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. <u>Chairman and Chief Executive Officer's compensation for fiscal year 2021</u>

At its meeting on March 16, 2022, 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 2021, by applying the principles and criteria set in the compensation policy of the Chairman and Chief Executive Officer for fiscal year 2021 submitted by the Board of Directors to the Ordinary Shareholders' Meeting on May 28, 2021, which had approved it at 60.27% of the votes cast (13th resolution).

It is composed of a base salary (fixed portion) and a variable portion (paid in 2022).

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 for the period of January 1 to December 31, 2021.

The variable portion amounts to €2,506,000, corresponding to 179% of the base salary set for fiscal year 2021.

The payment to the Chairman and Chief Executive Officer of the annual variable portion allocated in respect of fiscal year 2021 was subject to the approval by the Ordinary Shareholders' Meeting to be held on May 25, 2022, of the fixed, variable and extraordinary components of the total compensation and the benefit-in-kind paid during fiscal year 2021 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 at 81.25% of the votes cast).

For the setting of the variable portion of Mr. Pouyanné's compensation allocated in respect of fiscal year 2021, 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 17, 2021. 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 17, 2021, to qualitatively assess his management.

Annual variable compensation allocated in respect of fiscal year 2021 (expressed as a percentage of the base salary)

	% targets +over-performance	% allocated
Economic parameters (quantifiable targets)	**140%**	**139%**
HSE	**30%**	**29%**
a) Safety	20%	19%
– TRIR	*8%*	*8%*
– FIR, comparative	*4%*	*4%*
– Evolution of the number of Tier 1 and Tier 2 incidents	*8%*	*7%*
b) Evolution of greenhouse gas (GHG) emissions	10%	10%
Financial parameters	**capped at 110%**	**110%**
– Return on equity (RoE)	30%+10%	40%
– Gearing ratio (excluding lease commitments)	30%+10%	39%
– Pre-dividend organic cash breakeven	30%+10%	40%
– Return on average capital employed (ROACE), comparative	20%+10%	28%
Personal contribution (qualitative criteria)	**40%**	**40%**
– 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%
TOTAL	**180%**	**179%**

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

Safety and Greenhouse gas emission

– The criterion based on safety evolution 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, Shell, BP and Chevron), as well as (iii) through change in the Tier 1 + Tier 2[1].

[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.

Concerning the fiscal year 2021, the Board noted the following elements:

- the TRIR was 0.73, which is below the target of 0.75. The result of this criterion was thus set at its maximum of 8%;
- at 0.26, the FIR is the lowest of the panel of majors. The result of this criterion was thus set at its maximum of 4%;
- the number of Tier 1 + Tier 2 incidents was 77, which is above the level of 70 to achieve the target. The result of this criterion was set at 7%.

The result of the criterion related to the Safety performance was thus set at 19%;

- for the criterion linked to the greenhouse gas (GHG) emissions on operated facilities, the Board noted that the GHG Scope 1 + 2 emissions on operated facilities amounted to 37 Mt CO_2e excluding COVID-19 effect in 2021 and 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 in 2021, the ROE was 16.9%, i.e., above the 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 of Directors noted that the gearing ratio (excluding lease commitments) at year-end 2021 was 15.3%, i.e., close to the target of the over-performance. The result of this criterion was thus set at 39%;

- for the pre-dividend organic cash breakeven criterion[2], the Board noted that the pre-dividend organic cash breakeven set at $23/b, i.e., above the target set for the over-performance. The result of this criterion was thus set at its maximum, i.e., 40%;

- for the return on average capital employed (ROACE) criterion, by comparison, the Board noted that TotalEnergies' ROACE is 3.2% above the average of the ROACEs of the four peers (ExxonMobil, Shell, BP and Chevron) and decided to set the result of this criterion at 28%.

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.

<u>Personal contribution</u>

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%;

[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 Company 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 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 first quarter of 2020).

- the Corporate Social Responsibility 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%.

Being that all the objectives were 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 2021 is thus composed of a fixed compensation of €1,400,000 and of a variable portion of €2,506,000 (paid in 2022), i.e. a total of €3,906,000.

In addition, at its meeting on March 17, 2021, the Board of Directors of the Corporation decided, on the proposal of the Compensation Committee, to grant 90,000 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 17, 2021, 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 17, 2021 corresponds to an amount of €1,972,800[3].

Finally, Mr. Patrick Pouyanné was provided with a company car during fiscal year 2021. He also benefits from a supplementary pension plan paid for by the Corporation, as detailed in the Universal Registration Document 2021.

2. <u>The Chairman and Chief Executive Officer compensation policy</u>

The compensation policy of the Chairman and Chief Executive Officer was set by the Board of Directors, at its meeting of March 16, 2022, 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 25, 2022 (thirteenth resolution) at 79.90% of the votes cast. It is based on the general principles for determining the compensation of the executive directors specified 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:

- 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.

[3] In accordance with the accounting treatment of performance shares for the year 2021 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 shares granted in 2021, valued on the basis of a unit fair value of €27.40. This fair value was calculated in accordance with IFRS 2 on the grant date of the plan, i.e. May 28, 2021, on the basis of a closing price of the TotalEnergies share on that date of €38.145.

- 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 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 of Directors may 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 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.

2.2. Compensation policy applicable to the Chairman and Chief Executive Officer for fiscal year 2022

At its meeting on March 16, 2022, 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 2022 financial year, after ensuring that it was consistent with the external benchmarks that the Compensation Committee had commissioned and after taking into account the opinions expressed by the proxy advisors.

a) <u>Chairman and Chief Executive Officer's base salary (fixed compensation) for fiscal year 2022</u>

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 2022 is set at €1,550,000. This compensation had been remained unchanged since 2016 and this increase corresponds to an annual average increase in approximately 1.7% compared to an average increase for employees above 2% over the same period.

b) <u>Annual variable compensation for fiscal year 2022 (expressed as a percentage of base salary)</u>

The maximum amount of the variable portion that could be paid to the Chairman and Chief Executive Officer for the fiscal year 2022 is maintained at **180%** of base salary (percentage unchanged compared to the variable portion allocated in respect of fiscal year 2020).

The formula for calculating the variable portion of the Chairman and Chief Executive Officer for fiscal year 2022, which may not exceed 180% of his base salary, includes, as in 2021, 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 2022, the Board of Directors decided to:

– maintain the over-performance relative to each of the financial criteria, which makes it possible to take into account, up to a total limit of 110%, the 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 a sufficiently ambitious level:

- – raise the upper limit of the ROE criterion from 10% to 12%, in line with the target announced to investors in September 2021, with an over-performance target set at 18% (instead of 13%);
- – to reduce the lower limit of the pre-dividend organic cash breakeven from \$40/b to \$35/b and to tighten up the over-performance target of the pre-dividend organic cash breakeven by setting it to \$20/b, with over-performance to be applied between \$30/b and \$20/b (instead of \$30/b and \$25/b);
- – to modify the weighting of the HSE sub-criteria, consistent with the targets set for employees:
  - – the TRIR criterion changes from 8% to 6% with reinforced requirements, with the minimum and maximum limits lowered to 1.12 and 0.7 respectively;
  - – the FIR changes from 4% to 6%;
- – to set the greenhouse gas emission reduction target in accordance with the roadmap by setting the minimum and maximum limits at 42.8 Mt CO_2e and 41.8 Mt CO_2e for Scope 1+2 of operated facilities, in line with the reduction trajectory to 40 Mt CO_2e 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 2022 (expressed as a percentage of the base salary)

		% targets + over-performance
Summary of the quantifiable targets		
Safety and greenhouse gas (GHG) emissions		**30%**
a) Safety		20%
– TRIR	*6%*	
– FIR, comparative	6%	
– Evolution of the number of Tier 1 + Tier 2 incidents	8%	
b) Evolution of GHG emissions (Scope 1+2)		10%
Financial parameters		
– Return on equity (RoE)		30%+10%(1)
– Gearing ratio (excluding lease commitments)		30%+10%(1)
– Pre-dividend organic cash breakeven		30%+10%(1)
– Return on average capital employed (ROACE), comparative		20%+10%(1)
Maximum percentage that may be allocated in respect of financial parameters		**110%**
Maximum percentage that may be allocated in respect of economic quantifiable parameters		**140%**
Personal contribution (qualitative criteria)		
– 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 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%**
(1) 10% for stretch overperformance.		

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) compared to those of four large competitor oil companies (ExxonMobil, Shell, BP and Chevron), as well as through changes in the Tier 1 + Tier 2 indicator[4]:

– The maximum weighting of the **TRIR criterion** is 6% of the base salary (compared to 8% in 2021). The maximum weighting will be reached if the TRIR is below 0.7 (0.75 in 2021). The weighting of the criterion will be zero if the TRIR is above or equal to 1.12 (1.2 in 2021). The interpolations are linear between these points of reference;

– The maximum weighting of the **FIR** criterion will be 6% of the base salary (compared to 4% in 2021). 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;

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 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 2021). 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 2021). The interpolations are linear between these two points of reference.

The criterion relating to the **change in GHG emissions** is assessed on the basis of the quantifiable targets presented below, for a maximum of 10% of the Chairman and Chief Executive Officer's fixed portion.

The change in greenhouse gas (GHG) emissions on operated facilities will be assessed through the achievement of a GHG (Scope 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 41.8 Mt CO_2e for 2022. 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 (Scopes 1+2) from operated facilities reaches the target set at 41.8 Mt CO_2e in 2022 (compared to 42.4 Mt CO_2e in 2021);

– the weighting of the criterion will be zero if the emissions are 1 Mt CO_2e 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 12% (compared with 10% in 2021);
– the weighting of the criterion will be zero if the ROE is lower than or equal to 6% (as in 2021);
– 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 equal to or above 18% with linear interpolation between the points of reference of 12% and 18% (compared to 10% to 13% in 2021).

– The **gearing ratio** (excluding lease commitments) will be assessed as follows. The maximum weighting of the gearing ratio criterion will be 30% of the base salary:

– the maximum weighting of the criterion, i.e., 30% of the base salary, will be reached for a gearing ratio equal to or below 20% (as in 2021);
– the weighting of the criterion will be zero if the gearing ratio is equal to 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 lower than or equal to 15% with linear interpolation between the points of reference of 20% and 15% (as in 2021).

Under IFRS 16, which is applicable as from January 1, 2019, TotalEnergies has been required to consolidate all leases on the assets side of the balance sheet with the corresponding financial liabilities on the liabilities side of the balance sheet (before January 1, 2019, only finance leases were consolidated). The Board had decided to assess the gearing ratio criterion without taking into account the financial debt corresponding to the leases.

– 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 \$30/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.

Additional compensation of up to 10% of the base salary will be allocated if the pre-dividend organic cash breakeven is equal to or lower than \$20/b with linear interpolation between the points of reference of \$30/b and \$20/b (compared to \$30/b and \$25/b in 2021).

The pre-dividend organic cash break-even is defined as the Brent price for which the operating cash flow before working capital changes[5] (MBA) covers the organic investments[6]. 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[7] 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 2021);
– the weighting of the criterion will be zero if TotalEnergies' ROACE is under 2% or more compared to the average of the four peers' ROACE (as in 2021);
– the interpolations will be 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 the points of reference of 2% and 4% (as in 2021).

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 the 110% cap of the base salary.

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 in fair value.

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 reputation in the domain of Corporate Social Responsibility, 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 perimeters 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.

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 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.

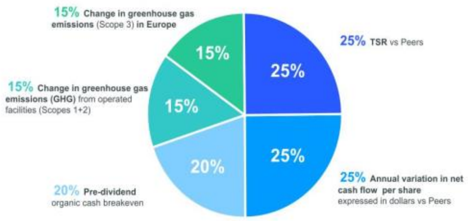
Pursuant to Article L. 22-10-34 of French Commercial Code, the payment of this annual variable portion is subject to the approval of the Shareholders' Meeting to be called in 2023 to approve 2022 financial statements.

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 2022 includes the granting of **100,000 performance shares** to the Chairman and Chief Executive Officer as part of a 2022 plan that is not specific to him.

Performance conditions



The definitive number of granted shares will be based on the TSR (Total Shareholder Return) and the annual variation of the net cash flow by share in dollars compared to his peers as well as the pre-dividend organic cash breakeven, the change in the greenhouse gas (GHG) emissions from operated facilities (Scope 1+2) and the change in GHG emissions (Scope 3[8]) in Europe in fiscal years 2022, 2023 and 2024, 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 (2022, 2023 and 2024) 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 (2022, 2023 and 2024) 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 (2022, 2023 and 2024) 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 $35/b.
– the interpolations will be linear between these two points of reference.

8 GHG Protocol - Category 11.

The pre-dividend organic cash breakeven is defined as the Brent price for which the operating cash flow before working capital changes[9] (MBA) covers the organic investments[10]. The ability of the Company 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 (GHG) emissions on operated facilities (Scopes 1 and 2)** will be assessed each year with regard to the achievement of the target to reduce the GHG emissions set for fiscal years 2022, 2023 and 2024 and corresponding to 41.8 Mt CO_2e for 2022, 41.2 Mt CO_2e for 2023 and 40.6 Mt CO_2e for 2024:

– the maximum grant rate, i.e., 100% for this criterion, will be obtained if the GHG emissions (Scope 1+2) of the year considered reach the target set;

– the grant rate will be zero if the GHG emissions (Scope 1+2) of the year considered are 1 Mt CO_2e 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 indirect greenhouse gas (GHG) emissions related to the use by customers of the energy products (Scope 3[11]) in Europe** will be assessed each year for the achievement of the target to reduce these GHG emissions set as follows: 2022: -14%; 2023: -16% and 2024: -18%, 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) in Europe for the year considered reach the target set;

– the grant rate will be zero if the reductions in GHG emissions (Scope 3) in Europe in the year in question are 4 points below the target set, i.e., 2022: -10%; 2023: -12% and 2024: -14%;

– the interpolations will be 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.

9 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).

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

11 GHG Protocol - Category 11.

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 ARRCO and AGIRC supplementary pension plans.

He also participates in the internal defined contribution pension plan applicable to all TotalEnergies SE employees (*Régime collectif et obligatoire de retraite supplémentaire à cotisations définies*), 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 2021, 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 compensation exceeds eight times the annual ceiling for calculating French Social Security contributions (PASS), set at €41,136 for 2021 (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 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 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, 2021, a gross annual retirement pension estimated at €638,431. It corresponds to 16.34% of Mr. Pouyanné's gross annual compensation consisting of the annual fixed portion for 2021 (i.e., €1,400,000) and the variable portion paid in 2022 for fiscal year 2021 (i.e., €2,506,000).

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, 2021, is €23.0 million for the Chairman and Chief Executive Officer (€23.1 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, 2021, 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, 2021, a gross annual pension estimated at €756,353, corresponding to 19.36% of Mr. Pouyanné's gross annual compensation defined above (annual fixed portion for 2021 and variable portion paid in 2022 for fiscal year 2021).

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. On March 18, 2020, the Board of Directors decided to introduce a new criterion relating to the organic cash breakeven, which is monitored by investors, replacing the previous criterion relating to growth in hydrocarbon production, which is no longer relevant in view of the adaptation of the Company's strategy to the challenges of climate change.

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. On March 18, 2020, the Board of Directors decided to introduce a new criterion relating to the organic cash breakeven, which is monitored by investors, replacing the previous criterion relating to growth in hydrocarbon production, which is no longer relevant in view of the adaptation of the Company's strategy to the challenges of climate change.

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 2021, 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.