Cameron Defined Contribution Plan

Statement of Investment Principles

August 2020

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1. Introduction

The Trustees of the Cameron Defined Contribution Plan (“the Plan”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the 1995 Pensions Act (“the Act”) and the Occupational Pension Schemes (Investment) Regulations 2005. In doing so, the Trustees have also taken appropriate advice from a suitably qualified person.

The Trustees have consulted Cameron International Corporation (“the Company”) about the content of this Statement, however the ultimate power and responsibility for deciding investment policy lies solely with the Trustees.

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustees acting on expert advice and is driven by the investment objective as set out in section 2. The remaining elements of policy are part of the day-to-day management of the assets, which is delegated to professional investment managers. Further details are provided in Section 3.

This Statement has been prepared with reference to the Pensions Regulator’s Code of Practice 13 (CoP13) which incorporates the freedom and choice retirement flexibilities and statutory minimum quality standards for all workplace DC schemes. CoP13 sets out the standards of conduct and practice that the Regulator expects trustee boards of occupational pension schemes providing money purchase benefits to comply with in fulfilling their legal duties in the pursuit of good member outcomes. This document has been drafted taking account of CoP13 and the DWP’s minimum governance standards, and specifically the recommendations relating to the content of Statements of Investment Principles generally.

2. Overall Policy

2.1 Investment Objective

The Trustees' objectives are to make available to members of the Plan an appropriate range of investment options designed to generate income and capital growth which, together with new contributions from members and the Company, will provide a fund at retirement with which to purchase benefits or draw from.

Members' investment needs change as they progress towards retirement age. Those with more than 5 - 10 years to retirement, have a greater need for real growth to attempt to ensure their investment accounts keep pace with inflation and, if possible, salary escalation. These members will also, all other things being equal, have a greater tolerance for volatility of returns, as they have a greater time to retirement in which markets may come back in line from any temporary low. Those members with 10 or less years to retirement, will require a greater level of protection from volatility as their ability to replace capital through increased contributions diminishes.

Members also have different levels of risk tolerance, regardless of age, and differing levels and types of personal investments. Therefore members should have the facility to invest in vehicles that broadly reflect their own preferences and personal beliefs, whilst maintaining a suitable spread of investments.

2.2 Risk

The Trustees have considered risk from a number of perspectives. These are:

- **Inflation Risk:**
    - The risk that the investment returns over members' working lives will not keep pace with inflation.
    - Is managed by ensuring members have access to asset classes which have the potential to keep track or outpace inflation, such as equities.

- **Annuity Conversion Risk:**
    - The risk that relative market movements in the period prior to retirement lead to a substantial reduction in the annuity secured, for those members intending to buy an annuity at retirement
    - Is managed by ensuring members have access to asset classes which match the rises and falls of annuity prices, such as fixed interest securities.

- **Opportunity Cost Risk:**
    - The risk that members end up with insufficient funds at retirement through not taking appropriate risk at the appropriate times
    - Is addressed through communication to DC members and the recommendation that DC members seek independent financial advice

- **Capital Risk:**
    - The risk of a fall in the value of the members fund
    - Is managed by ensuring the investment options are appropriately diversified and members are able to construct a balanced and diverse portfolio using a number of different asset classes

- **Manager Risk:**
    - The risk that the chosen investment manager does not perform in line with the objectives which the manager is assessed.
    - Is managed by the ongoing monitoring of the performance of the investment managers as well as a number of qualitative factors supporting the managers' investment process

- **Insolvency Risk:**
    - The risk that the chosen investment and administration provider becomes insolvent
    - Is addressed though taking appropriate advice from a suitably qualified person and ensuring that the chosen investment and administration provider has a sufficient degree of financial strength and a contract which is suitable for the Plan's specific needs. The Trustees are aware that a currently strong financial assessment does not guarantee future solvency

- **Operational Risk:**
    - The risk of fraud, poor advice or acts of negligence
    - Is addressed though 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

Due to the complex and interrelated nature of these risks, the Trustees consider these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the lifecycle option on a regular basis and in line with their regulatory responsibilities.

In determining which investment options to make available to members, the Trustees have selected a range of funds which attempt to address the risks above. The Trustees measure the effectiveness of the investment choices to address these risks on an ongoing basis.

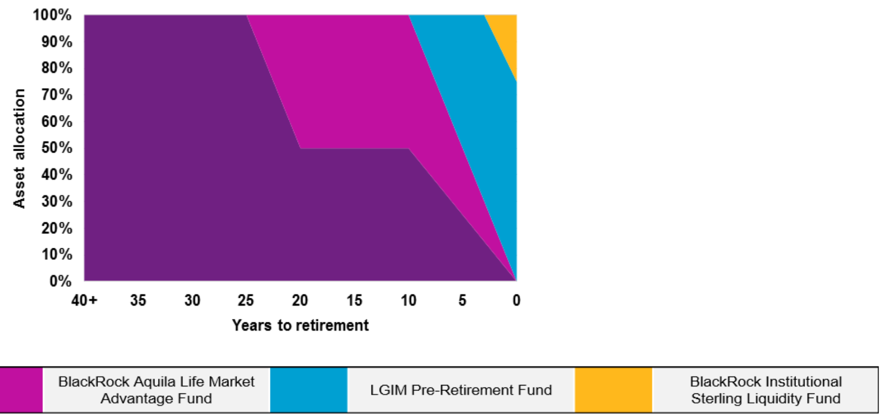
2.3 Investment Strategy

The Trustees recognise that the risks identified in 2.2 and the objectives in 2.1 are best managed by offering members a broad range of funds in which they may invest, providing members with the opportunity to meet different objectives. They also recognise that members will also have differing personal preferences over how they intend to take their benefits at retirement.

In April 2015, the Trustees made changes to the offerings for members of the Plan. As such, they restructured the default strategy for employees who are auto-enrolled into the Plan. For members who wish to make other choices, the Trustees also made available an alternative Cash Lifestyle strategy, Drawdown Lifestyle Strategy and self-select range of funds.

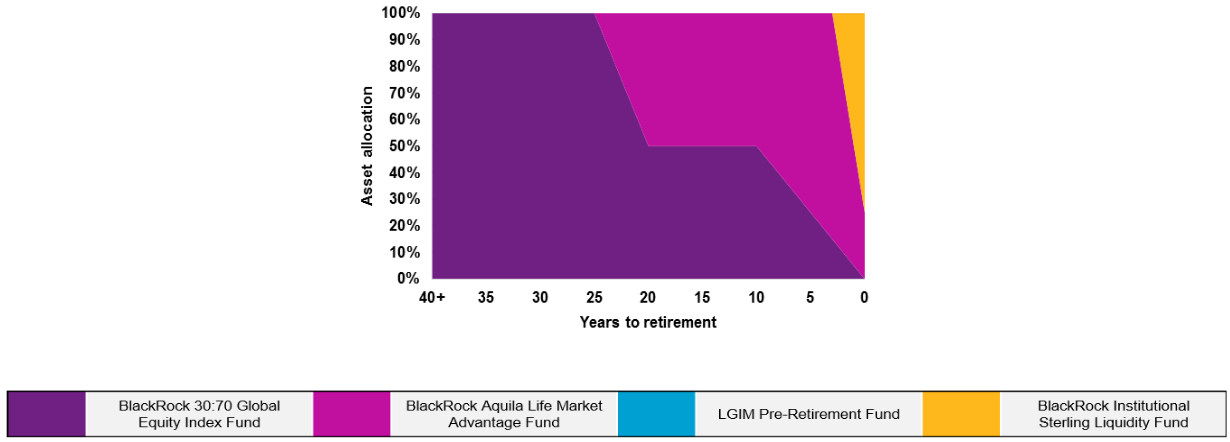
Default Lifestyle Strategy

The default lifestyle strategy initially invests in a return-seeking fund: the AP BlackRock (30:70) Global Equity Currency Hedged Index (Aquila C) Fund. Half of the investments are then gradually switched into a diversified growth fund: the AP BlackRock Aquila Connect Market Advantage Fund. Ten years prior to retirement, the lifestyle strategy gradually switches into the AP LGIM Pre-Retirement Fund and three years prior to retirement, the AP BlackRock Institutional Sterling Liquidity Fund is introduced as shown below. This lifestyle is most suitable for members who intend to purchase a fixed annuity at retirement.



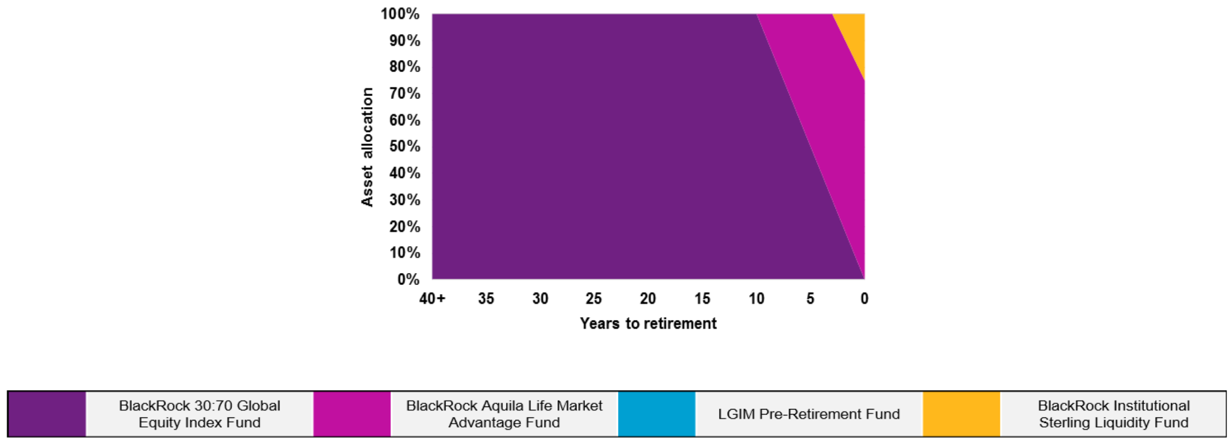
Cash Lifestyle Strategy:

Until 10 years prior to retirement, the Cash Lifestyle Strategy is invested in the same allocation of assets as the Default Lifestyle Strategy (as above). 10 years prior to retirement, the strategy gradually switches out of the AP BlackRock (30:70) Global Equity Currency Hedged Index (Aquila C) Fund and into the AP BlackRock Aquila Connect Market Advantage Fund as shown below. The AP BlackRock Institutional Sterling Liquidity Fund is introduced at three years prior to retirement as shown below. This lifestyle is most suitable for members who intend to take their fund as a lump sum at retirement and not reinvest the assets.



Drawdown Lifestyle Strategy:

The Drawdown Lifestyle Strategy initially invests in the AP BlackRock (30:70) Global Equity Currency Hedged Index (Aquila C) Fund as shown below. The AP BlackRock Aquila Connect Market Advantage is gradually introduced over the 10 years prior to retirement and the AP BlackRock Institutional Sterling Liquidity Fund is introduced three years prior to retirement. This lifestyle is most suitable for those intending to keep their fund invested through retirement and draw an income from it.



Self-Select fund range:

A self-select fund range is also available to Plan members to select from should they wish to do so. The self-select funds and the latest associated charges are set out in the table below.

Fund	Asset class	Fund type	TER
AP BlackRock (30:70) Global Equity Currency Hedged Index (Aquila C) Fund	Global Equity	Passive	0.31%
AP BlackRock UK Equity Index (Aquila C) Fund	UK Equity	Passive	0.28%
AP Schroder QEP Emerging Markets Equity	Emerging Market Equity	Active	1.04%
AP BlackRock Aquila Connect Market Advantage Fund	Multi-Asset	Passive*	0.56%
AP LGIM Hybrid Property Fund	Property	Passive/Active	0.78%
AP LGIM Pre-Retirement Fund	Bonds	Passive*	0.35%
AP BlackRock Over 5 Year Index-Linked Gilt Index (Aquila C) Fund	Bonds	Passive	0.28%
AP BlackRock Institutional Sterling Liquidity Fund	Cash	Active	0.28%

*Passive implementation with active strategic asset allocation

The Trustees believes that with these funds, the members can meet their individual needs and control the risks identified in Section 2.2.

Default arrangements:

The Trustee also considers the AP BlackRock Institutional Sterling Liquidity Fund to be a default arrangement as it has received member contributions on a non-consent basis due to the impact on the AP LGIM Hybrid Property Fund of the suspension of the underlying LGIM 70:30 Hybrid Property Fund in March 2020.

The AP BlackRock Institutional Sterling Liquidity Fund aims to maximise current income consistent with the preservation of principal and liquidity through the maintenance of a portfolio of high quality short-term money market instruments.

The Trustee decided to temporarily redirect regular contributions to the AP BlackRock Institutional Sterling Liquidity Fund due to its low volatility characteristics whilst the LGIM 70:30 Hybrid Property Fund is suspended given the risks introduced by the uncertainty in the unit price of the AP LGIM Hybrid Property Fund.

2.4 Expected Return

The funds available to Plan members allow members to select funds that best meet their risk verses return preferences. The table below shows the expected long-term returns of the main asset classes underlying the available funds. These returns are based on an analysis of historic data and Towers Watson's economic model.

Asset Class	Expected 10 Year Real Return (relative to CPI) as at 31 March 2020
	% p.a. compound
Global Equity (GBP hedged)	2.9
UK Equity	2.3
UK Property	1.2
UK Fixed-Interest Gilts	-2.6
UK Index-Linked Gilts	-3.5
UK Corporate Bonds	-0.5
UK Cash	-1.2

3. Day-to-Day Management of the Assets

3.1 Main assets

The **UK, Global** and **Emerging Markets Equity Funds** invest in a diversified range of UK, overseas and emerging market companies respectively. The Trustee believes these funds to be appropriate for the aim of providing long-term growth and believes these funds to be suitable for members who are some way from retirement.

The **Multi-Asset** and **Property Funds** are aimed at members who wish to gain exposure to alternative asset classes. The Multi-Asset fund offers the opportunity to achieve growth from a diverse source of returns with lower overall volatility than investing in equities alone. The Property fund provides exposure to a less liquid and alternative asset class.

The **Bond Funds** and **Cash Fund** are aimed primarily at members approaching retirement. The bond funds provide a measure of protection against fluctuations in annuity prices. They may also be of interest to members who are more risk averse. The cash fund is also useful for members seeking greater capital protection and those may be planning to withdraw some or all of their benefits as a cash lump sum.

3.2 Realisation of Investments

The members' accounts are held in funds that can be realised to provide benefits on retirement, or earlier on transfer to another pension arrangement. The Trustees are investing in funds with no penalty on surrender.

3.3 Monitoring the Investment Managers

The Trustees' professional advisor ("the Adviser") will use reasonable endeavours to promptly advise the Trustees of any developments at the Plan's fund manager that come to its attention, which in the Advisor's view could have a material impact on the range of investment funds available to the Plan's members. The Advisor will provide an opinion as to the relevance of these developments for the Plan. The Trustees note that there is likely to be a time lag between the initial notification of a particular development and advice on its implications, given the need for the Advisor to conduct due diligence.

The Trustees will regularly review the investment performance of the funds made available to members.

4. Sustainable Investment and Stewardship

The Trustees take account of financially material risks and opportunities in consultation with their advisers. All risks and opportunities are considered for materiality and impact within a risk management framework, which takes account of members' investment time horizons and objectives. The Trustees consider sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.

The Trustees' policy is that day-to-day decisions relating to the investment of the Plan's assets is left to the discretion of the investment managers. This includes consideration of all financially materially factors, including ESG-related issues where relevant. The Trustees explore these issues with their advisers to understand how the investment managers exercise these duties in practice. The Trustees' policy at this time is not to take into account members' views on non-financial matters in the selection, retention and realisation of investments.

When considering the appointment of new managers, and reviewing existing managers, the Trustees, together with their Adviser, look to take account of the approach taken by investment managers with respect to sustainable investing including engagement and voting policies where relevant.

The Trustees' policy is to delegate responsibility, for the exercising of ownership rights (including voting rights) attaching to investments, to the investment managers. The Trustees recognise the UK Stewardship Code as best practice and encourages their investment managers, via their Adviser, to comply with the UK Stewardship Code or explain where they do not adhere to this policy.

5. Arrangements with Investment Managers

The Plan uses different Investment Managers and mandates to implement its investment policies. The Trustees ensure that, in aggregate, the investment options are consistent with the policies set out in this Statement, in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations (2005). The Trustees will also ensure that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. These considerations also apply in the appointment process of new investment managers and arrangements.

To maintain alignment, Investment Managers are provided with the most recent version of this Statement of Investment Principles on a periodic basis to ensure managers are aware of the Trustees' expectations regarding how the Plan's assets are being managed.

Should the Trustees' monitoring process reveal that an Investment Manager's fund is not aligned with the Trustees' policies, the Trustees will engage with the Investment Manager to ascertain the reasons for this and whether closer alignment can be achieved. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the fund and the Investment Manager's engagement activities. If, following engagement, it is the view of the Trustees that the degree of alignment achievable remains unsatisfactory, the Trustees may initially review their policy to see if the goals themselves are mutually attainable and if so will undertake a review of alternative options available in order to consider terminating and replacing the Investment Manager. If the goals are not mutually attainable the Trustees will revise them.

For most of the Plan's investment funds, the Trustees expect the Investment Managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustees may select certain investment funds where such engagement is not proportionate, due to the nature of the strategy and/or the investment time horizon underlying decision making.

The Trustees appoint their Investment Managers with an expectation of a long-term partnership, which encourages active ownership of the Plan's assets. When assessing an Investment Manager's performance, the focus is on longer-term outcomes, and the Trustees would not expect to terminate an Investment Manager's appointment based purely on short term performance. However, an Investment Manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Investment Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

The Trustees review the costs incurred in managing the Plan's assets periodically, which includes the costs associated with portfolio turnover, including regular engagement with Investment Managers on this subject and through the receipt of cost and charges reporting. There is no broad targeted portfolio turnover (how frequently assets within a fund are bought and sold by Investment Managers) which the Trustees adhere to. The Trustees, with the help of the Investment Consultant, will monitor that the level of portfolio turnover remains appropriate in the context of the Investment Managers' strategy and the Plan's investment strategy

6. Compliance with this Statement

The Trustees will review the investment options offered and the investments being made my managers on an ongoing basis.

The Trustees will review this Statement in response to any material changes to any aspects of the Plan, its liabilities, its finances and the attitude to risk of the Trustees and the Company which they judge to have a bearing on the stated Investment Policy. This review will occur no less frequently than every three years. This review will be undertaken in consultation with the Company.

The Adviser will supply the Trustees with the following information on a quarterly basis, to enable them to review the activity of the investment manager:

- the objectives of each fund;
- performance against each objective;
- a full valuation of assets;
- a transaction report;