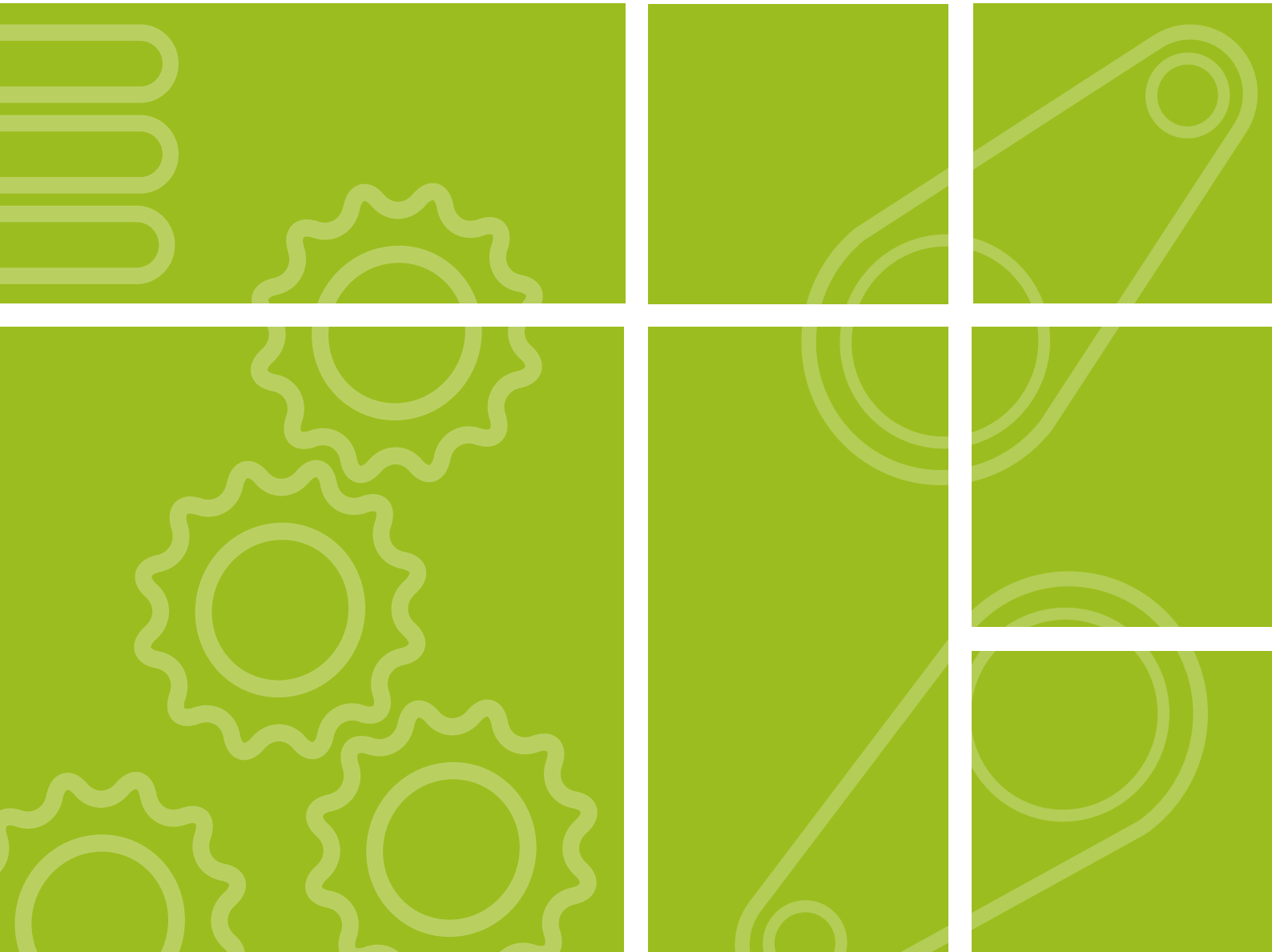




Climate change report

A report for members by the Trustee

Year ending 31 December 2025



Welcome

Welcome to our latest climate change report. It tells you about the work we're doing on climate change in relation to the Plan.

As the Plan's Trustee, we take our responsibility as a long-term investor seriously. We believe that climate change is a financially material factor for the Plan, over both the short and longer term. We recognise that climate change represents a risk to our society, economy and the financial system, although the transition to a low-carbon economy also presents investors with opportunities. Together, these risks and opportunities have the potential to impact:

- the Plan's investments
- the financial health of Cummins
- the Plan's funding position.

We're monitoring the potential impact and taking steps to reduce climate-related risks on behalf of our members.

During 2022, the Trustee set an aspiration for the Plan's assets to have net-zero emissions by 2050. This will help us manage the risks associated with climate change, as we consider the work that's needed to achieve our aspiration. Please note that when we refer to 'the Trustee'/'we' in this report, this includes actions that we've taken or that have been carried out on our behalf by our sub-committees or advisers.

We hope you find our report interesting. If you have any questions or comments, please get in touch.

[Chair name]

Chair of the Trustee



Summary

This Climate Change Report sets out how the Trustee manages the Cummins UK Pension Plan's financial risks and opportunities linked to climate change.

This is important because climate change can affect:

The value of the Plan's investments.

The financial strength of Cummins (the sponsoring employer).

The Plan's ability to pay members' benefits.

The Trustee takes climate change seriously and has:

Strengthened its governance.

Updated its investment strategies.

Set measurable climate targets.

Improved its monitoring and reporting.

Begun deeper engagement with its investment managers.

Its overall aim is to protect members' benefits by reducing climate-related financial risks and taking advantage of opportunities in the transition to a low-carbon economy.



Governance

How climate issues are managed

Climate change is a key focus for the Trustee. :

It reviews climate-related policies and beliefs regularly.

It has a dedicated Investment Sub-Committee (ISC) to focus on climate matters.

It takes advice from specialists (LCP, WTW, Cardano).

It monitors investment managers' climate practices and challenges them where needed.

It carries out training to stay up to date.

Strategy

How climate risks and opportunities affect the Plan

The Trustee looks at two types of climate risk:

Physical risks
(storms, heat, flooding).

Transition risks
(policy changes, new technologies, shifts in demand).

It also looks at opportunities, such as growth in renewable energy or low-carbon technologies.



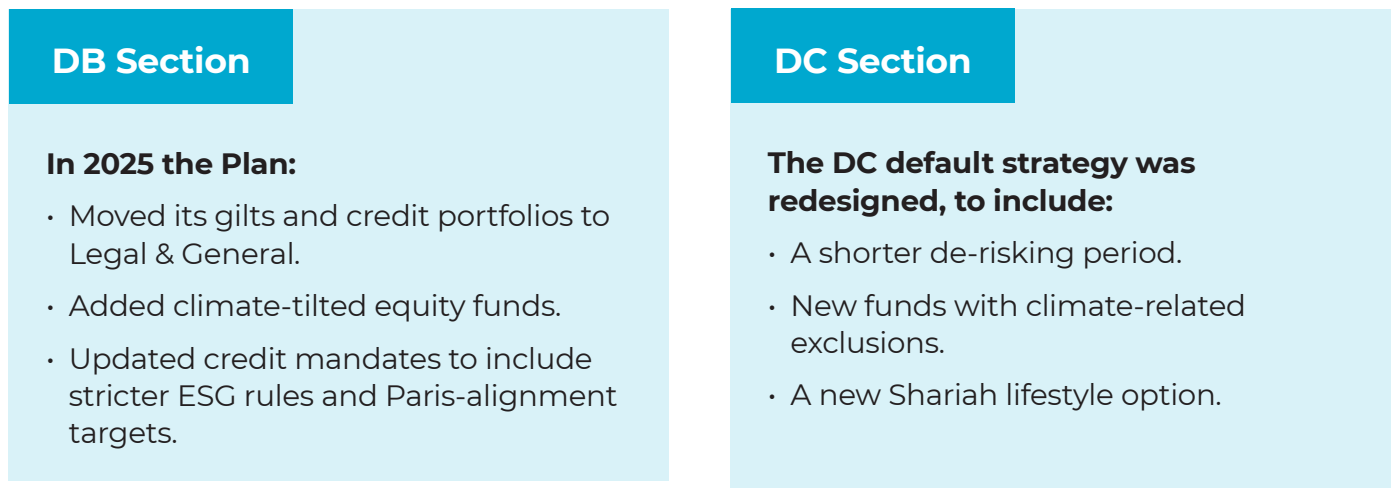
Climate scenario analysis

In 2025, the Trustee assessed three possible future scenarios:



These scenarios help the Trustee assess how resilient the Plan’s investments and funding strategy are.

Investment strategy changes



Risk management

How climate risks are monitored

The Trustee:



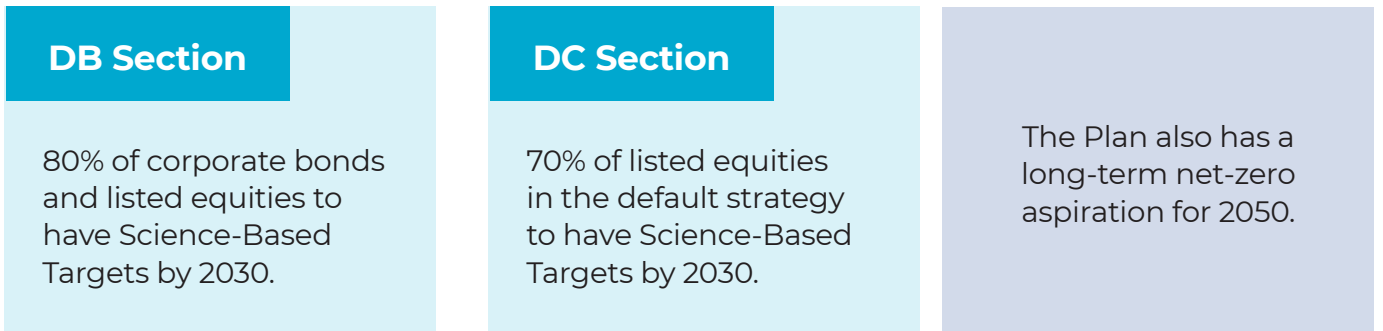
Metrics and Targets

How progress is measured

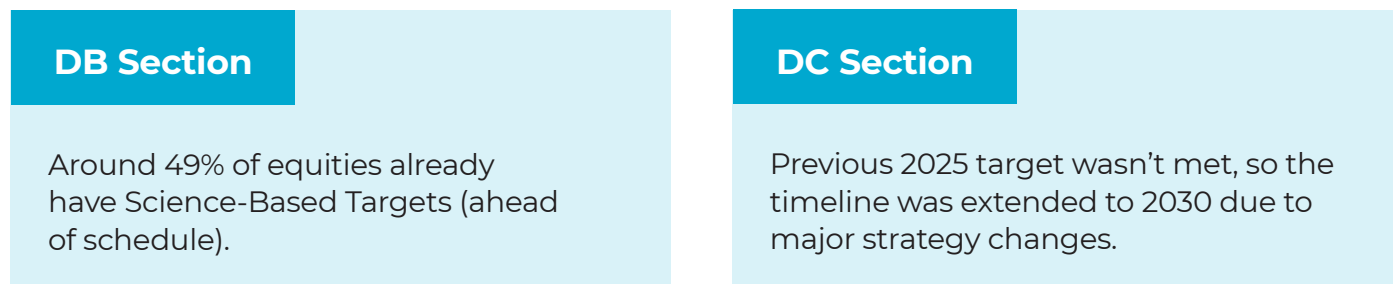
The Trustee tracks four key metrics:



Targets



Progress so far



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Our Climate change report is published alongside the Plan's annual report and accounts for the year to 31 December 2025.



Executive summary

About this report

This report describes how the Trustee has identified, assessed and managed the Plan's climate-related risks and opportunities during the year to 31 December 2025.

We've produced our report in line with the legal requirements for pension schemes under The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (as amended). We've also used the Principles of Effective Disclosure that have been produced by the Taskforce on Climate-related Financial Disclosures (TCFD) to help us prepare our report.

The Plan is made up of various sections, which we've grouped and refer to as the DB Section and the DC Section. If you'd like to know the names of the individual sections within these groups, please see Appendix 6.

Governance

Climate change is a key focus for the Trustee. We have a robust framework for managing the Plan and have set clear expectations and responsibilities in relation to climate change.

- We've set out clearly defined roles and responsibilities in our Climate governance statement.
- We're supported by our advisers on climate-related matters.
- Climate change is a particular focus for the investment sub-committee (ISC), committing appropriate Trustee time and resources to meet our objectives.

Strategy and risk management

The Trustee has been working to identify and assess climate-related risks and opportunities for the Plan and has considered the potential impact on the Plan's investment and funding strategy.

- We recognise that there are risks and opportunities from both the physical effects of a changing climate and from the effects of transitioning to a lower-carbon economy; and therefore, we've considered both physical and transition risks for the Plan.
- In November 2025, we carried out detailed narrative analysis to assess how the Plan may be affected under different climate scenarios from an investment, funding and covenant perspective; and we regularly review the Plan's investment managers' climate practices.
- Our monitoring of climate-related risks and opportunities is integrated into the Plan's wider risk management framework, from an investment, funding and covenant perspective.
- We're monitoring and managing the climate-related risks and opportunities for the Plan that we've identified, including using stewardship and engagement to improve outcomes, where possible.

Metrics and targets

The Trustee is committed to monitoring and managing the Plan's climate-related risks and opportunities, and we've set specific climate-related targets for the Plan's assets.

- We've collected and reviewed information about greenhouse gas emissions, carbon footprint and the alignment of the Plan's assets to help understand the Plan's exposure to climate risks.
- We've reviewed the quality of the data provided – at the time of writing, some of the data requested by the Plan's managers was unavailable, so we've included details on the missing data and how we're addressing this issue, with no data being treated as unobtainable.
- We have established Science-Based Targets ("SBT") alignment targets for both the DB and DC Sections, with progress monitored annually:
 - DB Section- a target of 80% SBTi alignment across the buy and maintain credit portfolio, the short-dated credit fund and the two listed equity funds by 30 September 2030, agreed by the Trustee in November 2025.
 - DC Section- a target of 70% SBTi alignment across the listed equity funds used in the default strategy by 31 December 2030, set in January 2024. The baseline at inception, using data as at 30 September 2023, was 37% based on approved SBTi only.
- The DB target replaces a previous target to achieve 80% SBTi alignment across the buy and maintain credit portfolio by 2025. Whilst progress was made during the period, this target was not achieved by the original deadline. In light of the strategic changes to the DB Section's investment strategy during the Plan year, including the appointment of a new investment manager, the Trustee agreed to revise the target - retaining the 80% ambition but extending the timeframe to 2030.
- We've set an aspiration for the Plan's assets to have net-zero greenhouse gas emissions by 2050 to help manage the risks associated with climate change.



Governance

Governance activities are reported on at the whole Plan level.

1.1 Managing climate-related risks and opportunities which are relevant to the Plan

Climate change is a key focus for the Trustee. We understand that we have ultimate responsibility for ensuring the effective governance of climate-change risks and opportunities in relation to the Plan.

We've chosen to take an approach to the oversight and management of climate-related risks and opportunities that largely replicates the process for how we consider other risks and opportunities. In practice, this means we consider climate-related risks and opportunities within the Plan's existing risk management frameworks (such as the Plan's risk register and integrated risk monitoring framework) as well as introducing a number of separate processes to ensure we maintain oversight of climate-related risks and opportunities which are relevant to the Plan.

For example:

- The Trustee regularly reviews and (where appropriate) revises its governance arrangements, investment beliefs and policies in relation to climate change, such as:
 - the Climate governance statement – this is prepared so that we may maintain appropriate oversight of the climate-related risks and opportunities relevant to the Plan and be confident that we're meeting our statutory and fiduciary obligations
 - the ISC's investment beliefs – these reflect the Trustee's belief that considering the risks and opportunities posed by environmental, social and governance (ESG) and climate factors can improve outcomes for the Plan and its members
 - the associated roles and responsibilities of the Trustee and the various other parties involved in management of the Plan were documented in the Plan's Climate governance statement in February 2025.
- During the Plan year, to help the Trustee meet its TCFD obligations, we considered various climate metrics collected for the Plan and used those metrics to identify and assess climate-related risks and opportunities for the Plan. Our investment adviser, LCP, will continue to collate this information annually and share it with the ISC and the Trustee. On an annual basis, the Trustee will review its choice of metrics to inform the identification, assessment and management of climate-related risks and opportunities.
- The ISC use nities faced by the Plan including, for example, the relevance for the Trustee's risk register, at least annually. The findings are ultimately reported to the Trustee. This framework ensures that the Trustee is regularly informed about climate-related risks and opportunities and is able to take steps to assess and manage them.
- At least once every three years, the Trustee will review the results of scenario analysis that illustrates how the Plan's assets and liabilities might be affected under various climate-change scenarios. During the Plan year, the Trustee, working with its investment adviser, assessed the Plan's assets and liabilities against three new climate scenarios and

considered the impacts of these scenarios on a narrative basis. This included commentary on the potential impacts for the sponsoring employer and the implications for the resilience of the Plan's funding and investment strategies.

- Whenever we review our agreements with external consultants or appoint new consultants, the Trustee and ISC also consider and document the extent to which the consultants' climate-related responsibilities are included in the agreements and/or any consultant objectives are set.
- The Trustee works collaboratively with the Plan's sponsoring employers (and will continue to do so on an ongoing basis) to seek to understand how they are addressing climate-related issues relevant to their business and how the sponsor's ability to support the Plan might be affected by climate-related issues in the future.
- Over the year, the Trustee and ISC at their regular meetings undertook a series of discussions covering responsible investment (RI) and climate-related risks and opportunities. As part of its oversight, the ISC reviewed the results of an in-depth assessment for its significant managers, carried out by its investment adviser, which assessed the stewardship approach of the managers and benchmarked this against peers. As a result, key "asks" were identified and communicated with the managers to support them in improving their stewardship approach. The Trustee plans to monitor progress against these "asks" regularly, through regular meetings between its investment adviser and the managers.
- In addition to the metrics reviewed as part of TCFD, the Trustee also began discussions on physical climate risk during the year. The investment adviser carried out an initial high-level analysis of the Plan's listed assets within the DB portfolio, identifying the physical climate risks the portfolios are exposed to and discussing how the Trustee could engage with the Plan's investment managers to understand how they are managing those risks.
- The Trustee also received an update on progress against the Plan's net-zero-by-2050 aspiration.
- The Trustee seeks input from its advisers to ensure that it can identify, assess and manage climate risks and opportunities. The advisers provide information as outlined in the next section (see 1.2: Roles and responsibilities).
- The Trustee has received advice from its advisers on how the investment strategy, funding position and sponsor may be affected by climate-related factors.
- With appropriate advisers in place, the Trustee ensures that climate-related risks and opportunities are considered as part of any relevant advice, such as the actuarial valuation process, investment strategy review and assessment of the sponsoring employer's covenant.

The Trustee will continue to periodically review its approach and the adequacy and relevance of the governance processes and reporting around climate-related risks and opportunities.



1.2 Roles and responsibilities

The Trustee understands that it must set out the role of any person who undertakes Plan governance activities or who advises or assists the Trustee with Plan governance activities (apart from its legal advisers). The ISC also undertakes governance activities for the Plan.

The following entities all advise and assist on governance activities for the Plan:

- LCP is the Trustee's investment adviser.
- Cardano provides advice in relation to the sponsoring employer's covenant.
- WTW is the Trustee's actuarial adviser.

The Climate governance statement sets out:

- The roles and responsibilities of the ISC, LCP, Cardano and WTW.
- How the Trustee and the relevant sub-committees are informed about, assess and manage climate-related risks and opportunities and the frequency at which these discussions take place.

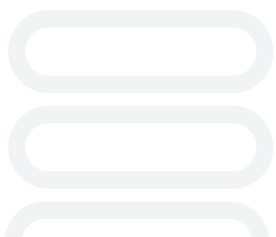
All the advisers provide information for the Trustee's to consider climate-related risks and opportunities, including RI assessments, climate-risk management assessments and data on climate metrics (sourced originally from the managers or estimated by the advisers). This information is provided at least annually in each case, and summary information on investment managers' RI assessments is included in the Plan's quarterly investment monitoring report, where possible.

The ISC supports the Trustee in a range of activities associated with identifying, assessing, monitoring and managing climate-related risks and opportunities.

The Trustee is required to set out the processes it has in place by which it satisfies itself that each of those entities is taking adequate steps to identify, assess and manage relevant climate-related risks and opportunities. We expect all parties to comply with the Climate governance statement, which includes details of the nature and frequency of monitoring activities. In addition, the Trustee, with the support of the ISC, ensures its advisers:

- Are given clearly defined responsibilities in respect of climate change.
- Have documented their responsibilities in relevant agreements, such as investment consultants' strategic objectives and service agreements.
- Have adequate expertise and resources, including time and staff, to carry these out
- Are adequately prioritising climate-related risk.

From time to time, the Trustee will review the climate competency of its advisers and take appropriate action if any concerns are identified. When appointing new advisers in future, the Trustee would consider whether the advisers have suitable climate credentials.



1.3 Time and resources

The Trustee has committed appropriate time and resources during the year to meet our climate change objectives. This has been driven by our belief regarding the potential impact of climate-related risks and opportunities on the Plan, as well as the need to ensure we comply with our legal obligations in relation to climate change.

The Trustee's primary role in respect of climate-related risks and opportunities is to oversee the identification, assessment and management of those risks and opportunities that are relevant to the Plan. It does this by reviewing, discussing and, where appropriate, challenging the information and advice it receives. The Trustee discusses climate-change risk at its quarterly meetings as part of the monitoring of existing managers. It also considers climate-change risk before appointing any new managers. In addition, climate risk was discussed as part of the narrative climate scenario analysis that was carried out during the Plan year.

Regular monitoring and training sessions were carried out by LCP, and these will continue. Where any knowledge gaps were identified, these were addressed in the training. The Trustee also regularly discusses, questions and challenges the information it receives from its advisers.

Over 2024, as part of the ongoing DB Section investment strategy review, the Trustee evaluated various approaches to responsible investment used by active and passive equity managers, ranging from traditional market cap passive funds to active impact funds. In 2025, various investment strategy changes were implemented, including allocations in two climate-titled passive equity funds.

Additionally, during the year, as part of the ongoing DC Section investment strategy review, various changes were implemented. Notably, the default lifestyle was moved to a three-phased approach, the de-risking period of the default lifestyle was shortened from 20 to 10 years and some changes were made to the underlying funds within the default lifestyle.

In November 2025, the ISC also reviewed an in-depth stewardship assessment of its significant managers across the DB and DC Sections, conducted by its investment adviser, benchmarking their approaches against peers.



Strategy

The Trustee has implemented a number of processes and tools for identifying, assessing, monitoring and managing climate-related risks and opportunities. The Trustee also ensures its advisers have processes in place to help it research and evaluate its investment managers' climate-related practices. We've taken positive steps during the year to address climate-related risks in specific mandates.

2.1 Identifying climate-related risks and opportunities

The Plan faces risks and opportunities from both the physical effects of short-term and long-term changes in the climate itself – such as rising temperatures and more frequent storms or flooding – and from the effects of transitioning to a lower-carbon economy to limit the extent of climate change – such as government policies to restrict or discourage the use of fossil fuels, technological advances in renewable energy and shifts in consumer demand towards 'greener' products.

Many of these climate-related risks and opportunities could affect the value of the Plan's assets. Others could affect the sponsor and its ability to provide financial support to the Plan. Some may also affect the Plan's liabilities within the DB Section, for example, through affecting members' life expectancy or pensions' annual inflationary increases. Climate change could therefore impact the Trustee's aim for the Plan to reach full funding on the (103%) self-sufficiency target basis. This was considered in detail within the climate scenario analysis undertaken by the Trustee.

Time horizons relating to the Plan

The time periods that the Trustee has chosen as short, medium and long term for considering the climate-related risks and opportunities faced by the Plan are set out below. These were refreshed in November 2025. The time horizons are the same for the DB and DC sections.

In previous years, the Trustee sought to assess the impact of different scenarios by modelling the Plan's assets and liabilities in different climate scenarios. However, this analysis potentially underestimates physical risk impacts, for example climate tipping points¹ are not well captured in the assumptions used, and shorter-term impacts from macroeconomic factors, such as geopolitical factors, are also not adequately reflected in the results. As such, the Trustee decided this year to use narrative-based scenarios to consider climate-related risks and opportunities that the Plan could be exposed to in the future.

The three climate scenarios considered are as follows:

- Less than 2 degrees warming (compared to pre-industrialisation levels 1850-1900):
 - Temperature increases exceed 1.5 degrees but remain below 2 degrees.
 - Whilst still possible, this scenario will require huge levels of investment in a very short period, in technologies that reduce greenhouse gas emissions and transition economies from fossil fuels to alternative solutions.

¹ A climate tipping point is the moment when gradual climate change triggers a major shift that can accelerate on its own and be very difficult to reverse.

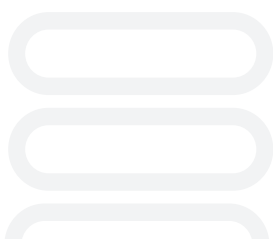
- This scenario is becoming less likely the longer we take to implement stronger transition policies.
- 2 degrees warming is breached:
 - This scenario aligns with the likely outcome if nations implement their agreed climate pledges (ie Nationally Determined Contributions²).
 - Transition risks expected to be similar to the scenario above over the short to medium term, as the world continues (albeit more slowly) towards a low carbon economy.
 - Physical risks likely to have much higher impact, with impacts increasing as temperatures increase.
- 3 degrees warming
 - The three-degree warming barrier is breached, which may occur if the Net Zero transition is not met within 40 to 50 years or potentially sooner if key tipping points are reached and cascade effects are triggered.
 - In this scenario a large number of tipping points could be breached, leading to catastrophic impacts on the environment and therefore the economy.

These scenarios have informed the Trustee's climate-related considerations and decisions during the year, projected across three time periods for the identification and assessment of climate-related risks and opportunities - short term, medium term and long term.

DB & DC Section

Time horizon from 2025 report	Date	Rationale
Short – 3 year	2028	Aligns with the Trustee's decision-making cycle to help ensure climate considerations are included.
Medium – 5 year	2030	Covering the period over which significant impacts are expected if the transition to a low carbon economy picks up pace to the level required to keep temperature rises minimised.
Long – 15 year	2040	Which ensures the Trustee considers the potential longer-term physical impacts of climate change that could have severe consequences for the economy.

² Non-legally binding, five-year national climate action plans under the Paris Agreement where countries outline efforts to reduce greenhouse gas emissions and adapt to climate impacts.



Summary of climate-related risks and opportunities to the Plan

The Trustee identified a range of climate risks and opportunities to the Plan across the three projected scenarios, as summarised below. They include both transition and physical climate-related risks and opportunities. We've considered the expected impact of these on the Plan's investment strategy, funding strategy and sponsor, as relevant, and continue to consider them in ongoing strategy discussions.

DB & DC Section

Scenario	Key risks	Key opportunities
Less than 2 degrees warming	<p>Short-term risks for the assets and liabilities of the Plan due to the speed of transition to a low-carbon economy, but market volatility should reduce as more technology becomes embedded.</p> <p>Short term risks for the Company covenant as a quick transition to low carbon will be more difficult for the Company to navigate given the industry in which it operates.</p>	<p>Wide range of opportunities over the short to medium term in assets that are developing fast to meet the needs of a low-carbon world. For example, solar energy as the most cost-effective energy source, and electric vehicle usage increasing rapidly, may present significant opportunities for trustees to diversify their portfolio and reduce risks. This could be especially useful where risks that could impact the Company could lead to investment opportunities for the Trustee, leading to natural diversification.</p> <p>Opportunities also exist where adaptation technologies are required to deal with the consequences of higher temperatures even in this scenario.</p>
2 degrees warming is breached	<p>Increase in severe weather could cause more damage to assets, including property damage, business disruption, and workforce disruption/displacement.</p> <p>Assets may also experience volatility over the short and medium term as well as negative impacts from physical climate risks in the longer term.</p>	<p>Adaptation of infrastructure requires investment if climate impacts are to be addressed – presents opportunities for the Plan, especially over the medium term.</p> <p>Changes in life expectancy could be positive or negative in the UK. Liability impacts are expected to be small compared to the financial impacts from climate change and would only play out over longer time horizons.</p>
3 degrees warming is breached	<p>Sea level rises would be unmanageable as adaptation may not be able to keep up with the level of rise. Food and water shortages could increase risk to human life in many parts of the world including more temperate regions. Likely lead to significant migration and potentially armed conflict as protectionist policies are followed by governments.</p> <p>Asset repricing likely to happen as climate impacts get priced in. Repricing could occur more frequently, which could lead to further funding being sought from the Company. This may be at a time when this is least affordable for the Company due to the impact of climate on the business.</p>	-

Funding and covenant risks

The Trustee has identified specific risks which include:

- A potential financial and demographic impact on cashflows. For example, potential shocks to gilt yields and inflation (which could have a positive or negative impact on the Plan's funding position) and direct or indirect impacts on life expectancy (which could also be positive or negative).
- A potential impact on journey planning. For example, market shocks caused by climate change could throw the Plan's DB section's de-risking journey plan off-track or climate impacts and regulatory requirements could affect the cost of any insurance options that the Trustee may want to consider.
- significant changes in covenant security. For example, climate risks or opportunities could impact Cummins Inc. and its ability to fund the Plan. Supply-chain issues caused by climate change could also impact Cummins Inc. and its ability to fund the Plan.

The Trustee is of the view that no changes to the funding strategy were needed to improve its resilience with respect to climate-related risks and opportunities at this stage, though it will continue to review the resilience of the funding strategy on an ongoing (and at least annual) basis.

Consideration of climate-related risks within the Plan's investment strategy

DB Section

The following changes were made to the Plan's investment strategy during 2025:

- Transition from unleveraged gilts with BlackRock to a segregated LDI mandate with Legal & General Asset Management (L&G AM).
- Transition of the segregated buy and maintain credit portfolio from BlackRock to L&G AM.
- New investments into three pooled funds managed by L&G AM: a short-dated credit fund and two passive climate tilted equity funds.

As part of the selection process for these mandates, the Trustee met with a range of prospective managers and considered their climate-related and broader responsible investment practices.

The buy and maintain credit transition included reviewing and updating the climate and ESG guidelines for this mandate. This included:

- Restrictions on certain investments with significant ESG concerns, where extended from those involved in controversial weapons, coal, and tobacco, to included issuers with negative SDG scores and certain subordinated, private or unrated debt.
- The emissions target was changed from 7% pa reduction to alignment with the Paris Agreement (well below 2°C, aiming for 1.5°C), with a specific interim temperature alignment target of 1.5°C by December 2030.
- The mandate also seeks to align with the United Nations Sustainable Development Goals (SDGs).



The Plan's two listed equity funds also have climate considerations integrated into their mandates. The L&G AM RAFI Fundamental Fund incorporates scenario-aligned decarbonisation targets and ESG exclusions, while the L&G AM Low Carbon Transition Fund has strong climate credentials, targeting a material reduction in emissions intensity from day one.

The Trustee believes these characteristics of the mandates improve the resilience of the Plan's investment strategy to climate risks (both physical and transition risks); and we believe that it now has greater resilience to the impact of climate-related risks as well as being better prepared for opportunities as a result.

In November 2025, the Trustee, as advised by the investment adviser agreed to explore further whether an engagement target could be added to the Investment Management Agreement for this portfolio and explore further ways that the portfolio's guidelines could support the achievement of the DB section's target to increase proportion of corporate bond assets with science based targets ("SBTs") to 80% by 2030.

The Trustee will continue to consider developments to help manage climate-related risks and incorporate climate-related opportunities within future investment strategy reviews.

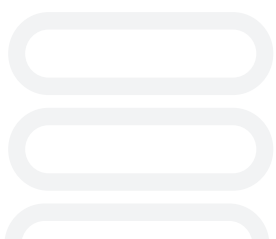
DC Section

In February 2023, Plan assets were transferred to a low-carbon equity fund and a fixed-income fund in the DC Section's lifestyle strategies. Both funds have exclusions in place for companies deriving revenues from coal extraction, coal power and oil sands (20%+ revenue), UN Global Compact violators and controversial weapons.

The low-carbon equity allocation also targets a carbon emissions intensity reduction of 70% compared to that of the parent index with commitment to target net-zero emissions by 2050. The fixed-income fund has an internal ESG rating system, which rates bond issuers based on their ESG initiatives. The framework tilts towards companies which produce positive externalities and aims to achieve a carbon emission intensity score that is 20% lower than its index, calculated quarterly.

The Trustee undertook a review of the DC Section over the 2024 Plan Year and implemented the following changes over the 2025 Plan Year:

- The default lifestyle was moved to a three-phased approach, which involved a new blended fund being introduced for the retirement phase allocation.
- The de-risking period of the default lifestyle was shortened from 20 to 10 years.
- Some changes were made to the funds underlying the default lifestyle.
- The alternative lifestyle strategies, Annuity protection lifestyle and Cash lifestyle, were closed.
- A new Shariah Lifestyle was launched.



Before appointing the two new managers in the default and shariah lifestyles, the Trustee considered each fund's responsible investment integration, including the climate change related risks and opportunities, as part of the review.

The Trustee believes that, following these changes, the Plan's default lifestyle strategy has greater resilience to the impact of climate-related risks as well as being better prepared for opportunities. In addition, some of the developed market and ethical equities funds have a positive rating due to their Paris-aligned decarbonisation targets and ESG exclusions.

2.2: Assessing climate-related risks and opportunities

Climate scenario analysis

Scenario analysis is a tool for examining and evaluating different ways in which the future may unfold. In November 2025, the Trustee used scenario analysis to consider how climate change might affect the Plan's assets and liabilities, funding strategy, investment strategy and the sponsoring employer's covenant.

We've used the climate scenario analysis as a key tool for identifying, assessing and managing climate-related risks and opportunities. In particular, we've used the analysis to identify the physical risks and transition risks that could materialise across different scenarios. We've then considered what the possible impacts of climate change could be for each of these narrative-based scenarios and whether the current DB funding and the investment strategies for both the DB and DC Sections are likely to be robust against these risks (or able to take advantage of any opportunities).

The Trustee will carry out scenario analysis at least every three years and consider annually if the review should be carried out sooner due to investment strategy developments.

The results of the climate scenario analysis are fed into the integrated risk management of the DB Section through specific covenant, investment and DB funding-focused considerations and the interaction of these. The results for the DC Section are fed into the Trustee discussions and decisions on the default lifestyle strategy and how members could be impacted at different ages over different time periods.

For further information on the results and modelling approach, please see the Climate scenario analysis.

Assessment of the managers' practices

In November 2025, the ISC, with the support of its investment adviser, carried out its annual high-level review of the Plan's managers' climate credentials to identify where the Plan could have the greatest impact on managing climate risks.

While the scenario analysis considered how the Plan might be affected by macro-level climate impacts, the manager assessment considered the portfolio exposures at asset class level.

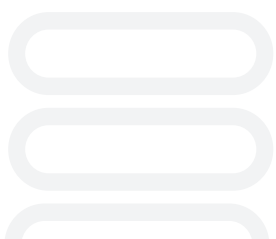


Key manager risks identified in the analysis were:

- Failure to understand macro trends.
- Making decisions through a 'business- as-usual' lens, without considering how climate risk can affect their models and predictions.
- Having inadequate data or performing poor analysis on holdings.
- Making flawed decisions on investee holdings due to lack of data, insufficient climate expertise, poor models or poor analysis.
- Undertaking insufficient portfolio-level analysis.
- A bottom-up focus to analysis or a lack of consistent metrics, which could lead to managers losing sight of the overall portfolio risk or relying on misleading aggregate metrics.
- A lack of robust stewardship practices in place.
- A failure to use influence effectively to protect and enhance the value of assets that could be affected by market-wide and systemic climate risks.

Managers with strong climate expertise and sound climate processes may be able to outperform through taking advantage of market mispricing or investing in companies that are well placed for the climate transition.

Further details on the results of the manager assessment and the process are included in the *Assessment of the managers' practices*.



Risk management

The Trustee has established various processes to identify, assess and manage climate-related risks and opportunities in relation to the Plan and has integrated these within the overall risk management of the Plan. The risk management activities are carried out for the Plan as a whole.

How the Trustee identifies and assesses climate-related risks and opportunities

The Trustee regularly identifies, assesses and monitors its climate-related risks and opportunities. The processes for doing this are set out in more detail below, including how this is integrated within the Trustee's overall risk management of the Plan.

- **Monitoring within the Plan's wider risk management framework**

Climate-related risk is specified within the Trustee's risk register to ensure risks are considered on a regular basis and in the context of wider risks to the Plan. Risks are regularly assessed according to impact and likelihood, and an overall risk score is assigned, with mitigating actions and next steps then identified, to ensure risks are managed and controlled, based on this score. This allows the Trustee to prioritise the management of the most impactful and/or likely risks facing the Plan, including climate-related risks. We also consider climate risk within our integrated risk framework and, as part of this, consider risks to the Plan's funding and covenant, supported by our advisers.

- **Monitoring covenant risk**

In addition to the climate scenario analysis we carry out to inform this report, the Trustee's covenant adviser monitors covenant risk through its triennial assessment (most recently completed in November 2025, which includes a high-level review of ESG risks, including climate change. The covenant adviser will continue to review its scenario analysis for future climate change reports and update as necessary.

- **Monitoring climate-related metrics and Plan-specific targets**

The metrics and targets that we use to monitor climate-related risks and opportunities for the Plan are set out in the section of this report on [Metrics and targets](#).

- **Monitoring managers' investment practices**

The Trustee and ISC regularly monitor investment managers' sustainability practices – supported by responsible investment assessments from our investment adviser – and engage with them on any matters of concern. When the ISC meets with the Plan's investment managers, we request updates on climate-related risks and opportunities as well as wider ESG risks and opportunities relevant to the Plan. The processes for assessing climate-related risks and opportunities are applied at the asset class level. The ISC met its manager, L&G AM, to discuss sustainability risks, including climate, during the Plan year in November 2025. The ISC engaged with this manager during the Plan year to re-emphasise its stewardship priorities and to further understand the engagement efforts being made by these managers. Ahead of this meeting, the ISC also reviewed the outcome of the deep-dive assessment of the manager's stewardship priorities as carried out by the Plan's investment adviser. The Trustee also began discussions on physical climate risk and



broader systemic risks during the year. The investment adviser carried out an initial high-level analysis of the Plan's listed assets within the DB portfolio, identifying the physical climate risks the portfolios are exposed to and discussing how the Trustee could engage with the Plan's investment managers to understand how they are managing those risks.

- **Review of monitoring and governance framework**

The Trustee will consider the processes and governance framework it has in place for identifying, assessing and monitoring climate-related risks and opportunities on a regular basis to ensure they remain appropriate and useful.

The Trustee then uses a variety of tools to assess the factors we identify, which include:

- Climate scenario analysis – to consider how the Plan may be affected under a range of different climate scenarios and the implications for the Plan's funding strategy, investment strategy and journey plan. We've also considered how the sponsor might be affected by climate-related factors and any resulting implications for the Plan.
- Assessing investments – with support from our advisers, we periodically consider (including during the Plan year) the investment mandates we've set in the context of climate-related risks and opportunities. LCP carries out assessments of both the current and prospective investments and managers and reports findings to the ISC. The manager assessments include consideration of climate practices, incorporation of climate-related factors into the investment process and the effectiveness of the management of climate-related risks (see below for more details).
- Stewardship oversight – through its investment adviser's assessments (LCP Influence), the ISC receives periodic, in-depth reviews of its managers' engagement, voting and policy-advocacy efforts. During the Plan year, LCP held dedicated meetings with the Plan's managers, including L&G and BlackRock, through which key "asks" were identified and communicated with the managers to support them in improving their stewardship approach. In November 2025, the ISC received its first such assessment and it is intended that they will continue to receive these assessments periodically going forwards, with the investment adviser providing an annual summary of its views and progress against the "asks". This enables the ISC to evaluate the quality of its managers' stewardship and to challenge them where further improvement is needed, and strengthens the ISC's ability to evidence effective stewardship.
- Monitoring a range of climate-related metrics in relation to the Plan's assets (for more details, please see the section on [Metrics and targets](#)).
- Systemic risks assessment – In November 2025, the Trustee held an initial discussion, with the support of its Investment Adviser, on systemic risks and their relevance to the Plan. This included consideration of what systemic risks might be most material to the Plan, what actions the Trustee could take in response, and what actionable framework could be developed to address these risks. As a next step, the Trustee has agreed to receive further training on systemic risks in 2026, with a view to identifying and prioritising those risks most likely to impact the Plan and establishing a framework for addressing them.

The tools are used to identify the key risks that the Trustee should focus on. The Trustee then ensures that these risks are fed into our investment decision processes for both the DB



and DC Sections as well as feeding into the covenant and DB funding processes. This also feeds into the Trustee's risk registers to ensure all risks are being monitored and managed consistently and proportionately. The Trustee regularly questions and, where appropriate, challenges the information provided by our advisers.

How the Trustee manages climate-related risks and opportunities

Once the Trustee has identified and assessed the climate-related risks and opportunities for the Plan, we take a number of different steps to manage these and use a number of tools and metrics to assess these. This includes:

- Maintaining strong governance processes and reviewing them regularly.
- Regularly reviewing risks as part of the plan's integrated risk management approach.
- Ensuring that the plan's managers incorporate climate risks as part of their investment process.
- Considering whether the plan's investment managers support relevant climate initiatives.
- Considering climate-related risks as part of investment strategy discussions and investment manager appointments (when relevant).
- Considering both physical and transition risks facing the plan, through scenario analysis and reporting on the plan's investment managers provided by the plan's advisers.
- Monitoring metrics for measuring and assessing climate risk and monitoring progress of them over time.
- Setting a specific target for one of the plan's climate metrics and monitoring progress over time.
- Exercising effective stewardship to encourage improved outcomes (by meeting regularly with the plan's investment managers to discuss stewardship and including engagement reporting from the plan's buy and maintain credit manager in the isc's quarterly meeting packs). This also includes the outcomes from the in-depth stewardship assessments carried out by the plan's adviser.
- Receiving regular updates from cummins inc. At trustee meetings that are solely focused on covenant.

The **Governance section** of this report provides details of some of the tools used by the Trustee for the management of climate-related risks and opportunities. In December 2022, the Trustee also set an aspiration to achieve net-zero emissions by no later than 2050. The Trustee is taking steps to achieve this aspiration, including engaging with the Plan's investment managers to support the transition to a net-zero economy.

The Plan's buy and maintain credit fund for the DB Section incorporates specific guidelines into the fund, including targeting climate alignment with the Paris Agreement (well below 2°C, aiming for 1.5°C) and seeks to align with the United Nations Sustainable Development Goals (SDGs). The mandate has an interim temperature alignment target is 1.5°C by December 2030, which is consistent with a path to achieving net-zero emissions by 2050. The Trustee has also set a specific alignment target for the mandate to achieve SBTi alignment of 80% by 2030.



The Trustee has also extended this target to the two listed equity funds and the short-dated credit fund.

In January 2024, the Trustee set a DC-specific climate target. For listed equities used in the default strategy, there is now a target of 70% SBTi alignment in the funds by 31 December 2030. The ISC will periodically monitor progress against the guidelines and targets and review them as appropriate.

3.1: Engagement and stewardship

The Trustee recognises that investment managers' climate competence and practices are crucial for managing the climate-related risks to the Plan's assets, so we assess and monitor these on an ongoing basis. Our stewardship continues to evolve (for example, engagement activity), and one of the aims is to help manage climate-related risks to the Plan. As part of this evolution, the Trustee now receives quarterly updates on engagements carried out by the Plan's investment managers, in line with the stewardship priorities agreed by the Trustee. The Trustee invited L&G AM to present on their engagement efforts and to explore ways to enhance their reporting in November 2025.

The Trustee seeks to be a responsible steward of the Plan's assets. As part of this, using information provided by LCP, we consider both the impact of ESG factors, including climate change, on the Plan's investments. Also, where it is consistent with our legal obligations, we consider the impact of our investment practices on the economy, society and the environment to achieve the best long-term return on the Plan's assets whilst managing investment risks and taking account of financially relevant factors.

In particular, the Trustee has identified climate change as one of our stewardship priorities, and we've communicated this to our investment managers, as well as our aspiration to achieve net-zero emissions by 2050.

Voting and engagement activities are delegated to the individual investment managers. Each manager has its own ESG policy, which includes assessment of climate-related risks and policies on voting on climate-related resolutions.

To provide the ISC with an independent view of how managers' stewardship policies are applied in practice, the Investment Adviser conducts annual reviews of managers' engagement, voting and policy-advocacy activity. These reviews are presented to the ISC and enable it to assess whether managers' stated ESG approaches are genuinely reflected in their day-to-day stewardship activity, and to challenge managers where further improvement is needed.

Additionally the ISC periodically meets with the Plan's investment managers to engage with them on how they have considered ESG issues (including climate change) within their stewardship activities and will seek to challenge the investment managers on these matters where this is in the best interests of members. There is more information on the Trustee's stewardship activities in the Implementation statement.



Metrics and targets

4.1 Climate-related metrics

The Trustee has chosen four climate-related metrics to help monitor climate-related risks and opportunities for the Plan. These are listed on the right and reported for the DB and DC Sections (as far as the Trustee was able to obtain the data). The data has been calculated using portfolio holdings as at 30 September 2025, the most recent data available from the Plan's investment managers. We have not aggregated fund-level portfolio-alignment data nor any other metric data (as aggregation of asset classes or individual mandates is not meaningful due to differing calculation methodologies).

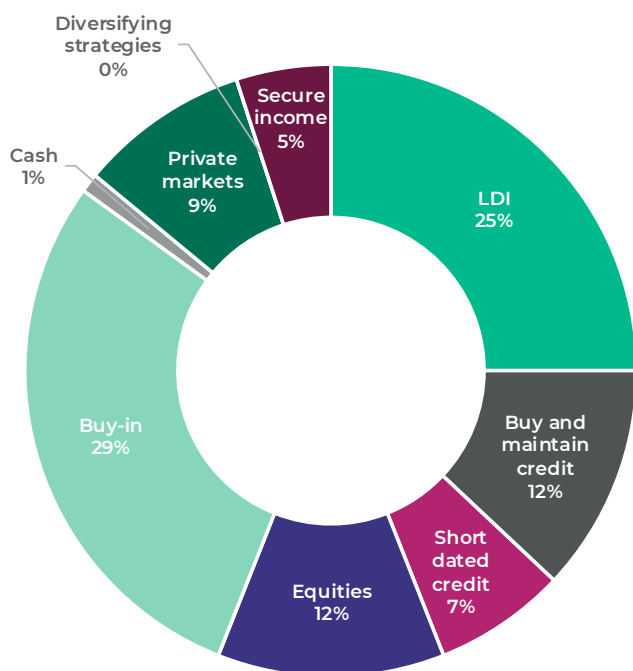
The Trustee uses the metrics to identify and assess climate-related risks and opportunities and receives advice from LCP on this. This includes setting a target for the Plan's assets to increase the proportion of companies we invest with that have set a science-based target to reduce greenhouse gas emissions over time.

Metric	High-level methodology
Absolute emissions: total greenhouse gas emissions	The sum of each company's most recently reported or estimated greenhouse gas emissions attributable to the Plan's investment in the company, where data is available. Emissions are attributed evenly across equity and debt investors and reported in tonnes of CO2 equivalent. This methodology was chosen because it is in line with the statutory guidance.
Emissions intensity: carbon footprint	The total greenhouse gas emissions described above, divided by the value of the invested portfolio in £m, adjusted for data availability. Emissions are attributed evenly across equity and debt investors and reported in tonnes of CO2 equivalent per £1m invested. This methodology was chosen because it is in line with the statutory guidance.
Portfolio alignment: science-based targets (SBT)	The proportion of the portfolio by weight of holdings with science-based targets to reduce their greenhouse gas emissions, demonstrated by a target validated by the Science-Based Targets initiative (SBTi) or equivalent. This measures the extent to which the Plan's investments are aligned to the Paris Agreement goal of limiting global average temperature rises to 1.5°C, reported in percentage terms. The Trustee chose this 'binary target' measure because it is the simplest and most robust of the various portfolio alignment metrics available.
Additional climate change metric: data quality	The proportion of the portfolio for which greenhouse gas emissions data is verified, reported, estimated or unavailable. 'Verified' emissions refers to data reported by the emitting company and verified by a third party. 'Reported' emissions are reported by the emitting company but not verified. This approach was chosen because it is in line with the statutory guidance.

DB Section

For further details about the DB Section's investments, please see the Statement of Investment Principles.

DB Section asset allocation as at 30 September 2025



Total DB Section coverage of 85% for Scope 1 and 2, and 49% for Scope 3

Asset class (% DB Section assets)	Details of missing data or estimations
LDI (25%)	Calculated by LCP*
Buy and maintain credit (12%)	Holdings provided directly by L&G AM; metrics calculated by LCP using MSCI data [^]
Short dated credit (7%)	Holdings provided directly by L&G AM; metrics calculated by LCP using MSCI data [^]
Equities (12%)	Holdings provided directly by L&G AM; metrics calculated by LCP using MSCI data [^]

* Government bond metrics are calculated on a different basis to other mandates, so cannot be compared with them. The emissions intensity has been calculated as "total greenhouse gas emissions produced in the UK" divided by "UK GDP using PPP methodology" using publicly available data sources, consistent with guidance from the Partnership for Carbon Accounting Financials ("PCAF"). The GDP figure for the UK, sourced in US dollars, has previously been converted to Sterling using spot exchange rates. However, as part of a change in methodology, we now convert this figure using long-run purchasing power parity rates (consistent with the Global GHG Accounting and Reporting Standard for the Financial Industry). Total greenhouse gas emissions have been calculated as "value of your investment in gilts" multiplied by "emissions intensity". Note that there can be double counting across the portfolio where UK country emissions include UK company emissions already accounted for within the Scheme's other portfolios.

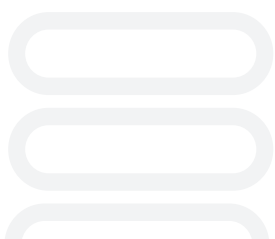
Buy-in (29%)	Metric information provided by LGAS.
Cash (1%)	N/A
Private markets (9%)	Metric information provided by Cabot Square, Nuveen, CDH Investments and RECAP. CDH and RECAP Fund level data estimated from overall portfolio level emissions. Cabot Square and RECAP Fund data was reviewed by the ISC but is not available for public reporting.
Diversifying strategies (<1%)	Credit Suisse did not provide data.
Secure income (5%)	Metric information provided directly by WTW.

The Trustee, via the investment adviser, requested information from the investment managers regarding any assumptions made (for modelling or estimations) that could impact significantly on the results. The investment managers confirmed that there is, in many cases, a lag between the reporting date and the carbon emissions date. This is because companies typically report carbon emissions over a fiscal year, but there may be differences in the reporting dates between companies. We have not included in this report any further details on the modelling assumptions or estimation methodologies used by the investment managers for the sake of brevity.

In addition, the Trustee asked the investment managers why data gaps remain and what steps they are taking to address these gaps. They were not able to provide all the requested information at the current time due to either the nature of the asset class or, in the case of one fund, it being in the process of winding up. The missing data has impacted the Trustee's ability to perform analysis for the investments, where data is unavailable, and has therefore also impacted the results for the DB Section overall. We will continue to follow up with the investment managers to obtain missing information for next year's report. We have not sought to populate these data gaps with estimated data given the lack of a reliable means to arrive at meaningful estimates for the missing data at the current time. No data has been treated as unobtainable by the Trustee.

Carbon emissions data and company fundamental data is sourced from third- party data vendors. Coverage for eligible assets will not always be 100%. Reasons for this include a particular company not publishing its carbon emissions data or the correct mapping not being found between a bond and its parent company to apply the correct carbon data to the correct company. The Trustee has reported coverage of metrics where the investment managers disclose this information, and we continue to liaise with them to address limitations in coverage of different asset classes.

The Trustee has no reason to believe that any of the data provided by the investment managers relating to greenhouse gas emissions or carbon footprint is of uncertain quality.

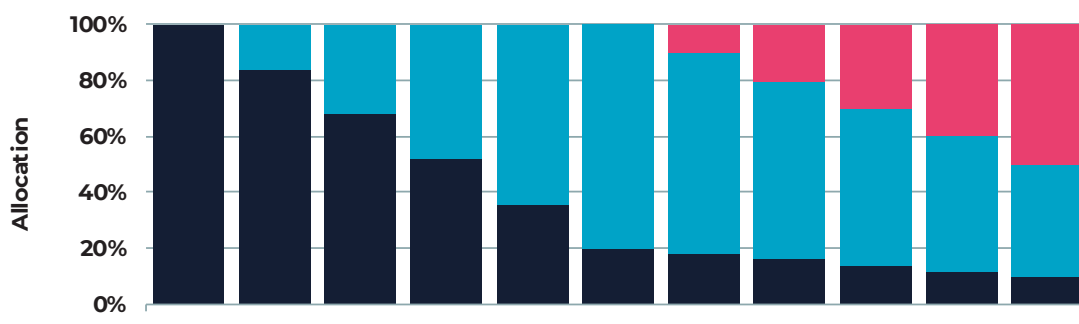


DC Section

The majority of DC assets are invested in the default lifestyle strategy, with the assets allocated depending on members' expected retirement dates, as shown in the chart. At 30 September 2025, around 98% of DC assets were invested in the funds used in this strategy.

The other assets are invested in self-select funds with the largest allocation being c0.4% (£2.1m). The Trustee has not collected metrics for these other assets as we're not required to do so. This is in line with the guidance issued by the Department for Work and Pensions.

Continued growth lifestyle strategy

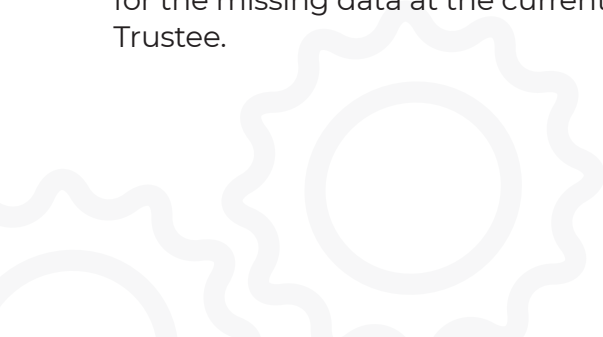


Total Scope 1 & 2 DC Section coverage of 96% (96% for Scope 3 emissions)

Asset class (% DC Section assets)	Scope 1 & 2 coverage - proportion of holdings for which emissions data was available		Scope 3 coverage - proportion of holdings for which emissions data was available	
	Coverage 2025	Coverage 2024	Coverage 2025	Coverage 2024
Equities (88%)	98%	98%	98%	98%
Multi-asset (9%)	79%	81%	75%	65%
Fixed income (2%)	68%	84%	67%	83%

The Trustee has reported on the metrics described earlier in this section for the popular arrangements, namely the default lifestyle strategy set out above. Some of the funds used in the default strategy provided incomplete data and no modelling or estimations have been used to add to this data. However, modelling and estimations may have been included in the data provided by the investment provider.

The Trustee, via the investment adviser, asked the investment provider why data gaps remain and what steps they're taking to address these gaps. The Trustee hasn't populated any data gaps with estimated data given the lack of a reliable means to arrive at meaningful estimates for the missing data at the current time. No data has been treated as unobtainable by the Trustee.



Emissions data and company fundamental data is sourced from third-party data vendors. Coverage for eligible assets will not always be 100%. Reasons for this include a particular company not publishing its carbon emissions data or the correct mapping not being found between a bond and its parent company to apply the correct carbon data to the correct company. The Trustee has reported coverage of metrics where the investment manager discloses this information, and we continue to liaise with the investment provider to address limitations in coverage of different asset classes.

Emissions data and company fundamental data is sourced from third-party data vendors. Coverage for eligible assets will not always be 100%. Reasons for this include a particular company not publishing its carbon emissions data or the correct mapping not being found between a bond and its parent company to apply the correct carbon data to the correct company. The Trustee has reported coverage of metrics where the investment manager discloses this information, and we continue to liaise with the investment provider to address limitations in coverage of different asset classes.

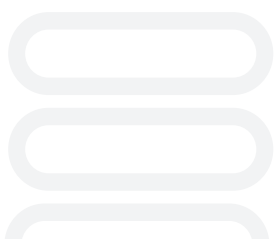
Emissions data was available for 98% of holdings of equity funds and 79% of holdings of the multi-asset exposure. Fixed income coverage was 68% but represents a relatively small proportions of Plan assets. The multi-asset fund also has an allocation to government bonds as well as private markets. Given the current limitations on emissions reporting relating to sovereigns and private market assets during the reporting period, it's likely that the DC Section's actual emissions are greater than reported. Where there are gaps in metrics reporting, the Trustee is working with the investment provider to improve data reporting.

The Trustee has no reason to believe that any of the data provided by the investment managers relating to greenhouse gas emissions or carbon footprint is of uncertain quality.

4.2 Climate-related metrics collected for the DB Section

Last year's information is shown in [pink](#).

During the reporting period, due to the agreed upon investment strategy changes being implemented, the TCFD metrics presented for the current reporting year for the LDI, credit and equity funds are not directly comparable with the equivalent figures disclosed in the 2024 report.



Portfolio	Manager	Assets at 30 Sep 2025 (£m)	Emissions (tonnes CO ₂ e)		Carbon footprint (tonnes CO ₂ e per £m invested)		Data quality (% reported/estimated/unavailable)		Science-based targets
			Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	
LDI	L&G AM	205.1	87,959	99,380	142	160	100/0/0	100/0/0	100% ¹
Buy-in	LGAS ²	202.0	10,504	–	52	–	100/0/0	65%	– ³
			12,722	–	57	–	100/0/0	–	– ³
B&M credit	L&G AM	100.4	3,429	22,816	33	220	91/9/1	0/99/1	57%
Short dated credit	L&G AM	61.6	541	9,343	13	212	58/11/31	0/72/28	24%
Equity	L&G AM	49.8	758	13,728	16	281	91/7/2	0/98/2	55%
		49.7	6,260	44,413	128	908	92/7/2	0/98/2	47%
Secure income	WTW	39.2	1,726	3,254	44	83	76/15/9	71/0/29	9% ⁴
			3,293	–	52	–	63/27/10	–	48% ⁵
Diversifying strategies	Credit Suisse	1.5	Could not provide data due to the nature of the asset class						
Private markets	Cabot Square	25.2	Data was provided by Cabot Square and reviewed by the ISC, but the ISC are not permitted by Cabot Square to disclose this information publicly						
	Nuveen	17.9	191	1,667	10	90	0/100/0	0/100/0	No data
			119	1,453	7	82	0/100/0	0/100/0	No data
	Axiom Asia	2.0	Axiom Asia has not provided TCFD metrics and has no plans to do so						
	CDH Investments (Fund II)	16.5	380,671	–	17,901	–	0/100/0	–	No data
				206,896	–	12,236	–	2/98/0	–
CDH Investments (Fund III)	7.2	Could not provide data due to assets being close to realisation							
	RECAP	3.7	Data was provided by RECAP and reviewed by the ISC, but the ISC are not permitted by RECAP to disclose this information publicly						
Cash		12.9	Not applicable						

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¹ The UK has a target of net zero by 2050 written into law, with carbon budgets based on advice from the Independent Committee on Climate Change (ICCC), so UK government bond exposure has been treated as having a credible science-based target.

² Legal and General has provided data for its annuity portfolio excluding cash and derivatives. It uses proxies where complete data isn't available. The Plan's total emissions have been estimated as the carbon footprint per £m invested, multiplied by the value of the Plan's policy. For sovereign bonds, a normaliser has been used consistent with EVIC for corporate bonds and equities. The policy value has been sourced from Northern Trust as at 30 September 2025. The science-based targets metric is the proportion of companies whose targets had been validated by the SBT initiative using the latest data available in October 2025, for portfolio holdings at 30 September 2025.

³ LGAS have confirmed that they no longer publish SBT data for their annuity portfolio.

⁴ SBT alignment data as at 31 March 2025.

⁵ Data based on IIGCC methodology for real assets. Towers Watson Secure Income Fund level data has been estimated from overall portfolio level emissions.

Changes over the Plan year

As set out in previous sections, there were significant changes implemented to the investment strategy over 2025.

As such the climate metrics collected for the following allocations over 2025 are not directly comparable with the metrics collected over 2024:

- LDI
- Buy and Maintain Credit
- Short-dated Credit
- Equity

For the remaining allocations, there has been a general trend in improvement in the overall climate metrics collected for the Plan.

Overall, the coverage for a majority of the assets remains high, with a significant proportion of mandates being able to report on SBT alignment.

While some of the managers were unavailable to provide data this year, a majority of the managers have provided the requested data, and the Trustee will compare this year's data with that provided next year when preparing next year's report.

For the Plan's equity assets, data quality is high, with a large proportion of assets having reported emissions, which helps to give a clearer indication of where risks are concentrated in the portfolio. The Low Carbon Transition Fund (LCTF) has lower emissions and carbon footprint compared to the RAFI strategy, reflecting its design and focus on companies better positioned for the transition to a low-carbon economy. SBT alignment across both Funds remains moderate.

The Plan's credit portfolios show differing levels of data coverage and climate target alignment. The B&M Credit Fund has high data coverage, and its level of SBT alignment is broadly in line with the wider market. However, the portfolio was being restructured at the time of reporting and the position may change as holdings evolve. The coverage and SBT alignment for the short dated credit fund is significantly lower. This reflects the fund's significant exposure to sovereign holdings.

Data availability for private managers continues to improve gradually as managers enhance their emissions reporting, though overall coverage remains lower than for listed assets. These portfolios are largely in run-off and new investment activity is minimal. As such, the emissions profile is relatively static, and opportunities to influence outcomes are limited.



4.3 Climate-related metrics collected for the DC Section

(Last year's information is shown in pink)

Portfolio	Manager	Assets at 30 Sep 2025 (£m)	Emissions (tonnes CO ₂ e)		Carbon footprint (tonnes CO ₂ e per £m invested)		Data quality (% reported/estimated/unavailable)		Science-based targets
			Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	Scope 1 & 2	Scope 3	
Equities	L&G AM RAFI Global Reduced Carbon Pathway Index	£91.6m / 17.5%	11,550	81,942	128	908	92/6/2	0/98/2	46.1
		£62.4m / 14.3%	8,712	82,093	140	1,321	96/2/2	66/33/1	41.5
		£183.3m / 35.0%	11,396	84,873	63	470	91/8/1	0/99/1	46.0
Equities	L&G AM MSCI ACWI Thermal Coal Exclusions Adaptive Capped ESG Index	£124.8m / 28.5%	9,075	133,146	73	1,078	90/6/4	57/41/3	42.4
		£183.3m / 35.0%	2,778	50,338	16	281	91/7/2	0/98/2	54.1
		£124.8m / 28.5%	2,011	74,220	16	595	92/4/4	69/29/1	47.2
Multi-asset	L&G AM Diversified Fund	£29.3m / 5.6%	1,580	9,582	82	497	59/7/34	0/66/34	27.8
		£97.6m / 22.3%	10,053	64,944	93	858	68/7/25	39/27/35	27.1
Multi-asset	Nordea Diversified Fund ¹	£15.2m / 2.9%	157	2,134	11	153	91/1/8	2/90/8	73.1
		£5.1m / 1.0%	80	860	44	334	70/7/23	0/77/23	30
Fixed income	BlackRock Sterling Short Duration Credit Fund	£13.3m / 3.0%	359	3,301	49	403	66/16/18	0/83/17	34.6
		£5.2m / 1.0%	176	2,367	59	802	53/5/42	50/7/43	13

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¹ As these funds were added during the Plan year, this is the first year we're reporting metrics data, so there's no comparator from the previous year.

Changes over the Plan year

Equities

A material proportion of companies in the L&G AM RAFI Global Reduced Carbon Pathway Index (c46%), the L&G AM MSCI ACWI Adaptive Capped ESG Index (c46%) and the L&G AM Low Carbon Transition Global Equity Index (c54%) have made commitments to align with SBTi. Carbon footprints for all equity funds have declined over the Plan year. A declining carbon footprint reduced exposure to regulatory and reputational risks, potentially impacting on valuations and member outcomes. Relative to reporting in the previous Plan Year, the coverage for each of the listed equity funds has increased, with a minimal amount of data still unavailable.

Multi-asset

Since the previous Plan year, there's been an decrease in Scope 1+2 Carbon Footprint of the L&G AM Diversified Fund but also a decrease in coverage. The coverage of the L&G AM Diversified Fund (c66%) has decreased by c15% since the previous Plan Year. We believe this is due to the exclusion of sovereign emissions in the previous Plan year resulting in less meaningful conclusions. The Nordea Diversified Return Fund exhibits a low overall carbon footprint along with high coverage and SBTi exposure.

4.4 Target

The Trustee has set the following target:

Target	DB Section coverage	Reference data
80% of the corporate bonds and listed equities of the DB Section to have set SBT by 2030	Corporate bonds and listed equities (around 31% of total DB assets at 30 September 2025)	30 September 2025

In January 2024, the Trustee set a DC-specific climate target:

Target	DC Section coverage	Reference data
70% of the listed equities in the default strategy of the DC section to have set SBT by 2030	Listed equities (around 88% of total DC assets at 30 September 2025)	30 September 2023

These targets were chosen as the metric is forward-looking and focused on the transition that needs to occur in the future in order to achieve net-zero aims globally. It is also consistent with the Trustee's aspiration to achieve net-zero emissions by no later than 2050.



Achieving the above targets will improve the relevant assets' alignment with a 1.5°C pathway, which is expected to help manage climate-related risks to the Plan by:

- Reducing exposure to climate transition risks in the shorter-term by keeping up with a general market trend.
- Supporting collective action to meet the Paris Agreement goals, hence reducing longer-term systemic risks from the physical effects of climate change.

Performance against the targets as at 30 September 2025

The climate reporting carried out for the Plan during the year included an assessment of the current alignment with the above target. Of the DC Section's listed equities, c.49% had set SBTs by 30 September 2025 (compared to 44% in September 2024), based on information provided by the investment managers. The Trustee was pleased with the progress against the target for the DC section, which was ahead of the annual progress required to achieve the target. The DC section is currently on track to achieve the target

For the DB Section, the Plan had previously set a target to achieve 80% alignment with SBTs across its buy and maintain credit portfolio by 2025. Whilst progress was made during the period, this target was not achieved by the original deadline.

Given the strategic changes in the DB Section, in November 2025, the Trustee agreed to revise the target to reflect the new investment strategy. The Trustee agreed to retain the 80% SBT alignment target but to extend the timeframe to 2030, consistent with the timeline already in place for the DC Section. The scope of the target has also been broadened to reflect the Plan's current investment strategy, and now covers the buy and maintain credit portfolio, the short-dated credit fund and the two listed equity funds.

The following steps are being taken to achieve the target

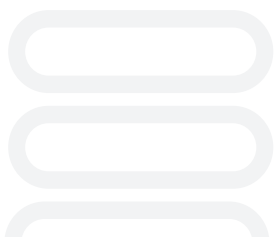
The ISC expects the targets to be achieved via engagement with investment managers, and by the investment managers with security issuers within their portfolios on the Trustee's behalf. The ISC, with help from its investment adviser, has communicated the targets to the relevant investment managers for the Plan and receives information on how the target is considered in the buy and maintain credit fund's investment process. The ISC monitors progress against the target using reporting provided by the investment manager.

Investment managers are routinely invited to present at ISC meetings as part of the existing monitoring process. When meeting with the Plan's investment managers, the Trustee will ask the manager how they expect the proportion of portfolio companies with SBTi-validated targets to change over time and encourage the manager to engage with portfolio companies about setting SBTs, prioritising those with the highest carbon footprint. Where relevant, the ISC will ask the manager about equivalent methods of assessing whether emissions reduction targets are science-based, for example, for holdings for which SBTi validation is not available or not well suited, with a view to extending the coverage of the SBT metric.

The Trustee will review progress towards the targets each year and consider whether additional steps are needed to increase their chance of meeting the targets, or whether the targets should be revised. The Trustee considers that the revised DB Section target and the existing target for the DC Section target remains appropriate. No further changes were made to the targets beyond those detailed above.

Net-zero aspiration

In December 2022, the Trustee also set an aspiration to achieve net-zero emissions by no later than 2050. We're considering the steps to take to work towards this aspiration, which will include engaging with the Plan's investment managers to support the transition to a net-zero economy.



Appendix 1: Greenhouse gas emissions

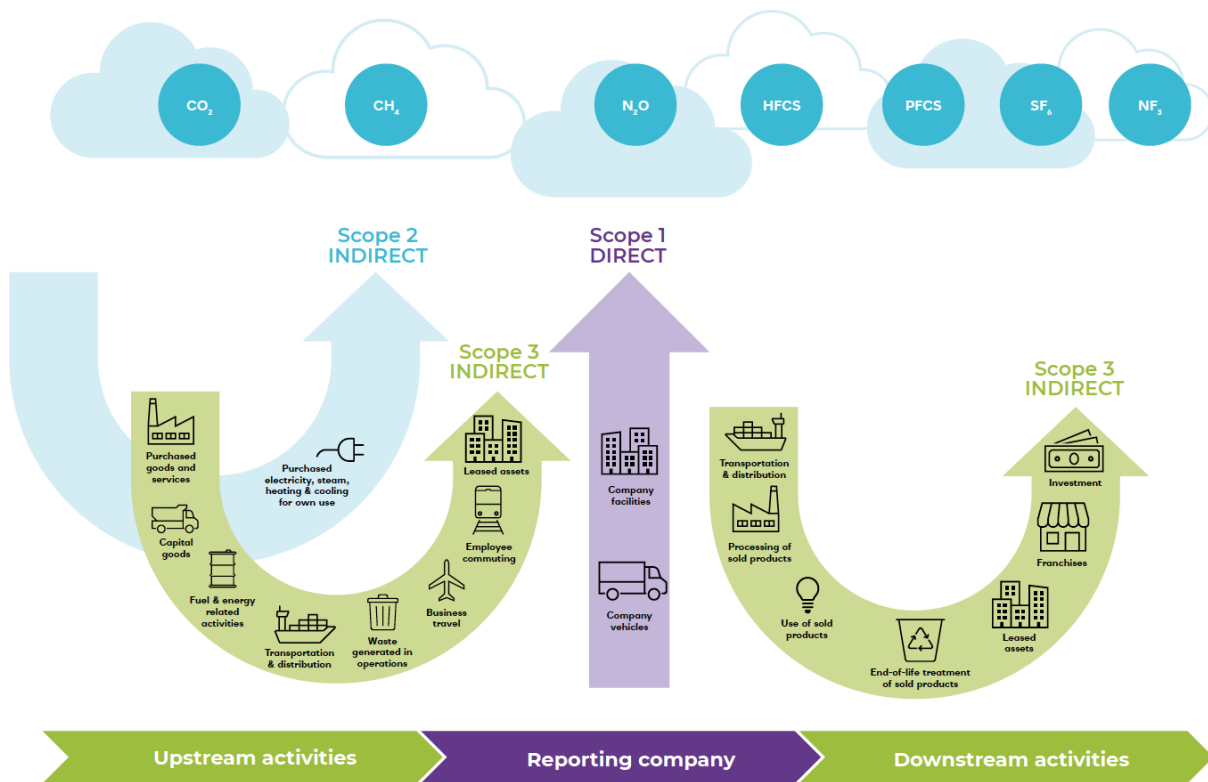
Within the Metrics and targets section of this report, the emissions metrics relate to seven greenhouse gases – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The figures are shown as ‘CO₂ equivalent’ (CO₂e), which is the amount of carbon dioxide that would be equivalent to the excess energy being stored by, and heating, the earth due to the presence in the atmosphere of these seven greenhouse gases.

The metrics related to greenhouse gas emissions are split into three categories: Scope 1, Scope 2 and Scope 3. These categories describe how directly the emissions are related to an entity’s operations, with Scope 1 emissions being most directly related to an entity’s everyday activities and Scope 3 referring to indirect emissions in an entity’s value chain. Scope 3 emissions often form the largest share of an entity’s total emissions but are also the has least control over.

Scope 1 greenhouse gas emissions are all direct emissions from the activities of an entity or activities under its control.

Scope 2 greenhouse gas emissions are indirect emissions from electricity purchased and used by an entity which are created during the production of energy which the entity uses.

Scope 3 greenhouse gas emissions are all indirect emissions from activities of the entity, other than Scope 2 emissions, which occur from sources that the entity does not directly control.



Source: GHG Protocol.

Appendix 2: Climate scenario analysis

Overview of the scenario modelling approach

In previous years, the Trustee sought to assess the impact of different scenarios by modelling the Plan's assets and liabilities in different climate scenarios. However, this analysis potentially underestimates physical risk impacts, for example climate tipping points are not well captured in the assumptions used, and shorter-term impacts from macroeconomic factors, such as geopolitical factors, are also not adequately reflected in the results. As such, the Trustee decided to use narrative-based scenarios to consider climate-related risks and opportunities that the Plan could be exposed in the future.

The three scenarios chosen are intended to be plausible, not worst case. These are only three scenarios out of countless others which have been considered; other scenarios could give better or worse outcomes for the Plan.

The results discussed in this report are based on macroeconomic data at 30 September 2025, calibrated to market conditions at 31 December 2025.

The Trustee was able to obtain all the necessary data required to identify potential impacts of the scenarios on all asset classes.

Overall, the Trustee believes the scenarios span a spectrum of potential outcomes and thereby satisfy the Trustee's regulatory obligations as shown below:

Requirements (guidance and legislation)	How narrative workshop session will meet the requirements
Trustees need to have an understanding of the scenarios used and to consider them over their chosen time horizons (short, medium and long term). Trustees should choose scenarios that reflect their reasoned assessment of plausible pathways and should not focus on scenarios that rely on progress, or otherwise, that they consider unlikely to happen.	Trustees will work through potential scenarios highlighting specific elements of the scenarios that are most relevant to them and over what time horizons they are relevant. The final scenarios that will be reported will be those agreed by the trustees as most relevant to their risks and opportunities as identified in the session.
Must use at least two scenarios with one having temperature rise between 1.5 and 2 degrees above pre-industrial levels, looking at both transition and physical risks and opportunities.	Session will ensure that a range of scenarios are considered, looking at transition risks and physical risks and how these result in financial impacts for the Scheme.
Trustees need to test the resilience of the investment and funding strategies against potential impacts of climate change on funding level, assets, liabilities and covenant.	Impacts on asset, liabilities and covenant will all be discussed during the session, highlighting the most significant potential impacts and opportunities, with the Trustees able to identify actions to mitigate against these.
Trustees should assess any steps which might be taken because of the temperature increase – by governments or otherwise – in their chosen scenarios.	With clarity on the mitigation options available, the Trustees will be able to assess how resilient they consider the Scheme to be (both for funding and for their investments), now and in the future.



Potential impacts on the Plan under the scenarios

The Trustee considered the different climate scenarios and the expected impact of each on the DB and DC Sections of the Plan.

- In the context of the scenarios used to consider climate risks and opportunities, the ISC identified:
 - Financial risks in the Plan that they are working to assess in more detail to enable them to consider diversification options to help mitigate these risks; and
 - Significant systemic risks to the assets (DB and DC), liabilities and funding strategy that are difficult to mitigate, and therefore need collective action to reduce the potential for these risks to develop.
- Overall, the ISC agreed that the Plan has resilience to some risks, can work to reduce the impact of some risks, but also that resilience to more extreme risks is limited.

For the DC Section, members are expected to be impacted in different ways depending on the investments held, contribution rate, fund value and proximity to retirement.

We have produced an analysis under the new narrative-based climate scenarios in November 2025.

In general, the default strategy has been designed in a way which reduces investment risk as members approach retirement. Climate risks are generally expected to have the greatest impact on return-seeking assets such as equities. In the default strategy, exposure to these assets is reduced as members approach retirement, which should help to reduce their exposure to climate risks.



Appendix 3: Assessment of the managers' practices

The assessment of the funds in the portfolio was based on LCP's ongoing investment research and monitoring process, with each fund being awarded a climate rating:

- **Green** – strong
- **Amber** – moderate
- **Red** – weak.

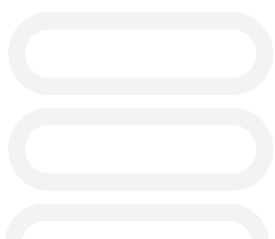
In addition to the above, each asset class was assigned a climate risk tier based on the following scoring criteria:

- Availability of data
- Overall carbon intensity
- Presence of climate opportunities.

DB Section

Asset class	Climate rating
Fixed income	Bespoke guidelines for L&G AM Buy and Maintain credit (further information below) Green for L&G AM Net Zero Short Dated credit
Equities	Green for L&G AM low carbon and Amber for L&G AM RAFI Fundamental
Property and secure income	Amber for TW Secure Income
LDI	N/A
Private markets	Red for Axiom Asia, CDH and CS Capital Partners Amber for Real Estate Capital Asia Partners Green for Nuveen

Particular emphasis was placed on the longer-term investments in the segregated buy and maintain corporate bond, where climate risk is particularly pertinent. There is also greater scope to mitigate climate risk within this asset class, as the Plan has a segregated buy and maintain credit portfolio (and thus greater scope to dictate to the investment manager how this portfolio is managed).



Buy and maintain corporate bonds

The ISC agreed on certain guidelines in the investment manager agreement for the Buy and Maintain credit portfolio to address climate risk within this portfolio, in addition to broader ESG risks. As set out before, the mandate as transitioned across from BlackRock to L&G AM during the Plan year and subsequently restructured in line with L&G AM's investment process.

The portfolio targets climate alignment with the Paris Agreement (well below 2°C, aiming for 1.5°C) and seeks to align with the United Nations Sustainable Development Goals (SDGs), with a specific interim temperature alignment target of 1.5°C by December 2030.

The mandate also has restrictions on certain types of investments with significant ESG concerns, including issuers with negative SDG scores, those involved in controversial weapons, coal and tobacco, certain subordinated, private or unrated debt, and Cummins securities.

L&G AM is responsible for ongoing monitoring of compliance with these climate and ESG restrictions and will exit positions that breach restrictions within specified timeframes — for example, within three months for ESG breaches.

As the mandate was only appointed during the Plan year, no full-year progress data is available at this stage. The Trustee will monitor progress against the mandate's climate and ESG objectives periodically.

In November 2025, the Investment Adviser recommended that the ISC consider adding an engagement target to Investment management agreement, and explore further ways in which the portfolio's guidelines could support the achievement of the DB Section's target to increase the proportion of corporate bond assets with science-based targets to 80% by 2030 (This target is not formally part of the corporate bond manager's investment management agreement).

On the advice of its investment adviser, the Trustee is satisfied that the overall climate and SDG alignment targets are in line with market practice, providing a clear direction for the portfolio's long-term decarbonisation.

Equities

The L&G AM RAFI Fundamental has a 'moderate' climate risk management rating due to their scenario-aligned decarbonisation targets and ESG exclusions on some of the equity allocations. However, at the time of reporting, they did not have to mitigate climate-related risks specifically or seek climate-related opportunities within the fund.

The L&G AM LCTF has a 'strong' climate risk-management rating due to its strong climate credentials. The overall impact on the portfolio is material given the 70% reduction in emissions intensity on day one (60% for UK) and this is achieved in a risk-controlled way via sector and stock constraints.



Property and secure income

The Secure Income Fund was awarded a 'moderate' climate-risk management rating. Managing climate risks is an increasing area of focus for property managers. Given the Plan's full redemption request and with redemption proceeds being received over 2025, no further action was recommended by the investment adviser.

Other mandates

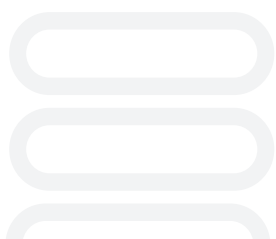
Climate-related risks were also considered for the other mandates within the portfolio, but no actions were agreed due to challenges associated with the asset classes from a climate-risk perspective:

- LDI mandate: there is no integrated climate-risk management within the investment process. The gilts and swaps hedging assets are a difficult area for managers to integrate climate-risk management.
- Private markets: the majority of the funds were awarded a 'weak' climate-risk management rating, while some received a 'moderate' or 'strong' rating. This was as expected as generally amongst private asset funds, the level of climate risk integration is lower than for listed assets. Due to the closed-ended nature of the investments, with the funds no longer making new investments, no further action was agreed.

DC Section

Asset class	Climate rating
Equities	Amber (Green for L&G low carbon, red for the MSCI ACWI and amber for L&G RAFI Fundamental)
Ethical equities	Amber
Multi-asset	Green
Fixed income	Amber (Green for short duration credit fund and amber for total return credit fund and for annuity tracking fund)
Property	Green

There is a reasonably high degree of climate-related risk associated with the funds in the DC Section. There is scope for improvement in the equity allocation, as equities are the asset class where the greatest level of ESG integration has occurred.



The funds in the DC Section were also allocated a red, amber or green climate rating as detailed above. Overall, the funds available to members in the DC Section have mixed ratings for their climate considerations.

Equities

The L&G RAFI Fundamental has a moderate rating due to their scenario-aligned decarbonisation targets and ESG exclusions on some of the equity allocations. However, at the time of reporting, they did not have to mitigate climate-related risks specifically or seek climate-related opportunities within the fund. The passively managed ethical equity fund has an amber rating, given the index that the fund tracks doesn't have specific climate objectives.

Fixed income

The annuity-tracking fund has an amber rating, given the changes to this fund over the previous year, which included incorporating ESG tilts as well as ESG exclusions. The total return credit fund has an amber rating because climate risk is clearly monitored and considered in analysis, but does not appear to be fully embedded or consistently influential in portfolio-level decision-making.. The short duration credit fund has a green rating as climate-related risks and opportunities are incorporated into security analysis and can positively influence investment selections.

Property

There is one property fund available to members. There is a good level of ESG incorporation within the fund's decision-making processes with explicit ESG steps within the due diligence and portfolio monitoring procedures. The fund has a net-zero operational carbon target for its property business and the team has set net-zero pathways for underlying properties within the fund. Overall, the manager is making progress on ESG issues, although as with most property managers, further ongoing and meaningful progress is needed in the years ahead.



Appendix 4: Climate governance statement

The Trustee's statement on the governance of climate-change risks and opportunities was finalised in May 2022 and updated in February 2025.

The Trustee of the Cummins UK Pension Plan (the Trustee) has ultimate responsibility for ensuring effective governance of climate-change risks and opportunities in relation to the Cummins UK Pension Plan (the Plan). This statement documents the governance processes the Trustee has put in place to ensure that it has oversight of the climate-related risks and opportunities relevant to the Plan, and that it can be confident that its statutory and fiduciary obligations are being met.

Overview of approach

Climate change is a financially material factor for the Plan. It represents a systemic risk to society, the economy and the financial system, although the transition to a low-carbon economy also presents opportunities. These risks and opportunities have the potential to impact the Plan's investments, sponsoring employer and funding position. The ISC, on behalf of the Trustee board, identifies, assesses and manages them and does so with support from the Trustee secretary and the Trustee's external advisers.

Trustee knowledge and understanding

It is essential that the Trustee directors have sufficient knowledge and understanding of climate change, and related risks and opportunities, to fulfil their statutory and fiduciary obligations. The Trustee will consider what climate-change training is likely to be required over the coming year when setting its annual business plan, incorporating training sessions as appropriate. These sessions typically include an annual update on recent developments, with interim training on any time-critical developments. They may also include training in support of specific agenda items at Trustee or ISC meetings.

A list of the training undertaken is documented in the Trustee's training log.

Roles and responsibilities

Trustee chair

It is the Trustee chair's responsibility, with support from the Trustee secretary and ISC chair, to ensure that sufficient time is allocated for consideration and discussion of climate matters by the Trustee, the ISC and its advisers.



Trustee

In broad terms, the Trustee is responsible for:

- Ensuring the Trustee directors have sufficient knowledge and understanding of climate change to fulfil their statutory and fiduciary obligations and are keeping this knowledge and understanding up to date. This includes knowledge and understanding of the principles relating to the identification, assessment and management of climate-related risks and opportunities for the plan.
- Putting effective climate governance arrangements in place.
- Determining the short, medium and long-term periods to be used when identifying climate-related risks and opportunities for the plan.
- Identifying and assessing the main climate-related risks and opportunities for the plan over these time periods and documenting the management of them.
- Incorporating climate-related considerations into strategic decisions relating to the plan's funding arrangements.
- Incorporating climate-related considerations into the plan's risk register and integrated risk management (IRM) framework.
- Allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant.
- Ensuring that the plan's actuarial, investment, covenant and legal advisers have clearly defined responsibilities in respect of climate change, that they have adequate expertise and resources, including time and staff, to carry these out, that they are taking adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising, and that they are adequately prioritising climate-related risks.
- Considering and documenting the extent to which responsibilities are included in the investment consultants' strategic objectives.
- Communicating with Plan members and other stakeholders on climate change where appropriate, including public reporting in accordance with The Occupational Pension Plans (Climate Change Governance and Reporting) Regulations 2021, The Occupational and Personal Pension Plans (Disclosure of Information) Regulations 2013 (together TCFD reporting¹) when required.

¹ Note that, for convenience, this governance statement refers to the reporting requirements under the climate regulations (which are based on the recommendations of the Taskforce on Climate-related Financial Disclosures) as 'TCFD reporting'; although in practice, it is recognised that the recommendations of the TCFD may change over time and may not always be aligned with the statutory requirements applying to the Plan.



The Trustee has delegated consideration of some climate-related matters to the ISC, as outlined below.

ISC

In broad terms, the ISC is responsible for:

- Incorporating climate-related considerations into strategic decisions relating to the Plan's investments.
- Ensuring that the Plan's investment managers are managing climate-related risks and opportunities in relation to the Plan's investments, and have appropriate processes, expertise and resources to do this effectively.
- Selecting and regularly reviewing metrics to inform the Trustee's identification, assessment and management of climate-related risks and opportunities and setting and monitoring targets to improve these metrics over time where appropriate.
- Progressing work associated with climate-change duties in the Pension Plans Act 2021.
- Considering implications of the Pension Plans Act 2021 for governance of the Plan, for example updates to the SIP.
- Considering wider workstreams associated with RI and ESG matters as appropriate.

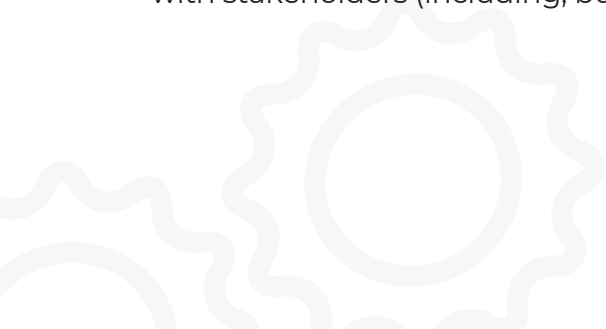
In addition, the ISC assists the Trustee where appropriate concerning the fulfilment of its responsibilities outlined above, including but not limited to the investment aspects of:

- Identifying and assessing the main climate-related risks and opportunities for the Plan over the short, medium and long term, and documenting the management of them.
- Incorporating climate-related considerations into the Plan's risk register and IRM framework.
- Considering and documenting the extent to which responsibilities are included in the investment consultants' strategic objectives.
- Communicating with Plan members and other stakeholders on climate change where appropriate, including TCFD reporting.

Actuarial adviser

In broad terms, the Plan's actuarial adviser is responsible, as requested by the Trustee or ISC, for:

- Advising how climate-related risks and opportunities might affect the Plan's funding position over the short, medium and long term, and the implications for the Plan's funding strategy, long-term objective and journey plan.
- Working with the Trustee's other advisers to assist the Trustee in incorporating climate change in its governance arrangements, risk register, IRM framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.



Investment adviser

In broad terms, the Plan's investment adviser is responsible, as requested by the Trustee or ISC, for:

- Providing training and other updates to the Trustee and ISC on relevant climate-related matters.
- Helping the ISC to formulate its investment beliefs in relation to climate change and reflecting these in the Plan's investment policies and strategy.
- Advising how climate-related risks and opportunities might affect the different asset classes in which the Plan might invest over the short, medium and long term, and the implications for the Plan's investment strategy and journey plan.
- Advising the ISC on the appropriateness and effectiveness of the Plan's investment managers' processes, expertise and resources for managing climate-related risks and opportunities, given the trustee's investment objectives and beliefs, and engaging with the managers to improve the Plan's climate-related integration over time.
- Assisting the Trustee and ISC in incorporating climate change in the Plan's investment monitoring.
- Advising on the inclusion of climate change in the Plan's governance arrangements, risk register and IRM framework, working with the Trustee, the ISC and the other advisers as appropriate.
- Assisting the ISC in identifying, monitoring and using suitable climate-related metrics and targets in relation to the Plan's investments, including liaising with the Plan's investment manager regarding provision of the metrics.
- Leading on the preparation of the Trustee's TCFD reporting and assisting with other communication with stakeholders in relation to climate change, working with the Trustee, the ISC and the other advisers as appropriate.

Covenant adviser

In broad terms, the Plan's covenant adviser is responsible, as requested by the Trustee, for:

- Considering in periodic covenant reviews how climate-related risks and opportunities might affect the Plan's sponsoring employer over the short, medium and long term and the implications for the Plan's journey plan.
- Noting in the Plan's covenant monitoring any changes in the policies and practices of the sponsoring employer relating to climate change, and the employer's progress against any climate-related targets it has set, working with the Trustee and the other advisers as appropriate.
- Working with the Trustee's other advisers to assist the Trustee in incorporating climate change in its governance arrangements, risk register, contingency planning and monitoring framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.

Legal adviser

In broad terms, the Plan's legal adviser will be approached, as appropriate, for assistance with:

- Providing training and other updates to the Trustee and ISC on relevant climate-related legal matters.
- Working with the Trustee's other advisers to assist the Trustee in incorporating climate change in its governance arrangements, risk register, IRM framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.
- Where requested, assisting in the documentation of any contractual requirements to be included in the arrangements with the Plan's investment manager with respect to the governance, management and reporting of climate-related matters, as appropriate.

Investment managers

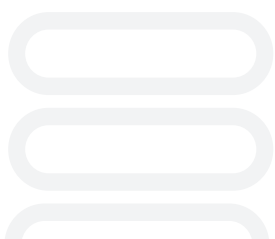
In broad terms, the Plan's investment managers are responsible for:

- Identifying, assessing and managing climate-related risks and opportunities in relation to the Plan's investments, in line with the investment management arrangements agreed with the ISC
- Exercising rights (including voting rights) attaching to the Plan's investments and undertaking engagement activities in respect of those investments in relation to climate-related risks and opportunities in a way that seeks to improve long-term financial outcomes for Plan members
- Reporting on stewardship activities and outcomes in relation to the Plan's investments on an annual basis, wherever feasible
- Providing information to the Plan's investment adviser on climate-related metrics in relation to the Plan's investments, as agreed from time to time, and using their influence with investee companies and other parties to improve the quality and availability of these metrics over time.

Nature and frequency of monitoring

The Trustee and ISC consider a range of different information about the climate-change risks and opportunities faced by the Plan to enable them to fulfil their responsibilities set out on the previous pages.

The governance sub-committee (GSC) will receive and review the Plan's risk register periodically, following review and updates from its advisers. This document will incorporate climate-related risks and opportunities as appropriate, in accordance with the roles and responsibilities set out on the previous pages.



Annual review

At one or more meetings each year, the ISC will review, revise (where appropriate) and approve:

- Its governance arrangements in relation to climate change.
- Its draft TCFD reporting.
- Data on ESG metrics for the Plan's investments from its investment advisers, including at least three climate-related metrics, and performance against any targets set in relation to these metrics.
- Whether to retain or replace any targets set in relation to these metrics.
- Whether it is appropriate to carry out scenario analysis that illustrates how the Plan's assets and liabilities might be affected under various climate-change scenarios in years when this is not required because it has been carried out within the previous two years.
- An update on the metrics in the Plan's IRM framework, following review by its advisers.
- The advisers' climate competency and assess how they have performed against their climate responsibilities.
- The Plan's risk register, following review and updates from the GSC and/or advisers.

Less frequent reviews

The Trustee, with help from the ISC where appropriate, will consider climate-related risks and opportunities whenever the following activities are undertaken:

- Actuarial valuation of the Plan.
- Review of the Plan's investment strategy.
- Assessment of the sponsoring employer's covenant.

The Trustee, with help from the ISC where appropriate, will also at least every three years, and following any major changes in the Plan's position, review:

- Its choice of short, medium and long-term time periods to be used when identifying climate-related risks and opportunities to the Plan.
- The results of scenario analysis that illustrates how the Plan's assets and liabilities might be affected under various climate-change scenarios, along with commentary on the potential impacts for the sponsoring employer and the implications for the resilience of the Plan's funding and investment strategies.
- Its choice of metrics to inform the Trustee's identification, assessment and management of climate-related risks and opportunities.

Whenever reviewing agreements with external advisers or appointing new advisers, the Trustee will consider and document the extent to which the advisers' climate-related responsibilities are included in the agreements and/or any adviser objectives set.



Appendix 5: Glossary

Actuarial valuation – An accounting exercise to estimate future liabilities arising out of benefits that are payable to members of a DB pension scheme, typically once every three years.

Alignment – In a climate-change context, the process of bringing greenhouse gas emissions in line with 1.5°C temperature rise targets. It can be applied to individual companies, investment portfolios and the global economy.

Asset class – A group of securities which exhibit broadly similar characteristics, for example equities.

Avoided emissions – Reductions in greenhouse gas emissions that occur outside of a product's lifecycle of value chain, but as a result of the use of that product. For example, emissions avoided through use of a wind turbine or building insulation.

Bond – Essentially a loan, a bond is security issued to investors by companies, governments and other organisations. An investor normally expects to receive a series of regular interest payments plus, at maturity, a final lump sum payment, typically equal to or higher than the amount invested originally.

Buy-in – A bulk annuity contract with an insurance company, covering a proportion of a DB pension scheme's expected future benefit payments. Held as an asset by the scheme, it allows trustees to reduce investment risk.

Buyout – When a DB pension scheme's liabilities are entirely covered by bulk annuity contracts, and the insurer becomes responsible for meeting pension benefits where individual policies are allocated to each member. Following a full buyout, (covering all the scheme's members) and having discharged all of the trustees' liabilities, the scheme would normally be wound up.

Carbon emissions – The release of carbon dioxide, or greenhouse gases more generally, into the atmosphere, for example from the burning of fossil fuels for power or transport purposes.

Carbon footprint – In an investment context, the total carbon dioxide or greenhouse gas emissions generated per amount invested by an investment fund.

Climate-change adaptation – Steps taken to adjust to the physical effects of climate change such as improving flood defences and installing air conditioning.

Climate-change mitigation – Steps taken to limit climate change by reducing greenhouse gas emissions, for example by shifting to renewable sources of energy, such as solar and wind, and by using less energy and using it more efficiently.

Covenant – The ability and willingness of the sponsor to make up any shortfall between a DB scheme's assets and the agreed funding target.

Credit – Long-term debt issued by a company, also known as corporate bonds.



Defined benefit (DB) – A type of pension scheme where benefits are based on a defined formula, linked to salary. The sponsor bears the risk that the value of the investments held under the Plan fall short of the amount needed to meet the benefits.

Defined contribution (DC) – A type of pension scheme where benefits are based on the contributions paid in and investment returns achieved. In contrast to a DB scheme, the individual member bears the risk that the savings held are insufficient to meet the desired benefits.

Debt – Money borrowed by a company or government which normally must be repaid at some specified point in the future.

Default strategy – The fund or mix of funds in which a DC member's contributions are invested if the member doesn't make a specific choice.

Environmental, social and governance (ESG) – An umbrella term that encompasses a wide range of factors that may have been overlooked in traditional investment approaches. Environmental considerations might include physical resource management, pollution prevention and greenhouse gas emissions. Social factors are likely to include workplace diversity, health and safety, and the company's impact on its local community. Governance-related matters include executive compensation, board accountability and shareholder rights.

Equities – Shares in a company, giving the purchaser part-ownership and entitled to dividend payments, after other obligations are first paid.

Ethical investment – An approach that selects investments on the basis of an agreed set of ESG criteria, motivated by ethical considerations.

Fiduciary obligations – A legal obligation of one party (a fiduciary) to act in the best interest of others. Fiduciaries are entrusted with the care of money or property on behalf of others. They include pension scheme trustees.

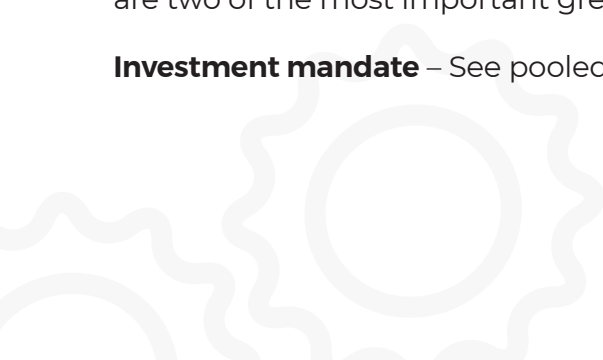
Fossil fuels – Fuels made from decomposing plants and animals, which are found in the Earth's crust. They contain carbon and hydrogen, which can be burned for energy. Coal, oil, and natural gas are examples of fossil fuels.

Funding position – A comparison of the value of assets with the value of liabilities of a DB pension scheme.

Gilts – Bonds issued by the UK government. They are called gilts as the bond certificates originally had a gilt edge to indicate their high quality and thus very low probability of default.

Greenhouse gas (GHG) emissions (Scope 1, 2 and 3) – Gases that have been and continue to be released into the Earth's atmosphere. They trap radiation from the sun which subsequently heats the planet's surface (giving rise to the 'greenhouse effect'). Carbon dioxide and methane are two of the most important greenhouse gases.

Investment mandate – See pooled mandate and segregated mandate.



Integrated risk management – An approach used by DB pension scheme trustees to identify, manage and monitor the wide range of risks (relating to investment, funding and covenant) which might impact the chances of meeting their scheme's overall objectives.

Liabilities – Obligations to make a payment in the future, for example pensions promised to DB scheme members.

LDI (liability driven investment) – An investment approach which focuses on matching the sensitivities of a DB pension scheme's assets to those of its underlying liabilities in response to changes in factors such as interest rate and inflation expectations.

Net zero – The situation in which total greenhouse gas emissions released into the atmosphere are equal to those removed.

Offsetting – The process of paying someone else to avoid emitting or to remove from the atmosphere a specified quantity of greenhouse gases, for example through planting trees or installing wind turbines.

Paris Agreement – An international treaty on climate change, adopted in 2015. Its primary goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Physical risk Climate-related risks that arise from changes in the climate itself. They include risks from storms and flooding, as well as rising temperatures and changing rainfall patterns.

Pooled mandate – A feature of a collective investment vehicle whereby an investor's money is grouped (pooled) with that of other investors to purchase assets. Investors are allotted 'units' – a share of those assets in proportion to their contribution. Pooled funds offer smaller investors an easy way to gain exposure to a wide range of investments.

Portfolio alignment metric – Measures how aligned a portfolio is with a transition to a world targeting a particular climate outcome, such as limiting temperature rises to well below 2°C, preferably to 1.5°C, as per the Paris Agreement. Assessments using these metrics consider companies' and governments' greenhouse gas (GHG) emissions reduction plans and likelihood of meeting them, rather than current, or the latest reported, GHG emissions.

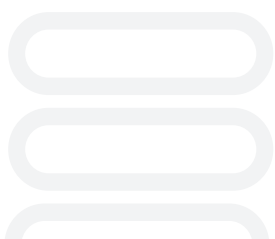
Responsible investment (RI) – The process by which environmental, social and governance (ESG) issues are incorporated into the investment analysis and decision-making process, and into the oversight of investments companies through stewardship activities.

Science-based targets – Targets to reduce greenhouse gas emissions that are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

Science-Based Targets initiative (SBTi) – An organisation that sets standards and provides validation for science-based targets set by companies and investors.

Scenario analysis – A tool for evaluating different ways in which the future may unfold.

Scope 1, 2 and 3 – A classification of greenhouse gas emissions.



Segregated mandate – An investment approach that ensures an investor’s investments are held separately from those of other investors. This approach offers flexibility to the investor who can stipulate the precise investment objective to be followed and dictate which securities may be held.

Self-select – In contrast with a default strategy in a DC pension scheme, a range of funds from which members can choose to invest in.

Stakeholder – An individual or group who has an interest in any decision or activity of an organisation. The stakeholders of a company include its employees, customers, suppliers and shareholders.

Statutory obligations – Those obligations not governed by a contract but imposed by law.

Stewardship The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. It is often implemented via engagement with investee companies and exercising voting rights.

Stranded assets – Assets that have suffered an unanticipated loss of value before the end of their expected useful economic life. The term is most often applied to fossil fuel investments in the context of climate policy, where legislative and market developments may result in assets being worth less than the value recorded on company balance sheets.

Sustainable investing – An approach in which an assessment of the environmental and social sustainability of a company’s products and practices is a key driver in the investment decision. ESG analysis therefore forms a cornerstone of the investment selection process.

Taskforce on Climate-related Financial Disclosures (TCFD) – A group of senior preparers and users of financial disclosures from G20 countries, established by the international Financial Stability Board in 2015. The TCFD has developed a set of recommendations for climate-related financial risk disclosures for use by companies, financial institutions and other organisations to inform investors and other parties about the climate-related risks they face.

Transition risk – Climate-related risks that arise from the transition to a low-carbon economy which may include changes in regulation, technology and consumer demand.



Appendix 6: Sections of the Plan

The Plan is made up of various sections, which we've grouped into the DB Section and the DC Section. The individual sections within these groups are listed below:

DC Section

The DC Section is made up of one section, with members building up defined contribution (money purchase) retirement savings. It is the only section of the Plan open to new members.

DB Section

The DB Section is made up of six smaller defined benefit sections, which include:

- CECL Section
- CECL Supplementary Section
- CUKL Executive Section
- Cummins Diesel Section
- Newage International Section
- PGI Section.

All of the DB sections are now closed to new members.



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