

Governance Principles

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The following principles have been approved by the Board of Directors (the Board) of Baker Hughes, a GE company (the Company) and, along with the charters of the Board committees, provide the framework for the governance of the Company. The Board recognizes that there is an ongoing debate about corporate governance, and it will review these principles and other aspects of Company governance annually or more often if deemed necessary.

These principles also reflect the provisions of the Stockholders Agreement dated July 3, 2017 between General Electric Company (GE) and the Company (as amended, the Stockholders Agreement). In the event of any conflict between these principles and the Stockholders Agreement, the provisions of the Stockholders Agreement shall prevail.

1. Role of Board and Management

The Company's business is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (the CEO) and the oversight of the Board, to enhance the long-term value of the Company for its shareowners. The Board is elected by the shareowners to oversee management and to assure that the long-term interests of the shareowners are being served. Both the Board and management recognize that the long-term interests of shareowners are advanced by responsibly addressing the concerns of other stakeholders and interested parties including employees, customers, suppliers, Company communities, government officials and the public at large.

2. Functions of Board

The Board has at least five scheduled meetings a year at which it reviews and discusses the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. Directors are expected to attend all scheduled Board and committee meetings. In addition to its general oversight of management, the Board also performs a number of specific functions, including:

- a. selecting, evaluating and compensating the CEO and overseeing CEO succession planning;
- b. providing counsel and oversight on the selection, evaluation, development and compensation of senior management;
- c. reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
- d. assessing major risks facing the Company—and reviewing options for their mitigation; and
- e. ensuring processes are in place for maintaining the integrity of the Company—the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with customers and suppliers, and the integrity of relationships with other stakeholders, including GE.

3. Qualifications

Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of shareowners. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The Company endeavors to have a diverse Board representing a range of experience at policy-making levels in areas that are relevant to the Company's global activities.

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time.

Directors who also serve as CEOs of public companies or in equivalent positions should not serve on more than two boards of public companies in addition to the Board, and other directors should not serve on more than four other boards of public companies in addition to the Board.

When a director's principal occupation or job responsibilities change significantly during his or her tenure as a director, that director shall tender his or her resignation for consideration by the Governance & Nominating Committee. The Governance & Nominating Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

The Board does not believe that directors should expect to be renominated annually. The Board self-evaluation process described below will be an important determinant for Board tenure. All directors, other than the Company's CEO, will have a term limit of 15 years. Additionally, directors will not be nominated for election to the board after their 75th birthday. The full board may nominate candidates who have served past their term limit or the retirement age in special circumstances.

4. Independence of Directors

The Company is a "controlled company" within the meaning of the corporate governance listing standards of the New York Stock Exchange (the NYSE Rules) because GE holds more than 50% of the voting power for the election of the Company's directors. Pursuant to the Stockholders Agreement, until such time as it is not a "controlled company," the Company is not required under the NYSE Rules to have a majority of independent directors on the Board or to have the Governance & Nominating Committee and the Compensation Committee consist entirely of independent directors. The Company is required to have an Audit Committee composed of at least three directors, all of whom must be independent in accordance with the NYSE Rules discussed below and the heightened independence standards for service on its Audit Committee (as discussed in Section 7 below).

For a director to be considered independent, the Board must determine that the director does not have any direct or indirect material relationship with the Company or GE. The Board has established guidelines to assist it in determining director independence that conform to the independence requirements in the NYSE Rules. In addition to applying these guidelines, the

Board will consider all relevant facts and circumstances in making an independence determination.

The Board will make and publicly disclose its independence determination for each director when the director is first elected to the Board and annually thereafter for all nominees for election as directors.

In accordance with NYSE Rules, independence determinations under the guidelines in section (a) below will be based upon a director's relationships with the Company or GE, as applicable, during the 36 months preceding the determination. Similarly, independence determinations under the guidelines in section (b) below will be based upon the extent of commercial relationships during the three completed fiscal years preceding the determination.

- a. A director will not be independent if:
 - i. the director is employed by the Company or GE, or an immediate family member is an executive officer of the Company or GE;
 - ii. the director receives any direct compensation from the Company or GE, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
 - iii. an immediate family member receives more than \$120,000 per year in direct compensation from the Company or GE;
 - iv. the director is affiliated with or employed by the Company's or GE's independent auditor, an immediate family member is a current partner of the Company's or GE's independent auditor, or an immediate family member is affiliated with or employed by the Company's or GE's independent auditor and such immediate family member personally works or worked on the Company's or GE's audit; or
 - v. a Company or GE executive officer is on the compensation committee of the board of directors of a company which employs the director or an immediate family member as an executive officer.
- b. A director will not be independent if, at the time of the independence determination, the director is an executive officer or employee, or if an immediate family member is an executive officer, of another company that does business with the Company or GE and the sales by that company to the Company or GE or purchases by that company from the Company or GE, in any single fiscal year during the evaluation period, are more than the greater of two percent of the annual revenues of that company or \$1 million.

In addition to this independence determination, the Stockholders Agreement requires certain directors also satisfy the definition of "Company Independent Directors" set forth in the Stockholders Agreement and described in Section 5 below. According to the Stockholders

Agreement, at least one member of the Audit Committee and at least three members of the Governance & Nominating Committee must be Company Independent Directors. In addition, the Conflicts Committee must consist entirely of Company Independent Directors.

5. Size of Board and Selection Process

The size of Board and selection process is governed by the Stockholders Agreement, as summarized below. In the case of any discrepancy, the provisions in the Stockholders Agreement shall prevail.

Pursuant to the Stockholders Agreement, GE has the right to designate five directors for nomination by the Board for election and maintain its proportional representation on the Board so long as GE (a) either beneficially owns at least 50% of the voting power of the common stock of the Company, or (b) is required to consolidate the financial statements of the Company in accordance with Generally Accepted Accounting Principles with those of GE during any fiscal year. The date on which both conditions (a) and (b) are no longer true is referred to as the Trigger Date. Notwithstanding the foregoing, both the GE directors' and the non-GE directors' proportional representation on the Board may decrease in the event that director designation rights are granted to a seller or target company in an arm's-length acquisition or merger by the Company, and such director designation rights increase the size of the Board.

The Stockholders Agreement provides that following the initial appointment of the Board, non-GE designated directors shall be designated by the Governance & Nominating Committee. The Governance & Nominating Committee consists of five directors, three of whom must be Company Independent Directors. Company Independent Directors are each of the four independent directors initially designated by Baker Hughes Incorporated and any successor who:

- a. meets the independence standards under NYSE Rules;
- b. is not a director designated by GE;
- c. is not a current or former member of the board of directors of GE or officer or employee of GE or its affiliates;
- d. does not and has not had any other substantial relationship with GE or its affiliates; and
- e. is designated by the Governance & Nominating Committee as a "Company Independent Director."

Until the Trigger Date, GE has the right to designate five nominees to the Board at any annual or special meeting of shareowners of the Company at which directors will be elected, and has the authority to nominate, elect and remove such GE-designated directors.

In the event there is a vacancy on the Board with respect to any director who was not designated by GE, the Governance & Nominating Committee shall fill such vacancy or designate a person for nomination reasonably acceptable to GE.

Other shareowners may also propose nominees for consideration by the Governance &

Nominating Committee by submitting the names and other supporting information required under the Company's Bylaws to: Secretary, Baker Hughes, a GE company, 17021 Aldine Westfield Road, Houston, Texas 77073.

6. Board Committees

The Board has established the following committees to assist the Board in discharging its responsibilities, and each is composed as follows:

- **Audit Committee.** The Audit Committee shall have three directors, including at least one Company Independent Director.
- **Compensation Committee.** The Compensation Committee shall have at least three directors, including at least one non-GE director.
- **Governance & Nominating Committee.** The Governance & Nominating Committee shall have five directors, including at least three Company Independent Directors.
- **Conflicts Committee.** The Conflicts Committee shall be a subcommittee of the Governance & Nominating Committee, and shall, among other things, review and approve all related party transactions involving GE or its affiliates above certain materiality or dollar thresholds. It shall consist solely of Company Independent Directors (who, among other things, will not have any substantial relationship with GE or its affiliates), shall have the authority to obtain assistance from employees of the Company, including legal and financial staff, and shall have the power to retain independent outside advisors as it deems necessary.
- **Other Committee Composition.** The number of directors not designated by GE on all other committees of the Company shall be proportional to the number of directors not designated by GE on the Board; provided that, each such committee has at least one Company Independent Director.

7. Independence of Committee Members

All members of the Company's Audit Committee must be "independent" in accordance with the NYSE Rules as discussed in Section 4 and meet the heightened independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Specifically, Audit Committee members may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than their directors' compensation. The Audit Committee must also have at least one member who qualifies as an "audit committee financial expert" as prescribed under the Exchange Act and at least one member who is a Company Independent Director.

Pursuant to the Stockholders Agreement, so long as the Company is a "controlled company," the Compensation Committee shall be comprised of at least one non-GE Director, the Governance & Nominating Committee shall be comprised of five directors, including at least three Company Independent Directors, and the Conflicts Committee shall consist solely of Company Independent Directors.

At least two members of the Compensation Committee shall qualify as “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code and “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act.

8. Lead Director

The lead director leads meetings of the independent directors and regularly meets with the chairman/CEO for discussion of matters arising from these meetings, calls additional meetings of the independent directors or the entire Board as deemed appropriate, serves as a liaison on Board-related issues between the chairman/CEO and the independent directors, and performs such other functions as the Board may direct, including (1) advising the Governance & Nominating Committee on the selection of committee chairs, (2) approving the agenda, schedule and information sent to the directors for Board meetings, (3) working with the chairman/CEO to propose an annual schedule of major discussion items for the Board’s approval, (4) guiding the Board’s governance processes, including the annual board self-evaluation, succession planning and other governance-related matters, (5) leading the annual chairman/CEO evaluation, and (6) providing leadership to the Board if circumstances arise in which the role of the chairman/CEO may be, or may be perceived to be, in conflict. The lead director oversees the Board’s periodic review of the Board leadership structure to evaluate whether it remains appropriate for the Company. The lead director also makes himself available for consultation and direct communication with the Company’s major shareowners.

9. Meetings of Independent Directors

At the conclusion of every Board meeting, the Board will have an executive session without any directors that are officers or employees of the Company present. At such times as determined by the lead director (and at least annually), the independent directors will have executive sessions without any non-independent directors present. The lead director will preside at executive sessions where management is not present. Executive sessions of the independent directors will be presided by the lead director. During executive sessions, the non-management directors or independent directors, as the case may be, shall have complete access to such Company personnel as they may request.

10. Self-Evaluation

The Board and each of the committees will perform an annual self-evaluation. Each year, each director will be asked to provide his or her assessment of the effectiveness of the Board and its committees, as well as director performance and Board dynamics. The individual assessments will be organized and summarized for discussion with the Board and the committees at a subsequent meeting. On a periodic basis, the Governance & Nominating Committee may engage an independent governance expert to facilitate the evaluation process.

11. Setting Board Agenda

The Board shall be responsible for its agenda. At the last scheduled Board meeting for each calendar year, the chairman of the Board and the lead director will propose for the Board’s approval key issues of strategy, risk and integrity to be scheduled and discussed during the course of the next calendar year. Before that meeting, the Board will be invited to offer its suggestions. As a result of this process, a schedule of major discussion items for the following

year will be established, including discussion of key material risks. The chairman of the Board shall review the agenda for each Board meeting, which shall be developed in consultation with the lead director, and the lead director shall have authority to approve the agenda for the meeting. The chairman of the Board and the lead director, or committee chair, as appropriate, shall review and approve the nature and extent of information that shall be provided regularly to the directors before each scheduled Board or committee meeting. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the chairman of the Board, the lead director or appropriate committee chair at any time.

12. Ethics and Conflicts of Interest

The Board expects its directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's code of conduct set forth in the Company's integrity manual, "The Spirit & The Letter". The Company will not make any personal loans or extensions of credit to directors or executive officers. No independent director may provide personal services for compensation to the Company or GE, other than in connection with serving as a director. The Board will not permit any waiver of any ethics policy for any director or executive officer.

If an actual or potential conflict of interest arises for a director, the director shall promptly inform the chairman/CEO and the lead director. The Governance & Nominating Committee shall resolve any such conflicts, subject to the specific rules governing Related Party Transactions, as defined and further described below. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Governance & Nominating Committee shall resolve any conflict of interest question involving the CEO or an executive officer reporting directly to the CEO, and the CEO shall resolve any conflict of interest issue involving any other officer of the Company.

Pursuant to Stockholders Agreement, any transaction between the Company, on the one hand, and GE or its affiliates (other than the Company), on the other hand (each, a Related Party Transaction) is required to be on arm's-length terms and in the best interest of the Company. Related Party Transactions under the Transaction Documents (as defined in the Stockholders Agreement) have been approved by the Board in connection with the approval of the Stockholders Agreement. The Conflicts Committee must provide prior written approval of any amendment to, or modifications or terminations of, or material waivers, consents or elections under, any Related Party Transaction, as described in the Related Party Transaction Policy in the Stockholders Agreement. The Conflicts Committee must also provide prior written approval of any material amendments or modifications or terminations of any of the Transaction Documents or material waivers, consents (other than any consents of the managing member of BHGE LLC contemplated by its LLC agreement where neither GE nor any of its affiliates is a counterparty to or beneficiary of the matter in question, and such matter would not otherwise require the prior written approval of the Conflicts Committee) or elections of the Company's or BHGE LLC's rights under any of the Transaction Documents.

All Related Party Transactions that are not contemplated by the Transaction Documents will be governed by the Related Party Transactions Policy. Pursuant to the Related Party Transactions Policy, Related Party Transactions that involve payments in excess of \$25 million (individually or in the aggregate with all substantially related payments) or that are otherwise material (with

materiality determined in a manner consistent with the Company's Security and Exchange Commission (SEC) disclosure requirements) are subject to the prior written approval of the Conflicts Committee. Related Party Transactions below the \$25 million threshold may be approved by Company management; provided that the proposed transaction is on an arm's-length basis, in the best interests of the Company, and follows the Related Party Transaction Policy in letter and spirit. Such transactions must be reported to the Conflicts Committee on a quarterly basis.

13. Reporting of Concerns to the Audit Committee

The Audit Committee and the independent directors have established the following procedures to enable anyone who has a concern about the Company's conduct, or any employee who has a concern about the Company's accounting, internal accounting controls or auditing matters, to communicate that concern directly to the Audit Committee. Such communications may be confidential or anonymous, and may be e-mailed, submitted in writing or reported by phone to special addresses and a toll-free phone number that are published on the Company's website. Comments, complaints and concerns are initially processed by the Corporate Ombudsperson's office, which acknowledges receipt to the person submitting the communication. The Corporate Ombudsperson's Office supplies any such communication relating to accounting, internal accounting controls or auditing matters (or a summary) that could materially affect financial reporting directly to the Audit Committee chair. Depending on the nature of the issues or concerns raised, the Corporate Ombudsperson's Office also regularly provides copies or summaries of other comments, complaints and concerns directly to directors.

With respect to all other communications, the Corporate Ombudsperson's Office provides regular reports to the full Audit Committee. These reports summarize the communications by subject matter and frequency, and break out significant concerns. The reports also include a summary of the status of significant matters that are under review or investigation in response to a concern. This approach ensures that concerns are raised to the directors in an effective manner that accurately informs them of the nature and frequency of the concerns. The Audit Committee chair may direct that certain matters be presented to the Audit Committee or the full Board and may direct special treatment, including the retention of outside advisors or counsel, for any concern addressed to them. The Company's integrity manual prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

14. Compensation of the Board

The Governance & Nominating Committee shall have the responsibility for recommending to the Board compensation and benefits for independent directors. In discharging this duty, the committee shall be guided by the following goals: compensation should fairly pay directors for work required in an organization of the Company's size and scope; compensation should align directors' interests with the long-term interests of shareowners; and the structure of the compensation should be simple, transparent and easy for shareowners to understand. The committee believes that these goals will be served by providing no more than 40% of the independent director compensation in cash and the remainder in restricted stock units or other equity compensation. Each year, the Governance & Nominating Committee shall review independent director compensation and benefits. Directors who are current officers or employees of the Company or GE shall not separately be compensated by the Company for

service as directors.

15. Succession Plan

The Board shall approve and maintain a succession plan for the CEO and senior executives, based upon recommendations from the Compensation Committee. The Board views CEO selection and management succession as one of its most important responsibilities. In coordination with the Compensation Committee, the Board: (1) develops criteria for the CEO position that reflects the Company's business strategy; (2) routinely reviews and discusses succession planning; and (3) identifies potential internal successors for the CEO. The Board also maintains an emergency succession plan that is reviewed periodically.

16. Annual Compensation Review of Senior Management

The Compensation Committee has primary responsibility for assisting the Board in developing and evaluating potential candidates for executive positions, including the CEO, and for overseeing the development of executive succession plans. As part of this responsibility, the committee oversees the design, development and implementation of the compensation program for the CEO and the other executive officers. The committee evaluates the performance of the CEO and determines CEO compensation in light of the goals and objectives of the compensation program. The CEO and the committee together assess the performance of the other executive officers and determine their compensation, based on initial recommendations from the CEO.

17. Access to Senior Management

Non-management directors are encouraged to interact with senior management of the Company without senior corporate management present.

18. Access to Independent Advisors

The Board and its committees shall have the right at any time to retain independent outside accounting, financial, legal or other advisors, and the Company shall provide appropriate funding, as determined by the Board or any committee, to compensate such independent outside advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties.

19. Director Education

New directors participate in an orientation program provided by the General Counsel and the Chief Financial Officer. Each new director shall spend a day at the Company's headquarters or other offices for personal briefing by senior management on the Company's strategic plans, its financial statements, and its key policies and practices. In addition, directors shall be provided with continuing education on subjects that would assist them in discharging their duties, including regular programs on the Company's financial planning and analysis, compliance and corporate governance developments; business-specific learning opportunities through site visits and Board meetings; and briefing sessions on topics that present special risks and opportunities to the Company. The Company will also provide the directors with access to outside educational programs pertaining to the directors' responsibilities, such as "directors' colleges."

20. Voting Standard

Directors shall be elected by a plurality of the votes cast at a meeting of shareowners by the holders of shares entitled to vote in the election.

21. Stock Ownership Requirements

We require our CEO, executive officers reporting directly to the CEO and certain directors to own significant amounts of Company stock. All non-management directors who are not officers or employees of GE or its affiliates are required to hold at least five times the cash portion of their annual retainer (currently \$500,000) worth of Company stock and/or restricted stock units while serving as a director of the Company.

In addition, our CEO and executive officers reporting to the CEO are required to hold Company stock that is equivalent to a multiple of the officer's base salary as of the date of his or her election or appointment, calculated based upon the average closing Company stock price for the 365-day period immediately preceding the date of calculation:

| Position | Multiple |
|---|-----------------|
| CEO | 6x |
| CFO | 3x |
| Other executive officers reporting to the CEO | 2x |

Individual and joint holdings of Company stock with immediate family members as specified by the committee, including those shares held trust for the benefit of the director, officer or his or her immediate family, in the Company's 401(k) plan or any deferred compensation accounts, count toward the guidelines, as well as deferred stock units and restricted stock and restricted stock unit, whether or not vested.

Directors (as applicable) and executive officers have five years to attain the foregoing ownership threshold from the date elected or appointed to the relevant position. Directors and executive officers who have not met the ownership requirements within the time required are required to hold seventy-five percent of the net shares acquired from future exercises or vestings through the Company's equity compensation programs (e.g., stock option exercises and restricted stock and performance unit vestings) until the ownership levels are met.

22. Prohibition on Hedging Company Stock

Company directors and executive officers should not enter into any derivative transaction in Company stock, including short sales, forwards, equity swaps, options or collars that are based on the Company's stock price. Company directors and executive officers should not pledge shares of Company stock as collateral or security for indebtedness.

23. Shareowner Approval of Severance and Death Benefits

If the Board were to agree to pay severance benefits to any of the officers named in the summary compensation table in the Company's proxy statement (the "named executive officers"), the Company would seek shareowner approval of such benefits if: (i) the executive's employment was terminated prior to retirement for performance reasons; and (ii) the value of the proposed

severance benefits would exceed 2.99 times the sum of the executive's base salary and bonus. For this purpose, severance benefits would not include: (a) any payments based on accrued pension benefits; (b) any payments of salary or bonus amounts that had accrued at the time of termination; (c) any restricted stock units paid to an executive who was terminated within two years prior to age 60; (d) any stock-based incentive awards that had vested or would otherwise have vested within two years following the executive's termination; and (e) any retiree health, life or other welfare benefits. The Board will also seek shareowner approval for any future agreement or policy that would require the Company to make payments, grants or awards of unearned amounts following the death of any of its named executive officers. This policy does not apply to payments, grants or awards of the sort that are offered to other Company employees. For this purpose, "future agreement" includes the modification or amendment of any existing agreement.

24. Potential Impact on Compensation from Executive Misconduct

If the Board determines that an executive officer has engaged in conduct detrimental to the Company, the Board may take a range of actions to remedy the conduct, prevent its recurrence, and impose such discipline as would be appropriate. Discipline would vary depending on the facts and circumstances, and may include, without limit, (1) termination of employment, (2) initiating an action for breach of fiduciary duty, and (3) if the conduct resulted in a material inaccuracy in the Company's financial statements or performance metrics, which affect the executive officer's compensation, seeking reimbursement of any portion of performance-based or incentive compensation paid or awarded to the executive that is greater than would have been paid or awarded if calculated based on the accurate financial statements or performance metrics; provided that if the Board determines that an executive engaged in fraudulent misconduct it will seek such reimbursement. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.