Cummins UK Pension Plan

Implementation statement

1 January 2022 to 31 December 2022

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 the year.

This statement is based on the Plan's latest SIP, dated July 2022, which was in place during the Plan year. Before July 2022, the Plan's SIP, dated October 2020, was in place. Please read this statement in conjunction with the Plan's **current SIP.**

In preparing this statement, the Trustee has considered the guidance issued by the Department for Work and Pensions (DWP guidance) on reporting on stewardship and other topics through the Statement of Investment Principles and the implementation statement.

Contents

1 Introduction

The Trustee has, in its opinion, followed all the policies in the Plan's SIP during the Plan year. The following sections provide detail and commentary about how and the extent to which it has done so.

A review of the SIP was carried out in October 2021, with the updates finalised during the Plan year, in July 2022. The Trustee is currently reviewing the Plan's investment strategy and, once that's completed, expects to review and update the Plan's SIP during the next Plan year.

The Trustee has set an aspiration for the Plan's assets to have net-zero carbon emissions by no later than 2050, which it expects to include in the updated SIP.

2 Investment objectives

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

As at 31 December 2022, the Plan's long-term target and DB investment strategy was in the process of being reviewed by the Trustee.

The Trustee started its performance and strategy review of the DC and AVC default arrangements in August 2021, and this process was completed in March 2022. As part of that review, the Trustee considered the membership demographics of the DC Section and the variety of ways that members may take their Plan savings at retirement.

Based on the outcome of this analysis, the Trustee concluded that the DC and AVC default arrangements have been designed in the best interests of the majority of the DC and AVC Section members, respectively, reflecting the demographics of those members. However, the review highlighted some areas for further consideration which were agreed and implemented during the Plan year.

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 (see 3.2 of the SIP). The DC and AVC Section funds are daily dealt to provide appropriate liquidity for members to realise and change their investments easily. The Trustee has made alternative lifestyle strategies available to members which take into account how members' needs change as they progress towards retirement age. In addition, the Plan offers a self-select fund range covering all major asset classes, as set out in the SIP Appendix. The Trustee monitors the take-up of these alternative choices, which has been low in comparison with the number of members using the default strategies.

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, considered the DB Section's investment strategy on multiple occasions through the year, and especially following the gilt market volatility of the autumn. The strategy remained under review as at 31 December 2022, as strategy discussions were ongoing.

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

In 2021, the Investment sub-committee (ISC) decided to allocate to a buy & maintain credit mandate, with the expectation that this allocation would increase over time as and when the DB Section de-risked. The first initial investment was made in 2022, with the funds sourced mainly from existing credit and other diversifying assets.

Rising yields in 2022 meant the liability driven investment (LDI) mandate called for collateral on several occasions. These were initially funded by sales from the Plan's liquid growth assets, before the LDI mandate was terminated in early 2023. The Plan's interest rate and inflation hedging was partially restored by a new unleveraged index-linked gilt mandate that was initially implemented in October 2022 and added to in 2023. The Plan's liability hedging strategy is being reviewed as part of the wider investment strategy discussions.

The Trustee monitored the asset allocation on a quarterly basis. The Plan's asset allocation has deviated from the strategic allocation over the Plan year, primarily as a result of the gilt market volatility in September and October 2022. The Trustee is currently reviewing its strategic asset allocation.

Required investment return triggers put in place as part of the de-risking mechanism were monitored daily using LCP Visualise during the year. If a trigger were to be hit, LCP would notify the Trustee so that a discussion could take place. The Trustee also reviews the DB Section's progress against the triggers as part of the quarterly investment monitoring reporting it receives. When a trigger is hit, the Trustee would consider the appropriateness of any proposed de-risking action to agree on if action is taken. These triggers are currently on hold while the investment strategy is reviewed.

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 that 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 requirement 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 strategy and performance of the default arrangements over the Plan year, as mentioned in **section 2**. The Trustee concluded that drawdown remains an appropriate retirement target for the DC default arrangement, that cash remains an appropriate retirement target for the AVC default arrangement, and the Cash fund remains an appropriate vehicle for any member contributions to be invested due to any fund closures.

In addition, the Trustee agreed that the default arrangements were adequately and appropriately diversified between different asset classes and that the self-select options provide a suitably diversified range to choose from.

In accordance with section 3.2 (a) of the SIP, the Trustee invests in funds that offer daily dealing to enable members to readily realise and change their investments. All the DC and AVC Section funds which the Trustee offered during the Plan Year were, and continue to be, daily priced.

4 Investment arrangements

When the Trustee reviewed the DB investment strategy in October and November 2022, it considered the investment risks set out in sections 7.5 and 7.6 of the SIP. The Trustee also considered a range of relevant asset classes, 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 2022.

The Trustee reviewed its investment beliefs in September 2022. Following a review of recent evidence of the financial materiality of climate-related risks, and further training on climate-related risks and opportunities, the Trustee reconsidered its investment beliefs and expanded upon one investment belief:

- In line with Cummins values, our investment managers should invest with good governance and consider ESG principles. In particular, the Trustee believes that considering the risks and opportunities posed by ESG and climate factors can improve outcomes for the Plan and its members.

The Trustee invests for the long term to provide benefits 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 Trustee appointed BlackRock in September 2022 to manage a segregated buy & maintain credit mandate and in October 2022 to manage a pooled index-linked gilts fund. Before the appointments, the Trustee received information on the investment processes and philosophies, the investment teams and past performance. It also received formal written advice from its investment adviser, LCP and considered BlackRock's approaches to responsible investment and stewardship. The Trustee believes the new mandates are adequately and appropriately diversified and has incorporated specific guidelines into the buy and maintain credit mandate to account for ESG and climate-related risks, including setting a carbon reduction target for the Fund.

The Plan's investment adviser, LCP, monitors the investment managers on an ongoing basis, informing 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 respective 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 levels of diversification in the funds.

The Trustee monitors the performance of the Plan's investment managers, 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. For the DB Section, the Trustee also monitors its managers' responsible investment capabilities, using scores provided by its investment adviser as part of the standard monitoring reports. For the DC Section, the investment adviser discusses any reviews of their managers' approach to responsible investment at ISC meetings and raises any changes to this approach.

Fees

In May 2023, the Trustee asked WTW to carry out a value-for-members assessment, looking at the Plan year to 31 December 2022. This covered 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 sized mandates.

The Trustee also reviewed the investment manager fees for the DB Section of the Plan during 2022 and found the costs to be reasonable when compared to similar mandates.

5 Social, environmental and ethical issues

The Trustee received training during the year on responsible investment and the Taskforce on Climate-related Financial Disclosures (TCFD) reporting requirements for the Plan under the Pensions Scheme Act 2021. The Trustee will publish the Plan's first **Climate change report** by 31 July 2023.

Shortly after the Plan year end in January 2023, the Trustee also received training on the DWP's updated stewardship guidance and set stewardship priorities to focus on monitoring and engagement with their investment managers on specific ESG factors. The Trustee discussed and agreed the following stewardship priorities for the Plan:

- Climate change
- Human rights
- Corporate transparency.

The Trustee has communicated these priorities to the relevant investment managers and will review their policies and engagement activity in these areas in due course.

As referred to in **section 1**, 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. Many of the Scheme's investment managers are now signatories to the Net Zero Asset Managers Initiative (NZAMI). To assess the credibility of managers' plans to meet their net-zero targets, the Trustee is monitoring their climate-related metrics.

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). No specific actions have been taken in relation to the selection, retention and realisation of managers as a result of member and beneficiary views.

Within the DC Section, 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 two funds available as investment options to members:

- Ethical global equity index fund (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 Shariah Law and ensures the DC Section is suitable for a wider variety of members.

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. For example, the Trustee invited two of its managers to discuss their approaches to stewardship in November 2022 to ensure their approach remained in line with the Trustee's.

As part of its advice on the selection and ongoing review of the investment managers, the Plan's investment adviser, LCP, incorporates in its assessment the nature and effectiveness of managers' approaches to voting and engagement. The Trustee plans to carry out a more comprehensive review of managers' voting and engagement practices, which will be reported on next year.

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. As a result, 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 on 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, equity risk, credit risk, liquidity risk, political risk, manager risk, currency risk, custodial risk and ESG (including climate) risks.

Following the gilt market volatility, 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-sufficiency 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 but were considered more frequently in 2022 due to the gilt market volatility. The Plan's hedging levels were broadly in line with the target levels before the gilt market volatility in September and October 2022, when they were reduced to maintain appropriate leverage within the LDI portfolio. The Plan used derivatives for risk management with a broad range of counterparties. 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, as well as manage political and currency-related risks. 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 returns over the longer term. As part of the default lifestyle arrangements, the equity allocation is gradually reduced in the approach to 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 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.

For self-select members, an annuity focused fund, which aims to broadly match annuity prices, is available.

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 Plan's assets. To mitigate this risk, the Trustee has adequately 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 because of 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.

Together, the investment and non-investment risks set out in section 7.4 of the SIP give rise generally to funding risk. The Plan's funding position is formally reviewed as part of the annual actuarial report to allow for changes in market conditions. Then, 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, at quarterly Trustee meetings, but can monitor it daily on LCP Visualise.

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

7 Voting behaviour

All 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 Scheme's stewardship by monitoring and engaging with managers as detailed below.

DB Section

We've aimed to include voting data in line with the Pensions and Lifetime Savings Association (PLSA) guidance on the Plan's funds that hold equities, as follows:

- State Street MPF Fundamental Index 100% hedged
- AMX SSGA Adaptive Capped ESG Equity
- LGIM Heitman Global Prime Property
- Brigade Credit Offshore Fund II

We've also 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:

- American Securities Partners VI LP
- American Securities Partners VII LP
- BlackRock Buy and Maintain Portfolio
- CDH VGC Fund II LP
- CDH VGC Fund I USD Parallel LP
- Energy Capital Partners III-C Offshore Feeder LP
- Francisco Partners V-B LP
- Francisco Partners VI-B LP
- Sun Capital Partners VI-LP
- Waud Capital Partners FIF V
- CBRE Europe ex UK Alpha Fund B GBP Hdgd Shares
- Ancala Infrastructure Fund II SCSP
- Morgan Stanley Private Markets Fund V (Caymen) 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:

- Advent International GPE VII
- Altas Partners Holdings (A) LP
- Altas Partners Holdings II (A) LP
- Axiom Asia Private Capita Fund II
- BlackRock Aquila Life Over 25 Years Index Linked Gilts
- Gallant Capital Partners 1-A LP
- Mobeus Equity Partners IV LP
- Real Estate Capital Asia Partners IV LP
- CS Capital Partners V LP
- Alcentra Global High Grade CLO Debt Fund
- Nuveen Tiaa Cref Global Agriculture II LLC
- Windwise MultiFactor EM Curr Fund A Shares
- CS Iris Low Volatility Plus T Feeder Fund
- Hayfin Direct Lending Fund LP
- Templeton Global Bond Plus SIFI
- AMX Feeder – Systematica Equity Factor
- AMX Feeder – Fulcrum Risk Premia
- AMX Feeder – ARP Systematic Merger Arbitrage (Versor)

The Trustee will continue to work with its advisers and investment managers with the aim of providing this voting information in future implementation statements.

In addition to the above, the Trustee contacted the Plan's other asset managers that don't hold listed equities, to ask if any of the assets held by the Plan had voting opportunities over the Plan year. Commentary provided from these managers is included in **Section 7.1**.

DC Section

We've aimed to include voting data on the funds with equity holdings, where these are used in the default strategies, given the high proportion of total DC Section assets invested in these funds. In addition, we've also included self-select funds which incorporate responsible investment factors and/or religious beliefs, recognising that members choosing to invest in these funds may be interested in this information.

- Accelerated growth fund (underlying funds are LGIM MSCI ACWI Adaptive Capped ESG Index and LGIM RAFI Fundamental Global Reduced Carbon Pathway Equity Index)
- Moderate growth fund (underlying fund is the LGIM Diversified)
- Ethical global equity index fund (underlying fund is the LGIM Global Ethical Equity Index)
- Amanah fund (underlying fund is the HSBC Islamic Global Equity Index).

7.1. Voting processes

LGIM

LGIM's voting and engagement activities are driven by ESG professionals, and their assessment of the requirements in these areas seeks to achieve the best outcome for all its clients. LGIM's voting policies are reviewed annually and take into account feedback from their clients.

Every year, LGIM holds a stakeholder round-table event where clients and other stakeholders (civil society, academia, the private sector and fellow investors) are invited to express their views directly to the members of LGIM's investment stewardship team. The views expressed by attendees during this event form a key consideration in developing LGIM's voting and engagement policies and define future strategic priorities. LGIM also considers client feedback received at regular meetings and/or ad-hoc comments or enquiries.

All voting decisions are made by LGIM's investment stewardship team and in accordance with their policies on corporate governance, responsible investment and conflicts of interest, which are reviewed annually. Each member of the team is allocated a specific sector globally, so that the voting is undertaken by the same individuals who engage with the relevant company. This helps ensure LGIM's stewardship approach is consistent throughout the engagement and voting process, and that engagement is fully integrated into the voting decision process, which aims to provide consistent messaging to companies.

LGIM's investment stewardship team uses Institutional Shareholder Services' (ISS) ProxyExchange electronic voting platform to vote. All voting decisions are made by LGIM, and it does not outsource any part of the strategic decisions. ISS' recommendations are used to augment LGIM's own research and proprietary ESG assessment tools. The investment stewardship team also uses the research reports of Institutional Voting Information Services to supplement the research reports received from ISS for UK companies when making specific voting decisions.

To ensure LGIM's proxy provider votes are in accordance with its position on ESG, LGIM has put in place a custom voting policy with specific voting instructions. These instructions apply to all markets globally and seek to uphold what LGIM considers are minimum best-practice standards that all companies globally should observe, irrespective of local regulation or practice.

LGIM retains the ability in all markets to override any vote decisions, which are based on its custom voting policy. This may happen where engagement with a specific company has provided additional information (for example from direct engagement or explanation in the annual report) that allows LGIM to apply a qualitative overlay to its voting judgement. LGIM has strict monitoring controls to ensure its votes are fully and effectively executed in accordance with its voting policies by the service provider. This includes a regular manual check of the votes input into the platform, and an electronic alert service to inform LGIM of rejected votes which require further action.

HSBC

The legal right to the underlying votes lies with the directors of the HSBC Islamic global equity index fund. They have delegated the execution of this voting to HSBC Global Asset Management (UK) Limited.

HSBC exercises its voting rights as an expression of stewardship for client assets. HSBC has global voting guidelines which protect investor interests and foster good practice, highlighting independent directors, remuneration linked to performance, limits on dilution of existing shareholders and opposition to poison pills.

HSBC uses the voting research and platform provider ISS to assist with the global application of its voting guidelines. ISS reviews company meeting resolutions and provides recommendations highlighting resolutions which contravene its guidelines. HSBC reviews voting policy recommendations according to the scale of its overall holdings. The bulk of holdings are voted in line with the recommendation based on HSBC's guidelines.

Regarding climate, in its engagement HSBC encourages companies to disclose their carbon emissions and climate-related risks in line with the recommendations of the TCFD. Where companies in energy-intensive sectors have persistently failed to disclose their carbon emissions and climate risk governance, HSBC will generally vote against the re-election of the Chair. HSBC also generally supports shareholder resolutions calling for increased disclosure on climate-related issues.

State Street Global Advisors (SSgA)

SSgA have discretionary proxy voting authority over most of their client accounts. They carefully vote these proxies in the manner that will protect and promote the long-term economic value of their client investments.

Their stewardship team's activities are overseen by their ESG committee who are responsible for reviewing their stewardship strategy, engagement priorities and proxy voting guidelines, and monitoring the delivery of voting objectives. In addition, their ESG committee provides oversight of their stewardship team, reviews departures from their proxy voting guidelines and reviews conflicts of interest involving proxy voting.

SSgA enhance the services provided by their in-house resources through third-party service providers. The most notable of these are third-party data providers such as Institutional Shareholder Services (ISS) who assist them with managing the voting process at shareholder meetings. In the voting process, SSgA use ISS to help monitor their voting rights across the asset classes in which they invest. They employ ISS to:

- act as their proxy voting agent (providing them with vote execution and administration services)
- assist in applying their voting guidelines
- provide research and analysis relating to general corporate governance issues and specific proxy items
- provide proxy voting guidelines in limited circumstances.

Their stewardship team reviews their proxy voting guidelines with ISS on an annual basis or on a case-by-case basis as needed. ISS affects the proxy votes in accordance with our proxy voting guidelines. Voting matters that are nuanced or require additional analysis are referred to and reviewed by members of SSgA's stewardship team. Members of the stewardship team evaluate the proxy solicitation to determine how to vote, based on facts and circumstances consistent with their proxy voting guidelines, which seek to maximise the value of their client accounts.

As an extra precaution, SSgA's stewardship team will refer significant issues to the ESG committee for a determination of the proxy vote. In addition, other measures are put in place in terms of when and whether to refer a proxy vote to the ESG committee. For instance, SSgA's stewardship team considers whether a material conflict of interest exists between our clients and those of their firm or our affiliates. If such a case occurs, there are detailed guidelines for how to address this concern.

They aim to vote at all shareholder meetings where their clients have given them the authority to vote their shares and where it is feasible to do so. However, when they deem appropriate, SSgA could refrain from voting at meetings in cases, as listed below, where:

- power of attorney documentation is required
- voting will have a material impact on their ability to trade the security
- voting is not permissible due to sanctions affecting a company or individual
- issuer-specific special documentation is required, or various market or issuer certifications are required.

Unless a client directs otherwise, State Street Global Advisors will not vote proxies in so-called 'share blocking' markets (markets where proxy voters have their securities blocked from trading during the period of the annual meeting).

AMX - State Street Global Advisors

AMX has engaged with Hermes Equity Ownership Services Limited (EOS) for proxy voting services, and EOS subscribes to ISS' voting research, which it uses as an input to its voting recommendations on behalf of clients, alongside research issued by other best-in-class providers.

AMX has deemed significant votes as those that have quantitative substance and qualitative materiality. Regarding substance, the top 10 significant votes for a period shall be defined by the ordering the total number of votes in the portfolio from largest number of votes actually cast to smallest. Regarding materiality, AMX will report those top 10 whereby the votes cast were against management and contain a rationale. Notwithstanding the aforementioned, it is the aspiration of the firm to provide transparency to investors.

Brigade Capital Management

Generally, Brigade Capital will vote in favour of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification of common stock. For other proposals, Brigade Capital shall determine whether a proposal is in the best interests of its advisory clients and may take into account the following factors, among others:

- whether the proposal was recommended by management and Brigade Capital's opinion of management
- whether the proposal acts to entrench existing management and directors
- whether the proposal fairly compensates management for past and future performance.

COMMENTARY FROM OTHER DB ASSET MANAGERS

The following comments were provided by the Plan's asset managers who don't hold listed equities, but have provided information regarding their proxy voting policy:

American Securities Partners

American Securities Partners VI LP and American Securities Partners VII LP

The managing director responsible for a particular portfolio company is responsible for the voting of all securities held by the ASP Funds. Such managing director will ensure that the firm receives all relevant information, disclosure materials and such proxies or consents to be able to cast votes in a timely manner. All such votes shall be in consultation with the CEO.

BlackRock - BlackRock buy and maintain portfolio

BlackRock's approach to corporate governance and stewardship is explained in its global principles. These high-level principles are the framework for its more detailed, market-specific voting guidelines, all of which are published on the BlackRock website. The principles describe its philosophy on stewardship (including how it monitors and engages with companies), its policy on voting, its integrated approach to stewardship matters and how it deals with conflicts of interest. These apply across relevant asset classes and products as permitted by investment strategies. BlackRock reviews its global principles annually and updates them as necessary to reflect in market standards, evolving governance practice and insights gained from engagement over the prior year.

BlackRock's voting guidelines are intended to help clients and companies understand its thinking on key governance matters. They are the benchmark against which BlackRock assesses a company's approach to corporate governance and the items on the agenda to be voted on at the shareholder meeting. BlackRock applies guidelines pragmatically, taking into account a company's unique circumstances where relevant. BlackRock informs its vote decisions through research and engagement, as necessary. If a client wants to implement their own voting policy, they will need to be in a segregated account. BlackRock's investment stewardship team wouldn't implement the policy itself, but the client would engage a third-party voting execution platform to cast the votes.

BlackRock's proxy voting process is led by the BlackRock investment stewardship team (BIS), which consists of three regional teams – Americas (AMRS), Asia-Pacific (APAC), and Europe, Middle East and Africa (EMEA) – located in seven offices around the world. The analysts with each team will generally determine how to vote at the meetings of the companies they cover. Voting decisions are made by members of the BIS team with input from investment colleagues as required, in each case, in accordance with BlackRock's global principles and custom market-specific voting guidelines.

CDH Investments - 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.

Energy Capital Partners - Energy Capital Partners III-C Offshore Feeder LP

ECP is a private equity fund and so the majority of our investments are private. However, for those that are public, we do maintain a proxy policy. We can confirm that the votes made related to such public securities were in line with the proxy statement.

Francisco Partners - Francisco Partners V-B LP and Francisco Partners VI-B LP

Proxy voting is generally not applicable to our business as a private fund manager that makes credit investments and control-oriented equity investments in private companies. The firm has adopted proxy voting procedures designed to ensure that the firm votes proxies in the best interest of its funds and addresses material conflicts of interest in proxy voting.

Sun Capital Partners - Sun Capital Partners VI-LP

Sun Capital Partners VI, L.P. (Fund VI) doesn't hold any publicly listed securities. Also, given the passive limited partnership interest held by The Cummins UK Pension Plan and other limited partners in Fund VI, the general partner doesn't typically consult with its limited partners in connection with normal course portfolio company board voting.

Waud Capital Partners - Waud Capital Partners FIF V

It's our strategy to work closely with and generally control our private portfolio companies. We therefore exert influence in many ways, from regular, low-key discussions to membership on the board of directors of portfolio companies to implement the strategic growth plan for each company.

CBRE - CBRE Europe ex UK Alpha Fund B GBP Hdgd Shares

CBRE Investment Management Indirect (CBRE IM Indirect) manages indirect private real estate portfolios on behalf of separate accounts and pooled vehicles such as the CBRE Europe (ex-UK) Alpha Fund and will exercise voting on any relevant issues that may arise. Please note however, the CBRE Europe (ex-UK) Alpha Fund is now in an advanced phase of winding down and no longer holds any real estate assets. As voting forms only a limited part of our overall engagement approach, which includes regular interaction with our operating partners and underlying fund managers through control rights or advisory board representation, alongside meetings with management, we provide CBRE IM Indirect's engagement policy, which sets out how stewardship is integrated within our investment process.

Ancala - Infrastructure Fund II SCSP

Ancala's strategy is typically to take a controlling interest in its investments and either establish or actively choose to retain the portfolio companies' management, and therefore the voting situations as described in the guidelines are unlikely to be a feature of the Fund's operations.

Morgan Stanley - Morgan Stanley Private Markets Fund V (Caymen) LP

PMF V has the right to vote in connection with investments it makes – either as limited partner/member of a fund or its representative may have a voting right on a fund's advisory board. Morgan Stanley AIP GP LP exercises these rights in line with what it believes to be in the best interest of PMF V.

PMF V regularly receives requests for its vote in connection with its investments in private securities. Examples of topics on which it may be asked to vote include:

- amending the governing document of a fund to extend the investment period, extend the term or change the investment restrictions
- approving the fund's auditors in certain jurisdictions that require this annually.

WTW - WTW Secure Income Fund

As the SIF invests in private markets, via underlying fund managers which typically 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 are made up of larger investors and represent the interests of all investors in the fund. We are a voting IAC member for 75% of the investments in the Fund (excluding co-investments where IACs are not relevant), and we play an active part in these committees.

7.2 Summary of voting

A summary of voting behaviour over the Plan year is provided in the following tables.

DB Section

Please note that the Plan fully disinvested from the funds below during September and October 2022. These managers were unable to provide data for the exact partial period during which the Plan was invested within the reporting period. Therefore, the summary data provided reflects voting behaviour for the relevant funds for the Plan year.

Manager	State Street Global Advisors	AMX – State Street Global Advisors	Legal & General Investment Management	Brigade Capital Management
Fund name	MPF Fundamental Index Global Equity 100% hedged	Adaptive Capped ESG Equity	Heitman Global Prime Property	Brigade Credit Offshore Fund II
Total size of fund at disinvestment date	c£533m as at 15/09/2022	c£85m as at 28/09/2022	c£673m as at 3/10/2022	c£1,033m as at 31/12/2022
Value of Plan assets at end of the Plan year	Nil	Nil	Nil	As above (disinvested at year end point)
Number of equity holdings at end of the Plan year	2,515	1,936	77	31
Number of meetings eligible to vote	3,017	2,024	90	7
Number of resolutions eligible to vote	37,843	26,189	984	35
% of resolutions voted	98%	95%	100%	100%
% voted with management	90%	83%	81%	100%
% voted against management	9%	16%	19%	0%
% abstained from voting	1%	0%	0.1%	0%
% with at least one vote against management	54%	67%	53%	0%
% voted contrary to recommendation of proxy adviser	8%	3%	16%	9%

Note: voting percentages show the proportion of the resolutions on which the manager voted.

DC Section

Cummins fund name	Accelerated growth	Accelerated growth	Moderate growth	Ethical global equity Index	HSBC Islamic titans
Manager	LGIM	LGIM	LGIM	LGIM	HSBC
Underlying fund	MSCI ACWI Adaptive Capped ESG Index Fund (50% allocation)	RAFI Fundamental Global Reduced Carbon Pathway Equity Index Fund (50% allocation)	Diversified Fund (100% allocation)	Ethical Global Equity Index Fund	Islamic Global Equity Index Fund
Total size of fund at end of the Plan year	c£3,497m	c£1,696m	c£10,234m	c£887m	c£1,464m
Value of Plan assets at end of the Plan year (£/% of total assets)	c£108m (33%)	c£108m (33%)	c£87m (27%)	c£1m (0%)	c£0.3m (0%)
Number of equity holdings at end of the Plan year	2,328	2,339	6,496	1,027	105
Number of meetings eligible to vote	3,247	3,348	9,567	1,141	107
Number of resolutions eligible to vote	37,530	39,246	98,765	16,528	1,623
% of resolutions voted	99.8%	99.7%	98.8%	99.7%	95.8%
% voted with management	77.8%	79.3%	77.4%	82.0%	81.8%
% voted against management	20.9%	19.6%	21.9%	17.8%	17.6%
% abstained from voting	1.3%	1.2%	0.7%	0.2%	0.6%
% with at least one vote against management	71.4%	70.1%	72.1%	76.9%	74.8%
% voted contrary to recommendation of proxy adviser	13.1%	12.9%	12.5%	13.0%	11.2%

Note: voting percentages show the proportion of the resolutions on which the manager voted.

7.3 Significant votes

Given the large number of votes which are cast by managers during every annual general meeting season, the timescales over which voting takes place and the resource requirements to allow this, the Trustee did not identify significant voting ahead of the reporting period.

Instead, we've retrospectively created a shortlist of the 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.

Commentary on the most significant votes over the Plan year, from the Plan's asset managers who hold listed equities, is set out below. 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 represent a significant escalation in engagement
- impact a material fund holding, although this isn't considered the only element of significance, rather an additional factor
- the subject aligned with the investment manager's engagement priorities or key themes.

The Trustee has reported on one of these significant votes per fund only as the most significant votes. If you wish to obtain more investment manager voting information, this is available on request from the Trustee.

LGIM MSCI ACWI Adaptive Capped ESG Index (50% of Accelerated growth fund)

Amazon.com Inc., May 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Human rights
Management recommendation	For
Summary of resolution	Elect Director Daniel P. Huttenlocher
Rationale for the voting decision	LGIM voted against this resolution because the director is a long-standing member of the Leadership Development & Compensation Committee which is accountable for human capital management failings.
Approximate size of the mandate's holding at the date of the vote	0.06%
The reason the Trustee considered this vote to be most significant	The vote relates to one of the Trustee's stewardship priorities and four of the five equity funds used in the DC Section have an allocation to this company.
Was the vote communicated to the company ahead of the vote	LGIM publicly communicates its vote instructions on its website with rationale for all votes against management. Its policy is 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 (50% of Accelerated growth fund)

Hirose Electric Co. Ltd., June 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Climate change, corporate transparency
Management recommendation	For
Summary of resolution	Elect Director, Ishii Kazunori
Rationale for the voting decision	A vote against has been applied for various reasons: • the lack of independent directors on the board. Independent directors bring an external perspective to the board. LGIM would like to see all companies have a third of the board comprising truly independent outside directors. • the lack of meaningful diversity on the board • the company has not provided disclosure surrounding the use of former CEO as adviser to the board • the company has failed to report on their material ESG factors in line with the GRI or SASB reporting framework.
Approximate size of the mandate's holding at the date of the vote	0.01%
The reason the Trustee considered this vote 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 rationale for all votes against management. Its policy is 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 (Moderate growth fund)

TotalEnergies SE, May 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Climate change
Management recommendation	For
Summary of resolution	Approve company's sustainability and climate transition plan.
Rationale for the voting decision	LGIM voted against this proposal because although it recognises the progress the company has made with respect to its net-zero commitment, specifically around the level of investments in low-carbon solutions and by strengthening its disclosure, it remains concerned about the company's planned upstream production growth in the short term, and the absence of further details on how such plans are consistent with the 1.5°C trajectory.
Approximate size of the mandate's holding at the date of the vote	0.10%
The reason the Trustee considered this vote 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 rationale for all votes against management. Its policy is 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

Rio Tinto Plc, April 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Climate change
Management recommendation	For
Summary of resolution	Approve climate action plan.
Rationale for the voting decision	LGIM recognises the considerable progress the company has made in strengthening its operational emissions reduction targets by 2030, together with the commitment for substantial capital allocation linked to the company's decarbonisation efforts. However, while it acknowledges the challenges around the accountability of scope 3 emissions and respective target setting process for this sector, LGIM remains concerned with the absence of quantifiable targets for such a material component of the company's overall emissions profile, as well as the lack of commitment to an annual vote which would allow shareholders to monitor progress in a timely manner.
Approximate size of the mandate's holding at the date of the vote	0.23%
The reason the Trustee considered this vote 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 rationale for all votes against management. Its policy is 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)

Apple Inc., April 2022	
Vote cast	For
Outcome of the vote	Not passed
Relevant stewardship priority	Human rights
Management recommendation	Against
Summary of resolution	Approve climate action plan.
Rationale for the voting decision	The proposal would lead to increased transparency on Apple's supply chain policies and processes, which could help alleviate growing risks related to manufacturing in certain regions.
Approximate size of the mandate's holding at the date of the vote	7.11%
The reason the Trustee considered this vote 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	HSBC publicly communicates its vote instructions on its website with rationale for all votes against management. Its policy is 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	HSBC will continue to engage on the issue along with other issues of concern and will vote against a similar proposal should they see insufficient improvements.

State Street Global Advisors (SSgA) MPF Fundamental Index Global Equity 100% hedged

Tyson Foods, Inc., Feb 2022	
Vote cast	For
Outcome of the vote	Not passed
Relevant stewardship priority	Climate change
Management recommendation	Against
Summary of resolution	Recycling
Rationale for the voting decision	SSGA believes this proposal merits support as the company's disclosure and/or practices related to recycling can be improved.
Approximate size of the mandate's holding at the date of the vote	0.08%
The reason the Trustee considered this vote 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	Where appropriate State Street will contact the company to explain our voting rationale and conduct further engagement.

AMX – State Street Global Advisors (SSgA) Adaptive Capped ESG Equity

Bank of China Ltd., June 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Climate change
Management recommendation	For
Summary of resolution	Elect director
Rationale for the voting decision	Inadequate management of climate-related risks.
Approximate size of the mandate's holding at the date of the vote	0.11%
The reason the Trustee considered this vote 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	Not provided

LGIM Heitman Global Prime Property

Prologis, Inc., May 2022	
Vote cast	Against
Outcome of the vote	Passed
Relevant stewardship priority	Corporate transparency
Management recommendation	For
Summary of resolution	Elect director Hamid R. Moghadam
Rationale for the voting decision	A vote against is applied as LGIM expects companies to separate the roles of Chair and CEO due to risk management and oversight. A vote against is applied as LGIM expects a board to be regularly refreshed in order to maintain an appropriate mix of independence, relevant skills, experience, tenure and background.
Approximate size of the mandate's holding at the date of the vote	1.64%
The reason the Trustee considered this vote 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. LGIM publicly communicates its vote instructions on its website with the rationale for all votes against management. It is our policy not to engage with our investee companies in the three weeks prior to an AGM as our engagement is not limited to shareholder meeting topics.
Outcome and next steps	LGIM will continue to engage with our investee companies, publicly advocate our position on this issue and monitor company and market-level progress.

Brigade Credit Offshore Fund II

Hexion Holdings Corp., January 2022	
Vote cast	For
Outcome of the vote	Passed
Relevant stewardship priority	N/A – fund has limited voting opportunities, and none were in line with any of the Trustee's chosen priorities.
Management recommendation	For
Summary of resolution	Merger
Rationale for the voting decision	Economically beneficial
Approximate size of the mandate's holding at the date of the vote	<1%
The reason the Trustee considered this vote to be most significant	Vote manager made on Plan's behalf.
Outcome and next steps	Not provided.