DC Chair's Statement

TotalEnergies UK Pension Plan

Re-issued 19 December 2024

This paper has been prepared for the Trustee of the TotalEnergies UK Pension Plan (the "Plan") in response to your request that we provide a draft Chair's Statement for the Plan.

There is a requirement for most trust-based defined contribution ("DC") schemes to produce an annual Chair's Statement (the "Statement"). The Statement should outline how the Plan has complied with the prescribed minimum governance standards for DC schemes. You requested that we provide a draft Statement for the Plan, which we have enclosed. The draft is based on the industry-wide template that was created from a project driven by LCP, working with the Pensions and Lifetime Savings Association.

In producing the draft Statement, we have relied on information provided by:

- The Total Energies UK Pensions Department;
- Legal & General ("L&G") as the Plan's investment platform provider;
- Gallagher as the Plan's administrator; and where possible,
- The Plan's legacy additional voluntary contribution ("AVC") providers; Aviva, Clerical Medical, Phoenix Life, Prudential and Zurich.

Please note that Gallagher was formerly known as Buck; this name change was effective from 1 July 2024, however we have referred to the administrator by its current name throughout.

At the time of writing this advice, we have not received a significant amount of information in relation to the Plan's legacy AVC policies, although we understand it has been requested by Gallagher. We will continue to periodically chase the legacy AVC providers, via Gallagher, to obtain this information, so that updated information can be included in the final version of this Statement.

The Pensions Regulator ("TPR") can issue fines for non-compliant Chair's statements. We have produced the draft Statement based on our template, which has been guided by our understanding of the requirements. However, it is the Trustee's responsibility to produce a compliant Statement, and therefore we suggest that you obtain legal advice to confirm that all requirements have been met; for efficiency we suggest that the legal adviser is asked to restrict their comments to those that are essential.

TPR has issued a " Quick guide to the chair's statement" which includes a checklist of items to include for each section of the Statement. It also gives some examples of good practice for each requirement, as well as some common misunderstandings and omissions TPR has seen in statements so far.

If you are comfortable with the Statement, then it should be physically pen & paper signed by the Chair of the Trustee and included in your Report and Accounts ending 30 June 2024 to comply with the relevant regulations. The Statement needs to be finalised within seven months of the end of the Plan year.

The Statement of Investment Principles ("SIP") wording covering the DC default investment arrangement (the "Default") must be appended to the signed Statement. In our experience most trustees find it easier to attach the whole SIP. Please find enclosed the SIP that we understand is the current "in force" version.

Chair's statements must include the investment return, net of charges and transaction costs, of each investment option that members can select or were in the past able to select, and in which member assets were invested during the scheme year. DWP guidance indicates that figures for net investment returns should be shown for the scheme year at a minimum, but recommends including returns for at least five years where possible. To reduce costs we have taken a pragmatic approach and shown the figures for one and five years based on availability of data. Please contact me if you would like to discuss the possibility of including earlier investment returns. We are keeping a record of returns each year which will build up to showing longer periods in future chair's statements.

Chair's statements covering periods after 1 October 2023 must include a breakdown of the asset allocation of the default arrangement(s). We have therefore included asset allocation figures in this statement for the first time.

Requirement for publication on the internet

You are required to publish the charges and transaction costs illustration and certain other parts (see below) of the Statement on a website for public access (including, potentially, viewing by TPR).

- The information should be publicly available in a manner which allows for the content to be indexed by search engines. No passwords or personal information can be required to view it.
- It can be published on the Plan's or employer's website or another website such as a social media site. Last year's Statement was published here: Chair's DC governance statement (totalenergies.uk)
- A specific web address for the location of the published materials on the internet must be included in members' Annual Benefit Statement (where members do not receive one, they must be sent a separate notification containing this information).

At a high level the minimum material required to be published is:

- the SIP covering the Default, and details of any review of the Default strategy and performance of the Default (or if no review was undertaken, the date of the latest review);
- member borne charges (including the amount of any performance-based fees incurred in relation to each default during the Plan year), transaction costs, and net investment returns for each investment option in which members were able to select during the Plan year and had member assets invested in during the year;
- the illustration of charges and transaction costs; and
- an explanation of the value for members' assessment.

In other words, most of the Statement apart from details of the Plan's administration and Trustee knowledge and understanding. However, TPR's guidance encourages schemes to publish the full Chair's Statement. Although the original Statement must be physically signed, we recommend that the signature is removed from the version which is published (to help prevent fraud).

You should satisfy yourselves that you have considered the needs of disabled people in publishing the information (for example whether the text can be enlarged so it can be read by visually impaired people).

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Enc: Draft Chair's Statement
Latest Statement of Investment Principles

Chair's DC Governance Statement, covering 1 July 2023 to 30 June 2024

1. Introduction and members' summary

The **TotalEnergies UK Pension Plan** (the "Plan") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments, but bears the investment risk). A number of members of the DB Section, who have paid Additional Voluntary Contributions ("AVCs") on a DC basis, also have AVCs in the Plan's DC Section.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustee Directors of the Plan, are required to produce a yearly statement (signed by the Chair of the Trustee) covering:

- the design and oversight of the auto-select (default) investment strategies, the Drawdown Lifestyle for the main DC Section benefits and the Cash Lifestyle for the DB AVC Section (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the default options and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the auto-select arrangements and other investment options remain suitable for the membership.
- We began a review of the auto-select arrangements for the DC section on 13 June 2023 which was concluded on 13 December 2023. The changes agreed as part of this review are being implemented after the Plan year end.
- We reviewed the phasing of assets within the Growth Fund in November 2022, leading to the decision to increase the allocation of the L&G Low Carbon Transition Global Equity Index Fund from 50% to 100%. In addition, the Trustee agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Global Equity Index Fund. The phasing of assets was completed in December 2023.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns.
- Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and we remain comfortable with the administrator's performance.

Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Plan is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the Plan's DC Section and who do not choose an investment option are placed into the Drawdown Lifestyle (the Default or "auto-select arrangement"). We recognise that most members do not make active investment decisions and instead invest in the auto-select arrangement. After taking advice, we decided to make the auto-select arrangement a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

A second investment option available within the Plan is also classified as a default. This is the Cash Lifestyle, which is the Default "auto-select" lifestyle arrangement for the DB AVC section held with L&G. In September 2024, after the end of the Plan year, this lifestyle was renamed the Lump Sum Lifestyle.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the Default auto-select arrangements.

Details of the objectives and our policies regarding the auto-select arrangements can be found in a document called the 'Statement of Investment Principles' ("SIP"). The Plan's SIP covering the Default auto-select arrangements can be found in the Appendix.

The aims and objectives of the Default auto-select arrangements, as stated in the SIP, are as follows:

"The auto-select arrangements are structured to maintain a reasonable and diverse exposure to growth assets, as well as a provision for the taking of a tax-free cash lump sum, at retirement. They are designed to be broadly appropriate for a typical member within the Plan, but they will not be suitable for all members."

The default is reviewed every three years. We began the triennial review of the Default arrangements on 13 June 2023, just before the period covered by this Statement. The review was concluded on 13 December 2023. The performance and strategy of the Default were reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives of the Default as stated in the SIP, and to check that it continues to be suitable and appropriate given the Plan's risk profiles and membership. We are implementing the following changes to the lifestyle strategies:

- Shorten the de-risking period from 25 years to 15 years. As a result, members will maintain a higher risk portfolio for longer and have a higher allocation invested in the Growth Fund during the de-risking phase.
- Introduce a three-phased approach to the lifestyles to include a growth phase, approaching retirement phase and at-retirement phase.
- Amend the asset class allocation in the lifestyle strategies in the approach to retirement, which is expected to increase the risk and return profile for members and enable a higher integration of responsible investing within the strategies.
- Increase risk at-retirement for the Default Drawdown Lifestyle strategy by amending the asset class allocation.
- Renamed the Cash Lifestyle to the Lump Sum Lifestyle to better reflect what members are targeting at retirement.

We are satisfied that the current Default auto-select arrangements remain suitable for members and that the retirement targets of both auto-select arrangements remain appropriate due to the analysis of the Plan's membership and outcome projections.

As part of the previous review of the Default auto-select arrangement (which concluded on 8 June 2021), we agreed to review the phasing of assets within the Growth Fund after a year, at the midway point, in November 2022. Following this review the Trustee agreed to proceed with the increase to the allocation to the L&G Low Carbon Transition Global Equity Index Fund from 50% to 100% within the Growth Fund. In addition, we agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Global Equity Index Fund. The phasing of assets in the Growth Fund was completed in December 2023.

In addition to the triennial strategy review we also review the performance of the Default auto-select arrangements against their objectives on at least an annual basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Plan year concluded that the auto-select arrangements were performing broadly as expected.

Specified performance-based fees

None of the investments utilised with the default arrangements or the self-select options use performance-based fees.

Asset allocation breakdown

We are required to show the asset allocation of the default arrangements. In line with DWP's guidance we have also shown this asset allocation for different ages as at the Plan year end. We have assumed a target retirement age of 65, which is the official target retirement age of the Plan.

Drawdown Lifestyle (DC section default)

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0	1.1	3.2	10.0
Corporate bonds (UK and overseas)	0.0	3.6	10.8	26.4
UK government bonds	0.0	3.3	9.9	20.6
Overseas government bonds	0.0	1.5	4.6	6.1
Listed equities	100.0	88.6	65.9	29.5
Property*	0.0	0.9	2.6	3.4
Other	0.0	1.0	3.0	4.0

*The property allocation is in respect of the L&G 70:30 Hybrid Property Fund, which invests 70% in a Managed Property Fund, and 30% in a Global Real Estate Equity Index.

Lump Sum Lifestyle (DB AVC section default)

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	0.0	1.1	3.2	22.7
Corporate bonds (UK and overseas)	0.0	3.6	10.8	47.8
UK government bonds	0.0	3.3	9.9	29.5
Overseas government bonds	0.0	1.5	4.6	0.0
Listed equities	100.0	88.6	65.9	0.0
Property*	0.0	0.9	2.6	0.0
Other	0.0	1.0	3.0	0.0

*The property allocation is in respect of the L&G 70:30 Hybrid Property Fund, which invests 70% in a Managed Property Fund, and 30% in a Global Real Estate Equity Index.

3. Processing of core financial transactions

The processing of core financial transactions is carried out by the administrator of the Plan – Gallagher. Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payments to members/beneficiaries.

We have received assurance from Gallagher that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

The Plan has a Service Level Agreement ("SLA") in place with the administrator which covers the accuracy and timeliness of all core financial transactions. The key processes adopted by the administrator to help it meet the SLA are as follows:

- preparation of a quarterly administration report which is presented to the Trustee and includes performance against SLAs covering timeliness for core transactions;
- a work management system which is reviewed daily for forthcoming workloads, with tasks allocated daily;
- daily review of bank balances by the treasury team;
- monthly cash reconciliation; and
- all monetary transactions are peer reviewed and authorised by 1 x senior administrator or team leader (transactions less than £250,000) or 2x senior administrators and/or team leader (transactions over £250,000) the transaction is then reviewed and released for payment by a treasury administrator and there is a final authorisation by an Administration Manager or above.

To help us monitor whether service levels are being met, we receive quarterly reports about the administrator's performance and compliance with the SLA. This is presented to the Administration Committee and also includes SLA performance in respect of core transactions for the DC Section.

Any issues identified as part of our review processes would be raised with the administrator immediately, and steps would be taken to resolve the issues according to their protocols. There were 8 member complaints relevant to the DC and DB AVC sections over the Plan year to 30 June 2024. This is an increase from no complaints last year. We continue to monitor the performance of

Gallagher as administrator but are satisfied with Gallaghers performance and that the majority of the complaints are relatively minor.

Based on our review processes, we are satisfied that over the period covered by this Statement:

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan year

Core financial transactions for legacy Additional Voluntary Contributions ("AVC") providers

There were legacy AVC investments with five providers in the Plan during the year:

- Aviva
- Clerical Medical
- Phoenix Life
- Prudential; and
- Zurich.

Gallagher have requested information from these providers in relation to the processing of core financial transactions, however we have had limited responses at the time of writing.

Aviva

We have not been able to source updated information from Aviva, however they have previously confirmed that they operate SLAs and performance is measured against those SLAs, but are unable to share specific SLA details for the Plan's AVC policy. Failure to reach SLA levels will trigger an internal investigation and agreed actions would be taken to improve performance.

Prudential

We have not been able to source updated information from Prudential, but it has previously confirmed that they transitioned to 'End to End' reporting, which means that performance is measured against the total time taken to deal with a particular work item, from the day of receiving it through to the closure date of the work item. Prudential is only able to show end to end performance at the platform level.

Clerical Medical

We have not been able to source updated information from Clerical Medical, but it has previously confirmed that they do not have a service level agreement in place. At the time of preparing this Statement, Clerical Medical have been unable to provide details of their processes for core financial transactions.

Phoenix Life and Zurich

We have requested information on the processing of core financial transactions from Phoenix Life and Zurich. However, at the time of preparing this Statement, this information has not been received. We will continue to liaise with both of these providers via our administrator to obtain this information.

4. Member-borne charges and transaction costs

We are required to set out the ongoing charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio (TER). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure and exclude administration charges since these are not met by the members.

We are also required to separately disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds but are exclusive of any costs incurred when members invest in and switch between funds. The transaction costs are borne by members.

The charges and transaction costs have been supplied by Legal & General ("L&G") who is the Plan's investment platform provider. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and when it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term)

Default auto-select arrangements

The Default auto-select arrangement for the DC Section is the Drawdown Lifestyle. The Default auto-select arrangement has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following table.

Drawdown Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.20	0.26

The Lump Sum Lifestyle strategy is also the Default auto-select arrangement for the DB AVC section. The annual charges for this lifestyle during the period covered by this Statement are set out in the table above.

Lump Sum Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.14	0.08

The default arrangements do not have any performance based fees associated with them.

Self-select and AVC options

In addition to the two auto-select arrangements, members also have the option to invest in one other lifestyle, the Annuity Lifestyle, which targets annuity purchase, and several other self-select funds. The annual charges for the Annuity Lifestyle during the period covered by this Statement are set out in the table below:

Annuity Lifestyle charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.10	0.10
15 years to retirement	0.13	0.15
10 years to retirement	0.16	0.20
5 years to retirement	0.19	0.25
At retirement	0.07	0.10

The level of charges for each self-select fund (including those used in the Default) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the DC Section Default are shown in **bold**.

Self-select fund (L&G) charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Global Equity Fund	0.10	0.00
Overseas Equity Fund	0.09	0.00
UK Equity Fund	0.05	-0.05

Fund name	TER	Transaction costs
Ethical Equity Fund	0.74	0.17
Corporate Bond Fund	0.07	0.34
Fixed Interest Gilt Fund	0.04	0.00
Index-Linked Gilt Fund	0.04	0.05
Growth Fund	0.07	0.05
Climate Aware Passive Equity Fund	0.06	0.01
Diversified Multi-Asset Fund	0.22	0.31
Cash Fund	0.11	0.07
Lump Sum Fund	0.14	0.08

Legacy AVC fund charges and transaction costs (% per annum)

Aviva

Fund name	TER*	Transaction costs*
Aviva Deposit Admin Pension Bonus Series	Not available	Not available
Aviva Mixed Investments (40-85%)	Not available	Not available
Aviva US Equity	Not available	Not available
Aviva UK Equity Fund	0.88%**	0.07%***
Aviva Property	Not available	Not available
Aviva European Equity	Not available	Not available
Aviva Global Equity	Not available	Not available
Aviva Pacific Equity	Not available	Not available
Aviva With-Profit	Not available	Not available
Aviva With-Profit Guaranteed	Not available	Not available

The Funds included in the table above are those that members were invested in as at 31 March 2023. *Aviva was unable to provide the TER and transaction costs for these funds in time for inclusion in this Statement. **As at 30 June 2023. *** As at 5 April 2023.

Prudential

Fund name	TER[1]	Transaction costs[2]
Prudential Deposit Fund	N/A*	0.00
Prudential Discretionary Fund	0.77	0.13
Prudential Global Equity Fund	0.77	0.20
With Profits Cash Accumulation Fund	N/A**	0.16

[1]Prudential as at 30 June 2024 [2]Prudential as at 31 December 2023.
*TER rates were not provided. Interest rates are declared on the first of each month, in line with the Bank of England base rate. Any interest is declared monthly and there are no explicit charges.
** There are no set charges as charges depend on the performance, investment returns achieved and expenses incurred.

Clerical Medical & Phoenix Life

We have requested information on TERs and transaction costs from Clerical Medical and Phoenix Life. However, as at the time of preparing this Statement, this information has not been received from all providers. We will continue to liaise with each of these providers via Gallagher to obtain this information.

Zurich

Fund name	TER*	Transaction costs*
Zurich With Profits 90:10 Fund	N/A**	0.06%

*Zurich as at 31 March 2024. **The Fund is a traditional with profits fund and as such charges are not explicitly set out. Fund expenses vary across different groups of plans and are taken into account when determining bonus rates each year.

Illustration of charges and transaction costs

The following table sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration are those provided by the managers over the past five years, with the exception of the Growth Fund

and Lump Sum Fund which are over the past three years, subject to a floor of zero (so the illustration does not assume a negative cost over the long term). We have used the average annualised transaction costs over the past five and three years as this is the longest period over which figures were available and should be more indicative of longer-term costs compared to only using figures over the Plan year.

- The illustration is shown for the Default auto-select arrangement (the Drawdown Lifestyle) and also the Lump Sum Lifestyle, as the Default auto-select arrangement for members' AVCs, as well as two funds from the Plan's self- select fund range. The two self-select funds shown in the illustration are:
- the fund with highest annual member borne costs (TER plus transaction costs) – this is the Ethical Equity Fund.
- the fund with lowest annual member borne costs – this is the UK Equity Fund.

Projected pension pot in today's money

	Default option		Lump Sum Lifestyle		Ethical Equity Fund		UK Equity Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£6,100	£6,100	£6,100	£6,100	£6,100	£6,000	£6,100	£6,100
3	£10,400	£10,400	£10,400	£10,400	£10,500	£10,300	£10,500	£10,500
5	£15,100	£15,000	£15,100	£15,000	£15,200	£14,800	£15,200	£15,200
10	£28,000	£27,800	£28,000	£27,800	£28,600	£27,100	£28,600	£28,500
15	£43,200	£42,600	£43,200	£42,600	£44,400	£41,000	£44,400	£44,200
20	£61,000	£59,700	£61,000	£59,700	£63,200	£56,900	£63,200	£62,800
25	£80,600	£78,400	£80,600	£78,400	£85,500	£75,000	£85,500	£84,900
30	£101,500	£97,800	£101,500	£97,800	£112,100	£95,600	£112,100	£111,100
35	£123,100	£117,100	£123,100	£117,100	£143,600	£118,900	£143,600	£142,000
40	£141,800	£133,100	£135,800	£128,100	£181,000	£145,500	£181,000	£178,700

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The projection is for 40 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age.
- The starting pot size used is £4,000 This is the approximate average (median) pot size for active members of the Plan aged 25 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The starting salary is assumed to be £24,000. This is the approximate median salary for active members aged 25 or younger.
- Total contributions (employee plus employer) are assumed to be 8.0% of salary per year. This is a consistent approach to 2023 and is in line with the minimum total contribution that members receive based on auto-enrolment minimums.
- The projected annual returns used are as follows:
  - Default auto-select arrangement, Drawdown Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return of 1.0% above inflation at the ending point of the lifestyle.
  - Lump Sum Lifestyle: 3.5% above inflation for the initial years, gradually reducing to a return 0.5% below inflation at the end point of the lifestyle.
  - Ethical Equity Fund: 3.5% above inflation
  - UK Equity Fund: 3.5% above inflation

5. Investment returns

This section shows the annual return, after the deduction of member borne charges and transaction costs, for all investment options in which member assets were invested during the Plan year, over periods to 30 June 2024. We have had regard to the statutory guidance in preparing this Section. The underlying funds used within the DC Section Default are shown in **bold**.

For arrangements where returns vary with age, such as for the Drawdown Lifestyle, Lump Sum Lifestyle and Annuity Lifestyle, returns are shown over the Plan year for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Drawdown Lifestyle (Default auto-select arrangement for the DC Section) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Lump Sum Lifestyle (Default auto-select arrangement for the DB AVC Section) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Annuity Lifestyle (self-select lifestyle) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	22.4	10.1
45	19.4	7.4
55	14.5	4.3

Self-select fund net returns over periods to Plan year end

Fund name	1 year (%)	5 years (% pa)
Global Equity Fund	20.6	9.8
Overseas Equity Fund	21.7	12.3
UK Equity Fund	13.9	5.7
Ethical Equity Fund	19.8	10.2
Corporate Bond Fund	7.0	-5.7
Fixed Interest Gilt Fund	2.6	-9.0
Index-Linked Gilt Fund	-0.6	-7.5
Growth Fund*	22.4	N/A
Climate Aware Passive Equity Fund*	21.1	N/A
Diversified Multi-Asset Fund	9.2	1.9
Cash Fund	5.3	1.7
Lump Sum Fund*	7.6	N/A

**These funds were incepted in October 2021 therefore the 5-year performance to 30 June 2024 is not available.*

Legacy AVC Options

As at the time of preparing this Statement, we have not received net return figures for the funds in which members are invested in the legacy AVC policies except for Zurich and Prudential, although we understand it has been requested by Gallagher. We will continue to periodically chase the providers, via Gallagher, to obtain this information. We have been able to find some fund information for the Prudential funds which is publicly available.

Prudential

Fund name	1 year (%)	5 years (% pa)
Prudential Deposit Fund	5.2	1.8
Prudential S3 Discretionary Fund	Not available**	Not available**
Prudential S3 Global Equity Fund	Not available**	Not available**
With Profits Cash Accumulation Fund*	4.3	5.5

*Performance to 31 December 2023 due to the fund declaring bonuses once a year.
** Prudential was unable to provide the net returns for these fund in time for inclusion in this Statement.

Zurich

Fund name	1 year (%)	5 years (% pa)
Zurich With Profits 90:10 Fund	1.4	-3.7

*Zurich as at 31 December 2023. Note that the fund contract has underlying investment guarantees therefore members may not bear losses.

The With-Profits fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With Profits Funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

6. Value for members assessment

We are required to assess every year the extent to which member borne charges (including specified performance-based fees) and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The last review was dated 13 November 2024, which covered the Plan year to 30 June 2024. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment. Our investment advisers have confirmed that the fund charges are competitive for the types of fund available to members.

Our assessment included a review of the performance of the Plan's investment funds (after all charges and transaction costs) in the context of their investment objectives.

In carrying out the assessment, we also consider the other benefits members receive from the Plan, which include*:*

- our oversight and governance, including ensuring the Plan is compliant with relevant legislation, and holding regular meetings to monitor the Plan and address any material issues that may impact members;
- the design of the default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Plan website where members can access fund information online; and
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Plan are receiving very good value for money for the charges and cost that they incur, for the reasons set out in this section.

This summary sets out our rating and the high-level rationale behind it. We have chosen a rating ranging from poor, fair, good to very good.

- **Charges –** Very good – the Company meets the majority of the costs of administering and running the Plan. The costs borne by members are very competitive, particularly with regard to the AVC arrangements with L&G.
- **Administration –** Very good – the administration service provided by Gallagher is of a good standard.
- **Governance –** Very good – the Pensions Team and Trustee Directors are very committed to the Plan and how it is run, holding regular meetings and making use of external advisors where appropriate.
- **Communications –** Very good – communications are clear, tailored and informative. The Trustee monitors the impact of communications quarterly.
- **Auto-select (default) investment arrangement –** Very good – the auto-select (default) investment strategy targets drawdown at retirement. The Trustee monitors the strategy and concludes that the investment arrangement continues to be suitable for the majority of members and is achieving its stated objectives.
- **Investment range –** Very good – The fund range is broad and members are offered multiple lifestyles, each targeting a different retirement option. There is also a specialist ethical fund option and climate aware fund available within the fund range. The Trustee remains satisfied that the fund range is sufficient, appropriate, not duplicated, and all funds are white-labelled with clear names.
- **At-retirement services –** Good – The Trustee offers both an advice service and access to a post-retirement product.
- **Plan design –** Very good – the Company and Trustee's commitment to the Plan is strong and demonstrated in the design and contributions. Contributions remain generous and members are provided with a large degree of contribution flexibility.

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they are material. During the period covered by this Statement, we received training on SMPIs, which was presented by LCP at the DC Outcomes and Governance Sub Committee ("DCOG") meeting on 3 April 2024.

Additionally, we receive updates on topical pension issues from our advisers at DCOG meetings. For example, our advisers provided updates on the Government announcements including the Mansion House Reforms and the Autumn Statement at the December 2023 meeting.

We are familiar with and have access to copies of the Plan's governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is formally reviewed annually and as part of making any change to the Plan's investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes to fulfil our duties.

We are required to commit to completing the training, either at the relevant meetings or by personal study. All the Trustee Directors have completed the Pensions Regulator's Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

A training and development plan is maintained in line with best practice and the training programme is reviewed regularly to ensure it is up to date. This has not been reviewed in the Plan year, as it previously included training plans for up to the end of 2024. Additionally, the Plan has in place a structured induction process for new trustees. Candidates interviewing for Trustee positions are encouraged to complete the Regulator's toolkit. All Trustees have completed their Regulator's toolkits.

There are 8 Trustee Directors on the board, with half of these being member nominated trustee directors. 2 of the Trustees are women, and the Trustee Directors have a wide range of vocational backgrounds (including HR, Business Development and Legal) and therefore have different roles within the Board, for example Investment or Communications.

If a new topic is raised at a meeting, training will be provided as required prior to discussion or a decision being made. Specific training on Trustee Board and scheme Management skills has been provided to the Trustee Directors as mentioned above.

We hold ad-hoc training days when there is sufficient material to cover. Training needs is an item on each meeting agenda to allow us to identify any knowledge gaps by being asked whether we would benefit from any specific training, and we are made aware of external seminars that are relevant for us as Trustee Directors of the Plan, which we can attend. Ad-hoc training is provided as and when required.

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustee Directors of the Plan properly and effectively.

Signed by:

Rob White

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Date: January 23, 2025 | 1:55 PM

Signed by the Chair of the Trustee of the TotalEnergies UK Pension Plan