

TotalEnergies UK Pension Plan

Trustee's Annual Report for the
Year ended 30 June 2023

Registered Number: 10261090

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The Trustee and Advisors to the Plan

The current Trustee is:

TOTALENERGIES PENSION TRUSTEE UK LIMITED

Registered Office:

10 Upper Bank Street

Canary Wharf

London E14 5BF

Company Registration Number: 04370265

The Directors of the Trustee are:

Employer Nominated

- Robert White (Chair)
- Shaun Kenny
- Brice Metois
- Chris Milligan (resigned 30 November 2023)
- Shyam Gohil (resigned 15 September 2022)
- Nicholas Parr (resigned 17 January 2024)
- Mark Tandy

Member Nominated

- Shonagh Anderson (appointed 18 May 2023)
- Louise Cook (appointed 18 May 2023)
- Melanie Cook (resigned 17 January 2024)
- James Coull
- Ben Marchant (resigned 17 January 2024)
- John Llewellyn (resigned 21 April 2023)
- Rob Slater (resigned 18 March 2023)
- Alan Smale (appointed 18 May 2023)

Secretary to the Trustee

- Gavin Fennell

Professional Advisors

The following professional advisors have been appointed by the Trustee:

- **Plan Actuary** James Miller
Aon Solutions UK Limited
Verulam Point
Station Way
St Albans AL1 5HE
- **Administrators** Buck, A Gallagher Company (Buck)
5th Floor, Temple Circus
Temple Way
Bristol BS1 6HG
- **Auditor** KPMG LLP
66 Queen Square
Bristol BS1 4BE
- **Banker** NatWest Bank Plc
St James & Piccadilly Branch
208 Piccadilly
London W1A 2DG
- **Global Custodian** Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London E14 5NT
- **Investment Advisor** Lane Clark and Peacock
95 Wigmore Street
London W1U 1DQ
- **Investment Managers** Baillie Gifford
Barings LLC (fully disinvested 29 August 2023)
BlackRock Investment Management (UK) Limited
Columbia Threadneedle Investments (formerly BMO Asset Management)
La Salle Investment Management
Legal & General Investment Management Limited
MFS Investment Management
- **AVC Managers** Aviva Life & Pensions UK Limited
Clerical Medical Investment Group Limited
Phoenix Life Group
Prudential PLC
Scottish Friendly Assurance Limited
Zurich Assurance Limited
- **Insurance Company** Pension Insurance Corporation
Canada Life
- **Legal Advisor** Sackers LLP
20 Gresham Street
London EC2V 7JE

Principal Employer

The Principal Employer of the Plan is:

TOTALENERGIES PENSION COMPANY UK LIMITED

Registered Office:

10 Upper Bank Street

Canary Wharf

London E14 5BF

Company Registration Number: 01518500

Trustee's Report

Introduction

The Trustee of the TotalEnergies UK Pension Plan ("the Plan") presents the annual report and financial statements of the Plan for the year ended 30 June 2023.

The Employer's name has been changed to TotalEnergies. The revamp is accompanied by a new visual identity. The change signifies the switch of the company's strategy to becoming a broad energy business focused on the production and supply of clean energy. All participating Companies have been updated to reflect the change of name.

Background Information

The Plan was established on 5 June 2002 under a Definitive Trust Deed that has subsequently been amended from time to time. The Definitive Trust Deed and Rules is the complete guide to the operation of the Plan and the calculation of benefits and is the legal document governing the Plan.

The Plan has a Defined Benefit Section, which was contracted out of the State Second Pension (S2P) until April 2016, and a Defined Contribution Section, which was not contracted out. The Defined Benefit Section is closed to new entrants.

The DB section which had active members as at 31 December 2021 closed to future accrual. Consultation took place with the relevant DB membership and an introduction with the DC membership. Active members moved to new Heritage DC sections from 1 January 2022.

The Plan is a registered pension scheme with HMRC under the terms of the Finance Act 2004.

Trustee

The Trustee of the Plan is TotalEnergies Pension Trustee UK Limited. Details are shown on page 1.

In accordance with the Trustee's Memorandum and Articles of Association, the power of removing and appointing the Directors of the Trustee Company, apart from the member-nominated Directors, rests solely with the Principal Employer, TotalEnergies Pension Company UK Limited, so long as the action is compliant with provisions of the Pensions Act 1995. The power of removing and appointing the Trustee itself also rests with the Principal Employer.

In line with the Pensions Act 1995, the members had elected member-nominated Directors of the Trustee Company from a group of members who stood for election. During the year two of the Trustee Directors resigned. The Board comprises six Employer-Nominated Trustee Directors and six Member-Nominated Trustee Directors. The duties of the member-nominated Directors of the Trustee Company differ in no way from those of the other Trustee Directors of the Plan.

The Trustee has the overall responsibility of ensuring that the Plan is administered in accordance with the Trust Deed and Rules and in the best interests of the members. To assist with their duties, the Trustee Directors appoint professional advisors who are listed on page 2.

As necessary, the Trustee meets with the investment advisor to review the performance of the Plan's investments and to receive their recommendations on investment policy. The Trustee also meets on other occasions to determine day-to-day administration and other matters. All Directors of the Trustee have equal voting rights.

Going Concern

The Trustee regularly monitors the strength of the Employer Covenant with advice from its covenant adviser PwC. The Trustee is satisfied that the Plan has not been adversely impacted by the current economic and political climate with the wars in Russia and Israel.

In assessing whether the financial statements for the Trustee should be prepared on the going concern basis, the Trustee has considered current economic market conditions and reviewed the Employer Covenant. PwC's Employer Covenant review took place on 19 September 2023 and was subsequently reviewed at the VED meeting on 11 January 2024. The Trustee Chair confirmed the employer covenant report had been reviewed and following PwC's assessment the employer covenant remained strong with no concerns.

The Trustee has reviewed the long-term and short-term cash flow liquidity requirements and the Trustee is satisfied that these arrangements will remain in place for a period of at least 12 months from signing of the financial statements. Long-term liquidity is reviewed at the Investment sub-committee meetings along with our Investment Consultants, LCP. Short-term liquidity is reviewed on a weekly and monthly basis by UKPD. Monies have been set aside in a Liquidity Fund with Legal & General which can be easily redeemed on a daily-dealing basis.

The Trustee completed a revised Schedule of Contributions as of 31 December 2021, being agreed alongside increased security from the wider Employer Group. The 2023 valuation is currently underway with the results to follow; however, the Trustee will have continued access to adequate financial resources for a period of at least 12 months. The final deficit contribution for 2023 was received in January 2023. Hutchinson £1.488M, Total UK £20.845M, Total E&P £14.541m = £36.874M. Although a caveated provision was made in the 2020 valuation for deficit contributions for 2024/2025, due to the positive position of the Plan there will not be a need to call upon these contributions.

The Trustee receives regular updates on the funding level of the Plan, and this is monitored closely with support of the Plan Actuary and the investment consultant. The Plan Actuary has estimated the technical provisions funding ratio of 106.9% on 30 June 2023. AON provided confirmation of the technical provisions funding ratio along with the following note.

This update is consistent with the technical provisions calculations for the formal actuarial valuation at 30 June 2020. The assumptions used have been modified only insofar as is necessary to maintain consistency with the statement of funding principles dated 5 August 2021, reflecting the change in the effective date and in relevant market conditions.

The update is projected from the results of the formal actuarial valuation at 30 June 2020 and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.

On this basis the Trustee has determined that there is not a material uncertainty as to the ability of the Plan to continue as a going concern and therefore it remains appropriate to continue to adopt the going concern basis of accounting in preparing these annual financial statements.

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Principal Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

On 5 August 2021, the Trustee and Principal Employer finalised the actuarial valuation of the Plan as at 30 June 2020. This showed that at the valuation date:

The value of the Technical Provisions was: £3,610.5 million
 The value of the assets at that date was: £3,296.4 million
 Past service deficit £314.1million
 Funding level 91%

The Plan closed to future benefit accrual on 31 December 2021. All members in active service became deferred pensioners from that date. As part of the Plan closure, certain benefits for these members continue to be offered on pre-closure terms, but pensions accrued to 31 December 2021 are no longer linked to future salary increases.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit Method with a three-year control period.

Significant actuarial assumptions for the liabilities not covered by the buy-in

Discount rate: term dependent rates set by reference to the fixed interest gilt curve at the valuation date plus:

- 30 June 2020 to 30 June 2021: 3.0% p.a.
- 1 July 2021 to 30 June 2024: 2.0% p.a.

- 1 July 2024 to 30 June 2027: 1.8% p.a.
- 1 July 2027 to 30 June 2030: 1.6% p.a.
- 1 July 2030 onwards: 0.5% p.a.

Future Retail Prices inflation: term dependent rates derived from the market implied inflation curve at the valuation date.

Future Consumer Prices inflation: term dependent rates derived from the assumption for future retail prices inflation, less an adjustment agreed between the Trustee and the Principal Employer. At 30 June 2020 this adjustment was set such that CPI inflation was assumed to be 0.5% p.a. below RPI inflation at each term. In recognition of the reform of RPI from 2030, for assessments of the funding position from 31 March 2021 onwards, CPI inflation is assumed to be 0.6% p.a. below RPI inflation pre 2030 and 0.0% p.a. post 2030.

Pension increases: derived from the term dependent rates for future price inflation assuming future inflation volatility of 1.7% per annum for the retail prices index and 1.6% per annum for the consumer prices index allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Mortality: for the period in retirement, standard base tables S3PMA for male members and S3PFA for female members with scaling factors dependent on the type of member and business unit. Mortality improvements applied to the base tables based on the CMI 2019 core projections with a long-term rate of improvement of 1.50% per annum, a smoothing parameter of 7.0 and an initial adjustment parameter of +0.50%.

Significant actuarial assumptions for the liabilities covered by the buy-in (where they differ from above)

Post-retirement discount rate: term dependent rates set equal to the fixed interest gilt curve at the valuation date with no further adjustments.

Pension increases: derived from the term dependent rates for future price inflation using swaps market data to allow for the caps and floors on pension increases according to the provisions in the Plan's rules.

The technical provisions funding target the Trustee agreed for the Plan meets the requirements of the Pensions Act 2004 and aims to produce a prudent reserve of money to hold against the Plan's future funding needs. The Trustee has discussed a funding plan with the Principal Employer and they have accepted the target and agreed to make the contributions. The Plan relies on the Principal Employer and its financial support to:

- pay the future expenses of running the Plan each year;
- make extra contributions when there is a funding shortfall; and
- put in more money if the target set for funding the Plan turns out to be too low.

Following the 30 June 2020 valuation and up to the end of the 2022 Plan year, the following employer contributions were paid relating to the Defined Benefit Section:

- A lump sum shortfall contribution of £51.0M in January 2021;
- A one-off payment of £47.9M in February 2021;
- A payment of £36.9M in January 2022;
- A payment of £36.9M in January 2023; and
- For Defined Benefit Section members accruing benefits in the Plan up to 31 December 2021, between 28.9% and 42.1% of Pensionable Pay, depending on the Section.

A new schedule of contributions was agreed in August 2021 with employer contributions designed to meet the costs of benefits accruing, running costs and to address the shortfall. The participating employers agreed to pay:

- A contribution of at most £36.9M in January 2024, depending on the funding level at 30 June 2023; and
- A contribution of at most £10M in January 2025, depending on the funding level at 30 June 2023.
- Contributions for members building up benefits in the Plan continued unchanged up to 31 December 2021, when the Defined Benefit Section of the Plan closed to future accrual.
- From 1 January 2022, contributions to cover the Plan's budgeted running costs.

The participating employers also pay contributions to the Defined Contribution Section of the Plan and, for participating employers with active members in the Defined Benefit Section at 31 December 2021, the Heritage Defined Contribution Section of the Plan.

The next actuarial valuation is due no later than 30 June 2023. At this point in time, the Trustee and Principal Employer will review the actuarial method and assumptions underlying the technical provisions, as well as the adequacy of the current Schedule of Contributions.

As part of the valuation, the Plan Actuary must also look at the Plan's solvency if it started to wind up (come to an end). Assessing the position on this basis is a statutory requirement for pension schemes and does not mean that the Principal Employer is thinking of ending the Plan.

The Plan Actuary looked at whether the Plan had enough money at the valuation date to buy insurance policies to provide members' benefits. Insurance companies have to invest in 'low risk' assets, which are likely to give low returns and their policy prices will include administration charges and a profit margin. This means that even if a scheme is fully funded on the ongoing basis, the solvency figure could be much less than 100%.

If the Plan had started winding up at 30 June 2020, the actuary estimates the amount the Plan needed to ensure benefits were paid in full (the full solvency position) was, about £1,105 million higher than the assets held by the Plan. The Plan's assets covered about 75% of the estimated full solvency position.

In the years between actuarial valuations the Plan Actuary is required to provide a report on the assets and liabilities of the Plan.

An update has been prepared by the Plan Actuary using the technical provisions approach agreed as part of the 2020 valuation updated to reflect the financial outlook at 30 June 2022. This showed that on 30 June 2022:

The estimated value of the Technical Provisions was: £2,673.2 million

The value of the assets at that date was: £2,709.5 million

Past service surplus: £36.3 million

Funding level: 101%

Since the valuation at 30 June 2020, the funding level has improved from 91% to 101%. The main reasons for this are:

- An increase in gilt yields, which has reduced the Plan's technical provisions.
- Since only a proportion of the Plan's assets are invested in gilts, the Plan's assets have not fallen by as much as the Plan's Technical Provisions.
- Special contributions paid by the employers.

During the second half of 2022, there were significant falls and volatility in gilt market prices which affected the funding of UK pension schemes. Over the period since 30 June 2022, the Plan's technical provisions and solvency funding positions improved.

Financial Status

The financial statements have been prepared and audited in accordance with the regulations made under Sections 41(1) and (6) of the Pensions Act 1995.

Full details of the financial progress of the Plan's investments are contained in the Investment Report of this report.

Membership

There are three main groups of members with an interest in the Plan. These are:

- current contributing or "active" members in service;
- deferred pensioners (people who have left the Plan and had their benefits preserved under the Plan); and
- pensioner members.

Changes in Membership

The following table sets out the changes in membership over the Plan year:

	Active Members		Deferred Members		Pensioner Members	
	Defined Benefit Section	Defined Contribution Section	Defined Benefit Section	Defined Contribution Section	Defined Benefit Section	Defined Contribution Section
Members at 30 June 2022	-	1,680	3,836	2,617	7,715	-
Adjustments	-	7	(16)	34	20	-
Adjusted members	-	1,687	3,820	2,651	7,735	-
Plus						
New entrants	-	185	-	137	270	-
Less						
Vested leavers	-	(137)	-	-	-	-
Child leavers	-	-	-	-	(2)	-
Retirements	-	-	(177)	(12)	-	-
Transfers out	-	-	(24)	(93)	-	-
Deaths	-	-	(1)	(4)	(308)	-
Commutations	-	-	(4)	-	-	-
Members at 30 June 2023	-	1,735	3,614	2,679	7,695	-

Adjustments are made due to late notification of movement. Included within the pensioner members at 30 June 2023 are 5,628 (2022: 5,845) pensioners whose pensions are paid from annuities held in the name of the Trustee.

Pensions

All pension increases were in accordance with the Trust Deed and Rules of the Plan and were between nil and 5.0% depending on the Plan Section. There were no discretionary increases awarded during the period. Deferred pensions were increased in accordance with statutory requirements.

Transfers Out

Transfers out are calculated and verified in the manner required by the Pensions Schemes Act (PSA) 1993 and were not less than the amount provided for by S97(1) of PSA 1993.

Investment Policy and Management (excluding AVC assets)

The Trustee has delegated the day to day management and custody of Plan investments (excluding AVCs) to the investment managers and global custodian listed on page 2.

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles has been prepared by the Trustee which incorporated the Investment Strategy. A copy of the statement is included within the appendix.

Additional Voluntary Contributions (AVCs)

Members may supplement their benefits from the Plan by making additional voluntary contributions.

Employer Related Investments

None of the Plan's investment funds held exposures in employer related investments.

The Plan has not breached the statutory limit of 5% maximum self-investment at any time throughout the year.

Data Protection

The Trustee and the Plan Actuary hold personal information about members and beneficiaries under the Plan and are regarded as Data Controllers for data protection purposes. They will use the personal data for the purposes of administering the Plan efficiently and for the purposes of calculating and settlement of benefits as and when due and to determine the contribution levels. They are required to look after personal data in accordance with legal requirements. This means that they are responsible for deciding what personal information needs to be processed and the way in which that information is processed.

In processing personal data, they may need to pass personal information about members and beneficiaries, to the Plan's administrators, auditors, legal advisers, insurers and such third parties as may be necessary for the purposes of the Plan. Full details of the types of personal data that are held, how the information is used and who it is shared with are set out in the privacy notice. The privacy notice also sets out the rights of those whose personal data is held, and who to contact to exercise those rights, make a complaint, or generally raise any questions. A copy of the current privacy notice is available from the Secretary to the Trustee at the address overleaf.

GMP Equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pensions ("GMP") for contracted-out pension schemes must be equalised between men and women in respect of service between May 1990 and April 1997. Employers have had to provide equal pensions to males and females since 17 May 1990, however, the State defined the level of GMP differently for males and females and this, combined with different increases in payment, means that in payment the pensions are unlikely to be equal. The Trustee is working with its advisers to understand the implication of this Ruling on the Plan and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Plan and the value of any additional liability. The Company included an allowance of 0.5% of the value of accrued liabilities in its corporate accounts at 31 December 2018. However, this was just an estimate at that stage in the absence of final calculations. The Trustee has undertaken further work in relation to GMP equalisation over 2020, namely as listed below:

- The estimated cost of GMP equalisation has been allowed for in the actuarial valuation as at 30 June 2020. The initial results of this valuation are currently under discussion between the Trustee and the Principal Employer.
- A project is currently underway to make an allowance for GMP equalisation in the Plan's transfer values. Given the size and complexity of the Plan, this will be implemented in stages by the Plan administrator, starting from early 2021.
- The Trustee considered the methodology to achieve GMP equalisation, which led to a preference for GMP conversion alongside a Pension Increase Exchange (PIE) exercise.
- The Trustee has agreed in July 2023 to pause with GMP equalisation until early 2024.

On 20 November 2020, the High Court published a further judgement in the case of Lloyds Banking Group Pensions Trustees Limited focussing on the treatment of historic transfers out, where GMP equalisation adjustment is potentially needed. The judgement requires schemes to:

- equalise all transfers with 17 May 1990 – 5 April 1997 GMPs, even if they were taken as long ago as 1990
- pay a top-up to the receiving scheme with interest at Bank base rate +1%

The Trustee will investigate the financial impact of this judgement in due course.

Climate Disclosures Report

More details can be found on the Plan's approach to managing climate risk at <https://tcf.d.pensioninfo.totalenergies.uk> and within the library section on the Plans website <https://pensioninfo.totalenergies.uk/library> in the annual Climate Disclosure Report which was issued in response to new regulations that require pension plan trustees to produce disclosures that are based on the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("TCFD").

Further Information

Any internal disputes that need to be resolved in relation to the TotalEnergies UK Pension Plan should be referred to:

Gavin Fennell
Secretary to the Trustee
TotalEnergies UK Group Pensions Department
10 Upper Bank Street
Canary Wharf
London E14 5BF

gavin.fennell@totalenergies.com

Questions about the information in this report, or about entitlement to benefits, or the Plan in general (including complaints), should also be sent to Gavin Fennell at the address above.

Statement of Trustee's Responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

(i) show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

(ii) contain the information specified in the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice *Financial Reports of Pension Schemes*.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgements on a reasonable and prudent basis. It is also responsible for:

- assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so; and
- making available each year, commonly in the form of a Trustee's annual report, information about the Plan prescribed by pensions legislation, which it should ensure is fair and impartial.

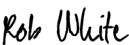
The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the Plan and financial information included on the Plan's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Trustee: -

Trustee Director:

DocuSigned by:

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Date: January 24, 2024 | 10:50 AM CET

Statement of Trustee's responsibilities in respect of contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received in respect of any active member of the Plan and for monitoring that contributions are made to the Plan in accordance with the schedule.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 30 June 2023

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the Plan under the Schedule of Contributions certified by the actuary on 21 December 2021 in respect of the Plan year ended 30 June 2023. The Plan Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

Contributions payable under the Schedule in respect of the Plan year	£m
Employers:	
normal contributions	26.0
deficit funding contributions	36.9
additional contributions	6.0
Members:	
normal contributions	0.6
Contributions payable under the Schedule (as reported by the Plan Auditor)	69.5

Reconciliation of contributions

Reconciliation of contributions payable under the Schedule of Contributions reported in the financial statements in respect of the Plan year:

	£m
Contributions payable under the Schedule (as above)	69.5
Contributions payable in addition to those due under the Schedule:	
Members' additional voluntary contributions	2.3
Total contributions reported in the financial statements	71.8

Signed on behalf of the Trustee: -

Trustee Director:

DocuSigned by:

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Date: January 24, 2024 | 10:50 AM CET

Defined Contribution (DC) Governance Statement

Chair's DC Governance statement, covering 1 July 2022 to 30 June 2023

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 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 (or Default arrangements) for the DC sections on 13 June 2023 which will continue into the next Plan year. The next stage of the review will be reviewing the auto-select arrangements for the DC and DB AVC Sections to ensure they continue to be appropriate to meet the long and short-term investment requirements of the majority of members.
- The Trustee 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 Fund from 50% to 100%. In addition, the Trustees agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Fund. The phasing of assets is expected to be 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 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.

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 is available using the following link: <https://pensioninfo.totalenergies.uk/library>.

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.”

We began the review of the Default arrangements on 13 June 2023, during the period covered by this Statement. The review will continue into the next Plan year. We regularly review the performance and strategy of the auto-select arrangements to ensure that investment returns (after deduction of any charges) have been consistent with the aims and objectives of these arrangements as stated in the SIP, and to check that they continue to be suitable and appropriate given the Plan’s risk profiles and membership. We will formally review the strategy at least every three years.

We are satisfied that the 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.

At the time of our last review of the Default auto-select arrangement (which began on 30 June 2020 and was concluded on 8 June 2021), we concluded some enhancements could be made to the Default auto-select arrangements. Consequently, some updates were made to both the Growth Fund and the Lump Sum Fund. The changes to the Growth Fund are still currently being phased in up until December 2023.

As part of the previous review of the Default auto-select arrangement, the Trustee 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 Fund from 50% to 100% within the Growth Fund. In addition, the Trustees agreed to 50% of the Growth Fund being allocated to the currency hedged share class of the L&G Low Carbon Transition Fund. The phasing of assets in the Growth Fund is expected to be completed in December 2023, post Plan year end.

In addition to the triennial strategy review we also review the performance of the Default auto-select arrangements against their objectives on 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.

3. Requirements for processing core financial transactions

The processing of core financial transactions is carried out by the administrator of the Plan - Buck. 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 recognise that delay and error can cause significant issues for members. They can also cause members to lose faith in the Plan, which may in turn reduce their propensity to save and impair future outcomes. We have received assurance from Buck that there are adequate internal controls to ensure that core financial transactions for the Plan are processed promptly and accurately.

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 no issues or member complaints over the Plan year to 30 June 2023.

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.

We have requested information from these providers in relation to the processing of core financial transactions.

Aviva

Aviva operates SLAs but is unable to share specific SLA details for the Plan's AVC policy but has stated that it does operate SLAs and performance is measured against those SLAs. Failure to reach SLA levels will trigger an internal investigation and agreed actions would be taken to improve performance. To help assess the proportion of member transactions which have been completed accurately and within SLAs, Aviva has collated data based on the most common demands however has not stated the date the 12 month period is to. This information is only available at platform level and Plan level information is not available.

Service Level Agreement	Turnaround time (days)	Target (as at July 2022)	Monthly average over last 12 months
Process completion on a per transaction basis	5	80.0%	79.9%
Calls answered by the contact centres before the customer abandons the call	N/A	95.0%	95.5%
Complaints completed within FCA deadlines	40	98.0%	99.7%

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 (Default auto-select arrangement for the DC Section) charges and transaction costs

Years to target retirement date	TER	Transaction costs
25 or more years to retirement	0.08%	0.11%
20 or more years to retirement	0.13%	0.11%
15 years to retirement	0.17%	0.10%
10 years to retirement	0.22%	0.10%
5 years to retirement	0.26%	0.10%
At retirement	0.27%	0.08%

The Cash 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.

Cash Lifestyle (Default auto-select arrangement for the DB AVC Section) charges and transaction costs

Years to target retirement date	TER	Transaction costs
25 or more years to retirement	0.08%	0.11%
20 or more years to retirement	0.13%	0.11%
15 years to retirement	0.17%	0.10%
10 years to retirement	0.22%	0.10%
5 years to retirement	0.26%	0.10%
At retirement	0.14%	0.04%

Self-select 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

Years to target retirement date	TER	Transaction costs
25 or more years to retirement	0.08%	0.11%
20 or more years to retirement	0.13%	0.11%
15 years to retirement	0.17%	0.10%
10 years to retirement	0.22%	0.10%
5 years to retirement	0.26%	0.10%
At retirement	0.07%	0.11%

The level of charges for each self-select fund (including those used in the Default auto-select arrangements) 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 auto-select arrangement are shown in **bold**.

Self-select funds with L&G charges and transaction costs

Fund name	TER	Transaction costs
Global Equity Fund	0.10%	0.07%
Overseas Equity Fund	0.09%	0.07%
UK Equity Fund	0.05%	0.03%
Ethical Equity Fund	0.74%	0.16%
Corporate Bond Fund	0.07%	0.04%
Fixed Interest Gilt Fund	0.04%	0.03%
Index-Linked Gilt Fund	0.04%	0.23%
Growth Fund	0.08%	0.11%
Climate Aware Passive Equity Fund	0.07%	0.04%
Diversified Multi-Asset Fund	0.32%	0.10%

Fund name	TER	Transaction costs
Cash Fund	0.11%	0.06%
Lump Sum Fund	0.14%	0.04%

Legacy AVC options

Legacy AVC fund charges and transaction costs

Aviva

Fund name	TER*	Transaction costs*
Aviva Balanced Managed Fund	Not available**	Not available**
Aviva Managed Unit Linked Fund	Not available**	Not available**
Aviva Sterling Retirement Account Fund	Not available**	Not available**
Aviva UK Equity Fund	0.88%	0.07%

The Funds included in the table above are those that members were invested in as at 30 June 2021. *Aviva as at 5 April 2023. ** Aviva was unable to provide the TERs and transaction costs for these funds in time for inclusion in this Statement.

Prudential

Fund name	TER*	Transaction costs*
Prudential Deposit Fund	N/A**	Not available****
Prudential S3 Discretionary Fund	0.80	Not available****
Prudential S3 Global Equity Fund	0.77	Not available****
With Profits Cash Accumulation Fund	N/A**	Not available****

*Prudential as at 31 October 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.

**** Prudential was unable to provide the transaction costs for these funds in time for inclusion in this Statement.

Clerical Medical, Phoenix Life and Zurich

We have requested information on TERs and transaction costs from Clerical Medical, Phoenix Life and Zurich. 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 our administrator to obtain this information.

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, 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 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. If a Fund does not have a five year track record then transaction costs since inception have been used.
- The illustration is shown for the Default auto-select arrangement (the Drawdown Lifestyle) and also the Cash 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 Fixed Interest Gilt Fund.

Projected pension pot in today's money

Years invested	Default option		Cash Lifestyle		Ethical Equity Fund		Fixed Interest Gilt Fund	
	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£3,700	£3,700	£3,700	£3,700	£3,700	£3,600	£3,600	£3,600
3	£7,200	£7,200	£7,200	£7,200	£7,200	£7,100	£6,900	£6,800
5	£11,000	£10,900	£11,000	£10,900	£11,000	£10,700	£10,200	£10,200
10	£21,900	£21,600	£21,800	£21,600	£22,000	£20,900	£19,100	£19,000
15	£35,000	£34,400	£35,000	£34,400	£35,300	£32,700	£28,600	£28,500
20	£51,000	£49,800	£50,900	£49,800	£51,500	£46,600	£38,800	£38,700
25	£70,000	£67,900	£69,900	£67,800	£71,200	£62,700	£49,900	£49,700
30	£92,500	£88,600	£92,400	£88,600	£95,300	£81,400	£61,800	£61,500
35	£118,800	£112,200	£118,700	£112,100	£124,500	£103,300	£74,700	£74,100
40	£145,700	£135,500	£135,300	£126,500	£160,000	£128,900	£88,500	£87,800

- 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%.
- 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. Annual salary growth is assumed to be 2.5%.

The starting pot size used is £2,000. 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 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 salary is assumed to be £19,000. 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 2022 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: 4.0% above inflation for the initial years, gradually reducing to a return of 2.6% above inflation at the ending point of the lifestyle.
 - Cash Lifestyle: 4.0% above inflation for the initial years, gradually reducing to a return in line with inflation at the end point of the lifestyle.
 - Ethical Equity Fund: 4.0% above inflation
 - Fixed interest Gilt Fund: 1.5% above inflation
- An allowance for active management outperformance has been made within the Diversified Multi-Asset Fund.

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.

For arrangements where returns vary with age, such as for the Drawdown Lifestyle, Cash 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.

In relation to the lifestyle strategies, we calculated the net returns for the 5 years using data provided by L&G in respect of the period before and after 21 October 2021, where strategy changes were made. This year's figures are the first solely using the new strategy, comprising of the Growth Fund, Diversified Multi Asset Fund and Lump Sum Fund.

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

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	9.0	7.0
45	6.4	5.0
55	2.0	2.8

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

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	9.0	7.0
45	6.4	5.0
55	2.0	2.8

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

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	9.0	7.0
45	6.4	5.0
55	2.0	2.8

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

Fund name	1 year (%)	5 years (% pa)
Global Equity Fund	9.1	7.0
Overseas Equity Fund	12.0	10.2
UK Equity Fund	7.8	3.1
Ethical Equity Fund*	6.4	-
Corporate Bond Fund	-15.5	-5.3
Fixed Interest Gilt Fund	-24.3	-8.2
Index-Linked Gilt Fund	-17.1	-5.6
Growth Fund**	9.0	-
Climate Aware Passive	10.6	-
Diversified Multi-Asset	-2.7	1.1
Cash Fund	3.0	0.8
Lump Sum Fund**	0.9	-

*This fund was incepted in November 2018 therefore the 5-year performance to 30 June 2023 is not available.

**These funds were incepted in October 2021 therefore the 5-year performance to 30 June 2023 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 Prudential and Aviva, although we understand it has been requested by Buck. We will periodically chase the providers, via Buck, to obtain this information.

Aviva

Fund name	1 year (%)	5 years (% pa)
Aviva Balanced Managed Fund	Not available*	Not available*
Aviva Managed Unit Linked Fund	Not available*	Not available*
Aviva Sterling Retirement Account Fund	Not available*	Not available*
Aviva UK Equity Fund	3.3	4.6

Aviva, as at 31 March 2023. The Funds included in the table above are those that members were invested in as at 30 June 2021.

* Aviva was unable to provide the net returns for these funds in time for inclusion in this Statement.

Prudential

Fund name	1 year (%)	5 years (% pa)
Prudential Deposit Fund	0.0	0.0
Prudential S3 Discretionary Fund	2.9	2.5
Prudential S3 Global Equity Fund	7.2	3.0
With Profits Cash Accumulation Fund	1.5	1.2
Prudential as at 30 June 2023.		

6. Value for members assessment

We are required to assess every year the extent to which member borne charges 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 date of the last review was dated 13

December 2023. 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. The returns on the investment funds members can choose during the period covered by this statement have been consistent with their stated 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 auto-select 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.

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 Buck is of a very good standard and has maintained very high SLA levels consistently over the past four years, with no breaches over the Plan year.
- **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 has recently formalised a three-year plan for the communication strategy.
- **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.

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. We aim to improve value for members in future through taking the following steps:

- continuing to monitor the administration services provided by Buck;
- monitor the agreed enhancements for the auto-select arrangements including costs and charges borne by members; and

- monitor the take up of the advice service and the post-retirement solution.

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. Trustee skill set analysis was conducted in 2023 and no obvious gaps in Trustee skills were identified. Our investment 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 the following topics:

- Illiquid investment training (Presented by LCP at the DC Outcomes and Governance Sub Committee (“DCOG”) meeting on 29 March 2023);
- Where do annuities sit in the retirement savings jigsaw? (Presentation by LCP to the Trustee at the Trustee Training Day on 17 May 2023) and
- Stewardship and the Task force for Climate Disclosure (Provided by LCP to the Trustee at the Trustee Training Day on 17 May 2023).

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 or are in the process of completing 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 during the Plan year.

A training log is maintained in line with best practice and the training programme is reviewed annually to ensure it is up to date. Additionally, the Plan has in place a structured recruitment and induction process for new Trustee Directors. Candidates interviewing for Trustee positions are encouraged to complete the regulator’s toolkit. During the Plan year there were three new Trustee Directors welcomed, who are in the process of completing their regulator’s toolkits and will have done so within six months of their appointment.

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 they 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.

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.

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.

DocuSigned by:

Rob White

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January 24, 2024 | 10:50 AM CET

Date: _____

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

Investment Report

1. Investment management

The overall management of the Trustee's investments is the responsibility of the Trustee. However, the day-to-day management of the Plan's asset portfolio is the responsibility of the investment managers and bulk annuity providers and DC platform provider, who operate within the guidelines of their specific mandates.

Over the year under review, the DB Section's investments of the TotalEnergies UK Pension Plan (the "Plan") were managed by Legal & General Investment Management Limited ("LGIM"), MFS International (UK) Limited ("MFS"), BlackRock Investment Management (UK) Limited ("BlackRock"), Barings Asset Management Limited ("Barings"), Columbia Threadneedle Investments ("Columbia Threadneedle"), Baillie Gifford & Co Limited ("Baillie Gifford") and LaSalle Investment Management ("LaSalle").

In addition, the Trustee has bulk annuity contracts with Pension Insurance Corporation and Canada Life to insure benefit payments linked to the Plan's pensioner members.

The DC Section and DB AVC Section's investments are accessed via the Legal & General Assurance (Pensions Management) Limited (L&G) investment-only platform.

2. Statement of Investment Principles

In accordance with section 35 of the Pensions Act 1995, a Statement of Investment Principles ("SIP") has been produced by the Trustee following consultation with the Employer. The main purpose of the SIP is to set out details of the investment strategy that is to be followed, the Trustee's investment objectives and its attitude to risk. The SIP was reviewed and updated in May 2023. The Trustee reviews the SIP at least once every three years, and after any significant change in investment strategy. The Employer, the appointed Investment Consultant, and the appointed Scheme Actuary are consulted during the review. A copy of the latest SIP is available online at the following address <https://pensioninfo.totalenergies.uk/library>.

3. Custody of assets

The underlying DB Section's assets are held by a number of custodians who have agreements with the investment manager of the assets. There is no direct relationship between the investment managers' custodians and the Trustee.

The Trustee has a direct relationship with Northern Trust only in relation to the DB section. The Trustee reviews annually the procedures and controls operated by the custodian.

4. Departures from the SIP

There were no material departures from the SIP during the Plan Year.

5. Investment strategy

DB Section

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Plan's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

Asset class	Strategic allocation (%)
Equities	12.0%
Multi-asset absolute return	6.0%
Property	7.0%
Multi-asset credit	5.0%
Equity-linked bonds	45.0%
Bonds*	25.0%
Total	100.0%

Note: *The bonds, combined with the bonds in the equity-linked bond portfolio, are intended to hedge a high proportion of the Plan's interest rate and inflation risk (as measured on a technical provisions basis).

The following table details the DB Section asset distribution at the financial year end by fund. This includes the bulk annuity policies, but excludes the AVC funds, which are summarised in the Defined Contribution ("DC") Section below, and the Trustee bank account.

Fund	Asset class	Allocation as at 30 June 23 (£m)	Allocation as at 30 Jun 22 (£m)
LGIM All Stocks Index-Linked Gilts Fund	Bonds	26.9	32.4
LGIM Over 15yr Index-Linked Gilts Index Fund	Bonds	255.6	350.0
LGIM Sterling Liquidity Fund	Cash	21.4	15.7
MFS Global concentrated fund	Equities	77.6	107.0
Newton Equity Fund	Equities	-	2.1
BlackRock Dynamic Diversified Growth Fund	Diversified growth	81.7	94.9
Barings Global High Yield Credit Strategies	Multi-asset credit	52.0	79.7
Columbia Threadneedle Equity-linked bonds	Equity-linked bonds	510.0	529.2
Baillie Gifford Global Alpha Growth Fund	Multi-asset credit	76.7	90.4
LaSalle Property Fund	Property	13.9	24.6
LaSalle Indirect Property Fund	Property	98.3	110.7
Annuities/Buy-ins		1,025.8	1,259.0
Total		2,239.9	2,695.7

Source: Northern Trust, AON. Note the cash figure listed at 30 June is uninvested cash available at custody with Northern Trust.

Strategic changes to the investments during the year ended 30 June 2023 are set out below:

- In October 2022, the Trustee reduced the equity exposure in the equity linked bonds portfolio from 20% of uninsured assets to 15% of uninsured assets and increased interest rate hedging from 80% to 85% on the technical provisions basis.
- In October 2022, the Trustee also rebalanced the Plan assets to be more closely in line with the strategic allocation. This involved disinvestments of: £30m from the MFS equity (to the Trustee bank account); £17m from BlackRock DGF and £15m from Baillie Gifford equity into Columbia Threadneedle. The £32m investment into the Bespoke Fund helped support an increase in hedging to 85% of the Plan's uninsured DB liabilities on a technical provisions basis.
- The Trustee again undertook rebalancing in April 2023, disinvesting £7.5m from MFS, £7.5m from Baillie Gifford and £32m from the Barings mandate. This was to broadly align exposures to agreed strategic targets, with the allocation to Barings being brought slightly under target (4% vs 5% target) to ensure the risk and return characteristics of the portfolio better match the strategic target considering an overweight allocation to the LaSalle property portfolio while two directly held properties were in the process of being liquidated.
- In May 2023, the Trustee increased the interest rate target hedge ratio to 90% from 85% on the technical provisions basis. The Trustee also agreed to redeem the long lease property portfolio managed by LaSalle which was in progress at Plan year end.

DC Section and DB AVC Section

Members are able to invest in a wide range of individual asset class funds as well as multi asset funds, where the allocation is to a number of asset classes and managers selected by the Trustee. There are also three “lifestyle” fund options, where the underlying asset allocation is altered as a member approaches their target retirement date.

Members who do not make an active investment choice will be invested in the “auto-select lifestyle” strategy. The DC Section auto-select lifestyle strategy is intended for members who will draw down from their investment point gradually once they retire. It is structured to maintain, what the Trustee believes to be, 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. It is designed to be broadly appropriate for a typical member within the Plan, but it will not be suitable for all members.

There is also an auto-select lifestyle for DB AVC members, which is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting a cash lump sum at retirement. DC members can also choose to select this option.

The following tables detail the DC Section asset distribution at the financial year end by fund, including the AVC funds, and details of the investment strategy as set out in the Statement of Investment Principles.

DC Section Fund	Asset class	Allocation as at 30 June 23 £m	Allocation as at 30 June 22 £m
Global Equity Fund	Equities	28.0	24.8
UK Equity Fund	Equities	5.3	4.6
Overseas Equity Fund	Equities	19.4	15.4
Ethical Equity Fund	Equities	1.6	1.3
Corporate Bond Fund	Bonds	1.1	1.3
Index-Linked Gilt Fund	Bonds	1.7	1.9
Cash Fund	Bonds	3.2	3.4
Fixed Interest Gilt Fund	Bonds	0.2	0.2
Diversified Multi-Asset Fund	Diversified Growth	109.7	100.8
Climate Aware Fund	Equities	1.0	0.6

Growth Fund	Equities	185.7	170.6
Lump Sum Fund	Bonds	6.6	6.9
Total		363.5	331.8

Source: L&G

DB AVC Section Fund	Asset class	Allocation as at 30 June 23 £m	Allocation as at 30 June 22 £m
Global Equity Fund	Equities	1.6	1.6
UK Equity Fund	Equities	0.5	0.5
Overseas Equity Fund	Equities	0.9	0.8
Corporate Bond Fund	Bonds	-	0.1
Index-Linked Gilt Fund	Bonds	0.1	0.1
Cash Fund	Bonds	0.1	0.1
Diversified Multi-Asset Fund	Diversified Growth	2.4	2.6
Growth Fund	Equities	1.6	1.8
Lump Sum Fund	Bonds	1.6	2.2
Total		8.8	9.8

Source: L&G

Key changes to the DC Section's and DB AVC Section's investments during the Plan year end to 30 June 2023 are set out below:

The Trustee agreed to make changes to the underlying allocations of the Growth Fund used within the lifestyle strategies as follows:

- The Growth Fund has been transitioning over a two-year period from the LGIM Global Equity (40:60) Index Fund to the LGIM Low Carbon Transition Global Equity Index Fund starting from October 2021. The target allocation for the end of the first year of the transition was 50% LGIM All World Equity Index Fund and 50% LGIM Low Carbon Transition Global Equity Index Fund, this allocation was achieved in October 2022.
- At the end of year one the Trustee's reviewed the position and agreed to proceed with year two of the transition to introduce the hedged version of the LGIM Low Carbon Transition Global Equity Index Fund. The phasing for this is due to begin in the next Plan year.

6. Investment performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings.

The following table shows the performance of the DB Section over the one, three and five year periods to 30 June 2023, based on the performance of the investment managers before the deduction of fees. The performance excludes the bulk annuities contracts.

	One year (%)	Three years (% pa)	Five years (% pa)
Scheme	-13.2%	-8.5%	-2.4%
Benchmark	-12.7%	-8.3%	-2.2%

Source: Northern Trust.

The following table shows the performance of the DC Section and DB AVC Section assets over the one, three and five year periods to 30 June 2023, based on the performance of the investment managers after the deduction of fees.

	One year (%)	Benchmark (%)	Three years (% pa)	Benchmark (%)	Five years (% pa)	Benchmark (%)
Global Equity Fund	9.1	9.4	10.2	10.4	7.0	7.3
Overseas Equity Fund	12.0	12.2	11.2	11.3	10.2	10.2
UK Equity Fund	7.8	7.7	9.9	9.9	3.1	3.0
Ethical Equity Fund*	6.4	11.4	5.6	11.2	-	-
Climate Aware Passive Equity Fund**	10.6	10.2	-	-	-	-
Growth Fund**	9.0	9.4	-	-	-	-
Diversified Multi Asset Fund	-2.7	-0.6	-1.2	0.4	1.1	2.8
Corporate Bond Fund	-15.5	-15.4	-15.4	-15.4	-5.3	-5.3
Fixed Interest Gilt Fund	-24.3	-24.2	-20.2	-20.2	-8.2	-8.1
Index-Linked Gilt Fund	-17.1	-17.1	-15.3	-15.2	-5.6	-5.5
Lump Sum Fund**	0.9	4.1	-	-	-	-
Cash Fund	3.0	3.1	1.0	1.2	0.8	0.9

Source: L&G, performance is shown net of fees. The performance in the table above refers to both the DC Section and the DB AVC Section. *The Ethical Equity Fund was added to the fund range in November 2018, therefore there is no 5 year performance of the Fund as part of the Plan. **These funds were added in October 2021, therefore performance over the 3 year and 5 year periods are not available.

7. Transaction costs

The Trustee is aware that indirect transaction costs will be incurred through the bid-offer spread on investments within the Plan's pooled investment vehicles and charges made within those vehicles.

For the Plan's sole investor arrangements, with Columbia Threadneedle and LaSalle, we have provided a breakdown of direct transaction costs (ie those charged to the Plan such as fees, commissions and stamp duty) over the year by main asset class and type of cost in the table below:

Asset class	Transaction Costs (£k)	Transaction Costs (%)
Property	162	0.14
Equity linked bonds	153	0.03
Total	315	0.17

We have not included information on transaction costs for the Plan's DC investments as this information is included in the Annual Chair's Statement for the year to 30 June 2023.

8. Trustee's policies in relation to voting rights

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, can protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issues of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debtor equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for monitoring the investment managers' voting and engagement activities. The Trustee reviews the themes regularly and update them as appropriate. The current priorities are climate change, human rights and business ethics.

The Trustee has communicated these stewardship priorities to the investment managers.

If the Trustee's monitoring identifies areas of concern, the Trustee will engage with the relevant manager in line with the escalation policy as outlined in the Investment Policy Document.

9. Trustee's policies on environmental, social and governance ("ESG") and ethical factors

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages managers to improve their practices where appropriate.

With regard to climate risks, the Trustee has agreed that it:

- Wants to follow best practice when it comes to regulatory requirements.
- Believes that climate change represents a systemic risk to society, the economy and the financial system.
- Believes that climate change is a financially material risk for the DB and DC Sections of the Plan.
- Believes that a transition to a low carbon economy presents risks and opportunities for financial markets.
- Believes that its fund managers should maintain awareness of climate risks and opportunities, such as emerging technologies and green markets, when selecting investments in the Plan's portfolios.
- Believes that transitioning energy investments to sustainable energy options and encourage fossil-fuel holdings to manage the climate transition appropriately is a better way to manage climate risk than disinvesting from these holdings.
- Believes that engagement with the Plan's investments, delegated to the fund managers, is an essential component in order to move to a low carbon economy.

The Trustee primarily considers financial matters (i.e. matters affecting risk and return, including climate change and other ESG considerations) for the selection, retention and realisation of investments in the DB Section. It will consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) on a secondary basis.

In the DC Section, the Trustee recognises that some members may wish for non-financial matters to be taken into account in their investments and therefore has made available an equity investment option to DC members to address this demand.

10. Trustee's policy on the implementation of asset manager arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices where the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

11. Employer related investments

As at 30 June 2023 there were less than 0.01% of total assets invested in Employer-related investments in the DB section and as at 30 June 2023 there were less than 0.5% at the white labelled fund level within the DC section of the Plan within the meaning of Section 40(2) of the Pensions Act 1995 and the Occupational Pension Schemes (Investment) Regulations 2005.

12. Taskforce on Climate-Related Financial Disclosures (TCFD)

More details can be found on the Plan's approach to managing climate risk at <https://tcfid.pensioninfo.totalenergies.uk> and within the library section on the Plans website <https://pensioninfo.totalenergies.uk/library> in the annual Climate Disclosure Report.

Implementation Statement, covering the Plan Year from 1 July 2022 to 30 June 2023

The Trustee of the TotalEnergies UK Pension Plan (the “Plan”) is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed its Statement of Investment Principles (“SIP”) during the Plan Year, as well as details of any review of the SIP during the Plan Year, subsequent changes made with the reasons for the changes, and the date of the last SIP review. This needs to cover information for the defined benefit (“DB”) and defined contribution (“DC”) Sections of the Plan, and also covers Additional Voluntary Contributions (“AVC”) benefits in respect of DB members (“AVC Section”). Information is provided on the last review of the SIP in Section 1 and on the implementation of the SIP in Sections 2-9 below.

The Statement is also required to include a description of the voting behaviour during the Plan Year by, and on behalf of, Trustee (including the most significant votes cast by the Trustee or on their behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 10 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions (“DWP’s guidance”) issued in June 2022.

The Implementation Statement is set out in an equivalent order to how the Trustee has set out its SIP.

1. Introduction

The SIP was updated during the plan Year in September 2022 and May 2023 to reflect:

- Changes in the DB Section’s strategic asset allocations as part of the Trustee’s decision to de-risk the investment strategy;
- The increase in the DB Section’s target liability hedging ratio against interest rate movements relative to the Plan’s Technical Provisions liabilities;
- The Trustee’s climate belief statements that were agreed in June 2022; and
- New stewardship requirements, including the Trustee’s stewardship priorities and escalation policy.

As part of the SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed all of the policies in the Plan’s SIP during the Plan Year. The following Sections provide detail and commentary about how and the extent to which it has done so.

2. Investment objectives

2.1 DB investment objectives

Progress against the Trustee’s objectives and the Plan’s funding position is reviewed as part of the quarterly performance monitoring reports. The Trustee is also able to view the progress on an ongoing basis using its investment advisers’, LCP’s, online analysis tool LCP Visualise (a tool which shows key metrics and information on the Plan).

As at 30 June 2023, the Plan’s funding position was ahead of the position projected by the 2020 Actuarial Valuation.

2.2 DC investment objectives

The Trustee last reviewed the auto-select (default) investment strategies for the DC Sections (the Drawdown Lifestyle for main DC Section benefits and the Cash Lifestyle for the AVC Section) on 30 June 2020 and concluded it on 8 June 2021. The agreed changes were implemented in October 2021, with some changes being phased in over the period to December 2023. This review also considered the range of alternative strategies and funds that members may choose from. As part of this review, the Trustee considered the DC and AVC Section membership demographics, projected pot sizes at retirement and the variety of ways that members have drawn and may draw their benefits from the Plan.

As part of the review of the auto-select arrangement concluded on 8 June 2021, the Trustee 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 Fund from 50% to 100% within the Growth Fund. In addition, the Trustees agreed to 50% of the Growth Fund being allocated to the hedged share class of the L&G Low Carbon Transition Fund. The phasing of assets in the Growth Fund is expected to be completed in December 2023, post Plan Year end.

Based on the outcome of this analysis, the Trustee concluded that the relevant default strategies continue to be appropriate to meet the long and short-term investment requirements of the majority of DC and AVC Section members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for this purpose and enable appropriate diversification. In addition to the main default arrangement, the Trustee has made available two alternative lifestyle strategies and a self-select fund range to members covering all major assets classes as set out in the SIP. The Trustee monitors the take up of these funds.

The Drawdown Lifestyle is the default arrangement for the DC Section, while the Cash Lifestyle is the default arrangement for the DB AVC Section. The Annuity Lifestyle is a self-select lifestyle strategy.

The Trustee continually reminds members to review their investment holdings and check they are suitable for their risk tolerances and retirement planning. The Trustee, via the Defined Contribution Outcomes Group, reviews changes in member choices, behaviour and trends each year using administration reports and information provided by the internal pension team at TotalEnergies. Over the Plan year there were no material changes.

3. Investment strategy

3.1 DB investment strategy

The Trustee, with the help of its advisers and in consultation with the sponsoring employer, reviewed the DB Section's investment strategy in September 2022 and February 2023.

Key strategic changes to the DB Section's investments during the Plan Year to 30 June 2023 are set out below:

- As part of the Trustee's decision to de-risk the DB Section's strategy, the Trustee reduced the equity exposure in the equity linked bonds portfolio from 20% of uninsured assets to 15% of uninsured assets and increased interest rate hedging from 80% to 85% in September 2022;
- In May 2023, the target interest rate hedge ratio was increased to 90% on the technical provisions liability basis;
- The Trustee agreed to redeem the long lease property portfolio managed by LaSalle which was in progress at Plan year end.

Following improvement in the Plan's funding position, a revised strategic asset allocation for the DB Section was agreed by the Trustee. The SIP update in May 2023 reflects this.

3.2 DC investment strategy

The Trustee, with the help of its advisers began a review of the strategy and performance of the DC investment strategy in June 2023 by discussion key themes of what to focus on in more detail in the triennial review and comparing the performance of the default arrangement to other providers in the market. The Defined Contribution Outcomes Group are expected to undertake the next stage of the triennial review after the Plan year end in December 2023 when they will

focus on the ideas raised in June 2023 and ensure that the default arrangement is adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

A review of the retirement data will be considered as part of the next stage of the strategy review and is monitored on a regular basis by the Defined Contribution Outcomes Group.

4. Considerations in setting the investment arrangements

When the Trustee reviewed the DB investment strategy in September 2022 and February 2023, it considered the investment risks set out in Appendix A of the SIP. It also considered a wide range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Trustee also considered the need for diversification and specific circumstances of the Plan (eg the investment objectives, funding position, level of contributions and strength of the sponsor covenant).

The DC investment strategy review was completed in June 2021 and was carried out against the background of the investment risks set out in Section 4.1 of this Statement. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship¹ activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, through regular research meetings. The investment adviser monitors any developments at managers and informs the Trustee promptly about any significant updates or events they become aware of regarding the Plan's investment managers that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification in the fund.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using a monitoring report prepared by the investment adviser. The report shows the performance of each fund over the quarter and longer-term periods where available (one year, three year and five year periods). Performance is considered in the context of the manager's benchmark and objectives.

The Trustee also periodically monitors its managers' responsible investment capabilities in conjunction with its investment adviser, including as part of its annual TCFD (Task Force on Climate-related Financial Disclosures) report. This report contains carbon emissions data of the Plan's investments within the Plan Year.

4.1 Policy towards risk

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee also maintains a risk register and this is discussed at quarterly meetings.

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include credit risk, equity risk, currency risk and counterparty risk. The Trustee's implementation of its policy for these risks during the year is summarised below.

The DB Section's interest and inflation hedging levels are monitored on an ongoing basis in the quarterly monitoring report. In September 2022, as part of a wider de-risking exercise, the Trustee agreed to increase the Plan's interest rate

¹ The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

hedging target from 80% to 85% on a technical provisions basis. In May 2023, the Trustee further increased the interest rate hedging target from 85% to 90% relative to technical provisions liability.

With regard to collateral adequacy risk, Trustee holds investments in the LGIM Liquidity Fund, alongside the Columbia Threadneedle Equity Linked Bond portfolio (also including cash), to be used should Columbia Threadneedle require extra cash to be posted for the synthetic equity positions.

There is also a risk that the performance of the Plan's assets and liabilities diverge in certain financial and economic conditions in the short term. This risk has been considered in setting the investment strategy.

The Trustee considered the risk of inadequate long-term returns as part of the investment strategy review of the DB Section in September 2022 and February 2023. Also considered as part of this review was the risk of the performance of the DB section's assets and liabilities diverging, as well as the Plan's exposure to credit risk.

With regard to the risk of inadequate returns for DC members, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used in the growth phase of the two default options (the Drawdown Lifestyle for main DC Section members and the Cash Lifestyle for AVC Section members) and are also made available within the self-select options. These funds are expected to produce adequate real returns over the longer term.

The risk of the DB Section's buy-in insurer failing to pay benefits has been mitigated by the selection of a reputable insurer, ongoing monitoring of the provider by LCP, and the negotiation of a collateral arrangement with the insurer.

The Trustee considers overseas currency exposure in the context of the overall investment strategy and believes that the currency exposure that exists diversifies the strategy and is appropriate.

Together, the investment and non-investment risks set out in Appendix A of the SIP give rise generally to funding risk for the DB Section. The Trustee reviews the Plan's funding position as part of its annual actuarial report and in more detail triennially in the Actuarial Valuation, which reflects changes in the membership, financial conditions, and other experience.

The Trustee also monitors the approximate progression of the funding position on a quarterly basis, at Trustee meetings. The Trustee Directors have the ability to monitor this daily, if required, using LCP Visualise.

The following risks are covered elsewhere in this Implementation Statement: diversification risk in Sections 3 and 5, investment manager risk and excessive charges in Section 5, illiquidity/marketability risk in Section 6 and ESG risks in Section 7.

5. Implementation of the investment arrangements

As part of the strategy review in February 2023, the Trustee implemented steps to de-risk the Plan's investment strategy. In May 2023, the Trustee submitted a full redemption from the LaSalle long-lease property portfolio which was ongoing as at Plan Year end.

The Trustee regularly invites the Plan's investment managers to present at Investment Committee meetings, seeing each manager approximately once a year. Over the period, the Investment Committee met with BlackRock, Schroders, Barings and Baillie Gifford.

The Trustee was comfortable with all of its investment manager arrangements over the Plan Year.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using LCP's quarterly performance monitoring reports. The reports show performance over a variety of short- and longer-term periods up to 5 years. Performance is considered in the context of the manager's performance benchmark and investment objectives.

The Trustee evaluates manager performance over both shorter and longer periods, encourages managers to improve practices and considers alternative arrangements where managers are not meeting performance objectives.

After the Plan period, the Trustee undertook a “value for members” assessment in December 2023 for the Plan Year to 30 June 2023 which assessed a range of factors, including the fees payable to managers in respect of the DC Section which were found to be reasonable when compared against Plans with similar sizes of mandates.

During the Plan Year, the Trustee assessed the DB Section’s investment managers’ fees considering LCP’s fee survey. Overall, the Trustee believes the investment managers provide reasonable value for money.

6. Realisation of investments

The Trustee reviews the DB Section’s net current and future cashflow requirements at regular Investment Committee meetings. The Trustee’s policy is to have access to sufficient liquid assets in order to meet any outflows whilst maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets.

To assist with cash flow management, the Trustee has a holding in LGIM’s liquidity fund, which is topped up from time to time and is an efficient way for the Trustee to disinvest when it requires cash to meet benefit outgo from time to time. Over the year, the Trustee also used cashflow to help rebalance the Plan’s DB assets towards the strategic asset allocation, as described in Section 3.

It is the Trustee’s policy is to invest in DC funds that offer daily dealing to enable members to readily realise and change their investments. All of the DC Section’s funds which the Trustee offered during the Plan Year are daily traded, enabling members to realise and change their investments effectively.

7. Financially material considerations, non-financial matters

As part of its advice on the selection and ongoing review of the investment managers, the Plan’s investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers’ approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

Through the Pension Schemes Act 2021, the UK Government has introduced mandatory TCFD (Taskforce on Climate-related Financial Disclosures) reporting for large pension schemes such as the Plan. As part of the new regulatory requirements, during the Plan Year, the Trustee has:

- received training on climate change, net zero as well as climate-related metrics;
- updated its risk-register to integrate climate related risks into the Plan’s overall risk management;
- conducted climate scenario analysis to assess climate risks and opportunities over the short, medium and long term;
- produced a climate governance statement to establish effective oversight of climate-related risks and opportunities;
- selected four climate-related metrics to monitor on an ongoing basis, collected data from the investment managers and calculated the metrics, as well as set a target for one of these metrics.

Further details of the actions taken in respect of TCFD are set out in the Plan’s TCFD report.

In February 2023, the Trustee engagement further with its investment managers on the topic of Climate Change. The Trustee asked the managers on their climate risk integration, how the managers engage with issuers that have high carbon emissions and ask for further clarity on how they encourage these high emitting parties/industries to put appropriate plans in place. Overall, the Trustee is satisfied with the responses it received.

The Trustee also reviewed reports from their managers on voting and engagement activities undertaken on its behalf.

Within the DC Section, the Trustee recognises that some members may wish for ethical matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the Ethical Equity Fund as a self-select investment option to members.

As set out in Section 2.2, the Trustee agreed to proceed with the agreed changes to the Growth Fund to use underlying funds that favour companies with proven lower carbon emissions. The changes are due to be completed by the end of December 2023.

8. Voting and engagement

The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. These policies are:

- **Baillie Gifford:** [Baillie Gifford's Engagement Policy](#)
- **MFS:** [MFS Proxy Voting Policies and Procedures](#)
- **LGIM:** [LGIM's Engagement Policy](#)
- **BlackRock:** [BlackRock Investment Stewardship](#)
- **Schroders:** [Schroders Engagement Blueprint](#)
- **Columbia Threadneedle Investments:** [Columbia Threadneedle's Proxy Voting Policy](#)

However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

The Trustee also received quarterly updates on ESG and Stewardship related issues from its investment adviser.

Following the introduction of DWP's guidance, the Trustee agreed to set stewardship priorities to focus monitoring and engagement with their investment managers on specific ESG factors. At the Q4 2022 meeting, the Trustee discussed and agreed stewardship priorities for the Plan which were:

- Climate Change;
- Human Rights; and
- Business Ethics.

These priorities were selected because the Trustee views them as key market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Plan's members. The Trustee communicated these priorities to its managers in January 2023. The SIP was also updated to reflect the discussion on stewardship priorities.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

BlackRock and Schroders both presented to the Trustee in March 2023 on a number of topics including stewardship matters. The Trustee asked both managers to present on the following questions to check their voting and engagement practices align with its own preferences:

- How the manager's voting and engagement policies align with the Trustee's priorities, providing clear examples.
- How is progress against engagement objectives assessed? How does the manager gain confidence that material change has indeed been delivered?
- Provide examples of successful and unsuccessful engagements within each of the three stewardship priorities outlined above.
- Discuss your approach to escalation where an engagement has not been effective initially. What is the decision-making process and how do you decide between different forms of escalation (such as collaborative engagement or going public with concerns)?

9. Description of voting behaviour during the Plan Year

All of the Trustee's holdings in listed equities are within pooled funds and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee is not able to direct how votes are exercised and the Trustee itself has not used proxy voting services over the Plan Year. However, the Trustee monitors managers' voting and engagement behaviour on an annual basis and challenges managers where their activity has not been in line with the Trustee's expectations.

In this section we have sought to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance, PLSA Vote Reporting template and DWP's guidance, on the Plan's funds that hold equities as follows:

- **BlackRock** Diversified Growth Fund.
- **Columbia Threadneedle** (formerly BMO) Responsible Global Ethical Equity Fund.
- **LGIM** All World Equity Index, Hybrid Property (70:30), UK Equity Index Fund (removed from the default strategies on 24 October 2022) and Low Carbon Transition Global Equity Index Fund
- **MFS** Global Concentrated Equity Fund.
- **Schroders** Sustainable Future Multi Asset Fund (formerly the Dynamic Multi Asset Fund).
- **Baillie Gifford** Global Alpha Growth Fund.

For the DC Section we have included only the funds with equity holdings used in the default strategies given the high proportion of DC Section assets invested in these funds. In addition, we have also included self-select funds which incorporate ESG or ethical factors, recognising that members choosing to invest in these funds may be interested in this information.

In addition to the above, the Trustee contacted the Plan's asset managers that do not hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan Year. Commentary provided from these managers is set out in Section 9.4.

9.1 Description of the voting processes

For assets with voting rights, the Trustee relies on the voting policies which its managers have in place. The Trustee reviewed these policies in November 2022, focusing on the elements which relate to its stewardship priorities, and is comfortable that the policies are aligned with the Trustee's views.

BlackRock

"The team and its voting and engagement work continuously evolves in response to changing governance related developments and expectations. Our voting guidelines are market-specific to ensure we take into account a company's unique circumstances by market, where relevant. We inform our vote decisions through research and engage as necessary. Our engagement priorities are global in nature and are informed by BlackRock's observations of governance related and market developments, as well as through dialogue with multiple stakeholders, including clients. We may also update our regional engagement priorities based on issues that we believe could impact the long-term sustainable financial performance of companies in those markets.

We welcome discussions with our clients on engagement and voting topics and priorities to get their perspective and better understand which issues are important to them. As outlined in our Global Principles, BlackRock determines which companies to engage directly based on our assessment of the materiality of the issue for sustainable long-term financial returns and the likelihood of our engagement being productive. Our voting guidelines are intended to help clients and companies understand our thinking on key governance matters. They are the benchmark against which we assess a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. We apply our guidelines pragmatically, taking into account a company's unique circumstances where relevant. We inform our vote decisions through research and engage as necessary.

BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team (BIS), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BlackRock Investment Stewardship team with input from investment colleagues as required, in each case, in accordance with BlackRock's Global Principles and custom market-specific voting guidelines.

While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesize corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritize those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting (such as the proxy statement and the website), our engagement and voting history with the company, and the views of our active investors, public information and ESG research. The proxy voting operating environment is complex and we work with proxy research firms to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting.

We periodically publish "vote bulletins" setting out detailed explanations of key votes relating to governance, strategic and sustainability issues that we consider, based on our Global Principles and Engagement Priorities, material to a company's sustainable long-term financial performance. These bulletins are intended to explain our vote decision, including the analysis underpinning it and relevant engagement history when applicable, where the issues involved are likely to be high-profile and therefore of interest to our clients and other stakeholders, and potentially represent a material risk to the investment we undertake on behalf of clients. We make this information public shortly after the shareholder meeting, so clients and others can be aware of our vote determination when it is most relevant to them. We consider these vote bulletins to contain explanations of the most significant votes for the purposes of evolving regulatory requirements."

Columbia Threadneedle Investments

"Our specialist governance team has an average industry experience of 13 years. Workflow is structured on a regional rather than sectoral basis, reflecting how governance standards are routed in local company law and best practice codes.

We deploy our specialist governance team on the most complex and sensitive cases, and partner with ISS to deliver voting on the more simple, routine votes through the careful and consistent application of detailed in-house voting policies. In certain cases, vote decisions are arrived at through consultation with the internal investment teams. In addition, controversial high-profile meetings can be escalated to the Proxy Working Group, which contains representatives from each part of Columbia Threadneedle Investments.

We deploy our specialist governance team on the most complex and sensitive cases, while voting on the more simple, routine votes is executed by ISS's custom policy team under our voting policy.

ISS supplies us with custom research based on our own in-house corporate governance guidelines (which are updated annually based on country-specific best practice standards) and with an electronic voting platform for proxy execution. We also subscribe to research on FTSE All-Share companies provided by the Investment Association's Institutional Voting Information Service (IVIS)."

LGIM

"All decisions are made by LGIM's Investment Stewardship team and in accordance with our relevant Corporate Governance & Responsible Investment and Conflicts of Interest policy documents which are reviewed annually. Each member of the team is allocated a specific sector globally so that the voting is undertaken by the same individuals who engage with the relevant company. This ensures our stewardship approach flows smoothly throughout the engagement and voting process and that engagement is fully integrated into the vote decision process, therefore sending consistent messaging to companies.

LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions.

To ensure our proxy provider votes in accordance with our position on ESG, we have put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what we consider are minimum best practice standards which we believe all companies globally should observe, irrespective of local regulation or practice.

We retain the ability in all markets to override any vote decisions, which are based on our custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement, or explanation in the annual report) that allows us to apply a qualitative overlay to our voting judgement. We have strict monitoring controls to ensure our votes are fully and effectively executed in accordance with our voting policies

by our service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform us of rejected votes which require further action.

For more information, please refer to our policy document on the topic: https://www.lgim.com/landg-assets/lgim/_document-library/capabilities/how-lgim-uses-proxy-voting-services.pdf"

MFS

"MFS maintains its own publicly available proxy voting policies and procedures (the MFS Proxy Policies), which guide all of our proxy voting decisions and provide a framework for voting decisions at approximately 2,000 meetings in over 50 markets each year. The exercise of voting rights is overseen by the MFS Proxy Voting Committee, which consists of eight senior members of MFS' Investment, Legal and Global Investment Support departments.

The day-to-day management of our proxy voting and engagement activity is performed by our stewardship team. While many voting issues fall within the scope of our policies, many votes require a case-by-case analysis by the stewardship team. As an active manager, we are able to combine the collective expertise of our stewardship team with the unique perspectives and experience of our global team of investment professionals. This process enables us to formulate viewpoints with multiple inputs, which we believe leads to well-informed voting decisions. As a result, when considering certain types of votes for which the MFS Proxy Voting Policies and Procedures do not provide explicit guidance, the proxy voting team and the investment team typically collaborate in assessing the voting matter.

Our proxy voting team will engage in a dialogue or written communication with a company or other stakeholders when we believe that the discussion will enhance our understanding of certain matters on the company's proxy statement that are of concern to shareholders or regarding certain thematic topics of focus for our proxy voting committee. Some of the issues we discuss with company management teams, board members and/or other company representatives include executive compensation, director accountability, as well as various environmental, social and governance issues. When engaging with companies, the proxy voting team aims to: (i) explain the rationale behind our proxy votes; (ii) exchange views on relevant ESG issues; and (iii) potentially effect positive change with respect to such issues.

MFS has entered into an agreement with Institutional Shareholder Services, Inc. (ISS) to perform various proxy voting-related administrative services, such as vote processing and recordkeeping. While we also receive research reports and vote recommendations from ISS and Glass, Lewis & Co., Inc., MFS analyzes all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. MFS' voting decisions are not defined by any proxy advisory firm benchmark policy recommendations. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and to reasonably address any potentially material conflicts of interest of such proxy advisory firms.

All proxy voting decisions are made in what we believe to be the best long-term economic interests of our clients."

Schroders

"We aim to take a consistent approach to voting globally, subject to regulatory restrictions that is in line with our published ESG policy.

The overriding principle governing our voting is to act in the best interests of our clients. Where proposals are not consistent with the interests of shareholders and our clients, we are not afraid to vote against resolutions. We may abstain where mitigating circumstances apply, for example where a company has taken steps to address shareholder issues.

We evaluate voting resolutions arising at our investee companies and, where we have the authority to do so, vote on them in line with our fiduciary responsibilities in what we deem to be the interests of our clients. Our Corporate Governance specialists assess each proposal, applying our voting policy and guidelines (as outlined in our Environmental, Social and Governance Policy) to each agenda item. In applying the policy, we consider a range of factors, including the circumstances of each company, long-term performance, governance, strategy and the local corporate governance code. Our specialists will draw on external research, such as the Investment Association's Institutional Voting Information Services and ISS, and public reporting. Our own research is also integral to our process; this will be conducted by both our financial and Sustainable Investment analysts. For contentious issues, our Corporate Governance specialists consult with the relevant analysts and portfolio managers to seek their view and better understand the corporate context.

We also engage with companies throughout the year via regular face-to-face meetings, written correspondence, emails, phone calls and discussions with company advisors and stakeholders.

Institutional Shareholder Services (ISS) act as our one service provider for the processing of all proxy votes in all markets. ISS delivers vote processing through its Internet-based platform Proxy Exchange. Schroders receives recommendations from ISS in line with our own bespoke guidelines, in addition, we receive ISS's Benchmark research. This is complemented with analysis by our in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers.

We believe that all votes against management should be classified as a significant vote. However, we believe resolutions related to certain topics carry particular significance. We therefore rank the significance of our votes against management, firstly by management say on climate votes, secondly environmental and social shareholder resolutions, thirdly any shareholder resolutions and finally by the size of our holding."

Ballie Gifford

"Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. We believe that voting should be investment led, because how we vote is an important part of the long-term investment process, which is why our strong preference is to be given this responsibility by our clients.

The ability to vote our clients' shares also strengthens our position when engaging with investee companies. Our ESG team oversees our voting analysis and execution in conjunction with our investment managers.

Unlike many of our peers, we do not outsource any part of the responsibility for voting to third-party suppliers. We utilise research from proxy advisers for information only. Baillie Gifford analyses all meetings in-house in line with our ESG Principles and Guidelines and we endeavour to vote every one of our clients' holdings in all markets."

9.2 Summary of voting behaviour

A summary of voting behaviour over the Plan Year is provided in the table below.

	Fund 1	Fund 2	Fund 3	Fund 4
Manager name	BlackRock	Columbia Threadneedle	LGIM	LGIM
Fund name	Diversified Growth Fund	Responsible Global Ethical Equity Fund	All World Equity Index Fund	Low Carbon Transition Global Equity Index
Total size of fund at end of the Plan Year	£583.3m	£1,475m	£3,766.9m	£3,432.6m
Value of Plan assets at end of the Plan Year*	£81.7m (DB) £28.0m (DC)	£1.6m (DC)	£133.0m (DC)	£104.4m (DC)
Number of equity holdings at end of the Plan Year	2,406	50	4,577	2,811
Number of meetings eligible to vote	636	49	6,351	4,546
Number of resolutions eligible to vote	8,012	771	62,920	46,501
% of resolutions voted	92.0%	95.6%	99.9%	99.9%
Of the resolutions on which voted, % voted with management	94.0%	90.5%	79.7%	79.6%
Of the resolutions on which voted, % voted against management	5.0%	9.0%	19.6%	19.8%
Of the resolutions on which voted, % abstained from voting	1.0%	0.5%	0.7%	0.6%
Of the meetings in which the manager voted, % with at least one vote against management	26.0%	61.2%	62.1%	64.4%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	0.0%	N/A**	11.1%	11.7%

* DC assets includes DB AVC assets.

** CTI does not report this as it applies its own custom policy for all its voting and does not consider deviation between its policy and any as a vote against recommendation.

	Fund 5	Fund 6	Fund 7	Fund 8	Fund 9
Manager name	LGIM	LGIM	MFS	Schroders	Baillie Gifford
Fund name	UK Equity Index Fund	Hybrid Property (70:30) Fund	Global Concentrated	Sustainable Future Multi Asset Fund	Global Alpha Growth Fund
Total size of fund at end of the Plan Year	£13,342.5m	£1,992.0m	£347.9m	£895.1m	£2,633.5m
Value of Plan assets at end of the Plan Year	£ 5.7m (DC)	£5.6m (DC)	£77.6m (DB)	£28.0m (DC)	£76.7m (DB)
Number of equity holdings at end of the Plan Year	538	368	27	640	94
Number of meetings eligible to vote	691	389	28	756	97
Number of resolutions eligible to vote	10,510	4,311	493	9,205	1,263
% of resolutions voted	99.9%	99.5%	100.0%	94.0%	94.4%
Of the resolutions on which voted, % voted with management	94.4%	78.8%	90.9%	89.0%	95.2%
Of the resolutions on which voted, % voted against management	5.6%	21.2%	9.1%	10.0%	3.3%
Of the resolutions on which voted, % abstained from voting	0.0%	0.0%	0.0%	1.0%	1.5%
Of the meetings in which the manager voted, % with at least one vote against management	39.2%	72.2%	39.3%	50.0%	25.8%
Of the resolutions on which the manager voted, % voted contrary to recommendation of proxy advisor	4.3%	16.7%	N/A***	1.0%	N/A****

*** MFS does not track this information. MFS analyses all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms.

**** Baillie Gifford does not report this as it applies its own custom policy for all its voting.

9.3 Most significant votes

Commentary on the most significant votes over the Plan Year, from the Plan's asset managers who hold listed equities, is set out below.

The Trustee did not inform its managers which votes it considered to be most significant in advance of those votes. The Trustee will consider the practicalities of informing managers ahead of the vote and will report on it in next year's Implementation Statement.

Given the large number of votes which are cast by managers during every Annual General Meeting season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee did not identify significant voting ahead of the reporting period. Instead, the Trustee has retrospectively created a shortlist of most significant votes by requesting each manager provide a shortlist of votes, which comprises a minimum of ten most significant votes, and suggested the managers could use the PLSA's criteria² for creating this shortlist. By informing its managers of its stewardship priorities and through its regular interactions with the managers, the Trustee believes that its managers will understand how it expects them to vote on issues for the companies they invest in on its behalf.

The Trustee has interpreted "significant votes" to mean those that align with the Trustee's stewardship priorities.

The Trustee has reported on one significant vote per diversified fund and three of these significant votes per equity fund only as the most significant votes. If members wish to obtain more investment manager voting information, this is available upon request from the Trustee.

BlackRock Diversified Growth Fund

During the period 1 July 2022 to 30 June 2023, BlackRock Investment Stewardship (referred to as "BIS" below) periodically published detailed explanations of specific key votes in "vote bulletins". These bulletins are intended to explain the vote decision, including the analysis underpinning it and relevant engagement history when applicable, on certain high-profile proposals at company shareholder meetings. BlackRock makes this information public shortly after the shareholder meeting, so clients and others can be aware of their vote determination when it is most relevant to them. BlackRock considers these vote bulletins to contain explanations of the most significant votes for the purpose of the Shareholder Rights Directive II. BlackRock provided details of thirteen "significant votes" in response to our request. One of the votes they have indicated as significant is detailed below:

J Sainsbury Plc, July 2022

- **Summary of resolution:** Shareholder Resolution on Living Wage Accreditation
- **Relevant stewardship priority:** Human Rights
- **Approx size of the holding at the date of the vote:** 0.01%
- **How they voted:** Against
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** BlackRock supports companies paying their workers a wage equal to or above current real living wage rates, and BlackRock engages with boards and management on their approach to ensuring their company is best placed to recruit and retain the workers on which they depend for their success.

However, BlackRock did not support the shareholder proposal. In their view, worker pay policies and rates should be determined by company management, with reference to relevant regulations and board oversight. BIS do not believe it is consistent with their clients' long-term interests to legally bind J Sainsbury plc (Sainsbury's) to peg their pay levels to those set by the Living Wage Foundation, as the passing of the shareholder proposal would require. This decision reflects BlackRock's view is that it is not the role of shareholders to direct company management to cede control of a key decision, core to the company's ability to deliver their strategy and balance the interests of all stakeholders, to a third-party.

² [Vote reporting template for pension Plan implementation statement – Guidance for Trustees \(plsa.co.uk\). Trustees are expected to select "most significant votes" from the long-list of significant votes provided by their investment managers.](#)

Columbia Threadneedle (“CT”) Responsible Global Ethical Equity Fund

CT selects significant votes based on one or more criteria, including:

- Materiality of issues and the impact on shareholder value;
- Votes against the recommendation of the Board;
- Value/size of the shareholding relative to the total portfolio;
- The materiality of the vote to engagement outcomes
- Size of holdings in the company;

CT provided details on their most significant votes, three of which are detailed here:

Apple Inc, March 2023

- **Summary of resolution:** Report on Operations in Communist China
- **Relevant stewardship priority:** Human Rights
- **Approx size of the holding within the Fund at the date of the vote:** c.7.9%
- **Fund manager vote:** Against
- **Rationale:** The company appears to provide shareholders with sufficient disclosure to assess its management of risks related to its operations in China and to have policies in place that seem to address human rights concerns raised by the proponent.
- **Outcome of the vote:** The proposal was not approved.

Schneider Electric SE, May 2023

- **Summary of resolution:** Approve Company's Climate Transition Plan
- **Relevant stewardship priority:** Climate Change
- **Approx size of the holding within the Fund at the date of the vote:** c.2.5%
- **Fund manager vote:** For
- **Rationale:** The plan is an improvement setting targets by 2030 and 2050 validated by SBTi. Engagement is to be held with the company regarding climate during the year.
- **Outcome of the vote:** The proposal was approved.

Linde Plc, July 2022

- **Summary of resolution:** Elect Director Robert L. Wood
- **Relevant stewardship priority:** Business Ethics
- **Approx size of the holding within the Fund at the date of the vote:** c.3.9%
- **Fund manager vote:** Against
- **Rationale:** This nominee is the lead independent director and former nominating committee chair. The board is only 20% gender diverse and CTI expect companies of this size to be at least 25% gender diverse. While the director retirement policy has led 5 members to retire on March 1st, it was clear the company had ample time to prioritise recruitment and maintain gender diversity on the board, including the appointment of two men to the board in November of 2021. Accordingly, CTI will hold Robert Wood accountable for insufficient board diversity.
- **Outcome of the vote:** The proposal was approved.

LGIM

In determining significant votes, LGIM's Investment Stewardship team takes into account the criteria provided by the Pensions & Lifetime Savings Association consultation (PLSA). This includes but is not limited to:

- High profile vote which has such a degree of controversy that there is high client and/ or public scrutiny.
- Significant client interest for a vote: directly communicated by clients to the Investment Stewardship team at LGIM's annual Stakeholder roundtable event, or where they note a significant increase in requests from clients on a particular vote.
- Sanction vote as a result of a direct or collaborative engagement.
- Vote linked to an LGIM engagement campaign, in line with LGIM Investment Stewardship's 5-year ESG priority engagement themes.

They provide information on significant votes in the format of detailed case studies in LGIM's quarterly ESG impact and annual active ownership publications. LGIM provided details of "significant votes" in response to our request, which are detailed here:

LGIM All World Equity Index**Amazon.com, Inc., May 2023**

- **Summary of resolution:** Report on Median and Adjusted Gender/Racial Pay Gaps.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 1.5%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote in favour is applied as LGIM expects companies to disclose meaningful information on its gender pay gap and the initiatives it is applying to close any stated gap. This is an important disclosure so that investors can assess the progress of the company's diversity and inclusion initiatives.

JPMorgan Chase & Co., May 2023

- **Summary of resolution:** Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.7%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM generally support resolutions that seek additional disclosures on how they aim to manage their financing activities in line with their published targets. LGIM believe detailed information on how a company intends to achieve the 2030 targets they have set and published to the market (the 'how' rather than the 'what', including activities and timelines) can further focus the board's attention on the steps and timeframe involved and provides assurance to stakeholders.

Toyota Motor Corp., June 2023

- **Summary of resolution:** Amend articles to report on corporate climate lobbying aligned with Paris Agreement.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.3%
- **How the Fund manager voted:** For.

- **Outcome of the vote:** The proposal was not approved. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment.

LGIM Hybrid Property (70:30) Fund

Public Storage, May 2023

- **Summary of resolution:** Report on GHG emissions reduction targets aligned with the Paris Agreement goal.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.9%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal was not approved. LGIM will continue to monitor the board's response to the relatively high level of support received for this resolution.
- **Rationale:** A vote in favour is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.

LGIM Low Carbon Transition Global Equity Index Fund

Tencent Holdings Limited, May 2023

- **Summary of resolution:** Elect Jacobus Petrus (Koos) Bekker as Director.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.5%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** A vote against is applied as the company is deemed to not meet minimum standards with regard to climate risk management.

The Coca-Cola Company, April 2023

- **Summary of resolution:** Report on Congruency of Political Spending with Company Values and Priorities.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.5%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** LGIM expects companies to be transparent in their disclosures of their lobbying activities and internal review processes involved. While LGIM appreciates the level of transparency Coca-Cola provides in terms of its lobbying practices, it is unclear whether the company systematically reviews any areas of misalignment between its lobbying practices and its publicly stated values. LGIM believes that the company is potentially leaving itself exposed to reputational risks related to funding organisations that take positions that are contradictory to those of the company's stated values, and potentially attracting negative attention that could harm the company's public image and brand.

McDonald's Corporation, May 2023

- **Summary of resolution:** To Adopt Policy to Phase Out Use of Medically-Important Antibiotics in Beef and Pork Supply Chain.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 0.4%
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. LGIM will continue to engage with the company and monitor progress.
- **Rationale:** Antimicrobial resistance ('AMR') is a key area of focus within LGIM's approach to health, and LGIM consider AMR to be a systemic risk. The resolution asks McDonald's to adopt a company-wide policy to phase out the use of medically important antibiotics for disease prevention purposes in its beef and pork supply chains and to set targets with timelines, metrics for measuring implementation, and third-party verification.

LGIM UK Equity Index Fund**InterContinental Hotels Group Plc, May 2023**

- **Summary of resolution:** Re-elect Graham Allan as Director.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.4%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.
- **Rationale:** A vote against is applied as the company is deemed to not meet minimum standards with regard to LGIM's deforestation policy.

Shell Plc, May 2023

- **Summary of resolution:** Approve the Shell Energy Transition Progress.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 7.0%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM continues to undertake extensive engagement with Shell on its climate transition plans.
- **Rationale:** A vote against is applied, though not without reservations. LGIM acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, LGIM remains concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.

BP plc, April 2023

- **Summary of resolution:** Re-elect Helge Lund as Director
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 3.8%
- **How the Fund manager voted:** Against.
- **Outcome of the vote:** The proposal passed. LGIM will continue to engage with the company and monitor progress.

- **Rationale:** A vote against is applied due to governance and board accountability concerns. Given the revision of the company's oil production targets, shareholders expect to be given the opportunity to vote on the company's amended climate transition strategy at the 2023 AGM. Additionally, LGIM notes concerns around the governance processes leading to the decision to implement such amendments.

MFS Global Concentrated Equity Fund

MFS sets out to cast proxy votes in the best long-term, economic interest of clients. MFS does not, at this time, define a vote significant to particular strategies. They therefore post a complete record of firm-wide proxy voting reports. For compiling this report, "significant votes" may have the following characteristics, among others: vote is linked to certain engagement priorities; vote considered engagement with the issuer; and votes relating to certain thematic or industry trends. MFS provided details of ten "significant votes" in response to our request.

The three votes with the largest holdings that they have indicated as significant are detailed here:

The Walt Disney Company, April 2023

- **Summary of resolution:** Report on Political Expenditures.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 2.7%
- **How they voted:** For.
- **Outcome of the vote:** the proposal was not approved.
- **Rationale:** MFS believes a vote "For" this proposal is warranted, as a report on the company's congruence of political expenditures with stated values would enable shareholders to have a more comprehensive understanding of how the company oversees and manages risks related to its political partnerships.

The Goldman Sachs Group, Inc., April 2023

- **Summary of resolution:** Report on Lobbying Payments and Policy.
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 3.8%.
- **How they voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** MFS believes a vote "For" this proposal is warranted, as additional disclosure of the company's direct and indirect lobbying-related expenditures would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

United Parcel Service, Inc., May 2023

- **Summary of resolution:** Adopt independently verified science-based greenhouse gas emissions reduction targets in line with the Paris Climate Agreement.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 2.6%.
- **How they voted:** For.
- **Outcome of the vote:** The proposal was not approved.
- **Rationale:** MFS voted "For" the proposal as it felt shareholders would benefit from additional information on how the company plans to manage its GHG emissions as well as climate related risks and align its operations with the Paris Agreement goals.

Schroders Sustainable Future Multi Asset Fund

Schroders considers “most significant” votes as those against company management. Where there have been ongoing and significant areas of concerns with a company’s performance Schroders may choose to vote against individuals on the board, particularly when they feel a lacking long-term vision.

On a monthly basis, Schroders produce a voting report which details how votes were cast, including votes against management and abstentions, and this report is publicly available on their website. The details for three votes on which Schroders voted against management are detailed here:

General Mills, Inc., September 2022

- **Summary of resolution:** Report on Absolute Plastic Packaging Use Reduction.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.01%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal passed. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
- **Rationale:** Schroders believe shareholders would benefit from additional information on how the company is managing risks related to its use of plastic packaging.

Costco Wholesale Corporation, January 2023

- **Summary of resolution:** Report on risk due to restrictions on reproductive rights.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 0.07%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
- **Rationale:** Schroders recognise the company’s existing policies and disclosures, however, Schroders believe that shareholders would benefit from this additional information given that current policies exclude most abortions because it only covers “medically necessary” abortions, while most abortions are considered elective.

The Toronto-Dominion Bank, April 2023

- **Summary of resolution:** Advisory Vote on Environmental Policies.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.46%.
- **How the Fund manager voted:** For.
- **Outcome of the vote:** The proposal did not pass. Schroders monitor voting outcomes and pays closer attention to those where Schroders are large shareholders or if Schroders have an active engagement on the issue. If Schroders think that the company is not sufficiently responsive to a vote or our other engagement work, Schroders may escalate our concerns by starting, continuing or intensifying an engagement. As part of this activity Schroders may also vote against other resolutions at future shareholder meetings, such as voting against the election of targeted directors.
- **Rationale:** Schroders welcome additional mechanisms for shareholders to hold the board accountable for its management of climate risk and contribution to a low carbon economy. As such, Schroders support this proposal.

Baillie Gifford Global Alpha Growth Fund

Baillie Gifford view the following situations as criteria in determining which votes are “most significant” over the Plan Year:

- Baillie Gifford’s holding had a material impact on the outcome of the meeting
- The resolution received 20% or more opposition and Baillie Gifford opposed
- Egregious remuneration
- Controversial equity issuance
- Shareholder resolutions that Baillie Gifford supported and received 20% or more support from shareholders
- Where there has been a significant audit failing
- Where Baillie Gifford have opposed mergers and acquisitions
- Where Baillie Gifford have opposed the financial statements/annual report
- Where Baillie Gifford have the election of directors and executives; and
- Where Baillie Gifford identify material ‘E’ ‘S’ or ‘G’ issues that result in Baillie Gifford opposing management

Baillie Gifford provided details of ten “significant votes” in response to our request. The three votes with the largest holdings that they have indicated as significant are detailed here:

Tesla, Inc., August 2022

- **Summary of resolution:** Shareholder Resolution – Social.
- **Relevant stewardship priority:** Human rights.
- **Approx size of the holding within the Fund at the date of the vote:** 1.8%
- **How they voted:** For.
- **Outcome of the vote and next steps:** The proposal was not approved.
- **Rationale:** Baillie Gifford supported the resolution requesting additional disclosure on the company’s efforts to address harassment and discrimination in the workplace. Baillie Gifford believe quantitative disclosure would help us understand and monitor the company’s efforts.

Microsoft Corporation, December 2022

- **Summary of resolution:** Shareholder Resolution – Governance
- **Relevant stewardship priority:** Business ethics.
- **Approx size of the holding within the Fund at the date of the vote:** 2.9%
- **How they voted:** Against.
- **Outcome of the vote and next steps:** The proposal was not approved.
- **Rationale:** Baillie Gifford opposed a shareholder resolution requesting a tax transparency report. Baillie Gifford believe the company’s current disclosures are in line with peers and provide shareholders with adequate disclosure.

Woodside Energy Group Ltd, April 2023

- **Summary of resolution:** Elect Directors.
- **Relevant stewardship priority:** Climate change.
- **Approx size of the holding within the Fund at the date of the vote:** 0.3%
- **How they voted:** Against.
- **Outcome of the vote and next steps:** The proposal was approved.
- **Rationale:** Baillie Gifford opposed the election of three directors as the company lags behind Baillie Gifford’s expectations regarding setting emissions reductions targets and has insufficient climate-related financial disclosure, and these three directors sit on the sustainability committee. Baillie Gifford believe that climate risk poses a material financial risk for the long-term business development of the company and long term shareholder value creation. Improved disclosure and stronger reduction targets are in the best long term interest of Baillie Gifford’s clients.

9.4 Votes in relation to assets other than listed equity

The following comments were provided by the Plan's asset managers which don't hold listed equities, but invest in assets that had voting opportunities during the Plan Year:

The Trustee notes the following statements made by Columbia Threadneedle Investment, who manage the Plan's equity-linked bond mandate which holds equity derivative contracts and, as such, does not confer voting rights to the Plan:

"The TotalEnergies UK Pension Plan is invested in a LDI Private-Sub Fund ("the Fund") with Columbia Threadneedle Investments which holds the following investments:

- *Gilts*
- *Equity Futures*
- *Cash*
- *Columbia Threadneedle Sterling Liquidity Fund*

However, we see responsible investing and broader investment stewardship as part of our duty as an investor acting in the best interests of our clients and key to managing risk and supporting long term returns. Consequently we engage where we can with investee companies and financial counterparties and this includes LDI counterparties and counterparties and investee companies in our liquidity fund range in which the Private sub-fund is invested."

The Trustee notes the following statements made by LaSalle, who manage segregated and indirect UK property mandates for the Plan (direct property mandate), which did not have any votes during the period, describing its general voting process:

"LaSalle actively engages with the Companies by exercising voting rights and other rights attached to shares. Their voting activities are conducted in accordance with LaSalle's proxy voting policy. LaSalle monitor the Companies' approach towards matters such as business strategy, financial and non-financial performance and risk, capital structure, and relevant social, environmental and governance "ESG" metrics. The extent and manner of such monitoring activities will be determined having regard to the investment strategy, the size of the exposure, feasibility of effective monitoring and other relevant issues."

The Trustee notes the following statements made by **LGIM** in respect of their funds invested in bonds, which do not convey voting rights:

"Our Active Ownership approach does not materially differ on the basis of the type of exposure. We engage on behalf of all our clients' assets, and the Investment Stewardship team explicitly consider both our debt and equity exposures. We represent all clients in carrying out voting, engagement and advocacy activities in order to protect and enhance asset values over long term and speak with one voice in our discussions with companies. From a bond-investor point of view, the only material difference versus equities is perhaps fewer concerns around shareholder rights. Otherwise, the vast majority of themes and issues in which we engage on, including climate change, remuneration, gender diversity, human capital, audit, cyber security etc. are capital structure agnostic. Board composition, although influenced by equity holders and shareholder rights, is also relevant to bondholders in ensuring that the board has the necessary expertise and independence to oversee the management and strategy of the organization".

The Trustee notes the following statements made by **Barings** in respect of their fund invested in bonds, which do not convey voting rights:

"Proxy Voting is not applicable to Barings Global High Yield Credit Strategies Fund. Where the Fund holds equity, this is as a result of restructurings, often this equity will be private and usual proxy voting mechanisms are not applicable."

Independent Auditor's Statement about Contributions to the Trustee of the TotalEnergies UK Pension Plan

Statement about contributions

We have examined the summary of contributions payable under the Schedule of Contributions to the TotalEnergies UK Pension Plan in respect of the Plan year ended 30 June 2023 which is set out on page 12.

In our opinion contributions for the Plan year ended 30 June 2023 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid in accordance with the Schedule of Contributions certified by the actuary on 21 December 2021.

Scope of work on statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 12, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedule of Contributions to the Plan and to report our opinion to you.

The purpose of our work and to whom we owe our responsibilities

This statement is made solely to the Plan's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to it in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee, for our work, for this statement, or for the opinions we have formed.



Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
Date: 25 January 2024

Independent Auditor's report to the Trustee of the TotalEnergies UK Pension Plan

Opinion

We have audited the financial statements of the TotalEnergies UK Pension Plan ("the Plan") for the year ended 30 June 2023 which comprise the Fund Account and the Statement of Net Assets (available for benefits) and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year ended 30 June 2023 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Plan in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Trustee has prepared the financial statements on the going concern basis as it does not intend to wind up the Plan, and as it has concluded that the Plan's financial position means that this is realistic. It has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Trustee's conclusions, we considered the inherent risks to the Plan and analysed how those risks might affect the Plan's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Trustee's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Plan will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Trustee as to the Plan's high-level policies and procedures to prevent and detect fraud, as well as enquiring whether it has knowledge of any actual, suspected or alleged fraud.
- Reading Trustee minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Trustee's (or its delegates including the Plan's administrators) may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of Insurance policies and Property. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue in a pension scheme relates to contributions receivable as paid under an agreed schedule or pre-determined by the Trustee; there are no subjective issues or judgements required.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted after the first draft of the financial statements have been prepared and unusual journals to cash.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustee and its delegates (as required by auditing standards), and from inspection of the Plan's regulatory and legal correspondence and discussed with the Trustee and its delegates the policies and procedures regarding compliance with laws and regulations.

As the Plan is regulated by The Pensions Regulator, our assessment of risks involved gaining an understanding of the control environment including the Plan's procedures for complying with regulatory requirements and reading the minutes of Trustee meetings.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Plan is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related pensions legislation), and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Plan is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation, or the loss of the Plan's registration. We identified the following areas as those most likely to have such an effect: pensions legislation and data protection legislation, recognising the financial and regulated nature of the Plan's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustee and its delegates and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

We have reported separately on contributions payable under the Schedule of contributions in our statement about contributions on page 52 of the annual report.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed

to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Trustee is responsible for the other information, which comprises the Trustee's report (including the report on actuarial liabilities, the Chair's statement, the Implementation Statement and the summary of contributions), the TCFD Report and the actuarial certification of the Schedule of Contributions. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon in this report.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on this work we have not identified material misstatements in the other information.

Trustee's responsibilities

As explained more fully in its statement set out on page 11, the Plan Trustee is responsible for: supervising the preparation of financial statements which show a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Plan Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Plan Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan Trustee, for our audit work, for this report, or for the opinions we have formed.



Gemma Broom
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

25 January 2024

Fund Account for the year ended 30 June 2023

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2023 £m	Total 30 June 2022 £m
Contributions & benefits					
Employer contributions		41.3	27.6	68.9	65.3
Employee contributions		-	2.9	2.9	3.4
Total contributions	5	41.3	30.5	71.8	68.7
Other income		-	-	-	0.1
Claims on term insurance		0.1	-	0.1	0.4
Transfers in	6	-	0.7	0.7	1.5
		41.4	31.2	72.6	70.7
Benefits paid or payable	7	(112.1)	(0.7)	(112.8)	(106.5)
Payments to and on					
account of leavers	8	(21.4)	(13.5)	(34.9)	(40.8)
Administrative expenses	9	(8.4)	-	(8.4)	(6.1)
Other payments	10	-	-	-	(0.1)
		(141.9)	(14.2)	(156.1)	(153.5)
Net (withdrawals)/additions from dealings with Members		(100.5)	17.0	(83.5)	(82.8)
Returns on investments					
Investment income	11	79.9	-	79.9	76.6
Change in market value of investments	12	(424.8)	17.2	(407.6)	(640.2)
Investment management expenses		(0.8)	-	(0.8)	(0.4)
Net (loss)/returns on investments		(345.7)	17.2	(328.5)	(564.0)
Net (decrease)/increase in the Fund during the Year		(446.2)	34.2	(412.0)	(646.8)
Transfer between sections		1.6	(1.6)	-	-
Net assets of the Plan at 1 July		2,720.2	334.2	3,054.4	3,701.2
Net assets of the Plan at 30 June		2,275.6	366.8	2,642.4	3,054.4

The notes on pages 58 to 77 form part of these financial statements.

Statement of Net Assets (available for benefits) as at 30 June 2023

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2023 £m	Total 30 June 2022 £m
Investment assets:	12				
Property		11.3	-	11.3	20.4
Pooled investment vehicles	14	1,175.5	363.5	1,539.0	1,728.0
Insurance policies	17	1,025.8	-	1,025.8	1,259.0
AVC investments	18	9.7	-	9.7	10.7
Other investments	15	1.1	-	1.1	2.1
Cash and cash equivalents		27.1	-	27.1	19.0
		<u>2,250.5</u>	<u>363.5</u>	<u>2,614.0</u>	<u>3,039.2</u>
Investment liabilities:					
Other investments	16	(0.9)	-	(0.9)	(1.0)
		<u>2,249.6</u>	<u>363.5</u>	<u>2,613.1</u>	<u>3,038.2</u>
Total net investments					
Current assets	22	37.6	3.8	41.4	27.9
Current liabilities	23	(11.6)	(0.5)	(12.1)	(11.7)
		<u>2,275.6</u>	<u>366.8</u>	<u>2,642.4</u>	<u>3,054.4</u>
Net Assets of the Plan at 30 June					

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year. The actuarial position of the Defined Benefit Section of the Plan, which takes into account such obligations is dealt with in the Report on Actuarial Liabilities on pages 5 to 7 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 58 to 77 form part of these financial statements.

These financial statements were approved by the Trustee on

Trustee Director:  341D1FC030AC4FA...

Date: January 24, 2024 | 10:50 AM CET

Notes to the Financial Statements

1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the guidance set out in the Statement of Recommended Practice (Revised 2018).

The financial statements are prepared on a going concern basis, which the Trustee believes to be appropriate as it believes that the Plan has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least the next twelve months. In reaching this conclusion, the Trustee has considered the financial position of the principal employer TotalEnergies Pension Company UK Limited, its ultimate parent undertaking and controlling party, Total SE as well as the regulatory capital position of the annuity provider Pension Insurance Corporation.

The Trustee has also taken into account the impact on investments, future income and capital growth, portfolio liquidity and cashflow requirements. The Trustee is confident that the Plan will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore, have prepared the financial statements on a going concern basis.

2 Identification of the financial statements

The Plan is established as a trust under English law. The address for enquiries to the Plan is included in the Trustee's Report.

3 Accounting policies

The principal accounting policies of the Plan are as follows:

3.1 The Plan's functional currency and presentational currency is pounds sterling (GBP).

3.2 Accruals concept

The financial statements have been prepared on an accruals basis, unless otherwise stated.

3.3 Contributions

Normal employer contributions, for the Defined Contribution Section are accounted for on an accruals basis at rates agreed between the Trustee and the Principal Employer based on the recommendation of the Actuary set out in the Schedule of Contributions. Deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions and recovery plan or on receipt if earlier with the agreement of the Employer and Trustee. Normal employee contributions including Additional Voluntary Contributions (AVCs) are accounted for when deducted from pay. Employer S75 debt contributions are accounted for when a reasonable estimate of the amount receivable can be determined. Employer augmentation contributions are accounted for in accordance with the agreement under which they are payable.

From 1 January 2022, additional contributions to cover the budgeted expenses of the Plan not expected to be covered by the 1.5% expense loading in the DC contribution rates will be paid by the participating employers.

3.4 Benefits

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

3.5 Transfers

Individual transfers are accounted for when the transfer has been paid or received. Bulk transfers are accounted for when liability has been accepted by the Plan or the new receiving scheme.

3.6 Investment Income

Interest on cash deposits and rental income is accounted for on an accruals basis. Annuity income is accounted for on an accruals basis. Dividends from quoted securities are accounted for when the security is declared ex-div. Income from fixed interest and index-linked securities is accounted for on an accruals basis.

3 Accounting policies (continued)

3.7 Expenses

All administrative expenses are borne by the Defined Benefit Section of the Plan. Expenses shown in note 9 are accounted for on an accruals basis.

3.8 Valuation of Investments

Investment assets are included in the financial statements at their fair value at the year-end:

Pooled Investment vehicles

Pooled Investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment managers.

Equities

Equities are stated at the bid price or the last traded price at the date of the statement of net assets.

Property

La Salle Investment Management manage a property portfolio on behalf of the Plan. Direct property is freehold and reported at book cost until independently re-valued each December by Knight Frank LLP in line with the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors. The year-end valuation is based on the December 2022 valuations plus or minus any sales or purchases. Property funds are reported at single price at the year-end as provided by the investment manager.

AVC funds

AVC fund values are included in the financial statements at values quoted by the AVC providers.

Annuities

Annuities purchased by the Trustee which provide benefits for certain members are included in these financial statements at fair value. The value of these policies has been based on the related obligations as determined by the Plan Actuary using the most recent Scheme Funding valuation assumptions. The cost of purchasing these annuities is reported within the fund account under "Benefits payable".

Bulk annuity policies are included in the statement of net assets at the value determined by the Plan Actuary on a basis consistent with the valuation of the Plan's liabilities using the most recent Scheme Funding valuation assumptions. Income arising from these annuity policies is included in annuity income.

Derivatives

Derivative contracts are valued at fair value. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices. The fair value of the forward currency contracts is based on market forward exchange rates at the year-end and determined as the gain or loss that would arise if the outstanding contract was matched at the year-end with an equal and opposite contract.

3.9 Critical accounting estimates and judgements

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affects the amounts reported for assets and liabilities as at the statement of net assets date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements.

4 Comparative disclosures for the Fund Account and Statement of Net Assets

Fund Account for the year ended 30 June 2022

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2022 £m
Contributions & benefits				
Employer contributions		43.0	22.3	65.3
Employee contributions		0.3	3.1	3.4
Total contributions	5	<u>43.3</u>	<u>25.4</u>	<u>68.7</u>
Other income		-	0.1	0.1
Claims on term insurance		0.4	-	0.4
Transfers in	6	<u>0.1</u>	<u>1.4</u>	<u>1.5</u>
		<u>43.8</u>	<u>26.9</u>	<u>70.7</u>
Benefits paid or payable	7	(105.3)	(1.2)	(106.5)
Payments to and on account of leavers	8	(24.0)	(16.8)	(40.8)
Administrative expenses	9	(6.1)	-	(6.1)
Other payments	10	<u>(0.1)</u>	<u>-</u>	<u>(0.1)</u>
		<u>(135.5)</u>	<u>(18.0)</u>	<u>(153.5)</u>
Net (withdrawals)/additions from dealings with Members				
		(91.7)	8.9	(82.8)
Returns on investments				
Investment income	11	76.6	-	76.6
Change in market value of investments	12	(626.5)	(13.7)	(640.2)
Investment management expenses		<u>(0.4)</u>	<u>-</u>	<u>(0.4)</u>
Net (loss)/returns on investments		<u>(550.3)</u>	<u>(13.7)</u>	<u>(564.0)</u>
Net (decrease)/increase in the Fund during the Year				
		(642.0)	(4.8)	(646.8)
Transfer between sections		1.4	(1.4)	-
Net assets of the Plan at 1 July				
		3,360.8	340.4	3,701.2
Net assets of the Plan at 30 June				
		<u>2,720.2</u>	<u>334.2</u>	<u>3,054.4</u>

4 Comparative disclosures for the Fund Account and Statement of Net Assets (continued)

Statement of Net Assets (available for benefits) as at 30 June 2022

	Note	Defined Benefit Section £m	Defined Contribution Section £m	Total 30 June 2022 £m
Investment assets:	12			
Equities		-	-	-
Property		20.4	-	20.4
Pooled investment vehicles	14	1,396.2	331.8	1,728.0
Insurance policies	17	1,259.0	-	1,259.0
AVC investments	18	10.7	-	10.7
Other investments	15	2.1	-	2.1
Cash and cash equivalents		19.0	-	19.0
		<u>2,707.4</u>	<u>331.8</u>	<u>3,039.2</u>
Investment liabilities:				
Other investments	16	(1.0)	-	(1.0)
Total net investments		2,706.4	331.8	3,038.2
Current assets	22	24.3	3.6	27.9
Current liabilities	23	(10.5)	(1.2)	(11.7)
Net Assets of the Plan at 30 June		<u>2,720.2</u>	<u>334.2</u>	<u>3,054.4</u>

5 Contributions

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Employer contributions			
Normal	-	26.0	26.0
Deficit funding	36.9	-	36.9
Additional	4.4	1.6	6.0
	<u>41.3</u>	<u>27.6</u>	<u>68.9</u>
Employee contributions			
Normal	-	0.6	0.6
Additional voluntary contributions	-	2.3	2.3
	-	2.9	2.9
	<u>41.3</u>	<u>30.5</u>	<u>71.8</u>

5 Contributions (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Employer contributions			
Normal	4.0	20.9	24.9
Deficit funding	36.9	-	36.9
Additional	2.1	1.4	3.5
	<u>43.0</u>	<u>22.3</u>	<u>65.3</u>
Employee contributions			
Normal	0.2	0.6	0.8
Additional voluntary contributions	0.1	2.5	2.6
	<u>0.3</u>	<u>3.1</u>	<u>3.4</u>
	<u>43.3</u>	<u>25.4</u>	<u>68.7</u>

Deficit funding contributions are being paid by the Principal Employer into the Plan in line with the Recovery Plan and Schedule of Contributions over 6 years. During the year £36.9m was paid into the DB section.

The DC additional contributions above are in respect of Company funding of life assurance and administration expenses. All expenses are borne by the DB Section. Included within employer normal contributions is £4.9m in respect of DC salary sacrifice contributions.

The DB additional contributions of £4.4m relate to contributions being received from 1 January 2022 to cover the budgeted expenses (including PPF levies and insured lump sum Defined Contribution Section death in service benefits, but excluding investment management expenses met directly from the Plan's assets) of the Plan.

6 Transfers in

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Individual transfers in from other schemes	<u>-</u>	<u>0.7</u>	<u>0.7</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Individual transfers in from other schemes	<u>0.1</u>	<u>1.4</u>	<u>1.5</u>

7 Benefits paid or payable

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Pensions	99.2	-	99.2
Commutation of pensions and lump sum retirement benefits	12.4	0.5	12.9
Lump sum death benefits	0.2	0.2	0.4
Taxation where lifetime or annual allowance exceeded	0.3	-	0.3
	<u>112.1</u>	<u>0.7</u>	<u>112.8</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Pensions	94.9	-	94.9
Commutation of pensions and lump sum retirement benefits	9.6	0.6	10.2
Lump sum death benefits	0.6	0.6	1.2
Taxation where lifetime or annual allowance exceeded	0.2	-	0.2
	<u>105.3</u>	<u>1.2</u>	<u>106.5</u>

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the lifetime or annual allowance and who elected to take lower benefits from the Plan in exchange for the Plan settling their tax liability.

8 Payments to and on account of leavers

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Individual transfers out to other schemes	<u>21.4</u>	<u>13.5</u>	<u>34.9</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Individual transfers out to other schemes	<u>24.0</u>	<u>16.8</u>	<u>40.8</u>

9 Administrative expenses

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Administration costs	4.8	-	4.8
Audit fee	0.1	-	0.1
Legal and Professional fees	3.4	-	3.4
PPF Levy	0.1	-	0.1
	<u>8.4</u>	<u>-</u>	<u>8.4</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Administration costs	4.8	-	3.3
Audit fee	0.1	-	0.1
Legal and professional fees	2.6	-	2.6
PPF Levy	0.1	-	0.1
	<u>6.1</u>	<u>-</u>	<u>6.1</u>

The total administration costs include trustee fees and expenses of £11,931 (2022: £7,851).

10 Other payments

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Group premiums on term insurance policies	<u>-</u>	<u>-</u>	<u>-</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Group premiums on term insurance policies	<u>0.1</u>	<u>-</u>	<u>0.1</u>

The premium due to Zurich in 2023 of £4,528 only covered the Group Life policy (2022: £164,648 covered both the Group Life policy and the Excepted policy, of which £32,041 related to a premium adjustment which was refunded to the Plan during the current year).

11 Investment income

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Interest on cash deposits	4.3	-	4.3
Rental income	0.2	-	0.2
Annuity income	75.4	-	75.4
	<u>79.9</u>	<u>-</u>	<u>79.9</u>

11 Investment income (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Dividends from equities	0.5	-	0.5
Rental income	3.1	-	3.1
Annuity income	74.0	-	74.0
Foreign exchange	(1.0)	-	(1.0)
	76.6	-	76.6

Income in relation to the Defined Contribution Section has been directly re-invested within the fund and is accounted for in the unit prices of the pooled investment vehicles. Rental income is shown net of expenses of £0.4m (2022: £0.5m).

12 Reconciliation of investments

	Value at 1 July 2022 £m	Purchases at cost £m	Sales proceeds £m	Change in market value £m	Value at 30 June 2023 £m
Defined Benefit Section					
Property	20.4	0.5	(5.8)	(3.8)	11.3
Pooled investment vehicles	1,396.2	130.2	(162.7)	(188.2)	1,175.5
Insurance policies	1,259.0	-	-	(233.2)	1,025.8
AVC investments	10.7	0.6	(2.0)	0.4	9.7
	2,686.3	131.3	(170.5)	(424.8)	2,222.3
Cash and cash equivalents	19.0			-	27.1
Other investment assets	2.1			(424.8)	1.1
Other investment liabilities	(1.0)				(0.9)
	2,706.4				2,249.6
Defined Contribution Section					
Pooled investment vehicles	331.8	53.6	(39.1)	17.2	363.5

Included within sales and purchases are transfers of cash between investment managers of £77.4m. This reflects:

1. Switches totalling £71.7m disinvested from Columbia Threadneedle into BlackRock (£17.0m), Barings (£32.3m) and Baillie Gifford (£22.4m) respectively. Also £0.5m recoverable taxes were realised in Newton and subsequently transferred to L&G.
2. Disinvestments totalling £38.6m (£1.6m, £7.0m, and £30.0m from Newton cash account, sales in LaSalle property portfolio and L&G pooled fund respectively) were used to provide investment into L&G pooled fund. The Trustee wishes to sell-down the LaSalle property portfolio, it had one property remaining as at the year end.

There were also £24.4m of switches between funds held with Legal & General in the Defined Contribution Section.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Plan such as fees, commissions and stamp duty.

12 Reconciliation of investments (continued)

Management fees analysed by main asset class and type of cost are as follows:

	Fees £m	Commission £m	Total £m
2023 Property	0.1	-	0.1
2023 Total	<u>0.1</u>	<u>-</u>	<u>0.1</u>
2022 Total	0.2	-	0.2

In addition to the transaction costs disclosed above, indirect transaction costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles. These costs are not identifiable.

For the Defined Contribution section investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

Defined Contribution assets are fully allocated to members (2022: fully allocated).

13 Taxation

The Plan is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

14 Pooled investment vehicles

Pooled investment vehicles are managed by companies registered in the UK. The Plan's investments, in pooled investment vehicles, at the year-end comprised:

	2023 £m	2022 £m
Defined Benefit Section		
Equity	154.3	197.4
Diversified	81.3	94.8
Equity-linked bonds – Specialised Investment Fund (“SIF”)	510.0	529.2
Bonds	334.4	462.0
Property	74.1	97.1
Cash	21.4	15.7
	<u>1,175.5</u>	<u>1,396.2</u>
Defined Contribution Section		
Equity	241.0	217.3
Diversified	109.7	100.8
Bonds	3.0	3.4
Cash	9.8	10.3
	<u>363.5</u>	<u>331.8</u>

Fixed Income Pooled Investment Vehicle – Specialised Investment Fund (“SIF”)

The SIF is a pooled arrangement where the Plan is the only participant in the fund. The aim is to assist the Plan to more closely match its liabilities by seeking to offset the impact of future changes in interest and inflation rates.

14 Pooled investment vehicles (continued)

Although the Plan owns units in a pooled fund, the underlying assets are closely monitored as part of a review of the LDI strategy. The following table provides a breakdown of the securities within the pooled SIF investment vehicle as at the year ended 30 June 2023:

	2023 £m	2022 £m
Bonds	457.4	479.6
Cash	10.8	18.4
Pooled investment vehicles – liquidity funds	38.5	45.9
Income receivable	1.5	2.1
Expenses	(0.1)	(0.2)
Sales receivable	-	36.9
Purchase payable	-	(47.6)
Futures – unrealised gain / (loss)	1.9	(5.9)
	<u>510.0</u>	<u>529.2</u>

15 Other investment assets

	2023 £m	2022 £m
Tax recoverable	0.3	0.5
Other debtors	0.8	1.6
	<u>1.1</u>	<u>2.1</u>

16 Other investment liabilities

	2023 £m	2022 £m
Other creditors	(0.9)	(1.0)
	<u>(0.9)</u>	<u>(1.0)</u>

17 Insurance policies

The Plan held insurance policies at the year-end as follows:

	2023 £m	2022 £m
Buy in annuity policy with PIC	1,023.2	1,255.6
Bulk annuity with Canada Life	2.6	3.4
	<u>1,025.8</u>	<u>1,259.0</u>

At 30 June 2023 the value of collateral held in relation to these assets was £1,096.2m (2022: £1,338.5m).

The values of the Bulk Annuities were calculated as at 30 June 2020, using the Statement of Funding Principles for the 2020 valuation. These values have then been rolled forward approximately to 30 June 2023. The financial assumptions used for the roll forward are consistent with those used for the valuation as at 30 June 2020, but allow for the impact of the changes in gilt yield curves since that date and RPI reform as set out in the Statement of Funding Principles.

18 Defined Benefit Section AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 30 June confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2023 £m	2022 £m
Legal & General – unitised fund	8.8	9.8
Prudential – with-profits, cash and unitised funds	0.4	0.4
Aviva – with-profits insurance policies	0.1	0.1
Clerical Medical – unitised funds	0.4	0.4
	9.7	10.7

Additional AVCs totalling less than £0.1m (2022: less than £0.1m) are held with MGM Assurance, Halifax, Zurich (with-profits insurance policies) and Phoenix Swiss Life (unitised fund).

Included within the DB Section investments are £1.0m (2022: £1.1m) of in-house AVCs allocated to individual members.

19 Fair value determination

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets which the entity can access at the assessment date.
Level 2	Inputs other than the quoted prices included within Level 1 which are observable (i.e. developed for the asset either directly or indirectly.)
Level 3	Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

The Plan's investment assets and liabilities have been fair valued using the above hierarchy categories as follows:

	At 30 June 2023			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Defined Benefit Section				
Property	-	-	11.3	11.3
Pooled investment vehicles	-	1,115.6	59.9	1,175.5
Insurance policies	-	-	1,025.8	1,025.8
AVC investments	-	9.3	0.4	9.7
Cash and cash equivalents	27.1	-	-	27.1
Other investment assets	1.1	-	-	1.1
Other investments liabilities	(0.9)	-	-	(0.9)
	27.3	1,124.9	1,097.4	2,249.6
Defined Contribution Section				
Pooled investment vehicles	-	363.5	-	363.5

19 Fair value determination (continued)

	At 30 June 2022			Total £m
	Level 1 £m	Level 2 £m	Level 3 £m	
Defined Benefit Section				
Property	-	-	20.4	20.4
Pooled investment vehicles	-	1,317.9	78.3	1,396.2
Insurance policies	-	-	1,259.0	1,259.0
AVC investments	-	10.3	0.4	10.7
Cash and cash equivalents	19.0	-	-	19.0
Other investment assets	2.1	-	-	2.1
Other investments liabilities	(1.0)	-	-	(1.0)
	<u>20.1</u>	<u>1,328.2</u>	<u>1,358.1</u>	<u>2,706.4</u>
Defined Contribution Section				
Pooled investment vehicles	-	331.8	-	331.8

20 Investment risk disclosures

When deciding how to invest the Plan's assets, the Trustee considers a wide range of risks, including credit risk and market risk, as defined below.

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate and inflation rate risk and other price risk, defined as follows:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- **Interest rate and inflation rate risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates or expected inflation rates.
- **Other price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate and inflation rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determined the Plan's investment strategy after obtaining written professional advice from its professional investment adviser. The Plan has exposure to the aforementioned risks because of the investments held to implement the investment strategy, which is described in section 5 of the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, considering the Plan's investment objectives and strategy, and the advice of its investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Plan's investment managers. The Trustee monitors the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

20 Investment risk disclosures (continued)

The table below summarises the Plan's investments that have significant exposure to indirect credit and market risks.

Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 23 £m	30 Jun 22 £m
Annuities / Buy-ins	●	○	●	●	1,025.8	1,259.0
LGIM All Stocks Index-Linked Gilts Fund	●	○	●	●	26.9	32.4
LGIM Over 15yr Index-Linked Gilts Index Fund	●	○	●	●	255.6	350.0
LGIM Sterling Liquidity Fund	●	○	●	○	21.4	15.7
MFS Global concentrated fund	○	●	○	●	77.6	107.0
Newton Equity Fund	○	●	○	●	-	2.1
BlackRock Dynamic Diversified Growth Fund	●	●	●	●	81.7	94.9
Barings Global High Yield Credit Strategies	●	●	●	○	52.0	79.7
Columbia Threadneedle Equity-linked bonds	●	○	●	●	510.0	529.2
Baillie Gifford Global Alpha Growth Fund	○	●	○	●	76.7	90.4
LaSalle Direct Property Fund	●	○	○	●	13.9	24.6
LaSalle Indirect Property Fund	●	○	○	●	98.3	110.7
Total					2,239.9	2,695.7

20 Investment risk disclosures (continued)

DB AVC Section Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 23 £m	30 Jun 22 £m
Global Equity Fund	○	●	○	●	1.6	1.6
UK Equity Fund	○	○	○	●	0.5	0.5
Overseas Equity Fund	○	●	○	●	0.9	0.8
Corporate Bond Fund	●	○	●	○	0.0	0.1
Index-Linked Gilt Fund	○	○	●	○	0.1	0.1
Cash Fund	○	○	○	○	0.1	0.1
Fixed Interest Gilt Fund	○	○	●	○	0.0	0.0
Diversified Multi-Asset Fund	●	●	●	●	2.4	2.6
Growth Fund	○	●	○	●	1.6	1.8
Lump Sum Fund	●	○	●	○	1.6	2.2
Total					8.8	9.8

DC Section Fund	Credit risk	Currency risk	Interest rate risk	Other price risk	30 Jun 23 £m	30 Jun 22 £m
Global Equity Fund	○	●	○	●	28.0	24.8
UK Equity Fund	○	○	○	●	5.3	4.6
Overseas Equity Fund	○	●	○	●	19.4	15.4
Ethical Equity Fund	○	●	○	●	1.6	1.3
Corporate Bond Fund	●	○	●	○	1.1	1.3
Index-Linked Gilt Fund	○	○	●	○	1.7	1.9
Cash Fund	○	○	○	○	3.2	3.4
Fixed Interest Gilt Fund	○	○	●	○	0.2	0.2
Diversified Multi-Asset Fund	●	●	●	●	109.7	100.8
Climate Aware Fund	○	●	○	●	1.0	0.6
Growth Fund	○	●	○	●	185.7	170.6
Lump Sum Fund	●	○	●	○	6.6	6.9
Total					363.5	331.8

Key: The risk noted affects the fund significantly (●) or hardly/ not at all (○).

20 Investment risk disclosures (continued)

Further information on these risks and the Trustee's approach to risk management is set out below.

Credit risk

Direct credit risk – Pooled funds

The Plan is subject to credit risk through its investments in pooled investment vehicles and sole investor arrangements. It is directly exposed to credit risk in relation to the solvency of the custodians of those funds. It is directly exposed to the credit risk of the insurance company for any pooled vehicles structured as life policies.

The Plan's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Plan's investments across a number of pooled funds.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

The DC section and DB AVC section are invested via the L&G investment-only platform. As a result, the DC is only exposed to direct credit risk in relation to the platform provider.

Indirect credit risk – Bonds

The Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Plan's investments in the BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies, LaSalle Property Fund and LaSalle Indirect Property Fund. The amount invested in each of these mandates is shown in the table at the end of this section.

Within the DC and DB AVC Sections, the indirect exposure to credit risk arises from the Plan's investments in the Corporate Bond Fund, Diversified Multi-Asset Fund and Lump Sum Fund. As at 30 June 2023 around 32% of the assets in the DC Section (2022: 33%) and for the DB AVC Section 46% as at 30 June 2023 (2022: 50%), were invested in funds or securities that are exposed to indirect credit risk.

The managers of the pooled funds that invest in fixed income manage credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

Direct credit risk – Annuities

There is also direct credit risk associated with the Plan's insured bulk annuity with Pension Insurance Corporation and Canada Life, which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets and the collateralised structure of the arrangement with Pension Insurance Corporation.

As at 30 June 2023 around 80% (2022:78%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to credit risk.

20 Investment risk disclosures (continued)

The table below sets out the types of pooled fund used within Plan.

LGIM	Unit linked insurance contract
Schroders	Unit trust
LaSalle	Share in limited partnership
MFS	Unit trust
Barings	Open ended investment company
BlackRock	Unit trust
BMO	Mutual investment umbrella fund
Baillie Gifford	Open ended investment company

A summary of pooled investment vehicles by type of arrangement is as follows:

Defined Benefit Section	2023 £m	2022 £m
Unit linked insurance contracts	303.9	416.9
Authorised unit trusts	200.6	257.9
Open ended investment company	128.5	170.0
Mutual investment umbrella funds	510.0	529.2
Property authorised investment funds	18.3	22.2
Managed Fund	14.2	-
	<u>1,175.5</u>	<u>1,396.2</u>

The pooled investment vehicle with Columbia Threadneedle is a sole investor fund and so the risk disclosures are required to be completed on a look-through basis as if the Plan directly held the underlying assets. As a result the Plan is subject to direct credit risk from the underlying gilts of £457.4m (2022: £479.6m), Columbia Threadneedle Sterling liquidity fund of £38.5m (2022: £45.9m) and other assets of £10.8m (2022: £18.4m) within the pooled investment. All physical assets in the bespoke fund are investment grade which only holds physical gilts (Investment Grade) and CT Sterling Liquidity fund (AAAmf).

Defined Contribution Section	2023 £m	2022 £m
Unit linked insurance policies	<u>363.5</u>	<u>331.8</u>

Currency risk

As the Plan's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy

and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure, or implement separate currency hedging arrangements.

The Plan's assets that are exposed to indirect currency risk are the MFS Global concentrated fund, BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies and Baillie Gifford Global Alpha Growth Fund, which invest in non-Sterling investments that are not currency hedged. The amount invested in each of these mandates is shown in the table at the end of this section.

20 Investment risk disclosures (continued)

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

As at 30 June 2023 around 13% (2022:14%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to currency risk.

The Plan's DC and DB AVC assets that are exposed to indirect currency risk are the Global Equity Fund, Overseas Equity Fund, Ethical Equity Fund, Diversified Multi-Asset Fund, Climate Aware Fund and Growth Fund which invest in non-Sterling investments that are not currency hedged. As at 30 June 2023 around 95% (2022: 96%) of the Plan's DC assets and for the DB AVC Section 73% as at 30 June 2023 (2022: 69%), were invested in funds or securities that are exposed to indirect currency risk.

Interest rate and inflation rate risk

Interest rate risk and inflation risk is a material risk for the Plan given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Plan's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Plan's assets hedges part of the corresponding risks associated with the Plan's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

The only assets the Plan invests in with material exposure to changes in interest rates are the LGIM All Stocks Index-Linked Gilts Fund, LGIM Over 15yr Index-Linked Gilts Index Fund , BlackRock Dynamic Diversified Growth Fund, Barings Global High Yield Credit Strategies and Columbia Threadneedle Equity-linked bonds. The amount invested in each of these mandates is shown in the table below:

Fund	30 Jun 23 £m	30 Jun 22 £m
LGIM All Stocks Index-Linked Gilts Fund	26.9	32.4
LGIM Over 15yr Index-Linked Gilts Index Fund	255.6	350.0
BlackRock Dynamic Diversified Growth Fund	81.7	94.9
Barings Global High Yield Credit Strategies	52.0	79.7
Columbia Threadneedle Equity-linked bonds	510.0	529.2

As at 30 June 2023 around 88% (2022:88%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

The Plan's DC and DB AVC assets invested in pooled bond funds are also subject to indirect interest rate risk. The Trustee believes that including exposure to bond funds within a lifestyle strategy targeting annuity purchase at retirement is appropriate since this reduces the volatility of the members' assets relative to annuity prices to give them more certainty.

Bond funds are also offered as self-select options to members and may be used by members to diversify against other types of risk.

The assets within the Plan's DC and DB AVC Sections with material exposure to changes in interest rates are the Corporate Bond Fund, Index-Linked Gilt Fund and Fixed Interest Gilt Fund. As at 30 June 2023 around 33% (2022: 33%) of the Plan's DC assets and for the DB AVC Section 48% as at 30 June 2023 (2022: 51%), were invested in funds or securities that are exposed to interest rate and inflation rate risk.

20 Investment risk disclosures (continued)

Other price risk

The Plan's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Plan as a whole as well as each individual portfolio. The Trustee believes that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

As at 30 June 2023 around 97% (2022:96%) of the Plan's assets in the DB section (ie including annuities) were invested in funds or securities that are significantly exposed to other price risk. The assets within the Plan's DC and DB AVC Sections with material exposure to other price risk are the Global Equity Fund, UK Equity Fund, Overseas Equity Fund, Ethical Equity Fund, Diversified Multi-Asset Fund, Climate Aware Fund and Growth Fund. As at 30 June 2023 96% (2022: 96%) of the Plan's DC assets and for the DB AVC Section is 78% as at 30 June 2023 (2022: 74%), were invested in funds that are exposed to other price risk.

Concentration of investment

The Plan holds the following investments which exceed 5% of the net assets of the Plan at 30 June 2023:

	2023 £m	%	2022 £m	%
PIC buy in annuity policy	1,023.2	38.7	1,255.6	41.1
L&G over 15 year index linked gilt	255.6	9.7	350.0	11.5
Columbia Threadneedle LDI Private Sub-Fund 35 GBP	510.0	19.3	529.1	17.3
L&G Growth Fund	185.7	7.0	170.5	5.6

21 Self investment

None of the Plan's investment funds held exposures in employer related investments.

The Plan has not breached the statutory limit of 5% maximum self-investment at any time throughout the year.

22 Current assets

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Allocated to members			
Contributions due from employer in respect of:			
- Employer	-	0.3	0.3
- Other debtors	-	0.3	0.3
Cash balances	-	3.2	3.2
Not allocated to members			
Cash balances	29.9	-	29.9
Other debtors	7.7	-	7.7
	<u>37.6</u>	<u>3.8</u>	<u>41.4</u>

22 Current assets (continued)

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Allocated to members			
Contributions due from employer in respect of:			
- Employer	-	0.2	0.2
Cash balances	-	3.4	3.4
Not allocated to members			
Cash balances	22.8	-	22.8
Other debtors	1.5	-	1.5
	<u>24.3</u>	<u>3.6</u>	<u>27.9</u>

Contributions due to the Plan at the Plan year end relate to June 2023 and were received subsequent to the year-end in accordance with the Schedule of Contributions.

23 Current liabilities

	Defined Benefit Section £m	Defined Contribution Section £m	Total 2023 £m
Unpaid benefits	1.8	-	1.8
Insured pensions received in advance	6.3	-	6.3
Amounts due to Employer	2.1	-	2.1
Other creditors	1.3	0.5	1.8
Audit fees	0.1	-	0.1
	<u>11.6</u>	<u>0.5</u>	<u>12.1</u>
	Defined Benefit Section £m	Defined Contribution Section £m	Total 2022 £m
Unpaid benefits	1.5	-	1.5
Insured pensions received in advance	6.2	-	6.2
Amounts due to Employer	1.4	-	1.4
Other creditors	1.3	1.2	2.5
Audit fees	0.1	-	0.1
	<u>10.5</u>	<u>1.2</u>	<u>11.7</u>

All Defined Contribution current liabilities are not allocated to members.

24 Related party transactions

The Principal Employer of the Plan is TotalEnergies Pension Company UK Limited.

There have been no transactions with related parties which have not been disclosed in these financial statements other than the provision of administration services by the Trustee and the appointed personnel of the Principal Employer. The Principal Employer and the Trustee have not charged the Plan for their services. At 30 June 2023, the amount due to the Principal Employer was £2.1m (2022: £1.4m). Of the Trustee Directors noted on page 1, twelve are members of the Plan at the year-end and James Coull and John Llewellyn are in receipt of benefits. Benefits received are in accordance with the Trust Deed and Rules.

Fees and expenses of £11,931 (2022: £7,851) included in administration costs under Note 9 are paid for Shonagh Anderson, James Coull, Ben Marchant, John Llewellyn, Rob White, Chris Milligan and Mark Tandy who are the pensioner trustees relating to the year ended 30 June 2023.

25 Capital Commitments

The Plan has a total capital commitment of £0.0m (2022: £5.0m) at the end of the Plan year to pay capital calls on the LaSalle UK PRS residential fund. The commitment uncalled at 30 June 2023 amounts to £0.0m (2022: £5.0m) in relation to the M&G Secured Lease Income Fund within the LaSalle Indirect Property fund.

26 GMP Equalisation

In October 2018, the High Court determined that Guaranteed Minimum Pensions ("GMP") for contracted-out pension schemes must be equalised between men and women in respect of service between May 1990 and April 1997. Employers have had to provide equal pensions to males and females since 17 May 1990, however, the State defined the level of GMP differently for males and females and this, combined with different increases in payment, means that in payment the pensions are unlikely to be equal. The Trustee is working with its advisers to understand the implication of this Ruling on the Plan and the equalisation of guaranteed minimum pensions between men and women in the context of the rules of the Plan and the value of any additional liability. The Company included an allowance of 0.5% of the value of accrued liabilities in its corporate accounts at 31 December 2018. However, this was just an estimate at that stage in the absence of final calculations. The Trustee has undertaken further work in relation to GMP equalisation over 2020, namely as listed below:

- The estimated cost of GMP equalisation has been allowed for in the actuarial valuation as at 30 June 2020. The initial results of this valuation are currently under discussion between the Trustee and the Principal Employer.
- A project is currently underway to make an allowance for GMP equalisation in the Plan's transfer values. Given the size and complexity of the Plan, this will be implemented in stages by the Plan administrator, starting from early 2021.
- The Trustee considered the methodology to achieve GMP equalisation, which led to a preference for GMP conversion alongside a Pension Increase Exchange (PIE) exercise.
- The Trustee has agreed in July 2023 to pause with GMP equalisation until early 2024.

On 20 November 2020, the High Court published a further judgement in the case of Lloyds Banking Group Pensions Trustees Limited focussing on the treatment of historic transfers out, where GMP equalisation adjustment is potentially needed. The judgement requires schemes to:

- equalise all transfers with 17 May 1990 – 5 April 1997 GMPs, even if they were taken as long ago as 1990
- pay a top-up to the receiving scheme with interest at Bank base rate +1%

The Trustee will investigate the financial impact of this judgement in due course.

Certification of schedule of contributions

Name of scheme: TotalEnergies UK Pension Plan

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated 5 August 2021.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 5 August 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: 

Date: 21-Dec-2021

Name: James Miller

Qualification: Fellow of the Institute and Faculty of Actuaries

Address:
Verulam Point
Station Way
St Albans
AL1 5HE

Name of employer: Aon Solutions UK Limited

Statement of investment principles for the TotalEnergies UK Pension Plan September 2023

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1. Introduction

1.1. What is the purpose of this Statement of Investment Principles?

This Statement of Investment Principles (or SIP) sets out the policy of TotalEnergies Pension Trustee UK Limited (the "Trustee") on various matters governing decisions about the investments of the TotalEnergies UK Pension Plan (the "Plan").

There are two sections within the Plan, the Defined Benefit ("DB") section and the Defined Contribution ("DC") section.

The current investment arrangements of the Plan, based on the principles set out in this SIP, are detailed in the Investment Policy Document ("IPD"). The Trustee is responsible for updating the IPD as necessary.

The Trustee will review this SIP from time to time and, with the help of its advisers, will amend it appropriately. These reviews will take place as soon as practicable after any significant change in investment policy or in the demographic profile of the relevant members in respect of the DC section, and at least once every three years.

1.2. Who has had input to the SIP?

This SIP has been formulated after obtaining and considering proper written professional advice from Lane Clark & Peacock LLP ("LCP"), the Trustee's investment adviser, whom the Trustee believes to be suitably qualified and experienced to provide such advice.

The Principal Employer was consulted on the SIP. The current investment managers of the Plan were given the opportunity to comment on a draft of those aspects of the SIP that are relevant to them. The managers are required to carry out their investment responsibilities in a manner consistent with this SIP.

1.3. What is the legal background to the SIP?

The SIP is designed to meet the requirements of Section 35 (as amended) of the Pensions Act 1995 ("the Act"), the Occupational Pension Schemes (Investment) Regulations 2005 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015 ("OPSCGR 2015") (together, "the Regulations").

The Plan's assets are held in trust by the Trustee. The investment powers of the Trustee are set out in the definitive Trust Deed. A copy of the Trust Deed is available on request.

2. What are the Trustee's overall investment objectives for the DB section?

The Trustee's objectives are:

- that the DB section should be able to meet benefit payments as they fall due; and
- to target a return in excess of the change in the value of the liabilities, subject to an acceptable level of risk.

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3. What risks does the Trustee consider and how are these measured and managed for the DB section?

When deciding how to invest the Plan's DB assets, the Trustee considers a wide range of risks, including, but not limited to, those set out in Appendix A.

Due to the complex and interrelated nature of these risks, the Trustee considers the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

The level of investment risk of the Plan is measured by the 1-year Value-at-Risk under a "worst case" (95th percentile) outcome ("VaR95"). VaR95 is a measure of the downside risk due to the mis-match between the Plan's assets and the Plan's technical provisions.

4. What is the DB Section's investment strategy?

In order to achieve the objectives described in Section 2 above, the Trustee has set an investment strategy which provides an asset allocation framework for how the Plan's DB assets are managed on a day to day basis.

The Trustee, with the help of its advisers and in consultation with the employer, reviewed the investment strategy for the DB Section in June 2023.

The Trustee seeks to invest the Plan's assets in a wide range of asset classes of appropriate liquidity and security which will, together with contributions from the employer, generate income and capital growth to meet the Plan's liabilities as they fall due.

Strategic allocation

Around half of the Plan's assets are held in buy-in contracts, which insure a large subset of the Plan's pensioner population. The Plan's investment strategy excluding the buy-in contracts is to invest the assets broadly as follows:

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Asset class	Asset allocation excluding the buy-in asset (%)	Control Ranges* (%)
Growth assets	22	-5 to +5
Equities	12	
Multi-asset absolute return	6	
Property	4**	
Defensive assets	78	-5 to +5
Equity-linked bonds***	53	
Bonds****	25	
Cash	0	
Sum	100	

* The control ranges are a guide rather than a trigger for automatic rebalancing. They are monitored by the Trustee's Investment Committee ("IC") at quarterly meetings.

** A full redemption of the Plan's property investments has been submitted. The allocation is expected to be zero by the end of 2024.

*** The target level of equity exposure achieved from the equity-linked bond portfolio is 7.5% of the DB Section's asset value excluding the buy-in contracts.

**** The bonds, combined with the bonds in the equity-linked bond portfolio, are intended to hedge a high proportion of the Plan's interest rate and inflation risk (as measured on a technical provisions basis).

5. How was the investment strategy determined?

The Trustee, with the help of its advisers and in consultation with the Employer, set the investment strategy taking into account a number of risks, including, but not limited to, those set out in Appendix A.

The asset allocation was determined with regard to the characteristics of the Plan, in particular the strength of the funding position and the liability profile. From the investment strategy review in June 2023, the Plan's expected return above gilts is estimated to be 0.9% pa, using 31 March 2023 assumptions.

In setting the strategy, the Trustee considered:

- a wide range of asset classes;
- the risks and rewards of a number of possible asset allocation options;
- the suitability of each asset class within each strategy, both across asset classes and within asset classes;
- the need for appropriate diversification between different asset classes, and within asset classes;
- the circumstances of the Plan, including the profile of the benefit cash flows (and the ability to meet these in the near to medium term), the funding level, and the strength of the employer covenant;
- the views of the sponsoring employer; and

- the Trustee's investment beliefs about how investment markets work and which factors are most likely to impact investment outcomes.

The Trustee's key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

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- asset allocation is the primary driver of long-term returns;
- risk-taking is necessary to achieve return, but not all risks are rewarded;
- equity and illiquidity are rewarded risks;
- in some markets, investment managers who can consistently spot and profitably exploit market opportunities are difficult to find and therefore the Trustee will consider passive management if it is not convinced by active management;
- environmental, social and governance ("ESG") factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors; and
- costs have a significant impact on long-term performance and therefore obtaining value for money from the investments is important.

The Trustee has signed agreements with the investment managers setting out in detail the terms on which the portfolios are to be managed. The investment managers' primary role is the day-to-day investment management of the Plan's investments. The managers are authorised under the Financial Services and Markets Act 2000 (as amended) to carry out such activities.

6. What is the Trustee's overall investment objective for the DC section?

The Trustee's objective is to provide a range of investments that are suitable for meeting members' long and short-term investment requirements.

What risks does the Trustee consider and how are these measured and managed?

The Trustee recognises the key risk is that members will have insufficient funds in retirement or funds that do not meet their expectations. This could be due to a number of factors, including insufficient contributions, lower than expected investment returns or adverse fluctuations in annuity prices if a member was to purchase a pension from an insurer. The Trustee considered the key risks when setting the investment options and strategy for the Plan. The Trustee's policy in respect of risk measurement methods and risk management processes is set out below.

The Trustee considered the following sources of risk and mitigated them as follows:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.

The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- Risk of fund managers not meeting their objectives.

This risk is considered by the Trustee and its advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.

The Trustee monitors the performance of the assets compared to the benchmarks on a regular basis, usually quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustee.

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- Risk of the lifestyle options being unsuitable for the requirements of some members.

The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

- The risk of fraud, poor advice or acts of negligence.

The Trustee has sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

The Trustee's policy is to review the range of funds offered and the suitability of the lifestyle options on a regular basis.

7. What is the DC section's auto-select (default) investment strategy?

Members are able to invest in a wide range of individual asset class funds as well as a number of multi asset funds, where the allocation is to a number of asset classes and managers selected by the Trustee. There are also three "lifestyle" fund options, where the underlying asset allocation is altered as a member approaches their target retirement date.

Members who do not make an active investment choice will be invested in the "auto-select lifestyle" strategy. The auto-select lifestyle strategy is intended for members who will draw down from their investment point gradually once they retire. It is structured to maintain, what the Trustee believes to be, 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. It is designed to be broadly appropriate for a typical member within the Plan, but it will not be suitable for all members.

There is also an auto-select lifestyle for DB members who hold additional voluntary contributions in the DC Section. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting a cash lump sum at retirement. DC members can also choose to select this option.

The third lifestyle strategy is intended for members that wish to buy a pension with an insurer at retirement. It is structured to maintain a reasonable and diverse exposure to growth assets, before transitioning to an asset allocation targeting an annuity purchase and a cash lump sum at retirement.

All three lifestyle strategies have a common growth phase until 5 years to a members' target retirement date.

The funds and lifestyle strategies offered in the DC section of the Plan were selected by the Trustee considering the funds' objectives and investment process, expected returns,

risks and other characteristics, and the Trustee's view of the needs and circumstances of the membership.

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The Trustee realises that whilst no single option will be sufficient to manage all the various risks associated with defined contribution investment, the range is designed to be wide enough to enable individuals to manage the risks identified as they become relevant, according to each member's individual requirements.

8. Appointment of investment managers and custodian

The Trustee has signed investment management documentation with the investment managers setting out in detail the terms on which the portfolios are managed, including the need for suitable and appropriately diversified investment.

The Trustee has signed agreements with the DC platform provider, who makes available a range of investment options to members of the DC section.

The managers are all authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Details of the investment managers and their investment benchmarks and guidelines are given in the Investment Policy Document.

The custodian's primary role is the safekeeping of the assets. The custodian is authorised under the Financial Services and Markets Act 2000 to carry out such activities. The Trustee has appointed Northern Trust as the Plan's custodian. Furthermore, where the Plan invests in pooled funds, the fund managers have appointed custodians for the pooled funds.

9. Other matters

9.1. What is the Trustee's policy on the realisation of investments?

The investment managers have discretion over the timing of realisation of investments of the Plan and in considerations relating to the liquidity of investments.

When appropriate, the Trustee, on the administrators' recommendation, determines the amount of cash required to meet obligations of the Plan to its beneficiaries and other outgoings and informs the investment managers of any liquidity requirements. The Trustee's preference is for investments that are readily realisable but recognises that achieving a well-diversified portfolio may mean holding some investments that are less liquid (eg property).

9.2. What is the Trustee's policy on illiquid investments relating to the DC Section's default arrangement?

Illiquid assets are investments that may not be easily or quickly sold or exchanged for cash. Investments in the default lifestyle arrangement include illiquid assets through a small investment in UK real estate. Members aged between 40 and 65, assuming a target retirement age of 65, hold an investment in illiquid assets. The investment is held via a collective investment scheme that invests in UK freehold and leasehold property. At

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the same point in the default lifestyle arrangement there is also an investment in diversified growth funds, held via a collective investment scheme that can have invest in illiquid assets if the investment manager chooses to do so. The Trustee has included these allocations within the default arrangement because it believes it will help achieve the overall investment objective for the DC section by increasing returns for members and providing diversification benefits for members in the approach to retirement.

The Trustee believes long-term net investment returns can be enhanced by investing in illiquid assets and as such, is monitoring the market for developments for potential inclusion in the strategy. The Trustee recognises, however, that there are a number of risks with these types of assets such as the inability to easily realise holdings should the need arise. As such, the Trustee will assess further illiquid investments on a fund-by-fund basis, including but not limited to, fund availability on the investment platform, the expected return, the fees paid to managers and the structures in place to minimise the risks of investing in less liquid investments.

9.3. What is the Trustee's policy on financially material and non-financial matters?

The Trustee has considered how ESG and ethical factors should be taken into account in the selection, retention and realisation of investments, given the time horizon of the Plan and its members.

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other ESG considerations). The Trustee seeks to appoint managers that have appropriate skills and processes to do this, and from time to time reviews how its managers are taking account of these issues in practice. The Trustee has limited influence over managers' investment practices where assets are held in pooled funds, but it encourages managers to improve their practices where appropriate.

With regard to climate risks, the Trustee has agreed that it:

- Wants to follow best practice when it comes to regulatory requirements.
- Believes that climate change represents a systemic risk to society, the economy and the financial system.
- Believes that climate change is a financially material risk for the DB and DC Sections of the Plan.
- Believes that a transition to a low carbon economy presents risks and opportunities for financial markets.
- Believes that its fund managers should maintain awareness of climate risks and opportunities, such as emerging technologies and green markets, when selecting investments in the Plan's portfolios.
- Believes that transitioning energy investments to sustainable energy options and encourage fossil-fuel holdings to manage the climate transition appropriately is a better way to manage climate risk than disinvesting from these holdings.
- Believes that engagement with the Plan's investments, delegated to the fund managers, is an essential component in order to move to a low carbon economy.

The Trustee primarily considers financial matters (i.e. matters affecting risk and return,

including climate change and other ESG considerations) for the selection, retention and realisation of investments in the DB Section. It will consider non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries) on a secondary basis.

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In the DC Section, the Trustee recognises that some members may wish for non-financial matters to be taken into account in their investments and therefore has made available an equity investment option to DC members to address this demand.

9.4. What is the Trustee's policy on the exercise of investment rights?

The Trustee has examined how rights, including voting rights, attached to investments should be exercised. In doing so, the Trustee has considered The UK Stewardship Code issued by the Financial Reporting Council.

The Trustee supports the Principles set out in the UK Stewardship Code. In appointing and reviewing investment managers it will pay regard to the extent to which they support the Code and will take measures to ensure that managers' report regularly (at least annually) to the Trustee on their compliance with the Principles.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers.

9.5. Voting and engagement

The Trustee recognises its responsibilities as owners of capital, and believes that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, can protect and enhance the long-term value of investments. The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement with issues of debt and equity and other relevant persons about relevant matters such as performance, strategy, risks and ESG considerations.

The Trustee does not monitor or engage directly with issuers or other holders of debtor equity. It expects the investment managers to exercise ownership rights and undertake monitoring and engagement in line with the managers' general policies on stewardship, as provided to the Trustee from time to time, taking into account the long-term financial interests of the beneficiaries. The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting where relevant the recommendations of the UK Stewardship Code issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

The Trustee has selected some priority ESG themes to provide a focus for monitoring the investment managers' voting and engagement activities. The Trustee reviews the themes regularly and update them as appropriate. The current priorities are climate change, human rights and business ethics.

The Trustee has communicated these stewardship priorities to the investment managers.

If the Trustee's monitoring identifies areas of concern, the Trustee will engage with the relevant manager in line with the escalation policy as outlined in the IPD.

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9.6. Implementation of the investment arrangements

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser on the question of whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee has limited influence over managers' investment practices where the Plan's assets are held in pooled funds, but it encourages its managers to improve their practices where appropriate.

The Trustee's view is that the fees paid to the investment managers, and the possibility of their mandate being terminated, ensure they are incentivised to provide a high quality service that meets the stated objectives, guidelines and restrictions of the fund. However, in practice managers cannot fully align their strategy and decisions to the (potentially conflicting) policies of all their pooled fund investors in relation to strategy, long-term performance of debt/equity issuers, engagement and portfolio turnover.

It is the Trustee's responsibility to ensure that the managers' investment approaches are consistent with its policies before any new appointment, and to monitor and to consider terminating any existing arrangements that appear to be investing contrary to those policies. The Trustee expects investment managers, where appropriate, to make decisions based on assessments of the longer term financial and non-financial performance of debt/equity issuers, and to engage with issuers to improve their performance. They assess this when selecting and monitoring managers.

The Trustee evaluates investment manager performance by considering performance over both shorter and longer-term periods as available. Generally, the Trustee would be unlikely to terminate a mandate on short-term performance grounds alone.

The Trustee's policy is to evaluate each of its investment managers by reference to the manager's individual performance as well as the role it plays in helping the Plan meet its overall long-term objectives, taking account of risk, the need for diversification and liquidity. Each manager's remuneration, and the value for money it provides, is assessed in light of these considerations.

The Trustee recognises that portfolio turnover and associated transaction costs are a necessary part of investment management and that the impact of portfolio turnover costs is reflected in performance figures provided by the investment managers. The Trustee expects its investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

9.7. What are the responsibilities of the various parties in connection with the Plan's investments?

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Appendix B contains brief details of the respective responsibilities of the Trustee, the investment adviser, the investment managers and the custodian. Appendix B also contains a description of the basis of remuneration of the investment adviser, the investment managers and the custodian.

9.8. Does the Trustee make any investment selection decisions of its own?

Before making any investment selection decision of its own, it is the Trustee's policy to obtain written advice. The written advice considers the suitability of the investment, the need for diversification and the principles contained in this SIP. It is also the Trustee's policy to review its own investment selection decisions on a regular basis (at least annually), based on written advice.

9.9. Review

The Trustee will, from time to time, review the appropriateness of this SIP with the help of its advisers, and will amend the SIP as appropriate. These reviews will take place as soon as practicable after any significant change in investment policy, and at least once every three years.

For and on behalf of TotalEnergies Pension Trustee UK Limited

The Trustee's policy towards risk, risk measurement and risk management

Appendix A

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The Trustee considers that there are a number of different types of investment risk that are important for the DB and DC sections. These include, but are not limited to:

A1. Mismatching risk

Mismatching risk is the risk that the performance of the DB section's assets and liabilities diverges in certain financial and economic conditions. This risk has been taken into account in the Trustee's investment strategy review, and will be monitored by the Trustee on a regular basis.

The Trustee will review the DB section's investment strategy at least every three years in light of the various risks faced by the Plan.

A2. Inadequate long-term returns

A key objective of the Trustee for the DB section is that, over the long-term, the Plan should have adequate resources to meet its liabilities as they fall due. The Trustee therefore invests the assets of the Plan to produce a sufficient long-term return in excess of the liabilities. There is also a risk that the performance of the Plan's assets and liabilities diverge in certain financial and economic conditions in the short term. This risk has been considered in setting the investment strategy.

In the DC Section, as members' benefits are dependent on the investment returns achieved, it is important that investment options are available which can be expected to produce adequate real returns over the longer term. Accordingly, equity and equity-based funds, which are expected to provide positive returns above inflation over the long term, have been made available to members and feature in the growth phase of the default strategy. To reduce the chance of a sharp deterioration in members' benefits close to retirement, the Trustee has made the default option a "lifestyle" strategy which automatically combines investments in pre-defined proportions that vary, and aim to decrease the level of expected investment risk, towards a member's retirement age.

A3. Buy-in insurer risk

This is the risk that the Plan's buy-in insurer fails to pay the benefits secured under the buy-in contract.

This risk is mitigated by having selected a reputable insurer on the basis of advice from LCP, and by negotiating a collateral arrangement so that in the event of the insurer's failure to pay (amongst other prescribed events) the Trustee can take control of a portfolio of collateral assets.

A4. Investment manager risk**Appendix A (cont)**

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Investment manager risk is the risk that the investment managers fail to meet their investment objectives.

The Trustee received investment advice from a suitably qualified individual on the selection of the fund managers. The Trustee monitors the investment managers on a regular basis.

A5. Risk from lack of diversification

Risk from lack of diversification is the risk that failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the Trustee's ability to meet its investment objectives.

The Trustee believes that the Plan's DB assets and DC default strategies are adequately diversified between different asset classes, within each asset class and across different investment managers. It also believes that the DC self-select options provide a suitably diversified range for members to choose from.

A6. Illiquidity/marketability risk

Liquidity/marketability risk is the risk that the DB section is unable to realise assets to meet benefit cash flows as they fall due.

The Trustee is aware of the DB section's cash flow requirements and believes that this risk has been mitigated through a combination of purchasing the buy-in policy, and by investing the majority of the remainder in liquid assets.

For the DC section, this is the risk that core financial transactions, such as investing members' contributions, are not processed promptly due to lack of liquidity in the investments. The Trustee manages this risk by only using pooled funds with daily dealing within the default strategies and diversifying the strategies across different types of investment.

A7. Custodian risk

Custodian risk is the risk that the custodian fails to ensure the safe-keeping of the Plan's assets, or fails to properly carry out its administrative duties.

The Trustee undertook investment advice on the selection of the custodian, and the Trustee monitors the reviews the performance of the custodian on a regular basis.

A8. Currency risk

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers overseas currency exposure in the context of the

overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate.

Appendix A (cont)

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A9. Interest rate and inflation risk

The Plan's DB and DC assets are subject to interest rate and inflation risk because some of the Plan's assets are held in bonds (including inflation index-linked bonds), via pooled funds. However, the interest rate and inflation exposure of the Plan's DB assets hedges part of the corresponding risks associated with the Plan's liabilities.

The net effect of the Trustee's approach to interest and inflation risk will be to reduce the volatility of the funding level, and so the Trustee believes that it is appropriate to manage exposures to these risks in this manner and to review them on a regular basis.

For the DC section, funds that invest in bonds via pooled funds are included in the Annuity Lifestyle in particular, which targets annuity purchase at retirement. This reduces the volatility of the members' assets relative to annuity prices to give them more certainty. Bond funds are also included in the self-select fund range offered to members and may be used to diversify against other types of risk.

A10. ESG risks

ESG factors are sources of risk to the Plan's investments, some of which could be financially significant, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks to appoint investment managers who will manage these risks appropriately on their behalf and from time to time reviews how these risks are being managed in practice.

A11. Risk from excessive charges

Within the DC section, if the investment management charges together with other charges, (for example, platform services, transition costs and additional expenses) are excessive, then the value of a member's account will be reduced unnecessarily. The Trustee is comfortable that the charges applicable to the Plan are in line with market practice and assess annually whether these represent good value for members.

A12. Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Plan is subject to credit risk because it invests in bonds via pooled funds. The Trustee manages its exposure to credit risk by only investing in pooled funds that have a diversified exposure to different credit issuers. The Plan invests in some funds which invest in bonds that are classified as both "investment grade" and "non-investment

grade” – the latter carrying greater credit risk but having a higher yield to compensate investors.

Appendix A (cont)

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A13. Other risks

The Trustee recognises that there are other, non-investment, risks faced by the Plan. Examples include:

- mortality risk (the risk that members live, on average, longer than expected);
- sponsor risk (the risk that, for whatever reason, the sponsoring employer is unable to support the Plan as anticipated). The Trustee has taken into account the strength of the employer’s covenant in setting the Plan’s investment strategy; and
- operational risks (eg the risk of errors and omissions in the handling of the Plan’s assets or payment of Plan benefits)

The Trustee also has in place processes to consider and monitor these non-investment risks on a regular basis.

Responsibilities and charges

Appendix B

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B.1. Responsibilities and investment decision-making structure

The Trustee has decided on the following division of responsibilities and decision-making for the Plan. This division is based upon the Trustee's understanding of the various legal requirements placed upon it, and its view that this division allows for efficient operation of the Plan overall, with access to an appropriate level of expert advice and service.

B.2. Trustee

In broad terms, the Trustee is responsible in respect of investment matters for:

- setting structures and processes for carrying out its role;
- selecting and monitoring the planned asset allocation;
- appointing an Investment Committee;
- appointing a DC Outcome & Governance Committee;
- monitoring the exercise of the investment powers that they have delegated to the investment managers and monitoring compliance with Section 36 of the Act.
- selecting direct investments; and
- considering recommendations from the Investment Committee and the DC Outcomes & Governance Committee.

The Trustee has delegated consideration of certain investment matters to the Investment Committee ("IC"), although any decisions remain the responsibility of the Trustee.

B.3. Investment Committee

In broad terms, the Investment Committee is responsible in respect of investment matters for:

- making recommendations to the Trustee covering:
 - the planned asset allocation;
 - the selection of investment advisers and fund managers;
 - investment structures and their implementation;
 - direct investments
- monitoring the investment advisers and fund managers;
- making ongoing decisions relevant to the operational principles of the Plan's investment strategy; and
- having regard to the provisions of Section 36 of the Act insofar as it is necessary to do so.

B.4. DC Outcome & Governance Committee (“DCOG”)**Appendix B (cont)**

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In broad terms, the DCOG is responsible in respect of investment matters for:

- the appropriateness of the Plan's 'auto-select' option for contractual/ auto-enrolment purposes;
- determining that the range of funds offered to members remains reasonable
- the continued appropriateness of, the Plan's 'Lifestyling' strategies; and
- the Plan's DC charging structure.

B.5. Investment managers

In broad terms, the investment managers will be responsible for:

- managing their respective portfolios, within the guidelines agreed with the Trustee;
- selecting individual investments with regard to their suitability and diversification; and
- providing the Trustee with regular information concerning the management and performance of their respective portfolios.

B.6. Investment platform provider

The investment platform provider will be responsible for:

- providing access to a range of funds managed by various investment managers;
- ensuring funds are priced correctly; and
- providing the Trustee with regular information concerning the management and performance of the assets.

B.7. Custodian

In broad terms, the custodian will be responsible for:

- the safekeeping and reconciliation of the Plan's investments;
- monitoring the buy-in collateral assets
- settling transactions; and
- administering income and tax payments.

B.8. Investment consultants**Appendix B (cont)**

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In broad terms investment consultants will be responsible, as requested by the Trustee / Investment Committee, for:

- advising on how material changes within the Plan's benefits, membership, and funding position may affect the manner in which the assets should be invested and the asset allocation policy;
- advising on the selection, and review, of the investment managers and custodian;
- providing any required training on investment matters; and
- participating with the Trustee in reviews of this SIP.

B.9. Charging structures

All investment managers and platform receive fees calculated by reference to the market value of assets under management.

The Trustee has agreed terms of business with the Plan's investment advisers. The investment advisers receive a fixed fee for core services, and fee bases are agreed on case-by-case basis for any other projects.

The fee structure used in each case has been selected with regard to existing custom and practice, and the Trustee's view as to the most appropriate arrangements for the Plan. However, the Trustee will consider revising any given structure if and when it is considered appropriate to do so.

B.10. Performance assessment

The Trustee is satisfied, taking into account the external expertise available, that there are sufficient resources to support its investment responsibilities. The Trustee believes that it has sufficient expertise and appropriate training to carry out its role effectively.

It is the Trustee's policy to assess the performance of the Plan's investments, investment providers and professional advisers from time to time. The Trustee will also periodically assess the effectiveness of its decision-making and investment governance processes and will decide how this may then be reported to members.

B.11. Working with the Plan's employer

When reviewing matter regarding the Plan's investment arrangements, such as the SIP, the Trustee seeks to give due consideration to the employer's perspective. While the requirement to consult does not mean that the Trustee needs to reach agreement with the employer, the Trustee believes that better outcomes will generally be achieved if the Trustee and employer work together collaboratively.