



PENSION UPDATE

TOTALENERGIES UK PENSION PLAN
FOR MEMBERS OF THE DEFINED BENEFIT (DB) SECTIONS

JANUARY 2022

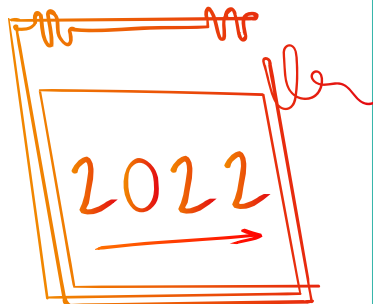
Moving forward

Rob White, Chairman of TotalEnergies Pension Trustee UK Limited

Following a consultation with affected employees, the Company has announced that current active members will be unable to build up any more benefits in the DB Sections after 31 December 2021.

The Company's decision does not affect the benefits that have already built up in the DB Sections. These will remain in the Plan and we will continue to manage them for you. This includes working with the Company to make sure there are sufficient funds to pay these benefits, whenever they need to be paid.

Whether you are receiving a Plan pension, or your pension will start at some point in the future, your benefits are in good hands.



Today's five-minute task

The Plan website address has changed. Please delete the old address from your records, then add this new address to your list of favourites or bookmarks.

<http://pension.totalenergies.uk>

We have also changed the address of our 'public' website, which contains general documents about the Plan that might be of interest. As above, please update your records with this new address.

<http://pensioninfo.totalenergies.uk>

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Funding your benefits

We work with the Principal Employer to make sure the Plan has sufficient funds to pay the benefits that members have built up in the DB Sections, whenever they need to be paid.

At least once every three years, the Plan undergoes a detailed health-check called a valuation. The valuation process helps us to understand:

- the money building up in the Plan (its 'assets'); and
- the money the Plan needs to pay members' benefits (the 'funding target').





We use this information as we work with the Principal Employer to maintain an appropriate level of funding in the Plan and safeguard your benefits.

To help us monitor the Plan's progress in the years between valuations, we also ask the actuary to provide us with yearly updates.

This section contains the results of the latest valuation, which is based on information as at 30 June 2020. The valuation was completed before the Principal Employer decided to close the Plan to future accrual.

The headlines

At 30 June 2020, the Plan had a shortfall of £314 million. This is equivalent to a funding level of 91%.

	Valuation 30 June 2020	Update 30 June 2019	Update 30 June 2018	Valuation 30 June 2017
				
The funding target	£3,610 million	£3,452 million	£3,304 million	£3,355 million
The value of the assets	£3,296 million	£3,240 million	£3,096 million	£3,108 million
The funding position	Shortfall of £314 million	Shortfall of £212 million	Shortfall of £208 million	Shortfall of £247 million

The asset figures in the chart on page 2 do not include the money purchase AVCs some members are investing through the Plan or the pension accounts building up in the Defined Contribution (DC) Sections.

The asset and funding target figures include the value of the bulk annuity policies we have taken out to increase the security of members' benefits.

- We have a policy with Pension Insurance Corporation (PIC) that covers the monthly pension payroll for all Plan pensioners who retired before 1 July 2013.
- We also have a policy with Canada Life that covers some pensions for Atotech DB Section members.

Through these policies, PIC and Canada Life are now taking on certain risks that the Plan would otherwise have faced, such as the impact of difficult economic and investment conditions, and future changes in life expectancy.

What changed?

As the chart on page 2 shows, the Plan's funding level is lower than it was at the 2017 valuation, and the updates in 2018 and 2019.

The rise in the funding target was mainly due to changes on the financial markets, which expect interest rates to stay low. This lowers the returns the Plan receives from its bond investments and the returns we expect from other types of asset such as shares. The result is that the Plan needs to hold more money to cover the cost of providing the benefits that members have built up.

This rise in the funding target was partly offset by the rise in the value of the Plan's assets. This was mainly due to positive investment returns and the contributions the Employers paid to help make up the shortfall that was identified at the 2017 valuation.



Our funding plan

As part of the valuation process, the Trustee and the Principal Employer agree on the level of contributions the Plan needs to receive in the future.

To help make up the shortfall

We agreed a plan with the Employers to help get the funding level back to 100% by January 2025. Under this plan, the Employers agreed to pay the following additional contributions:

1 January 2021	£50.998 million
28 February 2021	£47.876 million
1 January 2022	£36.874 million
1 January 2023	£36.874 million
1 January 2024	Up to £36.874 million
1 January 2025	Up to £10 million

The additional contributions due in 2024 and 2025 will depend on the funding level identified at the next valuation at 30 June 2023.

To help fund the benefits members will build up in future

Up to 31 December 2021, the Employers also contributed an average of 39.6% of members' pensionable pay towards the cost of benefits members were building up and the costs of running the Plan. The exact amount varied by Business Unit and was based on the employees in the Plan, allowing for their salary and age.

To help meet the Plan's expenses

In the DC Section, the Employers contribute an amount to equal to 1.5% of members' pensionable pay towards the Plan's administration costs.

From 1 January 2022, the Employers will meet any expenses that are not covered by this 1.5%. This will include the cost of contributing to the Pension Protection Fund (to provide members with additional protection) and any death-in-service benefits payable.

The Employers also pay contributions for members of the DC Sections as required under the Plan rules.



A different perspective

The figures on page 2 assume the Plan continues in its current form and that the Employers will continue to support it. This is known as the 'going concern' or 'technical provisions' basis.

The actuary is also required by law to work out what the funding level would be in the hypothetical situation that the Plan was wound up on the valuation date. This is known as the 'full solvency' position. If this happened, the Plan would need to pay an insurance company to provide the benefits that members have built up.

Insurance companies generally use lower-risk investments which give lower returns than the Plan aims to achieve. They also factor in a profit. As is the case with the 'going concern' funding level, the full solvency funding level can go up and down a lot. This is caused by factors such as changes in insurance company regulations and varying levels of competition between insurers.

At 30 June 2020, the Plan had a shortfall of £1,104 million on the 'full solvency' basis. This is equivalent to a funding level of 75%.

In an extreme situation – for example if the Plan was wound up because the Employers had gone out of business – the Pension Protection Fund may provide members with some compensation.

www.ppf.co.uk

Finally

We must also confirm the following:

- The Plan has not made any payments to the Employers since our previous funding update.
- The Pensions Regulator has not had to intervene in the running of the Plan since that date.

Further reading

You can read more about the Plan and the DB Sections in our latest Annual Report.

Our Statement of Investment Principles explains out the arrangements we have put in place to manage the Plan's assets.

These documents are available on our public website.

<http://pensioninfo.totalenergies.uk>

Pension scams

In the ongoing battle to protect individuals from pension scams, the Government has given trustees new powers to pause or block transfers out of their schemes if they suspect fraudulent activity or a scam.

Most transfer requests are straightforward and take place without any issues. However, the new regulations allow trustees to intervene if they have suspicions about any aspect of the transfer.

In some situations, the transfer will go on hold until the individual proves that they have taken scam-specific guidance from the Money and Pensions Service. If there are warning signs that indicate possible fraud or methods frequently used by scammers, trustees can block the transfer and prevent it from going ahead.

If you are thinking about transferring your benefits out of the Plan, there will be more information about this in your transfer pack.



Pension scams are often sophisticated operations and can appear convincing, so it is important that you know the warning signs. There is lots of useful information on the MoneyHelper website.

www.moneyhelper.org.uk/en/money-troubles/scams/how-to-spot-a-pension-scam

If you are thinking about making a change to your pension arrangements – for example, transferring benefits out of the Plan – make sure you receive advice from a suitably qualified financial adviser (see page 8).

Congratulations!

We'd like to send our best wishes to the following members, who celebrated a milestone birthday this year.

Happy 90th birthday!

M Fisher

Brian Burford

David Bartholomew

W Yates

Ivor Norman

Joseph Ashford

John Reynolds

Christina Hargreaves

Cyril Poole

Leslie Jenkins

Vera Rozario

Rita Staddon

Gordon Grigg

Frank Atherton

Terence Arnold

Eileen Allsopp

Allan Crook

Donald Clark

Derek Northage

Terence Murray

John Luckie

Elizabeth Seager

John Taylor

Frederick Tappin

Denis Smith

John Farley

Doris Buchan

Cecil Partridge

Thomas Davies

Peter Hornsby

Clifford Charlton

Clive Vale-Richards

Margaret Wash

Barbara Webberley

Donald Greening

R Birkenshaw

Francis Draper

Roy Chandler

James Jackson

Alfred Beesley

Barbara Crook

Thomas Green

Elsa Robertson

David Cullum

John Lambell

Happy 95th birthday!

Enid Walmsley

Ronald Forrest

J Hitchen

George Steward

John Thomas

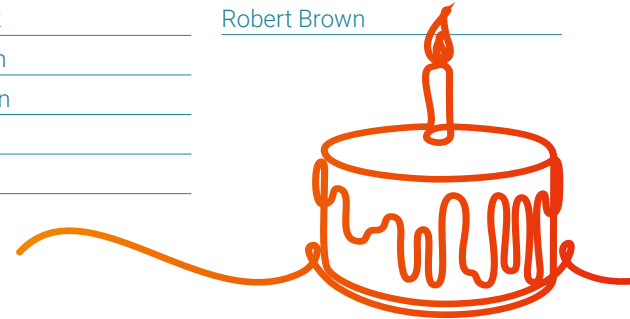
John Slater

Raymond Brook

Kenneth Irwin

Happy 100th birthday

Robert Brown



Contact points

For information about the Plan

The Plan website should be your first port of call if you want information about the Plan or your benefits. (Please make a note of the new website address below.)

<http://pension.totalenergies.uk>

If you cannot find the information you need online, or if you have a question about your membership or benefits, please contact the Plan administrators.

Phone: **0330 123 9570**

Email: **totalenergies@buck.com**

Or, write to: **TotalEnergies UK Pension Plan
Buck (Bristol)
PO Box 319
Mitcheldean
GL14 9BF**

Remember that our public website contains general information about the Plan, including several formal documents.

<http://pensioninfo.totalenergies.uk>

Depending on the Covid situation, the Plan administrators may be working remotely. All queries are answered as quickly as possible, but there might be a slight delay in getting back to you. Thank you for your understanding.

If you need advice

If you would like advice about your Plan benefits, you will need to talk to an independent financial adviser (IFA). If you do not have an IFA, the MoneyHelper website has information about how to go about finding one. Remember that you may have to pay a charge for any advice that you receive.

<https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser>

If you have not retired yet, remember that we have appointed an IFA called WPS Advisory Limited (WPSA) to help you plan for the years ahead. If you decide to use WPSA, they will provide you with one complete round of expert, impartial advice about the different ways you could receive your Plan benefits and what might be best for you. **The Plan will pay for you to receive this advice from WPSA – there will be no cost to you.** There will be more information in your retirement pack, including the details you need to get in touch with WPSA.

This newsletter does not give you any right to benefits. Your right to benefits is governed by:

- the Trust Deed and Rules (which form the legal basis of the Plan);
- any laws which apply over the Trust Deed and Rules; and
- the rules of HM Revenue & Customs.