Cummins UK Pension Plan

Chair's governance statement

1 January 2024 to 31 December 2024

Chair's DC Governance Statement, covering 1 January 2024 to 31 December 2024

1. Introduction and members' summary

The **Cummins 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 or is invested in the default investment option and bears the investment risk). Some members also have legacy Additional Voluntary Contributions ("AVCs") in the Plan, linked to the Plan's defined benefit ("DB") 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 (the "Statement"), signed by the Chair of Trustee, covering:

- the design and oversight of the default investment option (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 option 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 default and other investment options remain suitable for the membership. During the year, the Trustee reviewed the default arrangements and agreed a number of changes to introduce a greater equity allocation and introduce two new underlying funds into the Continued Growth Lifestyle.
- 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.
- 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.
- 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 DC Section of the Plan and who do not choose an investment option are placed into the Lifestyle: Continued Growth, (the "Default"). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

For members of the DB Section with legacy AVCs, the default option is the Lifestyle: Cash Focused.

The Lifestyle: Annuity Protection is also deemed to be a default as this was a previous default investment option.

Furthermore, the Cash Fund is an additional default fund, created when members' funds were compulsorily mapped into the fund (i.e., moved without member consent) when members have been unwilling or unable to make a choice about where to invest their contributions and/or savings due to fund closures.

These additional defaults must adhere to the legal requirements that apply to default arrangements.

We are responsible for investment governance, which includes setting and monitoring the investment strategy for the default arrangements.

Details of the objectives and our policies regarding the default arrangements are set out in a document called the 'Statement of Investment Principles' (the "SIP"). The Plan's SIP covering the default arrangements is attached to this Statement as an Appendix.

In the previous Plan year, the last triennial review was discussed with the Investment Sub-Committee on 8 March 2023 and 28 April 2023 and was completed and presented to the Trustee on 6 June 2023. The performance and strategy of the default arrangements were reviewed to check whether investment returns (after deduction of charges and costs) have been consistent with the aims and objectives of the default arrangements as stated in the SIP, and to check that it continues to be suitable and appropriate given the Plan's risk profiles and membership. The review concluded the Plan's default strategies are expected to perform well compared to a master trust peer group, based on forward looking modelling. However, the analysis highlighted the low level of risk of the at-retirement allocation compared to the broader market.

The review in 2023 considered the demographics of the Plan's membership. Based on the analysis of the memberships for the DC and AVC sections, it was concluded the target outcomes remain appropriate.

We continued to review the lifestyle strategies during the Plan Year. Consideration was given to the underlying funds within the lifestyles and the structure of the final at-retirement allocation of the Lifestyle: Continued Growth to better support members approaching retirement. The Trustee agreed to make the following changes:

- Shortening the de-risking periods of the Continued Growth lifestyle strategy;
- Introducing a new blended fund for the retirement phase allocation, the Prepare Fund, as well as renaming the Accelerated Growth and Moderate Growth Funds to the Grow and Strengthen Funds;
- Adding the Nordea Diversified Return Fund into the Strengthen and Prepare Funds for use alongside the current LGIM Diversified Fund;
- Altering the underlying funds of the at retirement allocation to include the M&G Total Return Credit Investment Fund and remove the LGIM Cash Fund;
- Closing the other two lifestyle strategies, the Annuity Protection lifestyle and Cash Focused Lifestyles, and transferring all members into the Continued Growth Lifestyle; and
- Launching the Shariah Lifestyle to allow members to invest in a lifestyle strategy which aligns with their religious beliefs.

These changes will be implemented after the Plan Year end in June 2025.

We regularly monitor the performance of the default arrangements and will formally review the strategy (aims, objectives and SIP policies) at least every three years. The next review is intended to take place by June 2026 or immediately following any significant change in investment policy or the Plan member profile.

In addition to triennial strategy reviews we also review the performance of the default arrangements against their objectives on a quarterly 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 default arrangements were performing broadly as expected and consistently with the aims and objectives as stated in the SIP.

Asset allocation breakdown[1]

We are required to calculate the percentage of the Plan assets within the default arrangements allocated to each of the following asset classes. In line with DWP's guidance we have also shown this asset allocation for different ages as at the Plan year end.

Lifestyle: Continued Growth

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	-	-	0.2	16.7
Corporate bonds (UK and overseas)	-	-	14.9	38.2
UK government bonds	-	-	1.2	0.8
Overseas government bonds	-	-	8.2	5.1
Listed equities[2]	100.0	100.0	68.4	30.2
Private equity	-	-	-	-
Infrastructure (direct)	-	-	-	-
Property (direct)	-	-	3.0	1.9
Private debt	-	-	1.3	0.8
Other	-	-	2.9	6.4

Lifestyle: Cash Focused

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	-	-	0.2	75.1
Corporate bonds (UK and overseas)	-	-	14.9	4.7
UK government bonds	-	-	1.2	0.4
Overseas government bonds	-	-	8.2	2.6
Listed equities[2]	100.0	100.0	68.4	15.1
Private equity	-	-	-	-
Infrastructure (direct)	-	-	-	-
Property (direct)	-	-	3.0	0.9
Private debt	-	-	1.3	0.4
Other	-	-	2.9	0.9

Lifestyle: Annuity Protection

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	-	-	0.2	25.0
Corporate bonds (UK and overseas)	-	-	14.9	39.6
UK government bonds	-	-	1.2	23.4
Overseas government bonds	-	-	8.2	1.5
Listed equities[2]	100.0	100.0	68.4	9.1
Private equity	-	-	-	-
Infrastructure (direct)	-	-	-	-
Property (direct)	-	-	3.0	0.6
Private debt	-	-	1.3	0.2
Other	-	-	2.9	0.6

Cash Fund

Asset class	Allocation 25 y/o %	Allocation 45 y/o %	Allocation 55 y/o %	Allocation at retirement %
Cash	100.0	100.0	100.0	100.0

[1]Allocations may not sum to 100% due to rounding.

[2]The listed equities allocation includes shares in listed infrastructure, Global Real Estate Investment Trusts, private equity companies and timberland companies.

3. Requirements for processing core financial transactions

The processing of core financial transactions for the DC Section of the Plan (including AVCs) is carried out by the administrator, Isio (formally known as Premier Pensions) and for the legacy AVCs, linked to the Plan's DB Section, is carried out by Aviva and Prudential.

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.

The Plan has a Service Level Agreement ("SLA") in place with Isio which covers the accuracy and timeliness of all core financial transactions. The SLA covers, but is not limited to, the following:

- Maintenance of member records;
- Receiving, validating, processing and investing contributions;
- Calculating transfer values and passing all relevant information to the receiving arrangement in the process of transfers of the Plan; and
- The provision of scheme literature and information.

We recognise that delay and error can cause significant issues for members. We have received assurance from Isio, through their AAF (Audit and Assurance Faculty) report (the UK standard for independent assurance reports that verify the effectiveness of controls at service organisations managing pension funds and other services), that there are adequate internal controls to support prompt and accurate processing of core financial transactions.

To help us monitor whether service levels are being met, we receive quarterly reports about Isio's performance and compliance with the SLA. Any issues identified as part of our review processes would be raised with the administrators immediately, and steps would be taken to resolve the issues. These quarterly reports identified nine errors during the Plan year. Each error has been discussed with and rectified by Isio. Other than these errors, 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, with 95.8% of all cases processed and completed within the 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.

There is not an SLA agreement in Prudential relating to the AVCs and Aviva confirmed it cannot share SLA details but assured that it operates under SLAs and measure performance accordingly. Both providers have confirmed that there have been no administration issues during the Plan year that the Trustee should be made aware of.

4. Member-borne charges and transaction costs

We are required to set out the on-going 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 any administration charges, since these are not met by members.

We are also required to 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 TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by Legal & General who is the platform provider for the Plan's DC Section (including AVCs), and Prudential in respect of the AVCs. At the time of preparing this Statement, Aviva has not provided the TER or transaction costs in respect of the two funds used by members of the Plan. 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 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 arrangements

The main Default arrangement for the DC Section of the Plan is the Lifestyle: Continued Growth. The Default 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. This is also applicable for the other default arrangements, the Lifestyle: Cash Focused and the Lifestyle: Annuity Protection but is not the case for the Cash Fund.

For the period covered by this Statement, annualised charges and transaction costs are set out in the following tables.

Default (Lifestyle: Continued Growth) charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.12	0.01
15 years to retirement	0.15	0.02
10 years to retirement	0.18	0.03
5 years to retirement	0.18	0.05
At retirement	0.17	0.06

Lifestyle: Cash Focused charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.12	0.01
15 years to retirement	0.15	0.02
10 years to retirement	0.18	0.03
5 years to retirement	0.18	0.03
At retirement	0.14	0.06

Lifestyle: Annuity Protection charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
20 or more years to retirement	0.12	0.01
15 years to retirement	0.15	0.02
10 years to retirement	0.18	0.03
5 years to retirement	0.16	0.02
At retirement	0.14	0.02

Cash Fund charges and transaction costs (% per annum)

Years to target retirement date	TER	Transaction costs
All periods to retirement	0.13	0.07

The default arrangement does not have any performance based fees associated with it.

Self-select and AVC options

In addition to the Default arrangements, members of the Plan's DC Section also have the option to invest in several other self-select funds. The level of charges for each self-select fund (including those used in the Defaults) and the transaction costs over the period covered by this Statement are set out in the following table. The underlying funds used within the main Default are shown in **bold**.

Self-select fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Accelerated growth fund	0.12	0.01
Moderate growth fund	0.18	0.03
Cash fund	0.13	0.07
AAA-AA-A corporate bond all-stocks index fund	0.15	0.00
Amanah fund	0.35	-0.06
Annuity focused fund	0.14	0.00
Ethical global equity fund	0.30	0.00
Property fund	0.75	-0.01
UK equity fund	0.10	0.02
World emerging markets equity fund	0.34	0.00
World equity fund (hedged)	0.15	0.06
World equity fund (unhedged)	0.13	0.02

Most AVCs are now invested in the same funds available to members of the Plan's DC Section. The exceptions to this are set out in the following table. For those funds used in the Plan's DC Section and which are provided as AVC options have the same TER and transaction costs, unless otherwise specified.

AVC fund charges and transaction costs (% per annum)

Fund name	TER	Transaction costs
Prudential With-Profits Cash Accumulation Fund	N/A[1]	0.13[2]
Aviva With-Profit Fund (NU) Pension Standard Series 01[3]	-	-
Pension Compound Life & Pension WP conventional Series A3[3]	-	-

[1]Prudential were unable to provide the TER for this fund, stating that charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Instead, any charges are taken into account when Prudential calculate the bonus rates for their With-Profits Fund.

[2]This is the transaction cost for the period 01/07/2023-30/06/2024. Prudential were unable to provide the transaction cost for the Plan year.

[3]At the time of preparing this Statement, Aviva have not provided the TER or transaction costs for the Plan year. The Trustee has requested this information and will continue to liaise with Aviva to obtain this for future reporting.

Illustration of charges and transaction costs

Projected pension pot in today's money

	Default option		Cash Focused		Annuity Protection		Cash Fund		UK Equity Index Fund		Managed Property Fund	
Years invested	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs	Before costs	After costs
1	£13,500	£13,500	£13,500	£13,500	£13,500	£13,500	£13,100	£13,000	£13,500	£13,500	£13,300	£13,200
3	£24,200	£24,100	£24,200	£24,100	£24,200	£24,100	£22,300	£22,200	£24,200	£24,100	£23,200	£22,900
5	£35,600	£35,500	£35,600	£35,500	£35,600	£35,500	£31,400	£31,200	£35,600	£35,500	£33,500	£32,700
10	£68,000	£67,400	£68,000	£67,400	£68,000	£67,400	£53,900	£53,200	£68,000	£67,600	£60,500	£57,900
15	£106,400	£105,100	£106,400	£105,100	£106,400	£105,100	£75,800	£74,400	£106,400	£105,500	£89,600	£84,100
20	£152,000	£149,500	£152,000	£149,500	£152,000	£149,500	£97,100	£94,900	£152,000	£150,300	£120,900	£111,200
25	£200,600	£196,300	£200,600	£196,300	£200,600	£196,300	£117,900	£114,700	£206,300	£203,200	£154,700	£139,400
30	£245,000	£238,200	£245,000	£238,200	£245,000	£238,200	£138,200	£133,700	£270,600	£265,800	£191,000	£168,700
35	£288,300	£278,000	£288,300	£278,600	£295,400	£285,000	£158,100	£152,100	£347,100	£339,700	£230,200	£199,100
40	£333,100	£317,700	£320,800	£307,900	£359,700	£343,600	£177,400	£169,800	£437,900	£427,100	£272,400	£230,600

The table above 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 is the average of those provided by the managers over the Plan Year and the previous Plan Year subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the main Default (the Lifestyle: Continued Growth, as well as the other legislative default arrangements (the Lifestyle: Cash Focused, the Lifestyle: Annuity Protection and the Cash Fund) and two funds from the Plan's self-select fund range, excluding the legacy AVCs in the Plan, linked to the Plan's DB Section. The two self-select funds shown in the illustration are:
  - the fund with highest annual member borne costs (TER and transaction costs) – this is the Managed Property fund
  - the fund with lowest annual member borne costs – this is the UK Equity Index Fund.

Notes

- 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%.
- Annual salary growth is assumed to be 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.
- The starting pot size used is £8,400. This is the approximate average (median) pot size for active (contributing) members aged 28 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 £29,400 This is the approximate median salary for active members aged 28 or younger.
- Total contributions (employee plus employer) are assumed to be 16.0% of salary per year.

- The projected annual returns used are as follows:
  - Lifestyle: Continued Growth: 3.5% above inflation for the initial years, gradually reducing to a return of 1.2% above inflation at the ending point of the lifestyle.
  - Lifestyle: Cash Focused: 3.5% above inflation for the initial years, gradually reducing to a return in line with inflation at the ending point of the lifestyle.
  - Lifestyle: Annuity Protection: 3.5% above inflation for the initial years, gradually reducing to a return of 2.2% above inflation at the ending point of the lifestyle.
  - Cash Fund: 0.5% below inflation.
  - Managed Property Fund: 1.5% above inflation.
  - UK Equity Index Fund: 3.5% above inflation.
- No allowance for active management outperformance has been made.

5. Investment returns

This section shows the annual return, after the deduction of member borne charges, for all investment options in which member assets were invested during the Plan year. We have had regard to the statutory guidance in preparing this Section.

The With-Profits fund returns stated are that of the underlying investments, which are the only figures that can be quoted. With Profits Funds are designed to smooth the returns members receive over their investment term and underlying investment returns are not the only factor determining the return members receive.

For arrangements where returns vary with age, such as for the Defaults, returns are shown over various periods for a member aged 25, 45 and 55 at the start of the period the returns are shown over.

Lifestyle: Continued Growth (Default) net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	15.1	10.3
45	15.1	9.9
55	9.2	3.8

Lifestyle: Cash Focused net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	15.1	10.3
45	15.1	9.9
55	9.2	4.2

Lifestyle: Annuity Protection net returns over periods to Plan year end

Age of member at the start of the period	1 year (%)	5 years (% pa)
25	15.1	10.3
45	15.1	9.9
55	9.2	3.2

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

Fund name	1 year (%)	5 years (% pa)
Accelerated growth fund	15.1	10.3
Moderate growth fund	8.6	4.2
Cash fund	5.2	2.2
AAA-AA-A corporate bond all-stocks index fund	0.9	-1.6
Amanah fund	30.0	16.9
Annuity focused fund	-4.0	-5.1
Ethical global equity fund	19.5	12.7
Property fund	4.8	2.0
UK equity fund	9.3	4.8
World emerging markets equity fund	13.7	3.8
World equity fund (hedged)	20.5	11.3
World equity fund (unhedged)	19.5	12.2

AVCs linked to the Plan's DB Section net returns over periods to Plan year end

Fund name	1 year (%)	5 years (% pa)
Prudential With-Profits Cash Accumulation Fund	-	-
Aviva With-Profit Fund (NU) Pension Standard Series 01	-	-
Pension Compound Life & Pension WP conventional Series A3	-	-

[1]At the time of preparing this Statement, neither Prudential or Aviva have provided net returns data. The Trustee has requested this information and will continue to liaise with both providers to obtain this for future reporting.

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 28 April 2025. 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 funds available to members. The analysis conducted to reach this conclusion compares the Plan's total annual charges with fees (excluding administration costs) against other DC schemes with assets up to £500m that LCP advises. Transaction costs of the funds in the Plan were also found to be below the average for comparable funds across the same comparable DC schemes.

Our assessment took account of the Trustee's review of the performance of the Plan's investment funds (after all charges) in the context of their investment objectives over the Plan Year. We believe that the default strategy remains appropriate for its objective of targeting drawdown at retirement. Our investment advisers also confirmed that the self-select fund range provides access to all major asset classes.

In carrying out the assessment, we also consider the other benefits members receive from the Plan, which include:

- The Trustee's 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 Default 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;
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards; and
- the benefits available in-Plan at retirement.

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 provided by Isio.

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 the future by:

- negotiating fund charges where applicable;
- continuing to work with Isio to improve service levels further;
- monitoring the implementation of the agreed changes to the default strategies and self-select range;
- reviewing the Plan's at-retirement guidance service;
- considering a structured feedback mechanism to assess the effectiveness of member communications; and

- challenging ourselves as Trustee of the Plan to improve how we operate and improve efficiency so we can focus on areas that matter most to members.

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. Our 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 were material. During the period covered by this Statement, the Trustee Directors all completed a minimum of 15 hours of training and received training on a number of topics, including but not limited to:

- Environmental, Social and Governance (“ESG”);
- Sustainable investments;
- Pension scams;
- Artificial Intelligence;
- The Mansion House speech and DC market consolidation;
- Statutory Money Purchase Illustration(“SMPI”) assumptions;
- The General Code of Practice; and
- Pension Dashboards.

Additionally, we receive quarterly updates on topical pension issues from our investment, legal and actuarial advisers.

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 reviewed regularly 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 (including the Statement of Funding principles) to fulfil our duties.

All the Trustee Directors have completed TPR’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 and 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. The Plan has a trustee appointment process and policy in place and a structured induction process for new trustees. This includes a half day training session and mentoring programme for new trustees and sets out the requirements for new trustees, who are also required to complete TPR’s Trustee Toolkit within six months. During the Plan year, three Trustee Directors stepped down from the Board, and three new Trustee Directors joined. We note that the newly appointed Trustees have successfully completed TPR’s Trustee Toolkit.

A skills matrix is used to conduct an evaluation of our knowledge and to help to identify training needs every 12/18 months. The skills matrix was recently reviewed in February 2025 following the Board changes. The conclusion was that the Board remains well-balanced and diverse across all competencies, with no gaps in expertise identified. The Trustee also asked the Plan’s suppliers to assess the Board, with the aim to find gaps or anomalies and was discussed by the Trustee in May 2025.

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.

______________________________ Date: ______________

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