Cummins UK Pension Plan

Annual Report

Year ended 31 December 2024

Scheme Registration Number: 10244007

CONTENTS

TRUSTEE AND ITS ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2024

Corporate Trustee
Cummins UK Pension Plan Trustee Limited
Yarm Road
Darlington
County Durham
DL1 4PW

Trustee Directors
KN Moore (Chair)
A Waller (resigned 2 September 2024)
C Redden*
I Smith*
J Guyett*
J Rose (appointed 1 January 2025)
L Thornton
M Bruniges*
N Morton
P Bennett (resigned 31 December 2024)
S Stubbings*
SG Coughlan
SM Seslar (appointed 12 March 2024)
**Member nominated Directors*

Secretary to the Trustee Company
C White-Lewis

Plan Actuary
A Mandley F.I.A.
Willis Towers Watson

Plan Administrator
Isio Group Limited

Independent Auditors
PricewaterhouseCoopers LLP

Bank
Clydesdale Bank PLC (trading as Virgin Money)

Solicitors
Hogan Lovells

Investment Consultants
Lane Clark & Peacock LLP

Investment Managers
Axiom Asia Private Capital
BlackRock Investment Management (UK) Limited
Cabot Square Capital
CDH Investments
Credit Suisse
HSBC Global Asset Management
Legal & General Assurance Society (Insurance Policy) (DB)
Legal & General Investment Management Ltd
Nuveen TIAA-CREF Global Agriculture
SC Management (RECAP)
Towers Watson Investment Management

Investment Custodian
Northern Trust Company

AVC Providers
Aviva
Legal & General Assurance (Pensions Management) Limited
Prudential Assurance Company Limited

Group Life Insurers
MetLife

Sponsoring Employer
Cummins Limited
3rd Floor
Eastbourne Terrace
London
W2 6LG

Contact for Further Information
Isio Group Limited
PO Box 108
Blyth
NE24 9DY
Email: cummins.helpdesk@isio.com

INTRODUCTION

Cummins UK Pension Plan Trustee Limited (the "Trustee") presents the Trustee's Report for the year 1 January 2024 to 31 December 2024.

PLAN CONSTITUTION AND MANAGEMENT

The Plan

The Cummins UK Pension Plan (the "Plan") is governed by a Definitive Trust Deed and Rules dated 29 April 1999 and subsequent amendments. The Plan is provided for all eligible employees of the Cummins Inc Group in the UK. The Principal Company of the Plan is Cummins EMEA Holdings Limited ("the holding company").

The Plan provides a number of different levels of benefits to the different categories of members. The Plan has a Defined Benefit Section and a Defined Contribution Section.

The Sponsoring Employer

The Sponsoring Employer ("The Company") is Cummins Limited (Registered No. 00573951) as stated on page 2 of this Report.

The Trustee and its Role

The Plan is managed by a corporate Trustee, Cummins UK Pension Plan Trustee Limited (Registered No. 03762337) as stated on page 1 of this Report. This company was set up especially for this purpose.

The Trustee holds the assets of the Plan on behalf of the members, pensioners and other beneficiaries in a trust fund that is completely separate from the Employer's assets. Its role is to administer the Plan in accordance with the Trust Deed and Rules. The Trustee uses its best endeavours to manage funding and investments in the Defined Benefit Section to meet the liabilities of that section. For the Defined Contribution Section the Trustee aims to provide members with a range of good quality investment options.

Appointment of Trustee Directors

The Trustee is appointed and removed in accordance with the Trust Deed.

Individual directors are appointed and removed in accordance with the Memorandum and Articles of Association of the Cummins UK Pension Plan Trustee Limited.

The Pensions Acts 1995 and 2004 and the regulations made under them set out requirements regarding the appointment and selection of Member Nominated Trustees ("MNTs"). The Trustee has written to Plan members setting out details of the process in place in respect of the appointment of member nominated directors.

Trustee Directors during the year are shown on page 1 of this Report. As at 31 December 2024 there were 5 member nominated, and 5 employer nominated Trustee Directors. It is a legal requirement that at least one third of the Trustee Directors should be member nominated. The arrangements of the Plan are such that there will be up to 16 Trustee Directors, with up to 8 being member nominated and up to 8 being employer nominated. The Trustee are in the process of updating the arrangements to allow for up to 6 Trustee Directors to reflect the current composition.

PLAN CONSTITUTION AND MANAGEMENT (CONTINUED)

Plan Governance

The Trustee has established a Governance Committee to consider the key risks affecting the Plan and to develop and monitor the effectiveness of controls implemented to mitigate these risks.

Regulatory and Legislative Changes

The Trustee Directors are required to keep up-to-date with changes in pension regulations and legislation and have worked to ensure that the Plan and its administration comply with the Codes of Practice and guidance material issued by The Pensions Regulator and the Department for Work and Pensions during the year.

Company Guarantee

The Company has put in place a PPF guarantee whereby Cummins Limited and/or Cummins Generator Technologies Limited have underwritten PPF liabilities for all other participating employers in the event that they are unable to meet their liabilities.

Financial Statements

The financial statements included in this annual report are the accounts required by the Pensions Act 1995. They have been prepared and audited in accordance with regulations made under Sections 41 (1) and (6) of that Act.

MEMBERSHIP

Details of the membership of the Plan for the year are given below:

Defined Benefit Section

	Total 2024	Total 2023
Active Members		
Active members at the start of the year	448	*548*
Members retiring	(27)	*(46)*
Members leaving with preserved benefits and deferred retirements	(21)	*(52)*
Deaths	(1)	*(2)*
Active members at the end of the year	399	*448*
Pensioners		
Pensioners at the start of the year	4,323	*4,342*
Adjustments	8	*1*
Members retiring	141	*132*
Spouses and dependants	(26)	*(22)*
Pensioners who died	(138)	*(130)*
Pensioners at the end of the year	4,308	*4,323*
Deferred Pensioners		
Deferred pensioners at the start of the year	1,136	*1,179*
Adjustments	(4)	*(2)*
Members leaving with preserved benefits and deferred retirements	21	*52*
Deferred pensioners transferring out	(3)	*(4)*
Deferred pensioners retiring	(114)	*(86)*
Deferred pensioners who commuted their benefits	(1)	-
Deferred pensioners who died	(2)	*(3)*
Members with deferred benefits at the end of the year	1,033	*1,136*
Total Membership at the end of the year	5,740	*5,907*

Adjustments take into account member movements that occurred in the prior year, but were not confirmed until after the prior year's financial statements had been completed. Included within the pensioners above are 903 dependants (2023: 907). 3 pensioners' benefits are provided by income from annuities held in the name of the Trustee (2023: 3).

MEMBERSHIP (CONTINUED)

Details of the membership of the Plan for the year are given below:

Defined Contribution Section

	Total 2024	*Total 2023*
Active Members		
Active members at the start of the year	4,689	*4,544*
Adjustments	(1)	*(11)*
New members	654	*977*
New members – Life Assurance only	20	*18*
Deaths in service	(7)	*(4)*
Members retiring	(15)	*(14)*
Members leaving with no further benefits	(73)	*(54)*
Active members transferring out	(14)	*(7)*
Members leaving with refunds	(1)	*-*
Members leaving with preserved benefits and deferred retirements	(567)	*(760)*
Active members at the end of the year	4,685*	*4,689**
Deferred Pensioners		
Deferred pensioners at the start of the year	5,006	*4,417*
Adjustments	(1)	*8*
Members leaving with preserved benefits and deferred retirements	567	*760*
Leavers with refunds	(2)	*(2)*
Deferred pensioners transferring out	(168)	*(123)*
Deferred pensioners retiring	(63)	*(51)*
Pension sharing/divorce	-	*1*
Deferred pensioners who died	(7)	*(4)*
Members with deferred benefits at the end of the year	5,332	*5,006*
Total Membership at the end of the Year	10,017	*9,695*

*Includes 254 (2023: 235) Life Assurance Only members.

New entrants include auto enrolment members. All the members who subsequently opted out and received a refund are included in members leaving with contribution refunds.

Adjustments take into account retrospective member movements that occurred in the prior year, for which no advice was received until after the prior year's financial statements had been completed.

Financial development of the Plan

The financial statements on pages 24 to 52 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995. They show that the value of the fund has decreased from £1,391,053,000 as at 31 December 2023 to £1,319,794,000 as at 31 December 2024.

Pension increases

The pensions in payment were increased as follows during the Plan year:

Newage International Sections	3.0% on the pre 1997 benefit; 5.0% on the post 1997 benefit and 2.5% on the post 2006 benefit (GMP); 3.0% on the post 1988 GMP.
Cummins Diesel Section	3.0% on the Blackwood Hodge benefit; 3.0% on the pre 1997 benefit; 3.0% on the post 1988 GMP. 5.0% on the post 1997 benefit and 2.5% on the post 2006 benefit (GMP)
Cummins Engine Company Section	3.0% on the pre 1997 benefit; (GMP); 3.0% on the post 1988 GMP. 5.0% on the post 1997 benefit 2.5% on the post 2006 benefit
Power Group International Section	5.0% on the pre 2006 benefit in excess of the pre 1988 Guaranteed Minimum Pension (GMP); 3.0% on the post 1988 GMP 2.5% on the post 2006 benefit.
Ex-Blackwood Hodge Section	Fixed 3.0% on the pre 84 – 78 – **84.**

None of the above were discretionary increases, all being in accordance with the Plan rules.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Plan members on request.

Actuarial Position of the Plan

A summary of the funding position as at 1 January 2024, the date of the latest Triennial Actuarial Valuation of the Plan, shows the following:

	£m
The Statutory Funding Objective (SFO) in relation to the liabilities:	(921.2)
Valuation of assets:	959.3
Surplus relative to the SFO:	38.1
Funding level:	104.1%

If the Employer goes out of business or decides to stop contributing to the Plan, the Plan may be "wound up" and the Employer would be required to pay additional money to buy all members' benefits from an insurance company. The comparison of the Plan's assets to the cost of buying the benefits from an insurance company is known as the "buy-out position". A pension scheme's buy-out position will often show a larger shortfall than the standard actuarial valuation, as insurers are obliged to take a very cautious view of the future, and they also seek to make a profit.

The Triennial Actuarial Valuation at 1 January 2024 showed that the Plan's assets would not have been sufficient to buy all members' benefits from an insurance company, as the "buy-out position" at that date was as shown below:

	£m
Estimated cost of buying benefits with an insurance company:	(1,026.3)
Value of assets:	959.3
Buy-out position deficit:	(67.0)
Funding level:	93.5%

A valuation is a snapshot of a Plan's funding position on any one particular day and it will change when, for example, there are changes in investment values or gilt yields, or if members live longer than expected.

As a result of the latest valuation that showed the Plan was in a surplus position, there was no need for the Employer and the Trustee to agree a Recovery Plan.

The Actuarial Certificate is included on page 53 of this annual report. The next full valuation is due to take place as at 1 January 2027.

REPORT ON ACTUARIAL LIABILITIES (CONTINUED)

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Credit Method.

Significant Actuarial Assumptions

The key assumptions used for calculating the technical provisions and future contribution requirement for the Plan were:

Discount interest rate: term-specific discount rates as follows:

- Non-pensioner and pensioner liabilities not covered by the buy-in policy: derived from the Willis Towers Watson Zero Coupon Gilt Nominal Yield curve at 31 December 2017. An addition of 1.5% p.a. is applied to this curve to the end of 2028 thereafter an addition of 0.5% p.a. is applied.
- Pensioner liabilities covered by the buy-in policy: derived from the Willis Towers Watson Zero Coupon Gilt Nominal Yield curve at 31 December 2017. An increase of 0.5% p.a. is applied to this curve, with this margin reflecting the latest year-end valuation provided by LGAS.

Future Retail Price inflation: Term-specific assumptions for Retail Prices Index ("RPI") inflation are based on the Willis Towers Watson Zero-Coupon Gilt-Implied Breakeven Inflation ("BEI") curve.

Future Consumer Price inflation: term-specific Consumer Prices Index ("CPI") assumptions are based on the RPI assumptions less a margin of 1.0% p.a.

Pension increases: derived from the term-specific rates for future Retail and Consumer price inflation allowing for the caps and floors on pension increases according to the provisions in the Plan's rules.

Pay increases: term-specific real pay increases were set at 1.0% p.a. above the assumed rate of RPI price inflation.

Mortality: The following standard tables have been used in relation to mortality:

- For non-pensioners: 100% for males and 96% for females of the SAPS "S3" tables (S3PMA and S3PFA), projected from 2007 in line with the CMI's core 2022 projection model using a long-term trend for improvements of 1.5% p.a. and an addition of 0.25% p.a. from 2013 to 2020.
- For pensioners not covered by the buy-in: 97% for males and 96% for females of the SAPS "S3" tables (S3PMA and S3PFA), projected from 2007 in line with the CMI's core 2022 projection model using a long-term trend for improvements of 1.5% p.a. and an addition of 0.25% p.a. from 2013 to 2020.
- For pensioners covered by the buy-in: 101% for males and 106% for females of the SAPS "S3" tables (S3PMA and S3PFA), projected from 2007 in line with the CMI's core 2022 projection model using a long-term trend for improvements of 1.5% p.a. and an addition of 0.25% p.a. from 2013 to 2020.

INVESTMENT MANAGEMENT

Overview

Responsibility for the administration and management of the Plan's assets is vested in the Trustee, which is responsible for the overall investment policy of the Plan. The day-to-day management of the Plan's investments has been delegated by the Trustee to the investment managers.

The value of the Plan's portfolio (split by the defined benefit section, additional voluntary contributions and defined contribution section) as at 31 December 2024 is set out in Note 13 of the financial statements.
Investment activity over the year included:

- The Trustee submitted a disinvestment instruction at the end of 2023 for its allocation in the Secure Income Fund managed by Towers Watson Investment Management. This had a 12 month notice period with capital proceeds expected to be returned over 2025–2026.
- The Plan continued to build its interest rate and inflation hedging levels through additional investments into the BlackRock long dated gilt funds, while also making some smaller disinvestments from the same funds to meet ongoing cashflow requirements.

The Plan's investment strategy and long-term target remain under review.

Investment Managers

In accordance with the Financial Services and Markets Act 2000, the Trustee will set general investment policy but will delegate responsibility for selection of specific investments to appointed investment managers, which may include insurance companies. The investment managers will provide the skill and expertise necessary to competently manage the investments of the Defined Benefit ("DB") and Defined Contribution ("DC") Sections of the Plan.

Before investing in any manner, the Trustee obtains and considers proper written advice from its investment adviser as to whether the investment is satisfactory, having regard to the need for suitable and appropriately diversified investments.

The Trustee is not involved in the investment managers' day-to-day method of operation and does not directly seek to influence attainment of their performance targets. The Trustee will maintain processes to ensure that performance is assessed on a regular basis against a measurable objective for each manager, consistent with the achievement of the Plan's long-term objectives and an acceptable level of risk. As part of this process, the Trustee has delegated the detailed monitoring of the Plan's investment managers to its investment consultant.

The Trustee also expects the investment managers, where appropriate, to engage with companies (and other relevant persons including, but not limited to, other investment managers, other stakeholders, and issuers/other holders of debt and equity) on matters such as performance, strategy, capital structure, management of actual or potential conflicts of interest risks, and environmental, social and governance ("ESG") issues (including climate change and other ESG considerations) concerning the Trustee's investments. The Trustee believes such engagement incentivises the investment managers to protect and enhance the long-term value of its investments. The Trustee seeks to select investment managers with credible net zero targets to support its own aspiration.

INVESTMENT MANAGEMENT (CONTINUED)

Investment Managers (Defined Benefit Section) (Continued)

Alignment between a manager's management of the Plan's assets and the Trustee's policies and objectives is a fundamental part of the appointment process of a new manager. When investing in a pooled investment vehicle, the Trustee will ensure the investment objectives and guidelines of the vehicle are consistent with its own objectives. Where segregated mandates are used, the Trustee will use its discretion, where appropriate, to set explicit guidelines within the investment management agreement. A measurable objective has been developed for the managers that is consistent with the achievement of the Plan's longer-term objectives and this is: to perform in line with the performance targets relative to the relevant benchmark indices, listed in the investment manager agreement for each of the managers.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment.

The Trustee has signed agreements with the platform providers in respect of the DC Section and the Plan's AVC arrangements, setting out the terms on which the portfolios are to be managed. The platform providers make available the range of investment options to members. There is no direct relationship between the Plan and the underlying managers of the DC and AVC investment funds.

For most of the Plan's investments, the Trustee expects the investment managers to invest with a medium-to-long time horizon, and to use their engagement activity, where applicable, to drive improved performance over these periods.

When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

Managers are paid based on the size of the portfolio, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement. It is the Trustee's view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with long-term objectives. Such fee structures are therefore only used in a limited number of cases.

The Trustee reviews the costs incurred in managing the Plan's assets regularly which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual manager level, the Trustee will look at the actual portfolio turnover and how this compares with the expected turnover range for that mandate.

INVESTMENT MANAGEMENT (CONTINUED)

Investment Managers (Defined Benefit Section) (Continued)

Investment Policies and Objectives

The managers' investment objectives are as follows:

Manager	Investment Objective
Matching assets	
BlackRock Buy and Maintain credit	To invest in a diversified portfolio of primarily investment-grade fixed-income securities to deliver an attractive yield and spread while minimising losses from defaults.
BlackRock unleveraged gilts	To track the total return of the relevant benchmark index.
Growth assets - Private Markets	
Axiom Asia Private Capital	To achieve a Net Multiple On Invested Capital (MOIC) of 2x and a double-digit Net Internal Rate of Return (IRR).
Cabot Square Capital	To achieve an Internal Rate of Return greater than 20%.
CDH VGC Fund I	To generate 2.5x – 3.0x Gross MOIC and 30% Gross IRR.
CDH VGC Fund II	To generate excess of 2.5x – 3.0x Gross MOIC and 30% Gross IRR.
SC Management (RECAP)	To achieve a gross leveraged compound annual IRR of 20%.
Nuveen TIAA-CREF	To generate a return of 8% IRR.
Growth assets - Property and Secure Income	
Towers Watson Investment Management	To provide long term cash flows which seek a return target of inflation-linked Gilts plus 2-3% p.a. over rolling 5- year period and a regular income distribution of 4%.
Other	
Various managers - cash	To exceed the seven-day SONIA benchmark over a rolling three-year period.

INVESTMENT MANAGEMENT (CONTINUED)

Investment Managers (Defined Benefit Section) (Continued)

Investment Strategy

The broad investment objectives are agreed by the Trustee, having consulted with the Employer. Within the context of these risk and return objectives, the Trustee, taking advice from the Plan's investment consultants, decides on the overall allocation of assets between the various asset classes, and selects the appropriate managers within each asset class.

Asset class	Manager	Benchmark	Asset allocation inc buy-in (%)
Matching assets			84.0%
Buy and maintain credit	BlackRock	Absolute Return*	10.0%
Unleveraged long-dated gilts	BlackRock	FTSE Actuaries UK Index Linked and Conventional Gilts over 25 Years Indices	44.0%
Buy-in	Legal & General Assurance Society	Not applicable	28.0%
Cash			2.0%
Growth assets			16.0%
Private markets	Axiom Asia Private Capital SC Management (RECAP IV) CDH Investments VGC Fund I CDH Investments VGC Fund II SC Management (RECAP IV) Cabot Square Capital TIAA CREF (Global Agriculture II)*	Absolute Return, with FTSE All World used as a comparator	7.0%
Property and secure income	Towers Watson Investment Management**	FTSE Actuaries Over 15-year UK Index-Linked Gilts	7.0%
Diversifying assets	TIAA CREF (Global Agriculture II)***	Absolute Return*	2.0%
Total			100.0%

**No benchmark has been specified by the investment manager and a suitable alternative has been suggested where relevant. Private market fund benchmarks are shown as absolute return, with longer-term performance measured against the FTSE All World Index.*
***The Towers Watson Secure Income Fund is in the process of being redeemed, with proceeds expected to settle by mid-2026. The Plan also holds a legacy allocation in the Credit Suisse Insurance Linked Securities fund which is in the process of being redeemed and is not considered a significant part of the Plan's investment strategy.*
**** Over the past year, the TIAA CREF Global Agriculture Fund was reclassified under 'Private Markets' to more accurately reflect its allocation, particularly since the other investments previously grouped under 'Diversifying Assets' have now been sold*

INVESTMENT MANAGEMENT (CONTINUED)

Asset Distribution

Asset values have been sourced from Northern Trust and exclude AVCs.

Manager	Value of Portfolio £000s	Distribution %
BlackRock		
Buy and Maintain Credit *	103,675	12.1
Over 25-year Index-Linked Gilts	193,799	22.6
Over 25-year Fixed Interest Gilts	152,831	17.9
Total BlackRock	450,305	52.6
Various managers classified as Private Markets Axiom Asia Private Capital CDH Investments Cabot Square RECAP Nuveen TIAA - CREF	81,445	9.5
Credit Suisse	3,459	0.4
Towers Watson Investment Management	63,796	7.5
Legal & General Assurance Society	246,600	28.8
Cash and Other Investment balances**	10,284	1.2
Total invested assets (excluding AVC)	855,889	100.0
AVCs	13,088	
Total invested assets	868,977	

* Includes derivatives of value of (£1,278k) negative

** Cash of £8,503k and other investment balances include accrued income of £1,781k.

Review of Investment Performance

The performance of the investment managers is reviewed periodically at the Trustee's meetings. The following table shows the performance of the Plan over the one, three and five year periods to 31 December 2024, based on the performance of the investment managers.

	One year	Three years	Five years
Plan	-9.8%	-21.8% p.a.	-9.9% p.a.
Benchmark	-11.0%	-20.4% p.a.	-8.5% p.a.

Source: LCP calculations, Northern Trust report.

INVESTMENT MANAGEMENT (CONTINUED)

Review of Investment Performance (continued)

Responsibility for monitoring the performance and on-going suitability of the Plan's investment managers has been delegated by the Trustee to the Investment Sub-Committee (the "ISC"). The ISC was set up by the Trustee to provide a greater focus and appropriate level of expertise to assist and advise on investment matters for the Plan.

At any given time, the Plan is represented on the ISC by at least three Trustee Directors along with other suitably experienced individuals.

DC and AVC Arrangements

The DC Section consists of a range of DC and AVC investments; all the funds open to new contributions are pooled Legal & General, BlackRock and HSBC funds. Active funds (Property and Cash) and passive funds are available to members. AVC arrangements with Aviva and Prudential also exist; however, they are not open to further contributions. The DC Section offers a number of Lifestyle strategies including a range of self-select funds.

Changes to the DC and AVC strategy

The Trustee undertook a review of the overall strategy over the Plan Year and agreed to make the following changes:

- Change the de-risking points of the default lifestyle strategy by delaying the start of the initial de-risking from 20 to 10 years from retirement.
- Introduce a new blended fund for the retirement phase allocation, to be consistent with the first two stages of the lifestyle strategy (Accelerated Growth Fund and Moderate Growth Fund).
- Add the Nordea Diversified Return Fund into the Moderate Growth Fund and retirement phase funds for use alongside the current LGIM Diversified Fund.
- Alter the retirement phase allocations to include the M&G Total Return Credit Investment Fund and remove the LGIM Cash Fund.
- Close and remove the other two lifestyle strategies, i.e. the Annuity protection lifestyle and Cash lifestyle. Members will be transferred into the default, unless they make an alternative choice.

The Trustee is planning to implement these changes in 2025. More information will be shared within next year's report. These changes involve updating the de-risking points in the default lifestyle strategy, altering the retirement phase allocations and transferring all members into the default unless they specify otherwise. The new changes aim to create one Lifestyle with a phased approach, depending on member proximity to retirement.

Until then, the default investment option remains the Continued Growth Lifestyle which targets an asset allocation appropriate for members who will use income drawdown at retirement for DC members whereas the Cash Focused Lifestyle targets a lump sum at retirement for AVC members. The final strategy, the Annuity Protection Lifestyle, is designed for members looking to purchase an annuity at retirement.

All three lifestyles continue to invest initially in the Accelerated Growth Fund. The allocation for the Accelerated growth is 20% in LGIM RAFI Fundamental Global Reduced Carbon Pathway Equity Index, 40% in LGIM Low Carbon Transition Fund (all world) Fund and 40% in LGIM MSCI All Country World Index Adaptive Capped ESG Index. The Moderate Growth Fund invests 20% in the Accelerated Growth Fund and 80% in the LGIM Diversified Fund. The Moderate Growth Fund is gradually introduced into the lifestyle strategy when members are within 20 years of their target retirement dates to reduce the level of volatility in the strategies, as members get closer to retirement.

INVESTMENT MANAGEMENT (CONTINUED)

Changes to the DC and AVC strategy (continued)

Each of the lifestyles start to de-risk into lower risk assets as members approach retirement. At 10 years to retirement, the Continued Growth Lifestyle introduces the Pre-retirement Fund and then the Cash Fund (which invests in the LGIM Cash Fund) at 3 years so these have allocations of 35% and 15% respectively by the member's target retirement age. The underlying fund in the Pre-Retirement Fund is the BlackRock Sustainable Sterling Short Duration Credit Fund.

At 10 years to retirement, the Annuity Protection Lifestyle introduces the Annuity focused fund, which invests in the LGIM Future World Annuity Aware Fund and the Cash Fund at 3 years from a member's retirement. These funds have allocations of 60% and 25%, respectively at a member's target retirement age (the remaining 15% allocation is to the Moderate Growth Fund). The Cash Lifestyle introduces the Cash Fund 5 years before retirement, building up a 75% allocation by a member's target retirement age.

DC and AVC Performance

The DC and AVC fund range performance, compared to benchmark performance ("BM"), is as shown below:

			One year %		Three years % (p.a.)		Five years % (p.a.)	
Lifestyle funds	DC (£m)	AVC (£m)	Fund	BM	Fund	BM	Fund	BM
Accelerated Growth	294.7	7.4	15.1	14.9	8.9	8.7	10.3	10.1
Moderate Growth	121.8	3.6	8.6	19.7	2.2	7.7	4.2	11.7
Moderate Growth vs 60:40 Equity:Bond[1]	-	-	8.6	12.9	2.2	3.8	4.3	6.7
Pre-retirement	13.7	0.1	4.6	6.6	-7.4	-6.1	-3.5	-2.6
Annuity focused fund	2.9	0.1	-4.0	-2.5	-10.0	-10.6	-5.1	-5.5
Cash	3.5	0.7	5.2	5.2	3.6	3.8	2.2	2.3
Self-select funds								
UK Equity Index	0.8	0.05	9.3	9.4	5.9	5.9	4.8	4.8
Ethical Global Equity Index	1.8	0.4	19.5	20.1	9.4	9.8	12.7	13.1
World Equity Index (Unhedged)	1.6	0.08	19.5	20.1	8.9	9.1	12.2	12.4
World Equity Index (Hedged)	0.7	0.4	20.5	21.2	7.4	7.8	11.3	11.6
World Emerging Markets Equity Index	0.4	0.01	13.7	14.4	2.5	2.9	3.8	4.2
AAA-AA-A Corporate Bond All-Stocks Index	0.2	0.01	0.9	1.0	-3.6	-3.4	-1.6	-1.4
Amanah	1.4	0.1	30.0	30.2	11.7	11.9	16.9	17.3
Property	0.2	0.003	4.8	5.4	-2.0	2.0	2.0	2.1

Source: LGIM. Performance is shown net of fees, after the deduction of the management fees applicable to the Plan. Note: The above AVC performance table excludes legacy AVCs with Prudential and Aviva.

[1]The Moderate Growth fund is benchmarked against equities by the manager as it is expected that over the long term, the fund will achieve similar returns to equity markets. As such, we would expect to see periods of over and underperformance versus this target over the short term. For this reason, we have added an additional 60:40 equity-bond split benchmark to provide the Trustee with a more appropriate comparator for the fund over shorter-term periods.

INVESTMENT MANAGEMENT (CONTINUED)

Statement of Investment Principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has produced a Statement of Investment Principles. A copy is available from the Secretary to the Trustee, and it is also available on the Cummins pension website.

Custodial Arrangements

Custodial services in respect of the Plan's pooled fund investments are provided by the respective investment managers. For other investments, the Trustee has appointed Northern Trust Company as custodian of the investment assets.

Taskforce on Climate-Related Financial Disclosures (TCFD)

The Trustee has produced a TCFD report, which is available on the Cummins UK Pensions website and can be accessed directly at: https://www.cumminsukpensions.co.uk/media/cummins-tcfd-2024.pdf.

COMPLIANCE

The purpose of this section is to disclose some additional information including that required by law.

Transfer Values

All cash equivalent transfer values and buy outs paid by the Plan on behalf of members who have left this Plan have been calculated and verified as prescribed in Section 97 of the Pension Schemes Act 1993. Discretionary benefits are not included in the calculation of transfer values.

Related Party Transactions

The Principal Employer has paid some of the costs of administering the Plan for the year and has invoiced the Plan during the year.

Further details of related party transactions are given in Note 26 to the financial statements.

Internal Disputes Resolution Procedure

Members who have a complaint with regard to any Plan matter should contact the Pensions Manager in the first instance at the address of the Trustee Company given on page 2 of this report. However, if the complaint is not resolved informally in this way, members may make a formal complaint under the Trustee's two stage dispute resolution procedure.

Employer related investments

Direct employer-related investments as at 31 December 2024 were <1% (2023: <1%). The DB exposure is 0.331% of total DB assets while the DC exposure is 0.075% of total DC assets.

The Trustee recognises that indirect investment in the sponsoring employer's parent company, is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustee estimates that, at 31 December 2024, any indirect exposure to shares in companies related to the sponsoring employer was <1% (2023: <1%) of the net assets of the Plan.

Pension Schemes Registry

The Trustee is required to provide certain information about the Plan to the Pension Schemes Registry. This has been forwarded to:

Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN

COMPLIANCE (CONTINUED)

The Pensions Regulator

The Pensions Regulator ("TPR") is the UK regulator of work-based pension schemes. The Pensions Act 2004 gives the Pensions Regulator a set of specific objectives:

- To protect the benefits of members of work-based pension schemes;
- To promote good administration of work-based pension schemes; and
- To reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

TPR can be contacted at:

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton
BN1 6AF
Telephone: 0345 600 1011
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

Pension Protection Fund

The Pension Protection Fund was introduced to protect members' interest in certain circumstances, i.e. to provide compensation where an employer has become insolvent, or the plan assets have been reduced due to fraud, theft, or misappropriation. It does not cover losses resulting from adverse investment returns.

The Pension Protection Fund is funded by a retrospective levy on all occupational pension schemes.

The Trust Deed and Rules, the Plan Booklet, and a copy of the Schedule of Contributions and Statement of Investment Principles are available for inspection by contacting the Trustee at the address shown for enquires in this report.

Any information relating to the member's own pension position, including estimates of transfer values, should be requested from the Administrator of the Plan, Isio Group Limited, at the address detailed on page 1 of this report.

The Money and Pensions Service

For any general enquiries on their pensions, members can contact the Money and Pensions Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively, the Service can be contacted at:

The Money and Pensions Service
Bedford Borough Hall
138 Cauldwell Street
Bedford
MK45 9AB
Telephone: 0800 011 3797
Email: contact@maps.org.uk
Website: www.maps.org.uk

COMPLIANCE (CONTINUED)

Pensions Ombudsman

Any concerns in respect of the Plan should be referred to the Administrator, Isio Group Limited, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension schemes, who have problems concerning their plan and are not satisfied by the information or explanation given by the administrators or the trustees, can consult The Pensions Ombudsman. The address is:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London
E14 4PU
Telephone: 0800 917 4487
Email: helpline@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Statement of Trustee's Responsibilities

The Trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year; and

- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging these responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Plan will continue as a going concern.

The Trustee is also responsible for making available certain other information about the Plan in the form of an annual report.

The Trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is also responsible for the maintenance and integrity of the Cummins UK Pension Plan website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Trustee's Responsibilities in respect of contributions

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the Plan by or on behalf of employers and the active members of the Plan and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for adopting risk-based processes to monitor whether contributions that fall due to be paid are paid into the Plan in accordance with the schedule of contributions.

Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and to members.

Approval of the Trustee's Report

The Trustee's Report on pages 3 to 19, The DC Governance Statement in Appendix 1 and the Implementation Statement in Appendix 2 form part of this annual report was approved by the Trustee and signed on its behalf by:

____________________ Date:
Trustee Director

____________________ Date:
Trustee Director

Report on the audit of the financial statements

Opinion

In our opinion, Cummins UK Pension Plan's financial statements:

- show a true and fair view of the financial transactions of the Plan during the year ended 31 December 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

We have audited the financial statements, included within the annual report, which comprise: the statement of net assets (available for benefits) as at 31 December 2024; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Plan's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Plan's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the annual report other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the financial statements, the Trustee is responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Plan, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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Based on our understanding of the Plan and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the Plan in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date:

FUND ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	Total 2024 £'000	*Total 2023 £'000*
Contributions and benefits					
Employer contributions		4,452	32,837	37,289	*99,249*
Employee contributions		34	-	34	*34*
Total contributions	5	4,486	32,837	37,323	*99,283*
Transfers in	6	-	2,225	2,225	*1,771*
Other income	7	361	114	475	*1,085*
		4,847	35,176	40,023	*102,139*
Benefits paid or payable	8	(61,730)	(5,353)	(67,083)	*(51,421)*
Payments to and on account of leavers	9	(994)	(11,697)	(12,691)	*(7,621)*
Administrative expenses	10	(2,947)	(408)	(3,355)	*(3,982)*
		(65,671)	(17,458)	(83,129)	*(63,024)*
Net (withdrawals)/additions from dealings with members		(60,824)	17,718	(43,106)	*39,115*
Returns on investments					
Investment management expenses	11	(1,037)	(107)	(1,144)	*(1,916)*
Investment income	12	30,587	-	30,587	*30,656*
Change in market value of investments	13	(106,206)	48,610	(57,596)	*(41,604)*
Net returns on investments		(76,656)	48,503	(28,153)	*(12,864)*
Net (decrease)/increase in the fund during the year		(137,480)	66,221	(71,259)	*26,251*
Transfers between Sections	27	(536)	536	-	*-*
Net assets at 1 January		1,010,067	380,986	1,391,053	*1,364,802*
Net assets at 31 December		872,051	447,743	1,319,794	*1,391,053*

The notes on pages 26 to 52 form part of these financial statements.

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)
AS AT 31 DECEMBER 2024

	Note	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	Total 2024 £'000	*Total 2023 £'000*
Investment assets					
Pooled investment vehicles	13/15	495,330	443,852	939,182	*979,642*
Bonds	13	104,953	-	104,953	*101,940*
Insurance policies	13/17	246,600	-	246,600	*277,000*
AVC investments	13/18	13,088	-	13,088	*10,951*
Cash	13/19	8,503	-	8,503	*12,872*
Derivatives	13/16	1,380	-	1,380	*1,409*
Other Investment balances	13/19	1,781	-	1,781	*1,650*
		871,635	443,852	1,315,487	*1,385,464*
Investment liabilities					
Derivatives	13/16	(2,658)	-	(2,658)	*(577)*
Investments		868,977	443,852	1,312,829	*1,384,887*
Current assets	24	6,208	3,946	10,154	*9,459*
Current liabilities	25	(3,134)	(55)	(3,189)	*(3,293)*
Total net assets available for benefits		872,051	447,743	1,319,794	*1,391,053*

The financial statements summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Plan year. The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities on pages 8 and 9 and the Actuarial Statements and Certificate on page 53 of the annual report, and these financial statements should be read in conjunction with these sections.

The notes on pages 26 to 52 form part of these financial statements.

The financial statements were approved for and on behalf of the Trustee by:

____________________ Date:
Trustee Director

____________________ Date:
Trustee Director

1. BASIS OF PREPARATION

The individual financial statements of Cummins UK Pension Plan have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Cummins UK Pension Plan is a hybrid plan established as a trust under English law. The Trustee's registered office is c/o Cummins Limited, Yarm Road, Darlington, Co. Durham DL1 4PW.

3. ACCOUNTING POLICIES

The principal accounting policies of the Plan are as follows:

3.1 Accrual concept

The financial statements have been prepared on an accruals basis in line with recognition of the associated benefits payable.

3.2 Contributions

a) Normal and additional voluntary contributions, both from employees and employers are generally accounted for on an accrual's basis in the payroll period to which they relate. For employees, this is when contributions are deducted from pay.
b) Contributions in respect of employees in the first 30 days following auto-enrolment are accounted for when their right to opt-out has expired, unless remitted to the Plan earlier. Contributions payable under salary sacrifice arrangements are classified as employer contributions.
c) Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in absence of such agreement, when received.
d) Other contributions made by the employer to reimburse costs and levies payable by the Trustee are accounted for on the same basis as the corresponding expense.

3.3 Payments to members

a) Benefits payable represent all valid benefit claims in respect of the Plan year.
b) Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.
c) Pensions in payment are accounted for in the period to which they relate.
d) Transfer values represent the capital sums either receivable in respect of members from other pension plans of previous employers or payable to the pension plans of new employers for members who have left the Plan. They are accounted for on an accruals basis on the date the trustees of the receiving scheme accept the liability. In the case of individual transfers, this is normally when the payment of the transfer value is made.
e) Where the Trustee agrees, or is required, to settle tax liabilities on behalf of a member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits receivable from the Plan, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and is shown separately within benefits.

3.4 Administrative expenses and Investment management expenses

Administrative expenses and premiums on term insurance policies are accounted for on an accruals basis.

3. ACCOUNTING POLICIES (CONTINUED)

3.5 Investment income

a) Income from pooled investment vehicles is accounted for on an accruals basis.
b) Interest on cash deposits is accrued on a daily basis.
c) Income arising from annuity policies is included in investment income, and the pensions paid are included in pension payments.

3.6 Foreign currency

a) The Plan's functional and presentational currency is Pounds Sterling.
b) Assets and liabilities in foreign currencies are expressed in Sterling at the rates of exchange ruling at the year-end.
c) Foreign currency transactions are recorded in Sterling at the exchange rate at the date of the transaction. Unrealised surpluses and deficits arising on conversion or translation are shown within change in market value. Realised surpluses and deficits are disclosed in investment income.

3.7 Valuation of Investments

a) Investment management fees are accounted for on an accruals basis and are separately disclosed in the notes to the financial statements. These fees and other acquisition costs are included in the purchase cost of investments.
b) Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise the closing single price, single dealing price or most recent transaction price is used. Investments are included at fair value as described below:
c) Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager.
d) Bonds which are traded on an active market are included at the quoted price, which is normally the bid price.
e) Private equity pooled funds are valued at fair value as calculated by the investment manager at the latest valuation date of December in accordance with generally accepted guidelines.
f) Insurance policies are included in the financial statements based on a valuation provided by the insurers. This valuation, which is updated annually, represents the actuarial valuation of the corresponding liabilities on a net premium basis based on relevant pensioner data and market conditions at the year-end date.
g) The additional voluntary contribution investments include policies of assurance underwritten by the AVC providers. The market value of these investments has been taken as the surrender values of the policies at the year-end, as advised by the provider.
h) OTC Swaps are stated at fair value as reported in the valuation provided by the investment manager at the year end. The amounts included in change in market value are the realised gains or losses on closed contracts and the unrealised gains or losses on open contracts. Net coupon receipts or payments on swap contracts are reported within investment income.
i) The foreign exchange exposure of the Plan relates to the investment in overseas assets or liabilities as determined in the strategic asset allocation of the Plan.
j) The changes in investment market values are accounted for in the period in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year-end. In the case of pooled investment vehicles that are accumulation funds, where income is reinvested within the fund without issue of further units, change in market value also includes such income.
k) Forward foreign exchange contracts outstanding at the year end are stated at the fair value which is determined as the gain or loss that would arise if the outstanding contract were closed out at the period-end with an equal and opposite contract.

3. ACCOUNTING POLICIES (CONTINUED)

3.8 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

No critical accounting judgements have been made in the financial statements.

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Plan, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Plan investments and, in particular, those classified in Level 3 of the fair-value hierarchy which include insurance policies held by the Plan.

4. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS

	Note	Defined Benefit Section 2023 £'000	Defined Contribution Section 2023 £'000	Total 2023 £'000
Contributions and benefits				
Employer contributions		68,788	30,461	99,249
Employee contributions		34	-	34
Total contributions	5	68,822	30,461	99,283
Transfers in	6	-	1,771	1,771
Other income	7	568	517	1,085
		69,390	32,749	102,139
Benefits paid or payable	8	(48,369)	(3,052)	(51,421)
Payments to and on account of leavers	9	(1,102)	(6,519)	(7,621)
Administrative expenses	10	(3,753)	(229)	(3,982)
		(53,224)	(9,800)	(63,024)
Net additions from dealings with members		16,166	22,949	39,115
Returns on investments				
Investment management expenses	11	(1,916)	-	(1,916)
Investment income	12	30,656	-	30,656
Change in market value of investments	13	(80,121)	38,517	(41,604)
Net returns on investments		(51,381)	38,517	(12,864)
Net (decrease)/increase in the fund during the year		(35,215)	61,466	26,251
Transfers between Sections	27	(223)	223	-
Net assets at 1 January		1,045,505	319,297	1,364,802
Net assets at 31 December		1,010,067	380,986	1,391,053

4. COMPARATIVE DISCLOSURES FOR THE FUND ACCOUNT AND STATEMENT OF NET ASSETS (CONTINUED)

	Note	Defined Benefit Section 2023 £'000	Defined Contribution Section 2023 £'000	Total 2023 £'000
Investment assets				
Pooled investment vehicles	13/15	602,036	377,606	979,642
Bonds	13	101,940	-	101,940
Insurance policies	13/17	277,000	-	277,000
AVC investments	13/18	10,951	-	10,951
Cash	13/19	12,872	-	12,872
Derivatives	13/16	1,409	-	1,409
Other Investment balances	13/19	1,650	-	1,650
		1,007,858	377,606	1,385,464
Investment liabilities				
Derivatives	13/16	(577)	-	(577)
Investments		1,007,281	377,606	1,384,887
Current assets	24	5,852	3,607	9,459
Current liabilities	25	(3,066)	(227)	(3,293)
Total net assets available for benefits		1,010,067	380,986	1,391,053

5. CONTRIBUTIONS

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Employer Contributions			
Normal	-	15,930	15,930
Salary Sacrifice	2,515	11,980	14,495
Salary Sacrifice (AVC)	1,918	4,926	6,844
Other	19	1	20
	4,452	32,837	37,289
Employee Contributions			
Normal	29	-	29
Additional Voluntary Contributions	5	-	5
	4,486	32,837	37,323

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Employer Contributions			
Normal	*-*	*15,453*	*15,453*
Salary Sacrifice	*2,724*	*11,647*	*14,371*
Salary Sacrifice (AVC)	*1,045*	*3,360*	*4,405*
Other	*19*	*1*	*20*
Additional	*65,000*	*-*	*65,000*
	68,788	*30,461*	*99,249*
Employee Contributions			
Normal	*26*	*-*	*26*
Additional Voluntary Contributions	*8*	*-*	*8*
	68,822	*30,461*	*99,283*

The Schedule of Contributions dated 1 November 2024 has no requirement for deficit contributions as the Plan is in surplus. Other contributions of £1,000 (2023: £1,000) relate to pensioner Trustee stipend payments and other sundry employer contributions.

The Schedule of Contributions sets out ongoing contributions payable in 2024.

The £65million contribution received in February 2023 relates to the Schedule of Contributions from the 2021 valuation and covers the ongoing contributions for the years 2022/23/24.

6. TRANSFERS IN

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Individual transfers in from other schemes	-	2,225	2,225

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Individual transfers in from other schemes	*-*	*1,771*	*1,771*

7. OTHER INCOME

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Claims on term insurance policies	164	-	164
Other income	197	114	311
	361	114	475

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Claims on term insurance policies	*245*	*392*	*637*
Other income	*323*	*125*	*448*
	568	*517*	*1,085*

8. BENEFITS PAID OR PAYABLE

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Pensions	49,576	-	49,576
Commutations of pensions and lump sum retirement benefits	11,041	2,526	13,567
Taxation	582	-	582
Purchase of annuities	-	700	700
Lump sum death benefits	531	2,127	2,658
	61,730	5,353	67,083

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Pensions	*36,004*	*-*	*36,004*
Commutations of pensions and lump sum retirement benefits	*10,623*	*1,648*	*12,271*
Taxation	*1,117*	*-*	*1,117*
Lump sum death benefits	*625*	*1,404*	*2,029*
	48,369	*3,052*	*51,421*

9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Individual transfers out to other schemes	994	11,697	12,691

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Individual transfers out to other schemes	*1,102*	*6,519*	*7,621*

10. ADMINISTRATIVE EXPENSES

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Investment consultancy fees	579	408	987
Administration and processing	932	-	932
Other fees and expenses (including Trustee expenses)	525	-	525
Actuarial fees	474	-	474
Legal and other professional fees	294	-	294
Pension Plan levies payable	74	-	74
Audit fees	43	-	43
Covenant fees	26	-	26
	2,947	408	3,355

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Investment consultancy fees	*704*	*228*	*932*
Administration and processing	*1,199*	*-*	*1,199*
Other fees and expenses (including Trustee expenses)	*546*	*1*	*547*
Actuarial fees	*360*	*-*	*360*
Legal and other professional fees	*813*	*-*	*813*
Pension Plan levies payable	*76*	*-*	*76*
Audit fees	*40*	*-*	*40*
Covenant fees	*15*	*-*	*15*
	3,753	*229*	*3,982*

11. INVESTMENT MANAGEMENT EXPENSES

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Administration, management and custody	1,037	107	1,144

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Administration, management and custody	*1,916*	*-*	*1,916*

12. INVESTMENT INCOME

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Income from pooled investment vehicles	9,055	-	9,055
Annuity income	21,532	-	21,532
	30,587	-	30,587

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Income from pooled investment vehicles	*9,555*	*-*	*9,555*
Annuity income	*21,101*	*-*	*21,101*
	30,656	*-*	*30,656*

13. INVESTMENT RECONCILIATION

	Value at 1 January 2024 £'000	Cost of investments purchased and derivative payments £'000	Proceeds of sales of investments and derivative receipts £'000	Change in market value £'000	Value at 31 December 2024 £'000
Defined Benefit Section					
Pooled investment vehicles	602,036	2,813	(33,696)	(75,823)	495,330
Bonds	101,940	16,999	(11,560)	(2,426)	104,953
Derivatives (net)	832	562	(3,115)	443	(1,278)
Insurance policies	277,000	-	-	(30,400)	246,600
AVC investments	10,951	2,279	(2,142)	2,000	13,088
	992,759	22,653	(50,513)	(106,206)	858,693
Cash deposits	12,872				8,503
Other Investment balance	1,650				1,781
	1,007,281				868,977
Defined Contribution Section					
Pooled investment vehicles	377,606	33,493	(15,857)	48,610	443,852

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Where the investments are held in a unitised fund, the change in market value also includes expenses, both implicit and explicit, for the year and any reinvested income, where income is not distributed.

For the Defined Contribution Section, investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. The investment manager holds the investment units on a pooled basis for the Trustee. The Plan Administrator allocates investment units to members. The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

Defined contribution assets are split as allocated to members and not designated or allocated to members and therefore available to the Trustee to apply as specified in the Plan rules, as follows:

	2024 £'000	*2023 £'000*
Allocated to members	443,720	*377,490*
Not designated or allocated to members	132	*116*
	443,852	*377,606*

14. TRANSACTION COSTS

There were no material direct costs during the year. Indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles. It has not been possible for the Trustee to quantify such indirect transaction costs.

15. POOLED INVESTMENT VEHICLES

The Plan's investments in pooled investment vehicles at the year-end comprised:

	2024	*2023*
	£'000	*£'000*
Defined Benefit Section		
Private equity	81,445	*80,766*
Gilts	346,630	*449,828*
Property	63,796	*66,595*
Other PIVs	3,459	*4,847*
	495,330	*602,036*

	2024	*2023*
	£'000	*£'000*
Defined Contribution Section		
Equities	300,148	*254,900*
Moderate fund	121,822	*103,260*
Pre-retirement fund	13,719	*11,421*
Cash fund	3,517	*3,243*
Amanah fund	1,358	*726*
Property	160	*310*
Bonds	227	*220*
Annuity focused fund	2,901	*3,526*
	443,852	*377,606*

The DC pooled funds are mostly white-labelled LGIM funds. The Scheme also invests in the Cummins Accelerated Fund and Cummins Moderate Fund which are bespoke blended funds, with LGIM PIVs as the underlying assets. The total value of the bespoke funds is £416,557,000 (2023: £353,075,000).

16. DERIVATIVES

Objectives and policies

The Trustee has authorised the use of derivatives by their investment managers as part of their investment strategy for the Plan as follows:

Over The Counter (OTC) swaps – in order to maintain appropriate diversification of investments within the portfolio and for efficient portfolio management, swaps are used to adjust the interest rate exposure of some of the corporate bonds.

Forward foreign exchange (FFX) - In order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme, using forward foreign exchange contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

	Assets £'000	Liabilities £'000	2024 £'000	*Assets £'000*	*Liabilities £'000*	*2023 £'000*
OTC swaps	1,022	(2,027)	(1,005)	*854*	*(541)*	*313*
FFX	358	(631)	(273)	*555*	*(36)*	*519*
	1,380	(2,658)	(1,278)	*1,409*	*(577)*	*832*

16. DERIVATIVES (CONTINUED)

OTC SWAPS

The notional principal of the swap is the amount used to determine the value of swapped interest receipts and payments.

Nature	Notional amounts £'000	Contracts	Expiration	Asset value £'000	Liability value £'000
Total return swaps	6,420	3	2025	6	(15)
Total return swaps	430	1	2026	-	(10)
Total return swaps	5,129	8	2027	31	(41)
Total return swaps	1,963	5	2028	21	(43)
Total return swaps	16,638	17	2029	109	(322)
Total return swaps	6,213	15	2030	70	(98)
Total return swaps	8,652	23	2031	122	(173)
Total return swaps	19,145	30	2032	222	(686)
Total return swaps	3,285	10	2033	23	(66)
Total return swaps	1,062	5	2034	-	(34)
Total return swaps	650	2	2036	-	(19)
Total return swaps	168	2	2037	-	(14)
Total return swaps	120	1	2044	12	-
Total return swaps	775	4	2047	95	(45)
Total return swaps	412	2	2048	14	(35)
Total return swaps	2,964	5	2052	237	(335)
Total return swaps	380	2	2054	-	(29)
Total return swaps	492	2	2063	21	(40)
Total return swaps	436	4	2064	27	(22)
Total return swaps	192	1	2065	12	-
Total 2024	75,526			1,022	(2,027)
Total 2023	*60,412*			*854*	*(541)*

Forward Foreign Exchange (FFX)

	Settlement Date	Currency bought 000	Currency Sold 000	Asset value £'000	Liability value £'000
FFX – 12 Contracts	1 Month	£22,773	EUR27,110	342	-
FFX – 8 Contracts	1 Month	£15,091	$19,680	-	(625)
FFX – 5 Contracts	1 Month	$930	£727	16	-
FFX – 4 Contract	1 Month	EUR450	£378	-	(6)
Total 2024				358	(631)
Total 2023				*555*	*(36)*

Collateral on currency forwards and interest rate swaps

Collateral pledged at the year end was £539,000 (2023: £428,000) and collateral held at the year end was £1,702,000 (2023: £1,702,000).

17. INSURANCE POLICIES

During 2012, the Trustee purchased a deferred premium buy-in insurance policy with Legal & General Assurance Society ("LGAS") in order to address the interest rate, inflation and mortality risk associated with the pensioner liabilities in the Plan as at 31 December 2011. These liabilities were assumed by the buy-in provider, LGAS, after a ten-year deferment period ending in 2022.

The insurance policy is included as an asset of the Defined Benefit Section at a valuation provided to the Trustee by the Plan's insurers representing the actuarial valuation of the corresponding liabilities on a net premium basis based on relevant pensioner data and market conditions at the year-end date. The valuation is therefore impacted by factors such as the premium margin, mortality and demographic assumptions and financial assumptions such as interest rates and inflation.

The custodian for the assets held under the insurance policy is HSBC Bank plc. The Plan held insurance policies at the year-end as follows:

	2024	*2023*
	£'000	*£'000*
Deferred Premium Buy-In – LGAS	246,600	*277,000*

18. AVC INVESTMENTS

AVC investments held by members of the Defined Contribution Section are invested with the main Defined Contribution Section assets and are not separately distinguishable.

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. These policies are held within a With-Profits Fund arrangement. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

The aggregate amounts of Defined Benefit Section AVC investments are as follows:

	2024	*2023*
	£'000	*£'000*
Legal & General	12,853	*10,518*
Prudential Assurance Company Limited	227	*427*
Aviva	8	*6*
	13,088	*10,951*

19. CASH AND OTHER INVESTMENT BALANCES

	2024	*2023*
Defined Benefit Section	£'000	*£'000*
Investment manager cash and cash instruments	8,503	*12,872*
Investment income accrual	1,781	*1,650*
	10,284	*14,522*

20. INVESTMENT FAIR VALUE HIERARCHY

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1 — The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date

Level 2 — Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly

Level 3 — Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability

Pooled investment vehicles that are traded regularly are generally included in level 2. Where the absence of regular trading or the unsuitability of recent transaction prices as a proxy for fair value applies, valuation techniques are adopted and the vehicles are included in level 3 as appropriate.

The value of other pooled investment vehicles that are unquoted or not actively traded on a quoted market is estimated by the Trustee. Where the value of the pooled investment vehicle is primarily driven by fair value of its underlying assets, the net asset value advised by the fund manager is normally considered a suitable approximation to fair value unless there are restrictions or other factors that prevent realisation at that value, in which case adjustments are made. No such adjustments have been made to the valuations at 31 December 2024 or 31 December 2023.

Insurance policies are included in the financial statements based on a valuation provided by the insurers.

The Plan's investment assets have been fair valued using the above hierarchy categories as follows:

				31 DECEMBER 2024
	Level 1	Level 2	Level 3	Total
Defined Benefit Section	£'000	£'000	£'000	£'000
Pooled investment vehicles	-	346,630	148,700	495,330
Bonds	-	104,953	-	104,953
Insurance policies	-	-	246,600	246,600
Derivatives	-	-	(1,278)	(1,278)
AVC investments	-	12,853	235	13,088
Cash	8,503	-	-	8,503
Other Investment balances	1,781	-	-	1,781
TOTAL	10,284	464,436	394,257	868,977
Defined Contribution Section				
Pooled investment vehicles	-	443,852	-	443,852

				31 DECEMBER 2023
	Level 1	*Level 2*	*Level 3*	*Total*
Defined Benefit Section	*£'000*	*£'000*	*£'000*	*£'000*
Pooled investment vehicles	*-*	*449,827*	*152,209*	*602,036*
Bonds	*-*	*101,940*	*-*	*101,940*
Insurance policies	*-*	*-*	*277,000*	*277,000*
Derivatives	*-*	*-*	*832*	*832*
AVC investments	*-*	*10,518*	*433*	*10,951*
Cash	*12,872*	*-*	*-*	*12,872*
Other Investment balances	*1,650*	*-*	*-*	*1,650*
TOTAL	*14,522*	*562,285*	*430,474*	*1,007,281*
Defined Contribution Section				
Pooled investment vehicles	*-*	*377,606*	*-*	*377,606*

20. INVESTMENT FAIR VALUE HIERARCHY (CONTINUED)

Towers Watson Secure Income Fund and Credit Suisse PIVs are disclosed as level 3 PIVs for 2024 but were level 2 PIVs for 2023 these funds have had their fair value level reclassified based on further assessment of the nature of the underlying funds.

21. INVESTMENT RISKS

FRS 102 requires the disclosure of information in relation to certain investment risks. FRS 102 sets out these risks as follows:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustee determines their investment strategy after taking advice from a professional investment adviser. The Plan has exposure to these risks because of the investments it makes in different asset classes. The Trustee manages investment risks, including credit risk and market risk, through balancing a diversified portfolio with the Plan's strategic investment objectives.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. The detailed statements following the illustrative table below do not include the AVC investments, as these are not considered significant in relation to the overall investments of the Plan.

21. INVESTMENT RISKS (CONTINUED)

Defined Benefit Section

The following table summarises the extent to which the various classes of investments are affected by financial risk. Further explanation of these risks and the Trustee's approach to risk management, credit and market risk is set out below:

Fund	Indirect Credit Risk	Market risk			2024 Value £'000	*2023 Value £'000*
		Currency	Interest rate	Other price		
Pooled Investment Vehicles						
Gilts	N	N	Y	N	346,630	*449,828*
Property	Y	Y	Y	Y	63,796	*66,595*
Private Equity	N	Y	N	Y	81,445	*80,766*
Other PIVs	N	N	N	Y	3,459	*4,847*
Bonds	Y	N	Y	N	104,953	*101,940*
Insurance Policies	N	N	Y	Y	246,600	*277,000*
AVC Investments	Y	Y	Y	Y	13,088	*10,951*
Cash and Other Investment Balances*	N	N	N	N	9,006	*15,354*
Total Investments					868,977	*1,007,281*

*Derivatives are included within the Other Investment Balances and as at 31 December 2024 were (£1,278k) and as at 31 December 2023 were £832k.

21. INVESTMENT RISKS (CONTINUED)

Defined Benefit Section (Continued)

Direct Credit Risk

The Plan is subject to credit risk through its investments in pooled investment vehicles and its bulk annuity insurance policy (i.e. buy-in). It is directly exposed to credit risk in relation to the solvency of the custodians of those funds.

The Plan's holdings in pooled investment vehicles are 'unrated' from a credit perspective. Direct credit risk arising from pooled investment vehicles is mitigated by: the underlying assets of the pooled arrangements being ring-fenced from the assets of the custodian and the investment manager; the regulatory environments in which the pooled fund managers operate; and diversification of the Plan's investments across a number of pooled funds.

The Trustee carries out due diligence checks on investments into new pooled funds and on an ongoing basis monitors any changes to the operating environment of those pooled funds. The Trustee also carries out due diligence checks on new appointments of investment managers and custodians for sole investor arrangements and on an ongoing basis monitors any changes to the operating environment of these entities.

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee is not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments. The pooled investment vehicle's governing body is responsible for appointing its own custodian for the safe-keeping, monitoring and reconciliation of documentation relating to these securities.

Indirect credit risk – Bonds

The Trustee is exposed to indirect credit risks arising from the underlying investments held by funds. The Plan is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, for example where they invest in bonds. The indirect exposure to credit risk arises from the Plan's investments in the BlackRock segregated credit mandate. The amount invested in each of these mandates is shown in the table at the end of this section.

The manager manages credit risk by having a diversified exposure to issuers, conducting thorough research on the probability of default of those issuers, and having only a limited exposure to securities rated below investment grade. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets, asset classes and specific securities.

Indirect credit risk – Property

Indirect credit risk arises in relation to underlying investments held in the property pooled investment vehicles. The property funds are exposed to the credit risk relating to the underlying tenants. This risk is mitigated by holding a diverse portfolio of investments with exposure to a range of properties and tenants.

Direct credit risk – Annuities

There is also direct credit risk associated with the Plan's insured bulk annuity with Legal & General Assurance (Pensions Management) Limited which the Trustee considered before the policy was taken out. This risk is mitigated by the regulatory environment in which the insurer operates and the diversification of the policy's underlying assets. Therefore, this risk is minimal.

As at 31 December 2024 around 21% (2023: 18%) of the Plan's assets were invested in funds or securities that are significantly exposed to credit risk.

21. INVESTMENT RISKS (CONTINUED)

Plan Risk Exposures	Value of assets exposed to risk 2024 £'000	*Value of assets exposed to risk 2023 £'000*
Indirect credit Risk (Bonds and Property)	181,601	*179,084*

Plan Risk Exposures	Value of assets exposed to risk 2024 £'000	*Value of assets exposed to risk 2023 £'000*
Direct credit Risk (Bonds and Property)	754,783	*905,342*

Defined Benefit Section (Continued)

Currency Risk

As the Plan's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Plan's assets is to Sterling, the Plan is subject to currency risk because some of the Plan's investments are held in overseas markets. The Trustee considers the overseas currency exposure in the context of the overall investment strategy, and believes that the currency exposure that exists diversifies the strategy and is appropriate. Furthermore, the Trustee manages the amount of currency risk by investing in pooled funds that hedge some or all of their currency exposure.

The exposure to foreign currencies within the pooled funds will vary over time as the manager changes the underlying investments, but is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies within the pooled funds held are at the discretion of the appointed fund managers.

As at 31 December 2024 around 18% (2023: 16%) of the Plan's assets were invested in funds or securities that are significantly exposed to currency risk.

Plan Risk Exposures	Value of assets exposed to risk 2024 £'000	*Value of assets exposed to risk 2023 £'000*
Currency Risk (*Private equity, Property and Other*)	158,093	*157,880*

21. INVESTMENT RISKS (CONTINUED)

Interest Rate Risk

Interest rate risk and inflation risk is a material risk for the Plan given that movements in interest rates and inflation are a material influence on the value of the liabilities assessed in present day terms. Some of the Plan's assets are subject to interest rate risk (both nominal and real interest rates). However, the overall interest rate exposure of the Plan's assets hedges part of the corresponding risks associated with the Plan's liabilities. The net effect will be to reduce the volatility of the funding level, and therefore the Trustee believes that it is appropriate to have exposure to interest rate risk in this manner.

As at 31 December 2024 around 89% (2023: 90%) of the Plan's assets were invested in funds or securities that are significantly exposed to interest rate and/or inflation risk.

	Value of assets exposed to risk 2024	*Value of assets exposed to risk 2023*
Plan Risk Exposures	£'000	*£'000*
Interest Rate Risk (*Bonds, Property, Other and Buy-In*)	774,831	*905,881*

Other Price Risk

The Plan's assets are exposed to risks of market prices other than currencies and interest rates, such as the pooled funds that hold equities being subject to movements in equity prices.

The Trustee monitors this risk on a regular basis, looking at the performance of the Plan as a whole as well as each individual portfolio. The Trustee believes that the Plan's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

As at 31 December 2024 around 47% (2023: 44%) of the Plan's assets were invested in funds or securities that are significantly exposed to other price risk.

	Value of assets exposed to risk 2024	*Value of assets exposed to risk 2023*
Plan Risk Exposures	£'000	*£'000*
Other price Risk (*Private Equity, Property, Other, and Buy-in)*	408,153	*439,727*

A summary of DB pooled investment vehicles by type of arrangement is as follows:

	2024	*2023*
	£'000	*£'000*
Pooled Investment Vehicles by Type		
Open-Ended Investment Companies	3,459	*4,841*
Shares of Limited Liability Partnerships	62,397	*63,045*
Undertakings for Collective Investment in Transferable Securities	19,048	*17,725*
Qualifying Investor Alternative Investment Fund	63,796	*66,597*
Unit-Linked Insurance Contracts	346,630	*449,828*
	495,330	*602,036*

21. INVESTMENT RISKS (CONTINUED)

Defined Contribution Section
Investment Strategy
The Trustee's objective is to make available to members of the Plan an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement outcome appropriate for a member who wishes to gradually draw down their pension pot over time. The Statement of Investment Principles outlines the investment objectives and strategy for the Defined Contribution assets of the Plan.

The investment funds offered to members are funds provided by Legal & General Assurance Society as follows:

- Accelerated growth
- Moderate growth
- UK Equity Index
- World Equity Index (unhedged)
- World Equity Index (hedged)
- World Emerging Markets Equity Index
- Ethical Global Equity Index
- Property
- AAA-AA-A Corporate Bond All-Stocks Index
- Pre-retirement
- Annuity focused
- Cash
- Amanah

The day-to-day management of the underlying investments of the funds is the responsibility of Legal & General Investment Management Ltd, BlackRock, and HSBC, including the direct management of credit and market risks.

The Trustee monitors the underlying risks through regular investment reviews with Legal & General Investment Management Ltd, BlackRock and HSBC.

21. INVESTMENT RISKS (CONTINUED)

Defined Contribution Section

Credit Risk

The Defined Contribution Section ("DC Section") invests in unit linked insurance contracts which are pooled investment vehicles. The DC Section is subject to direct credit risk in relation to its holding in pooled investment vehicles provided by Legal & General Assurance (Pensions Management) Limited ("PMC").

The funds held by the Plan are held under the PMC Group of Legal & General Group; PMC is a separate legal entity within Legal & General Group. As a result, the assets contained within the PMC Group are ring fenced from the rest of the Legal & General Group, including the funds of Legal & General Assurance Society Limited and Legal & General Insurance Limited.

In the event of insolvency, PMC pooled fund policyholders are further protected by a floating charge. This results in all policyholders having priority over the pooled assets for the value of their units, although this does not offer a full guarantee.

As a UK insurance company Legal & General is required to maintain a minimum level of capital to protect against risks that the insurance company is subject to, and to comply with strict investment policies.

The DC Section is also subject to indirect credit, market and other risks arising from the underlying investments held in the funds. The funds' exposure to these risks is set out below for 2024:

Fund	Credit Risk	Market risk		
		Currency	Interest rate	Other price
Accelerated growth	N	Y	N	Y
Moderate growth	Y	Y	Y	Y
UK Equity Index growth	N	N	N	Y
World Equity Index (unhedged)	N	Y	N	Y
World Equity Index (hedged)	N	Y	N	Y
World Emerging Markets Equity Index	N	Y	N	Y
Ethical Global Equity Index	N	Y	N	Y
Property	Y	N	Y	Y
AAA-AA-A Corporate Bond All-Stocks Index	Y	N	Y	N
Pre-Retirement	Y	N	Y	N
Annuity focused	Y	N	Y	N
Cash	N	N	N	N
Amanah	N	Y	N	Y

The analysis of these risks set out above is at Plan level. Member level risk exposures will be dependent on the funds invested in by members.

The Trustee has selected the above funds and has considered the indirect risks in the context of the investment strategy described in the Trustee's Report.

22. EMPLOYER RELATED INVESTMENT

Direct employer-related investments as at 31 December 2024 were <1% (2023: <1%).

The Trustee recognises that indirect investment in the sponsoring employer's parent company, is possible through holdings in pooled investment vehicles. Based on information provided by the investment managers, the Trustee estimates that, at 31 December 2024, any indirect exposure to shares in companies related to the sponsoring employer was <1% (2023: <1%) of the net assets of the Plan. The DB indirect exposure is 0.37% of total DB assets while the DC indirect exposure is 0.091% of total DC assets.

23. CONCENTRATION OF INVESTMENTS

The following investments account for more than 5% of the Plan's net assets as at 31 December:

	2024		*2023*	
	£'000	%	*£'000*	*%*
Legal & General DBKR Cummins Accelerated	302,132	22.9	*249,816*	*18.0*
Legal & General Buy-In Insurance Policy	246,600	18.7	*277,000*	*19.9*
BlackRock Pensions Limited Aquila Fund Over 25	193,799	14.7	*242,417*	*17.4*
BlackRock Life Limited Aquila Fund Over 25	152,831	11.6	*207,410*	*14.9*
LGIM Cummins Moderate Fund	125,417	9.5	*103,260*	*7.4*

24. CURRENT ASSETS

	Defined Benefit Section 2024 £'000	**Defined Contribution Section 2024 £'000**	**2024 Total £'000**
Contributions due from Employer in respect of:			
Employer	**2**	**1**	**3**
Employee	**6**	**1**	**7**
Prepaid pensions	**2,708**	**-**	**2,708**
Cash and bank balances	**3,492**	**3,944**	**7,436**
	6,208	**3,946**	**10,154**

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Contributions due from Employer in respect of:			
Employer	*2*	*1*	*3*
Employee	*6*	*1*	*7*
Prepaid pensions	*2,521*	*-*	*2,521*
Cash and bank balances	*3,323*	*3,605*	*6,928*
	5,852	*3,607*	*9,459*

Contributions due under the Schedule and noted above were received on time, after the year-end, on 8 January 2025. Of the DC Section cash balances, £3,719,976 was allocated to members (2023: £3,603,250).

25. CURRENT LIABILITIES

	Defined Benefit Section 2024 £'000	Defined Contribution Section 2024 £'000	2024 Total £'000
Annuity income received in advance	1,809	-	1,809
Unpaid Benefits	835	-	835
Accrued Expenses	490	55	545
	3,134	55	3,189

	Defined Benefit Section 2023 £'000	*Defined Contribution Section 2023 £'000*	*2023 Total £'000*
Annuity income received in advance	*1,748*	*-*	*1,748*
Unpaid Benefits	*1,028*	*208*	*1,236*
Accrued Expenses	*290*	*19*	*309*
	3,066	*227*	*3,293*

26. RELATED PARTY TRANSACTIONS

Employer and other related parties

During the year the company has recharged costs of £197,708 (2023: £205,340) to the Plan representing a charge for administration services supplied by the company and carried out on behalf of the Trustee.

During the year contributions of £16,904 (2023: £16,904) were received from the company in respect of remuneration made to pensioner Trustee Directors.

Key management personnel of the Plan

Some Directors of the Trustee Company are members of the Plan and receive benefits in accordance with the Plan's rules on the same basis as other members. As at 31 December 2024, 9 Trustee Directors were active members and 2 Directors were pensioner members. Comparative figures for Directors as at 31 December 2023 were 9 active members and 2 pensioner members.

Other fees and expenses of £5,858 (2023: £12,862) were paid to Trustee Directors.

27. TRANSFERS BETWEEN SECTIONS

During the year, following a Trustee decision, DC assets that were not designated or allocated to members were utilised in settling administrative expenses for the DC Section of the Plan. In addition, some DB Section assets were transferred to the DC Section in order to settle other DC Section expenses, and also included are items received into or paid from the DB bank account that related to the DC Section.

	Defined Benefit Section 2024	Defined Contribution Section 2024	2024 Total
	£'000	£'000	£'000
Transfer between sections	(536)	536	-

	Defined Benefit Section 2023	*Defined Contribution Section 2023*	*2023 Total*
	£'000	*£'000*	*£'000*
Transfer between sections	*(223)*	*223*	*-*

28. CAPITAL COMMITMENTS

The Plan sold down a majority of its private market holdings through a secondary market transaction in 2024.

	2024	2023
Fund	£'000	£'000
Axiom Asia II	799	*785*
Cabot Square V	435	*1,130*
CDH Growth VGC Fund II	3,142	*4,770*
CDH Growth Fund III	321	*664*
Nuveen TIAA-CREF GAF II	686	*675*
SC Capital Partners RECAP IV	856	*915*
Total undrawn commitment*	6,239	8,939

**Due to lagged reporting by the Private Market managers, the undrawn capital commitment has been provided as at 30 September 2024 or based on the most recent available capital call notices prior to 31 December 2024.*

29. SUBSEQUENT EVENT

There were no subsequent events after the year end.

Certificate of Schedule of Contributions

1. Adequacy of Rates of Contributions
   I hereby certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the statutory funding objective could have been expected on 1 January 2024, to continue to be met for the period for which the schedule is to be in force.

2. Adherence to Statement of Funding Principles
   I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated October 2024.

   The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were wound up.

Signature	*Andrew Mandley*
Name	Andrew Mandley
Date of signing	1 November 2024
Address	Towers Watson Limited, a WTW Company The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT
Qualification	Fellow of the Institute and Faculty of Actuaries

INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF CUMMINS UK PENSION PLAN
FOR THE YEAR ENDED 31 DECEMBER 2024

Statement about contributions

Opinion

In our opinion, the contributions payable to the Plan by the employer under the Schedules of Contributions for the Plan year ended 31 December 2024 as reported in Cummins UK Pension Plan's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the Plan actuary on 31 December 2021 and 1 November 2024.

We have examined Cummins UK Pension Plan's summary of contributions for the Plan year ended 31 December 2024 which is set out on the following page.

Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan under the schedules of contributions, and the timing of those payments.

Responsibilities for the statement about contributions

Responsibilities of the Trustee in respect of contributions

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Plan by employers in accordance with relevant requirements.

Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date:

SUMMARY OF CONTRIBUTIONS PAYABLE
FOR THE YEAR ENDED 31 DECEMBER 2024

During the year ended 31 December 2024 the contributions payable to the Plan by the Employer under the Schedules of Contributions were as follows:

Contributions payable under the Schedules in respect of the Plan year

	2024 £'000
Contributions payable under the Schedules of Contributions	
Employers	
Normal – Salary Sacrifice – Defined Benefit	2,515
Normal – Defined Contribution	15,930
Normal – Salary Sacrifice – Defined Contribution	11,980
Employees	
Normal – Defined Benefit	29
Total contributions payable under the Schedules (as reported on by the Plan Auditors)	30,454
In addition, further contributions were payable as follows:	
Other Employer contributions	20
Employer additional voluntary contributions – salary sacrifice	6,844
Employees' additional voluntary contributions	5
Total contributions included in the financial statements (note 5)	37,323

Signed on behalf of the Trustee:

Trustee Director

Date:

Trustee Director

Date:

Appendix Divider referenced in contents

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

1. Introduction and members' summary

The **Cummins UK Pension Plan** (the "Plan") is an occupational pension scheme providing defined contribution ("DC") benefits (a DC pension scheme is where employee and employer contributions are paid into it, and the member chooses their investments or is invested in the default investment option and bears the investment risk). Some members also have legacy Additional Voluntary Contributions ("AVCs") in the Plan, linked to the Plan's defined benefit ("DB") Section.

Governance requirements apply to DC pension arrangements, to help members achieve a good outcome from their pension savings. We, the Trustee Directors of the Plan, are required to produce a yearly statement (the "Statement"), signed by the Chair of Trustee, covering:

- the design and oversight of the default investment option (ie where contributions are invested for members that do not wish to choose their own investments);
- processing of core financial transactions (ie administration of the Plan, such as investment of contributions);
- the charges and transaction costs borne by members for the default option and any other investment option members can select or have assets in, such as "legacy" funds;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- how the value members obtain from the Plan is assessed; and
- Trustee knowledge and understanding.

The key points that we would like members reading this Statement to take away are as follows:

- We regularly monitor the investment arrangements, and we are satisfied that the default and other investment options remain suitable for the membership. During the year, the Trustee reviewed the default arrangements and agreed a number of changes to introduce a greater equity allocation and introduce two new underlying funds into the Continued Growth Lifestyle.
- The administrator has processed core financial transactions promptly and accurately to an acceptable level during the Plan year, and we remain comfortable with the administrator's performance.
- Fees can have a material impact on the value of your pension savings and the fee impact is greater the more time passes, since fees reduce the amount of money that can grow with future investment returns. Fees for the investment options are set out in this Statement, and we remain comfortable that these fees are reasonable given the circumstances of the Plan and represent value for the benefits members obtain.
- Please rest assured that we are looking after your best interests as members, and we undertake training and receive advice as appropriate so that we have sufficient knowledge and understanding to do so effectively.

2. Default arrangements

The Plan is used as a Qualifying Scheme for automatic enrolment purposes. This means that it is used as a pension savings scheme for employees who are eligible for automatic enrolment into a pension scheme.

We have made available a range of investment options for members. Members who join the DC Section of the Plan and who do not choose an investment option are placed into the Lifestyle: Continued Growth, (the "Default"). We recognise that most members do not make active investment decisions and instead invest in the Default. After taking advice, we decided to make the Default a lifestyle strategy, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date.

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

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

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

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

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

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

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

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

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

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

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

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

In addition to triennial strategy reviews we also review the performance of the default arrangements against their objectives on a quarterly basis. This review includes performance analysis to check that the risk and return levels meet expectations. Our reviews over the Plan year concluded that the default arrangements were performing broadly as expected and consistently with the aims and objectives as stated in the SIP.

Asset allocation breakdown[1]

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

Lifestyle: Continued Growth

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

Lifestyle: Cash Focused

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

Lifestyle: Annuity Protection

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

Cash Fund

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

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

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

3. Requirements for processing core financial transactions

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

Core financial transactions include (but are not limited to): the investment of contributions, processing of transfers in and out of the Plan, transfers of assets between different investments within the Plan, and payments to members/beneficiaries.

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

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

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

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

- the administrator was operating appropriate procedures, checks and controls, and operating within the agreed SLA, with 95.8% of all cases processed and completed within the SLA;
- there have been no material administration issues in relation to processing core financial transactions; and
- core financial transactions have been processed promptly and accurately to an acceptable level during the Plan year.

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

4. Member-borne charges and transaction costs

We are required to set out the on-going charges incurred by members over the period covered by this Statement, which are annual fund management charges plus additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges are shown as a per annum ("pa") figure and exclude any administration charges, since these are not met by members.

We are also required to disclose transaction cost figures. In the context of this Statement, the transaction costs shown are those incurred when the Plan's fund managers buy and sell assets within investment funds, but are exclusive of any costs incurred when members invest in and switch between funds. The TER and transaction costs are the only costs borne by members.

The charges and transaction costs have been supplied by Legal & General who is the platform provider for the Plan's DC Section (including AVCs), and Prudential in respect of the AVCs. At the time of preparing this Statement, Aviva has not provided the TER or transaction costs in respect of the two funds used by members of the Plan. When preparing this section of the Statement we have taken account of the relevant statutory guidance. Under the prescribed way in which transaction costs have been calculated it is possible for figures to be negative, where market movements are favourable between the time a trade is placed and it is executed. We have shown any negative figures in the tables for the year as provided, but for the costs and charges illustrations we have used zero where a transaction cost is negative to give a more realistic projection (ie we would not expect transaction costs to be negative over the long term).

Default arrangements

The main Default arrangement for the DC Section of the Plan is the Lifestyle: Continued Growth. The Default has been set up as a lifestyle approach, which means that members' assets are automatically moved between different investment funds as they approach their target retirement date. This means that the level of charges and transaction costs will vary depending on how close members are to their target retirement age and in which funds they are invested. This is also applicable for the other default arrangements, the Lifestyle: Cash Focused and the Lifestyle: Annuity Protection but is not the case for the Cash Fund.

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

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

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

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

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

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

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

Cash Fund charges and transaction costs (% per annum)

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

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

Self-select and AVC options

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

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

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

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

AVC fund charges and transaction costs (% per annum)

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

[1]Prudential were unable to provide the TER for this fund, stating that charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Instead, any charges are taken into account when Prudential calculate the bonus rates for their With-Profits Fund.
[2]This is the transaction cost for the period 01/07/2023-30/06/2024. Prudential were unable to provide the transaction cost for the Plan year.
[3]At the time of preparing this Statement, Aviva have not provided the TER or transaction costs for the Plan year. The Trustee has requested this information and will continue to liaise with Aviva to obtain this for future reporting.

Illustration of charges and transaction costs

Projected pension pot in today's money

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

The table above sets out an illustration of the impact of charges and transaction costs on the projection of an example member's pension savings. In preparing this illustration, we had regard to the relevant statutory guidance.

- The "before costs" figures represent the savings projection assuming an investment return with no deduction of member borne charges or transaction costs. The "after costs" figures represent the savings projection using the same assumed investment return but after deducting member borne charges and an allowance for transaction costs.
- The transaction cost figures used in the illustration is the average of those provided by the managers over the Plan Year and the previous Plan Year subject to a floor of zero (so the illustration does not assume a negative cost over the long term).
- The illustration is shown for the main Default (the Lifestyle: Continued Growth, as well as the other legislative default arrangements (the Lifestyle: Cash Focused, the Lifestyle: Annuity Protection and the Cash Fund) and two funds from the Plan's self-select fund range, excluding the legacy AVCs in the Plan, linked to the Plan's DB Section. The two self-select funds shown in the illustration are:
  - the fund with highest annual member borne costs (TER and transaction costs) – this is the Managed Property fund
  - the fund with lowest annual member borne costs – this is the UK Equity Index Fund.

Notes

- Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund. The numbers shown in the illustration are rounded to the nearest £100 for simplicity.
- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. The long-term annual inflation assumption used is 2.5%.
- Annual salary growth is assumed to be 2.5%. Salaries could be expected to increase above inflation to reflect members becoming more experienced and being promoted. However, the projections assume salaries increase in line with inflation to allow for prudence in the projected values.
- The starting pot size used is £8,400. This is the approximate average (median) pot size for active (contributing) members aged 28 years and younger (rather than using a whole membership average, we have taken this approach to give a more realistic 40-year projection).
- The projection is for 40 years, being the approximate duration that the youngest Plan member has until they reach the Plan's Normal Pension Age.
- The starting salary is assumed to be £29,400 This is the approximate median salary for active members aged 28 or younger.
- Total contributions (employee plus employer) are assumed to be 16.0% of salary per year.

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

5. Investment returns

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Value for members assessment

We are required to assess every year the extent to which member-borne charges and transaction costs represent good value for members and to explain that assessment. There is no legal definition of 'good value' which means that determining this is subjective. Our general policy in relation to value for member considerations is set out below.

We review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Plan. The date of the last review was 28 April 2025. We note that value for money does not necessarily mean the lowest fee, and the overall quality of the service received has also been considered in this assessment.

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

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

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

- The Trustee's oversight and governance, including ensuring the Plan is compliant with relevant legislation, and holding regular meetings to monitor the Plan and address any material issues that may impact members;
- the design of the Default arrangements and how this reflects the interests of the membership as a whole;
- the range of investment options and strategies;
- the quality of communications delivered to members;
- the quality of support services, such as the Plan website where members can access fund information online;
- the efficiency of administration processes and the extent to which the administrator met or exceeded its service level standards; and
- the benefits available in-Plan at retirement.

As detailed in the earlier section covering the processing of core financial transactions, we are comfortable with the quality and efficiency of the administration processes provided by Isio.

We believe that the transaction costs provide value for members as the ability to transact forms an integral part of the investment approaches and expect this to lead to greater investment returns net of costs over time.

Overall, we believe that members of the Plan are receiving very good value for money for the charges and cost that they incur, for the reasons set out in this section.

We aim to improve value for members in the future by:

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

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

7. Trustee knowledge and understanding

We are required to maintain appropriate levels of knowledge and understanding to run the Plan effectively. We have measures in place to comply with the legal and regulatory requirements regarding knowledge and understanding of relevant matters, including investment, pension and trust law. Details of how the knowledge and understanding requirements have been met during the period covered by this Statement are set out below.

With the help of our advisers, we regularly consider training requirements to identify any knowledge gaps. Our advisers proactively raise any changes in governance requirements and other relevant matters as they become aware of them. Our advisers typically deliver training on such matters at Trustee meetings if they were material. During the period covered by this Statement, the Trustee Directors all completed a minimum of 15 hours of training and received training on a number of topics, including but not limited to:

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

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

We are familiar with and have access to copies of the Plan’s governing documentation and documentation setting out our policies, including the Trust Deed & Rules and SIP (which sets out the policies on investment matters). In particular, we refer to the Trust Deed and Rules as part of considering and deciding to make any changes to the Plan, and the SIP is reviewed regularly and as part of making any change to the Plan’s investments. Further, we believe that we have sufficient knowledge and understanding of the law relating to pensions and trusts and of the relevant principles relating to the funding and investment of occupational pension schemes (including the Statement of Funding principles) to fulfil our duties.

All the Trustee Directors have completed TPR’s Trustee Toolkit (an online learning programme, designed to help trustees of pension schemes meet the minimum level of knowledge and understanding required by law). Regular training is provided on aspects of the Trustee Knowledge and Understanding requirements. Other training relates to topical items or specific issues under consideration and during the Plan year.

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

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

Considering our knowledge and experience and the specialist advice received from the appointed professional advisors (eg investment consultants, legal advisors), we believe that we are well placed to exercise our functions as Trustee Directors of the Plan properly and effectively.

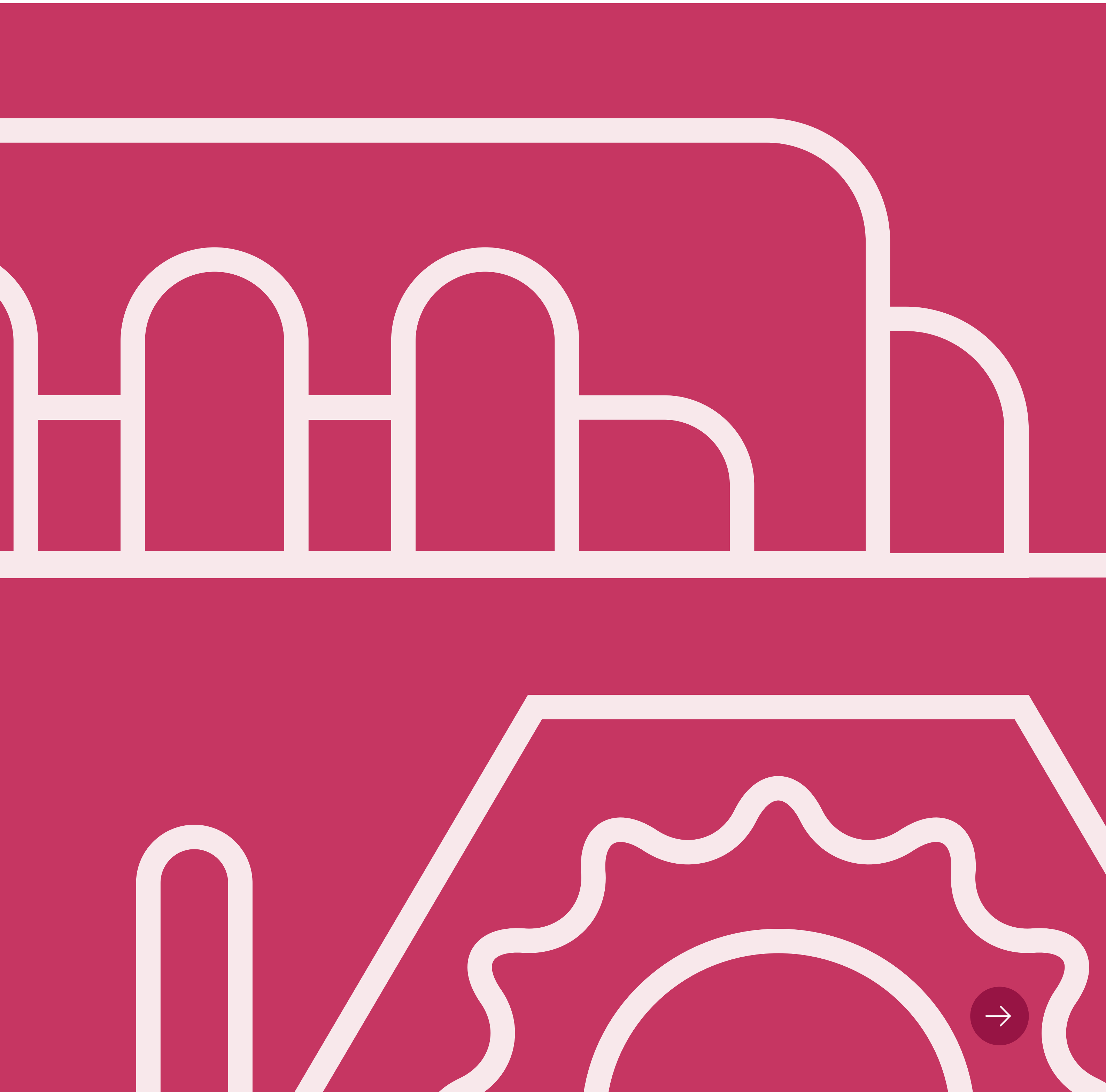
____ Date: __________________

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

Cummins UK Pension Plan

Implementation statement

1 January 2024 to 31 December 2024



About this statement

The Trustee of the Cummins UK Pension Plan (the Plan) must produce a yearly statement explaining how, and the extent to which, it has followed its Statement of Investment Principles (SIP) during the Plan year. This must include:

- details of any review of the SIP during the Plan year
- any changes made to the SIP and why
- the date of the last SIP review
- a description of the voting behaviour by (and on behalf of) the Trustee
- the most significant votes cast, stating any use of the services of a proxy voter during that year. This is provided in **Section 7** below.

In preparing this statement, the Trustee has considered the guidance issued by the Department for Work and Pensions (DWP's guidance) on reporting on stewardship and other topics through the SIP and the Implementation statement.

This statement is based on the SIP dated December 2023. Please read this statement in conjunction with the Plan's **current SIP.**

Contents

1 Introduction

No review of the SIP was carried out during the Plan year. The last formal review was in November 2023, when the Company was consulted and confirmed it was comfortable with the changes.

2 Investment objectives

As at 31 December 2024, the Plan's long-term funding target and DB investment strategy were in the process of being reviewed by the Trustee. The current target is to achieve 103% funding on the Plan's self-sufficiency basis by 31 December 2028.

Progress against the long-term journey plan for the DB Section is reviewed as part of the quarterly performance monitoring reports. The Trustee can also view the progress on an ongoing basis using LCP Visualise (a tool provided by the Plan's investment adviser that shows key metrics and information about the Plan including the investment strategy's expected return and risks).

As part of the performance and strategy review of the DC and AVC default arrangements in June 2023, the Trustee considered the membership demographics and the variety of ways that DC and AVC members may take their Plan savings at retirement. At a DC workday in January 2024, a variety of new ideas and approaches were considered for the DC strategy. In light of this, a number of investment changes were agreed during the Plan year, which are detailed in **section 3**.

Based on the outcome of this analysis, the Trustee concluded that the default arrangements have been designed to be in the best interests of the majority of the DC Section and AVC members and reflect the demographics of those members.

The Trustee also provides members with access to a range of investment options which it believes are suitable for the purpose and enable appropriate diversification. The Trustee has made available alternative lifestyle strategies and a self-select fund range to members covering all major assets classes. Details are included on the **Plan website**. The Trustee monitors the take up of these alternative choices, and it has been low in comparison with the number of members using the default strategy. The Trustee reminded members in their annual benefit statements in July 2024 to review their investment holdings and check they are suitable for their risk tolerances and retirement planning.

The Trustee reviews the ongoing charges members pay, and this is covered further in **section 4**, under fees.

3 Investment strategy

DB Section

The Trustee, with the help of its advisers and in consultation with the Company, reviewed the DB Section's investment strategy on multiple occasions during the Plan year. The strategy remained under review as at 31 December 2024.

As part of this review, the Trustee works to ensure the DB Section's assets are adequately and appropriately diversified between different asset classes.

Over the year, following a consultation with the Company, the ISC agreed to move from holding unleveraged gilts to investing in a leveraged LDI mandate. To enhance integration and operational efficiency, it was agreed that the buy and maintain credit portfolio would be managed alongside the LDI portfolio by the same investment manager. As part of the selection process, the ISC engaged with a range of prospective managers, also considering both their climate-related practices and broader responsible investment approaches.

Following meetings with the incumbent manager and an alternative provider, the ISC agreed in January 2025 to appoint the alternative manager, LGIM. The transition of assets to LGIM, is expected to take place throughout 2025.

In addition, the ISC considered the introduction of an equity allocation within the investment strategy. This involved evaluating a range of equity strategies with varying responsible investment and climate considerations, from traditional market-cap passive approaches to more targeted climate-focused impact strategies. After engaging with several equity managers to assess their approaches, the ISC agreed to invest in passive climate-tilted equities as part of the updated strategy. This investment will be carried out as part of the planned transition outlined above.

The Trustee monitors the Plan's asset allocation on a quarterly basis, which has been broadly in line with its strategic allocation over the Plan year. As previously noted, the Trustee is currently reviewing this strategic allocation.

The triggers put in place as part of the Plan's monitoring mechanism are checked daily using LCP Visualise. During the year, none of these triggers were hit. If a trigger were to be hit, LCP would notify the Trustee so that a discussion could take place.

The Trustee reviews the DB Section's net current and future cashflow requirements on a regular basis. The policy is to have access to sufficient liquid assets to meet any outflows while maintaining a portfolio which is appropriately diversified across a range of factors, including suitable exposure to both liquid and illiquid assets. The Trustee maintained sufficient liquidity to meet all cashflow requirements throughout the year and is reviewing the liquidity of the Plan's assets as part of the ongoing investment strategy review.

DC Section

The Trustee, with the help of its advisers and in consultation with the Company, reviewed the DC strategy and performance of the default arrangements over the Plan year. The Trustee agreed the following changes:

- Moving to a new phased approach for the default lifestyle, which will now de-risk at 10 and five years from retirement.
- Renaming the Accelerated Growth and Moderate Growth funds as the Grow and Strengthen funds respectively to align naming with members' retirement journey.
- Introduce a new blended fund for the retirement phase allocation called the Prepare fund, to be consistent with the first two stages of the lifestyle strategy.
- Add the Nordea Diversified Return Fund into the Strengthen and Prepare funds for use alongside the current LGIM Diversified Fund.
- Introduce an allocation to the M&G Total Return Credit Investment Fund to the Prepare fund and remove the LGIM Cash Fund.
- Close and remove the other two lifestyle strategies, namely, the Annuity protection lifestyle and Cash lifestyle. Members will be transferred into the main default, unless they make an alternative choice.
- Launch the Shariah lifestyle to allow members to invest in a lifestyle which aligns with their religious beliefs.

As part of this review, the Trustee made sure the Plan's default arrangement will be adequately and appropriately diversified between different asset classes and that the self-select options will provide a suitably diversified range to choose from. These changes will be implemented in June 2025.

The Trustee reviewed the retirement data provided by the administrator at the Plan year end to see how members access their benefits. The available data is limited given the young age profile of the membership.

4 Investment arrangements

When the Trustee reviewed the DB investment strategy over the year, it considered the investment risks set out in sections 7.4 and 7.5 of the SIP. The Trustee also considered a range of asset classes for investment, considering the expected returns and risks associated with those asset classes as well as how these risks can be mitigated. The Plan's investment strategy review was ongoing as at 31 December 2024. Post year end, as set out in the previous section, the Trustee agreed to move the Plan's assets in the unleveraged gilt funds and the segregated credit portfolio managed by BlackRock to a new manager, LGIM. The Trustee will be appointing LGIM over 2025. Similar to the process for BlackRock, the investment adviser, LCP, will provide the Trustee with information on the investment process, the investment teams, past performance and formal written advice.

When the Trustee undertook a performance and strategy review of the DC default arrangements in July 2023, it considered the investment risks set out in section 7.6 of the SIP. It also considered a wide range of asset classes for investment, taking into account the expected returns and risks associated with those asset classes as well as how these risks can be mitigated.

The Trustee formally reviewed its investment beliefs shortly after the Plan year end in March 2025. Following discussion of the view of all Trustee board members, the Trustee considered that its investment beliefs remained appropriate.

The Trustee invests for the long term, to provide for the Plan's members and beneficiaries. To achieve good outcomes for members and beneficiaries over this investment horizon, the Trustee therefore seeks to appoint managers whose stewardship* activities are aligned to the creation of long-term value and the management of long-run systemic risks.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis and informs the ISC promptly of any developments. The ISC considers whether to inform the Trustee about any significant updates or events it is made aware of, in particular any developments that may affect the managers' ability to achieve their investment objectives. This includes any significant change to the investment process or key staff for any of the funds the Plan invests in, or any material change in the level of diversification within the funds.

The Trustee monitors the performance of the Plan's investment managers on a quarterly basis, using the quarterly performance monitoring report which shows the performance of each fund. Performance is considered in the context of the manager's benchmark and objectives. The Trustee also monitors its managers' responsible investment capabilities, using scores provided by its investment adviser as part of the standard monitoring reports.

Fees

The Trustee, through LCP, carried out a value-for-members' assessment in April 2025 looking at the Plan year to 31 December 2024. This covers a range of factors, including the fees payable to managers in respect of the DC Section, which were found to be reasonable when compared against other pension schemes with similar sizes mandates.

The Trustee reviews the investment manager fee arrangements for the DB Section from time to time. Historically, when this exercise has been carried out, the costs have been found to be reasonable when compared to mandates managed for other pension schemes of similar size and composition.

*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.

5 Social, environmental and ethical issues

The Trustee published the Plan's second Climate Change report in July 2024 and will publish its third report alongside the Trustee Report & Accounts for the year to 31 December 2024.

The Trustee agreed to the following stewardship priorities for the Plan in March 2023, and these remain unchanged:

- climate change
- human rights
- corporate transparency.

These priorities were selected based on the results of a Trustee poll and were communicated to the relevant investment managers. The Trustee will review the investment managers' policies and engagement activity related to these priorities periodically.

As part of its advice on the selection and ongoing review of the Plan's investment managers, the Trustee's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement, where possible.

Within the DC Section and AVC arrangement, the Trustee recognises that some members may wish for ethical or religious matters to be taken into account in their investments and therefore, as mentioned in the SIP, it has made available the following two funds as investment options to members:

- Ethical global equity index (underlying fund is the LGIM Ethical Global Equity Index)
- Amanah fund (underlying fund is the HSBC Islamic Global Equity Index).

The Amanah fund allows members to invest in a fund where the principles are aligned with Islamic Sharia and ensures the DC Section and AVC arrangement are suitable for a wider variety of members.

As referred to in **section 3**, further changes are being introduced for DC Section and AVC members, including the launch of the Shariah lifestyle to allow members to invest in a lifestyle which aligns with their religious beliefs.

The Trustee has set an aspiration for the Plan's assets to have net-zero carbon emissions by no later than 2050 to help mitigate climate risk. It aspires to align the Plan's assets with net-zero greenhouse-gas emissions by 2050 through selecting managers and investing in funds with credible net-zero targets, as well as engaging with their appointed managers on their progress against their net-zero targets. To assess the credibility of managers' plans to meet their net-zero targets, the Trustee is monitoring their climate-related metrics. The Trustee has delegated to the investment managers the exercise of rights attaching to investments, including voting rights, and engagement. However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement. During the Plan year, the Trustee engaged with BlackRock and LGIM to encourage greater transparency of engagement (through better quality reporting) and more action to be taken to help meet the Plan's net-zero aspiration.

The Trustee is conscious that responsible investment, including voting and engagement, is rapidly evolving and therefore expects most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvement.

6 Other matters

Risk management

Risks are monitored on an ongoing basis with the help of the investment adviser. The Trustee maintains a risk register, and this is discussed at quarterly meetings.

DB Section

The Trustee's policy for some risks, given their nature, is to understand them and to address them if it becomes necessary, based upon the advice of the Plan's investment adviser or information provided to the Trustee by the Plan's investment managers. These include solvency and mismatching risk, sponsor risk, credit risk, equity risk, liquidity risk, political risk, manager risk, currency risk, custodial risk and ESG (including climate) risks. Following elevated gilt market volatility in 2022, liquidity risk has been considered in more detail by the Trustee as part of continuing investment strategy considerations.

Looking at the risk of inadequate returns, as part of the quarterly investment monitoring, the Trustee considers the Plan's funding against the return required to achieve the long-term target to be 103% funded on a self-sufficient basis by the end of 2028. As part of the ongoing investment strategy review, the Trustee is also reviewing the long-term target date.

The DB Section's interest rate and inflation hedging levels are typically considered as part of quarterly investment monitoring reports. The Plan's hedging levels were broadly in line with the target levels. At the year end, the Trustee was reviewing the investment strategy, including the Plan's interest rate and inflation hedging strategy.

DC Section

The Trustee considers the following risks:

- opportunity or shortfall risk – the risk that members don't take sufficient risk at a stage in their lives when they're most able to, resulting in a smaller-than-expected pension account at retirement
- capital risk – members' savings fall in absolute terms
- inflation risk – investment return over members' working lives doesn't keep pace with inflation.

To mitigate these risks, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used throughout the default lifestyle arrangements and are also made available within the self-select options. These funds are expected to produce positive real (specifically, above inflation) returns over the longer term. As part of the default lifestyle arrangements, the equity allocation is gradually reduced for the typical member in the years approaching retirement. Lower volatility assets are used to minimise the risk that members lose material amounts of their retirement pots with a small number of years to their retirement.

The Trustee has made available a lifestyle strategy to address the annuity conversion risk present in the DC Section and AVC arrangement if members plan to purchase an annuity with their retirement savings. This refers to the risk that relative market movements in the years just prior to retirement may lead to a substantial reduction in the pension and cash lump sum secured. The annuity protection strategy aims to hedge against annuity price movements as members approach their target retirement age. An annuity-focused fund, which aims to broadly match annuity prices, is also available to members as a self-select option. From June 2025, this strategy will no longer be available to members. Members will still be able to invest in the Annuity Protection Fund as a self-select option if they wish to hedge against annuity price movements.

There is also consideration of the 'lack of diversification' risk which is the risk that the failure of a particular investment, or the general poor performance of a given investment type, could materially adversely affect the value of the Plan's assets. To mitigate this risk, the Trustee has diversified the Plan's assets between different asset classes and within each asset class.

Members of the Plan also face the risk that pension pots are eroded due to unduly high investment charges. The Trustee works to mitigate this risk by regularly reviewing the costs associated with managing the Plan's assets, as noted in **section 4**.

For AVC members, the Trustee makes available the same investment arrangements as for DC members.

In considering the risk of inadequate returns for the DC Section, the Trustee makes use of equity and equity-based funds, which are expected to provide positive returns above inflation over the long term. These are used throughout the default option and are also made available within the self-select fund range. These funds are expected to produce adequate real returns over the longer term. The Trustee monitors the standard deviation and returns of these funds on a quarterly basis.

Together, the investment and non-investment risks set out in section 7.4 of the SIP give rise generally to funding risk. The Trustee formally reviews the Plan's funding position as part of its annual actuarial report to allow for changes in market conditions. On a triennial basis, the Trustee reviews the funding position allowing for membership and other experience. The Trustee also informally monitors the funding position more regularly, on a quarterly basis at Trustee meetings and can monitor it daily on LCP Visualise.

Please refer to earlier in this statement for details on diversification risk (**section 3**) and investment manager risk (**section 4**).

7 Voting behaviour

All of the Plan's holdings in listed equities are within pooled funds, and the Trustee has delegated to its investment managers the exercise of voting rights. Therefore, the Trustee can't direct how votes are exercised and hasn't used proxy voting services over the Plan year. However, the Trustee takes ownership of the Plan's stewardship by monitoring and engaging with managers as detailed below.

DB Section

As at December 2024, we can confirm that none of the funds held in the DB Section invested in listed equities over the Plan year. However, we have included commentary (provided by the investment managers) on the following funds that don't hold listed equities but have a proxy voting policy in place:

- CDH VGC Fund II LP
- CDH VGC Fund I USD Parallel LP
- WTW Secure Income Fund

We haven't included voting data or commentary on the following funds that the Plan invested in during the period, which don't hold listed equities and where there are either no voting opportunities or where voting information is not available:

- Axiom Asia Private Capital Fund II
- Real Estate Capital Asia Partners IV LP
- CS Capital Partners V LP
- Nuveen Tiaa Cref Global Agriculture II LLC
- CS Iris Low Volatility Plus T Feeder Fund
- BlackRock Buy and Maintain Portfolio
- BlackRock Aquila Life Over 25 Years Index Linked Gilts Fund
- BlackRock Aquila Life Over 25 Years Fixed Interest Gilts Fund

Commentary provided from managers that do have a proxy voting policy in place is set out in **section 7.1**.

DC Section

For the DC Section, we've included only the funds with equity holdings used in the default strategies, given the high proportion of DC Section assets invested in these funds. In addition, we've also included self-select funds which incorporate ESG or ethical factors, recognising that members choosing to invest in these funds may be interested in this information. We haven't included any other self-select funds on materiality grounds.

7.1 Voting processes

LGIM

All decisions are made by LGIM's investment stewardship team in accordance with its policies on corporate governance, responsible investment and conflicts of interest, which are reviewed annually. Each team member is assigned a specific sector globally, ensuring that the same individuals responsible for engagement with a company also handle voting. This approach allows LGIM's stewardship strategy to be seamlessly integrated into both engagement and voting processes, ensuring consistent messaging to companies.

The investment stewardship team uses Institutional Shareholder Services' (ISS), ProxyExchange electronic voting platform to cast votes on behalf of clients. All voting decisions are made internally by LGIM, without outsourcing any part of the strategic decision-making process.

LGIM's use of ISS recommendations serves solely to complement its own research and proprietary ESG assessment tools. Additionally, the investment stewardship team consults research reports from Institutional Voting Information Services (IVIS) to supplement ISS reports when making specific voting decisions for UK companies.

To ensure that proxy voting aligns with LGIM's ESG positions, a custom voting policy with specific instructions has been implemented. These instructions apply across all global markets and establish what LGIM considers to be minimum best practice standards that all companies should follow, regardless of local regulations or customs.

LGIM retains the ability to override any vote decisions, based on its custom voting policy. This may happen when direct engagement with a company provides additional insights (such as disclosures in an annual report) that call for a qualitative adjustment to voting decisions. Stringent monitoring controls are in place to ensure that votes are executed effectively and in alignment with LGIM's policies by its service provider. These controls include regular manual checks of vote submissions and an electronic alert system to flag rejected votes requiring further action.

HSBC

HSBC exercises its voting rights as an expression of stewardship for client assets. It follows global voting guidelines designed to protect investor interests and promote good governance practices, highlighting independent directors, performance-linked remuneration, limitations on shareholder dilution, and opposition to poison pills.

HSBC uses ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations, identifying resolutions that contravene HSBC's guidelines. Voting policy recommendations are assessed based on the scale of overall holdings, with the majority of votes cast in alignment with the recommendations, taken from HSBC's guidelines.

Votes against management recommendations are considered the most significant. In climate-related matters, HSBC encourages companies to disclose their carbon emissions and climate risks in accordance with TCFD recommendations. For companies operating in energy-intensive sectors that consistently fail to disclose carbon emissions and climate risk governance, HSBC generally votes against the re-election of the Chair. Additionally, HSBC typically supports shareholder resolutions advocating for increased climate-related disclosures.

HSBC funds and client mandates may include shares in its parent company, HSBC Holdings PLC. A specialised procedure is in place to manage voting on these shares and address potential conflicts of interest. HSBC also implements procedures to handle other possible conflicts, although it doesn't believe it has exposure to the conflicts outlined in this context.

Commentary from DB asset managers

The following commentary was provided by the Plan's asset managers who do not hold listed equities, but have provided information regarding their proxy voting policy:

- **CDH – CDH VGC Fund II LP and CDH VGC Fund I USD Parallel LP**
  The funds are private equity funds where listed securities are not our primary targets for investments. In each of our investments, we target to negotiate for significant minority protection rights and, in most cases, we would obtain a board seat to be actively involved in the management of our portfolio company and to ensure proper governance. It is our policy that our funds should exercise their rights to vote in all matters submitted for shareholders' votes. The deal team responsible for the investment shall assess the merits of each proposal based on the team's understanding and expectation on the company's business and strategy and recommend voting accordingly. The legal and compliance team shall review the recommendation to assess if the funds' rights might be adversely affected. If any material deviations from our investment thesis or shareholder's rights are identified, the matter will be elevated to the investment committee for decision. If not, the fund shall vote in accordance with the deal team's recommendation.

- **WTW – WTW Secure Income Fund**
  As the SIF invests in private markets, via underlying fund managers who often own a majority share in the assets they hold, there are few formal votes taken. Where there are formal votes, typically these are via Investor Advisory Committees (IACs) which tend to be made up of larger investors and represent the interests of all investors in the fund. It is common for WTW to have an observer seat on these committees in order to represent our wider client base. However, in most situations, the SIF also takes a voting seat and is an active participant. Over the 12 months to 31 December 2024, we attended 26 IAC (or equivalent) meetings for the SIF's underlying managers.

7.2 Summary of voting

A summary of voting behaviour over the Plan year is provided in the table below.

DB Section

During the Plan year, none of the Plan's funds held listed equities. Hence, there were no voting rights to be exercised.

DC Section

White-labelled fund name	Accelerated growth and Moderate growth	Accelerated growth and Moderate growth	Accelerated growth and Moderate growth	Moderate growth	Ethical global equity index	Amanah
Manager name	LGIM	LGIM	LGIM	LGIM	LGIM	HSBC
Fund name	MSCI ACWI Adaptive Capped ESG Index Fund (Accelerated Growth – 40% allocation, Moderate Growth – 8% allocation)	RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund (Accelerated Growth – 20% allocation, Moderate Growth – 4% allocation)	Low Carbon Transition Global Equity Index (Accelerated Growth – 40% allocation, Moderate Growth – 8% allocation)	Diversified Fund (80% allocation)	Ethical Global Equity Index Fund	Islamic Global Equity Index Fund
Total size of fund at end of the Plan year	£2,839m	£1,499m	£5,806m	£12,570m	£1,304	£4,444m
Value of Plan assets at end of the Plan year (% of total assets)	£130.9m (28.7%)	£65.4m (14.3%)	£130.9m (28.7%)	£100.3m (22%)	£2.2m (0.5%)	£1.5m (0.3%)
Number of equity holdings at end of the Plan year	2,092	2,254	2,719	7,317	1,092	99
Number of meetings eligible to vote	3,106	3,411	4,786	10,851	1,174	103
Number of resolutions eligible to vote	35,924	38,104	47,788	108,048	16,651	1,677
% of resolutions voted	99.7%	99.7%	99.8%	99.8%	99.5%	94.5%
% voted with management	78.4%	79.8%	79.5%	76.7%	82.1%	77.7%
% voted against management	20.2%	19.1%	19.5%	22.4%	17.6%	22.3%
% abstained from voting	1.4%	1.1%	1.0%	0.9%	0.4%	0.1%
% with at least one vote against management	68.7%	65.7%	62.2%	70.1%	74.0%	76.7%
% voted contrary to recommendation of proxy adviser	13.8%	13.0%	11.1%	13.8%	13.7%	1.5%

7.3 Significant votes

Commentary on the most significant votes over the Plan year, from the Plan's asset managers who hold listed equities, is set out below.

Given the large number of votes which are cast by managers during every annual general meeting (AGM) season, the timescales over which voting takes place as well as the resource requirements necessary to allow this, the Trustee didn't identify significant voting ahead of the reporting period. Instead, we've retrospectively created a shortlist of the most significant votes by requesting each manager to provide a shortlist of votes, which comprises a minimum of 10 most significant votes, and suggested the managers could use the PLSA's criteria* for creating this shortlist.

We've selected a subset of the votes reported by the managers. The Trustee has interpreted 'significant votes' to mean those that:

- align with the Trustee's stewardship priorities
- might have a material impact on future company performance
- the investment manager believes to represent a significant escalation in engagement
- impact a material fund holding, although this wouldn't be considered the only determinant of significance, rather an additional factor
- have a high media profile or are seen as being controversial
- are shareholder resolutions which received material support
- aligned with the investment manager's engagement priorities or key themes
- the Plan or the sponsoring company may have a particular interest in.

The Trustee has reported on one of these significant votes per fund only. If you'd like more investment manager voting information, this is available upon request from the Trustee.

*Vote reporting template for pension scheme implementation statement – Guidance for Trustees (**plsa.co.uk**). Trustees are expected to select 'most significant votes' from the long-list of significant votes provided by their investment managers.

LGIM MSCI ACWI Adaptive Capped ESG Index
(40% of Accelerated growth fund and 8% of Moderate growth fund)

Canadian Imperial Bank of Commerce, April 2024	Vote cast: For	Outcome: Passed
Relevant stewardship priority	Corporate transparency	
Company management recommendation	Against	
Summary of resolution	Hold annual meetings of the company in person with virtual meetings as complements.	
Approx size of the holding at the date of the vote	0.2%	
Rationale	A vote in favour is applied because LGIM believes that shareholder meetings are a fundamental shareholder right and an important forum for dialogue between shareholders and board directors. LGIM supports AGMs to be held via electronic means as long as in-person attendance remains an option for those shareholders wishing to participate in the governance practices of the company in this manner.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	
Outcome and next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	

LGIM RAFI Fundamental Global Reduced Carbon Pathway Equity Index (20% of Accelerated growth fund and 4% of Moderate growth fund)

Apple Inc., February 2024	Vote cast: Against	Outcome: Not passed
Relevant stewardship priority	Human rights	
Company management recommendation	Against	
Summary of resolution	Report on risks of omitting viewpoint and ideological diversity from equal employment opportunity (EEO) policy.	
Approx size of the holding at the date of the vote	2.3%	
Rationale	A vote against this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts. Non-discrimination policies, including viewpoint and ideology in EEO policies do not appear to be a standard industry practice.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	
Outcome and next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	

LGIM Low Carbon Transition Global Equity Index (40% of Accelerated growth fund and 8% of Moderate growth fund)

Tesla Inc., June 2024	Vote cast: Against	Outcome: Passed
Relevant stewardship priority	Corporate transparency	
Company management recommendation	For	
Summary of resolution	Advisory vote to ratify named executive officers' (NEO) compensation.	
Approx size of the holding at the date of the vote	1.3%	
Rationale	A vote against is applied as LGIM believes that the approved remuneration policy should be sufficient to retain and motivate executives. While most NEOs received modest or no compensation for the financial year of 2023, one executive was granted an outsized, time-based stock option award upon his promotion, the magnitude and design for which are not adequately explained. The grant does not require the achievement of pre-set performance criteria in order to vest and the value is considered to be excessive.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	
Outcome and next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	

LGIM Diversified Fund
(80% of Moderate growth fund)

Shell Plc., May 2024	Vote cast: Against	Outcome: Passed
Relevant stewardship priority	Climate change	
Company management recommendation	For	
Summary of resolution	Approve the Shell energy transition strategy.	
Approx size of the holding at the date of the vote	0.3%	
Rationale	While recognising the substantial progress the company has made in climate-related disclosure in recent years, as well as the positive commitments to reducing emissions from operated assets and oil products, addressing methane emissions, and ceasing frontier exploration activities beyond 2025, concerns remain. In light of revisions to the Net Carbon Intensity (NCI) targets and the ambition to expand its gas business this decade, the company is expected to provide greater clarity on how these plans align with a structured transition to net-zero emissions by 2050.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	
Outcome and next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	

LGIM Ethical Global Equity Index Fund

Microsoft Corporation, December 2024	Vote cast: For	Outcome: Not passed
Relevant stewardship priority	Corporate transparency	
Company management recommendation	Against	
Summary of resolution	Report on AI data sourcing accountability.	
Approx size of the holding at the date of the vote	6.8%	
Rationale	A vote for this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	Was the vote communicated to the company ahead of the vote: LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is LGIM's policy not to engage with its investee companies in the three weeks prior to an AGM as its engagement is not limited to shareholder meeting topics.	
Outcome and next steps	LGIM will continue to engage with its investee companies, publicly advocate its position on this issue and monitor company and market-level progress.	

HSBC Islamic Global Equity Index (Amanah Fund)

NVIDIA Corporation, June 2024	Vote cast: Against	Outcome: Passed
Relevant stewardship priority	Corporate transparency	
Company management recommendation	For	
Summary of resolution	Advisory vote to ratify named executive officer's compensation.	
Approx size of the holding at the date of the vote	8.2%	
Rationale	HSBC considered the total pay excessive. The vesting period is not sufficiently long and the performance measurement period is not sufficiently long.	
Why this vote is considered to be most significant	The vote relates to one of the Trustee's stewardship priorities.	
Was the vote communicated to the company ahead of the vote?	No	
Outcome and next steps	HSBC will vote against a similar proposal should insufficient improvements be made.	