpolations are 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. The ability of the Group to resist to the variations of the Brent barrel price is measured by this parameter.

- For **15%** of the shares, the **change in the greenhouse gas emissions (GHG) on operated Oil & Gas facilities (Scopes 1 & 2)** will be assessed each year as regard to the achievement of the target to reduce the GHG emissions set for fiscal years 2021, 2022 and 2023 and corresponding to 42.4 Mt CO₂e for 2021, 41.8 Mt CO₂e for 2022 and 41.2 Mt CO₂e for 2023:
 - the maximum grant rate, i.e. 100% for this criterion, will be obtained if the GHG emissions (Scopes 1 & 2) reach the target set;
 - the grant rate will be zero if the GHG emissions (Scopes 1 & 2) of the year considered are 1 Mt CO₂e above the target set;
 - the interpolations are linear between these two points of reference.

- For **15%** of the shares, the **criterion of the change in the indirect greenhouse gas emissions (GHG) related to the use by customers of the energy products sold for end use (Scope 3) in Europe** will be assessed each year for the achievement of the target to reduce these GHG emissions set as follows: 2021: -12%; 2022: -14% and 2023: -16% relative to GHG emissions in 2015:
 - the maximum grant rate, i.e. 100% for this criterion, will be reached if the reductions in GHG emissions (Scope 3) of the Group's customers in Europe achieve the target set;
 - the grant rate will be zero if the reductions in GHG emissions (Scope 3) of the Group's customers in Europe of the year in question are 4 points below the target set, i.e. 2021: -8%, 2022: -10% and 2023: -12%;
 - the interpolations are linear between these two points of reference.

A grant rate will be determined each year for each of these last three criteria.

For each of the five 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%. The definitive grant rate will be rounded to the nearest 0.1 whole percent (0.05% being rounded to 0.1%). In the case of fractional shares, the number of shares definitively granted after determination of performance conditions will be determined according to the weighting of each criterion and rounded up to the next whole number of shares.

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.

2.4. Commitments made by the Company to the Chairman & Chief Executive Officer

The commitments made by the Company 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 health care 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 Company, 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 Group on January 1, 1997, ended the employment contract that he previously had with the Company 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 ARRCO and AGIRC supplementary pension plans.

He also participates in the internal defined contribution pension plan applicable to all TotalEnergies SE employees, known as RECOSUP (Régime collectif et obligatoire de retraite supplémentaire à cotisations définies), covered by Article L. 242-1 of the French Social Security Code. The Company's commitment is limited to its share of the contribution paid to the insurance company that manages the plan. For fiscal year 2020, this pension plan represented a booked expense to TOTAL 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 Company 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 compensation exceeds eight times the annual ceiling for calculating French Social Security contributions (PASS), set at €41,136 for 2020 (i.e. €329,088), 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 Company at the Company'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 Group 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 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 at the Company, 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, 2020, a gross annual retirement pension estimated at €638,431. It corresponds to 20.34% of Mr. Pouyanné's gross annual compensation consisting of the annual fixed portion for 2020 (i.e. €1,166,667) and the variable portion paid in 2021 for fiscal year 2020 (i.e. €1,972,740).

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, 2020, is €23.1 million for the Chairman and Chief Executive Officer (€23.2 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 TotalEnergiesSE's commitments to these beneficiaries based on the estimated gross annual pensions as of December 31, 2020, 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, 2020, a gross annual pension estimated at €750,720, corresponding to 23.91% of Mr. Pouyanné's gross annual compensation defined above (annual fixed portion for 2020 and variable portion paid in 2021 for fiscal year 2020).

Retirement benefit

The Chairman and Chief Executive Officer is entitled to a retirement benefit equal to those available to eligible members of the Group 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 contingent upon a performance-related condition applicable to the beneficiary, considered as fulfilled when at least two of the criteria defined below are satisfied:

- 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 Company of his own volition, accepts new responsibilities within the Group or may claim full retirement benefits within a short time period.

Receipt of this severance benefit is contingent upon a performance related condition applicable to the beneficiary, considered as fulfilled when at least two of the criteria defined below are satisfied:

- 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 car 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 Company, that provides for two options in case of death of a married employee: either the payment of a lump sum equal to five times the annual compensation up to 16 times the PASS, corresponding to a maximum of €3,290,880 in 2020, plus an additional amount if there is a dependent child or children, or the payment of a lump sum equal to three 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 Company, 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 fixed compensation 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 benefits from a company car and the health insurance plan applicable to all employees.