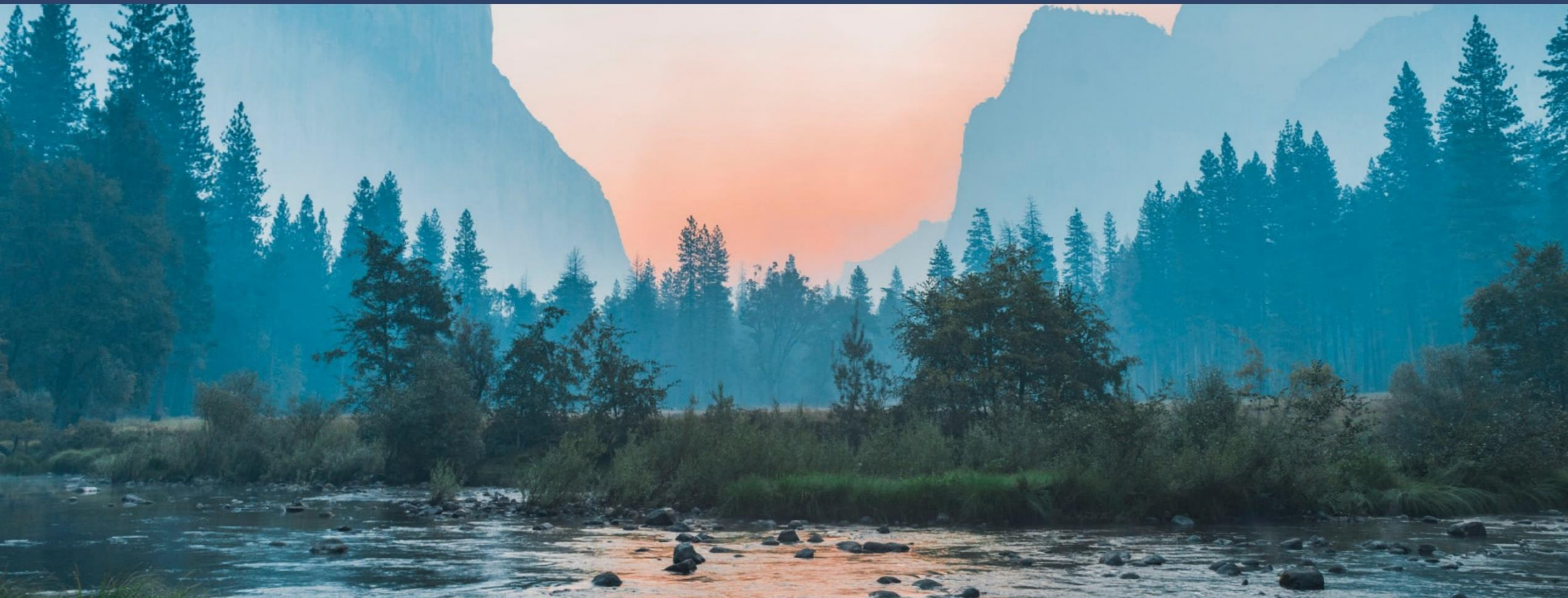
Statement of Investment Principles

For the FMC Technologies Pension Plan

Effective from: September 2024



1. Introduction

This Statement of Investment Principles ("SIP") has been produced by FMC Technologies Pension Plan Limited, ("Trustee") to the FMC Technologies Pension Plan (the "Plan").

It sets out our policies on various matters governing investment decisions for the Plan, which is a Defined Benefit ("DB") Scheme. This SIP also covers the Additional Voluntary Contribution arrangements ("AVCs").

It replaces the previous SIP dated 1 December 2022.

This SIP has been prepared after obtaining and considering written advice from LCP, whom we believe to be suitably qualified and experienced to provide such advice. The advice considered the suitability of investments including the need for diversification given the circumstances of the Plan and the principles contained in this SIP.

We have consulted with the Principal Employer in producing this SIP.

We will review this SIP from time to time and will amend it as appropriate. Reviews will take place without delay after any significant change in investment policy and at least once every three years.

This SIP contains the information required by legislation, and considers the Pension Regulator's guidance on investments.

2. Investment objectives (Including AVC arrangements)

The primary objective for the Plan is to ensure that the benefit payments are met as they fall due.

In addition to this primary objective, we have the following objectives:

- to maintain funds above the level required to meet the Statutory Funding Objective, taking into account the funding requirements detailed in the Occupational Pension Schemes (Scheme Funding) Regulations 2005;
- to achieve full funding on an appropriate long-term funding target eg a buyout basis and to do so whilst investing Plan assets whilst managing and maintaining risk at an appropriate level; and
- following the purchase of a bulk annuity ("buy-in") policy in February 2024, to liquidate remaining investments.

Our investment objective for the AVCs is to make available a suitable range of investment options to meet members' risk / return objectives.

3. Investment strategy

With input from our advisers, and in consultation with the Principal Employer, FMC Technologies Ltd, the Plan purchased a bulk annuity policy with Just Retirement Ltd ("JUST") in February 2024 to fully secure all DB liabilities.

This was purchased through the sale of the Plan's LDI portfolio, and a portion of cash. A portion of this purchase is structured as a deferred premium.

The residual DB assets are a mix of hedge funds, illiquids, cash and a currency hedging mandate.

The hedge funds are in redemption, with the proceeds to be received.

The illiquids are made up of private credit, private equity and real estate debt funds.

Over time the Plan's residual assets are expected to transition into 100% cash.

As at 12 March 2024, the Plan's residual assets are broadly invested in the following asset classes:

Asset class (excl. JUST buy-in policy)	Estimated allocation
Hedge Funds	27%
Illiquid's	56%
Cash	13%
Currency hedging mandate	4%

4. Considerations in setting the investment arrangements

When deciding how to invest the Plan's assets, it is our policy to consider a range of asset classes, taking account of the expected returns and risks associated with those asset classes, as well as our beliefs about investment markets and which factors are most likely to impact investment outcomes.

The primary ways that we manage investment risk are via diversification, and by purchasing a bulk annuity policy with JUST.

We ensure we receive professional written advice prior to making any material investment decision, and our ongoing monitoring and oversight of the investments.

In setting the strategy for the Plan it is our policy to consider:

- our investment objectives, including the target return required to meet these;
- 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; and
- the need for appropriate diversification between different asset classes to manage investment risk and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate.

In determining the investment arrangements for the AVCs it is our policy to consider:

- the overall best interests of members and beneficiaries;
- the profile of the membership and what this is likely to mean for the choices members might make upon reaching retirement;
- within the default option made available to AVC members: the need for appropriate diversification - to manage investment risk, and ensure that both the overall level of investment risk and the balance of individual asset risks are appropriate; and
- within the other investment options offered to members: the need for appropriate diversification and choice to cater for different member circumstances

We also consider any other factors which we believe to be financially material over the applicable time horizons to the funding of the DB and AVC benefits, including environmental, social and governance ("ESG") factors and the risks and opportunities relating to climate change.

Our key investment beliefs, which influenced the setting of the investment arrangements, are as follows:

- asset allocation is the primary driver of long-term returns
- costs may have a significant impact on long-term performance and therefore obtaining value for money from the investments is important
- risk-taking is necessary to achieve return, but not all risks are rewarded. Equity, credit, and illiquidity are the primary rewarded risks. Risks that do not have an expected reward should generally be avoided, hedged, or diversified.
- ESG factors (including climate change) can have a material impact on the performance of certain investments over the long term.

5. Implementation of the investment arrangements

Before investing in any manner, we obtain and consider proper written advice from our investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

We have signed agreements with the investment managers setting out the terms on which the portfolios are to be managed.

In February 2024, we purchased a bulk annuity policy with JUST in respect of all DB liabilities, with part of the premium deferred.

We have directly appointed Northern Trust ("NT") as custodian for the residual assets. We have a segregated mandate (under NT's custody) with Record Currency Management and have agreed appropriate terms in relation to our investment.

We have limited influence over managers' investment practices where the Plan hold assets in pooled funds.

Our 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 their 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 our responsibility to ensure that the managers' investment approaches are consistent with our policies before any new appointment, and to monitor and consider terminating any arrangements that appear to be investing contrary to those policies. We expect investment managers to make decisions based on assessments of the longer-term performance of debt/equity issuers, and to engage with issuers to improve their performance (or where this is not appropriate to explain why). We assess this when selecting and monitoring managers.

We evaluate investment manager performance over both shorter and longer term periods as available. Except in closed-ended funds where the duration of the investment is determined by the fund's terms, the duration of a manager's appointment will depend on strategic considerations and the outlook for future performance. If a manager is not meeting its performance objectives, we will consider alternative arrangements.

Our policy is to evaluate each of our investment managers by considering performance, the role it plays in helping to meet our 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.

We recognise that portfolio turnover and associated transaction costs are a necessary part of investment management. Since the impact of these costs is reflected in performance figures used in our assessment of the investment managers, we do not explicitly monitor portfolio turnover. We expect our investment consultant to incorporate portfolio turnover and resulting transaction costs as appropriate in its advice on the Plan's investment mandates.

6. Realisation of investments

We instruct disinvestments as required for benefit payments and other outgoings. Our preference is for investments that are readily realisable but recognise that achieving a well-diversified portfolio may mean holding some investments that are less liquid.

As outlined in Section 3 of the SIP, our strategy is to disinvest the Plan's remaining assets (hedge funds, private credit and private equity) to move the Plan towards 100% cash for liquidity and deferred premium payment purposes.

7. Financially material considerations and non-financial matters

We have agreed an ESG Policy which reflects our beliefs, approach and outlines how we monitor the investment portfolio. We consider ESG factors (including climate change) can have a material impact on the performance of many investments over the long term.

We expect our investment managers, where appropriate, to integrate ESG considerations into their decision-making process and take them into account as part of their analysis of expected future performance and risks. We will hold investment managers to account in this regard as part of our periodic monitoring process, where relevant and appropriate. In addition, appropriate weight will be given to ESG considerations by the investment adviser when appointing or replacing investment managers.

We influence the Plan's approach to ESG and other financially material factors through our investment strategy and manager selection decisions.

We expect all of our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and periodically review how the managers are taking account of these issues in practice.

We have limited influence over managers' investment practices where assets are held in pooled funds, but we encourage our managers to improve their ESG practices within the parameters of their funds.

We do not consider any non-financial matters (ie matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention, and realisation of investments.

We note that there are limited opportunities to account for ESG factors within our target investment strategy (ie a buy-in and residual illiquid asset portfolio that is transitioning to 100% cash).

8. Voting and engagement

We recognise our responsibilities as owners of capital, and believe that good stewardship practices, including monitoring and engaging with investee companies, and exercising voting rights attaching to investments, protect and enhance the long-term value of investments.

We have delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons such as issuers of debt and equity, stakeholders and other investors about relevant matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest, risks and ESG factors.

We do not monitor or engage directly with issuers or other holders of debt or equity. , but we do engage with current and prospective investment managers on matters including ESG and stewardship where relevant and appropriate. Our policy is that the investment managers exercise these rights on a basis consistent with the relevant parts of the Institutional Shareholders' Committee's statement of principles on corporate governance. We expect investment managers to report on how they have exercised voting rights attached to shares (including across passive equity mandates) and will review the investment managers' corporate governance policies periodically.

We do not wish to interfere with the day-to-day investment decisions of our investment managers. However, we encourage our investment managers to comply with the principles outlined in the UN's Principles for Responsible Investing and the UK Stewardship Code where this is appropriate for their mandate.

We note that there are limited opportunities to vote and engage with underlying issuers of assets within our target investment strategy (ie a buy-in and residual illiquid asset portfolio that is transitioning to 100% cash).