
Section 172 Companies Act 2006 ("s172") statement

The board complied in all material respects with its s172 duties, which require the board to have regard to the matters set out in section 172(1)(a) to (f). Various measures were in place, throughout the 2023 financial year, to ensure that this happened. Reference must also be made to the Corporate Governance Arrangement sections included in the directors' report for details. These measures ensured that the board's actions and decisions would promote the long-term success of the Company for the benefit of its direct and ultimate shareholders. In addition, it demonstrates how regard was had to the matters listed in s172, namely:

- (a) The likely consequences of any decision in the long term;
- (b) The interests of the company's employees;
- (c) The need to foster the company's business relationships with suppliers, customers and others;
- (d) The impact of the company's operations on the community and the environment;
- (e) The desirability of the company maintaining a reputation for high standards and conduct; and
- (f) The need to act fairly as between members of the company.

Examples of actions being taken with regard to the s172 matters are set out as under:-

Employees

Across Cummins it is recognised that an engaged workforce tends to be happier, more energised, safer and more successful, whilst delivering better long-term business outcomes. The Company is committed to embedding and sustaining this positive culture within its subsidiaries which has been important to the board for many years and is reflected in the Company's core values of Integrity, Diversity, Inclusion, Caring, Excellence and Teamwork.

Customers

The customers and partners of the Company's subsidiaries are highlighted as being key to those subsidiaries' competitive strength and to the Company's success. There are many varied interactions with customers of the Company's subsidiaries at different levels and functions throughout the organization. Typically, the Cummins CEO or COO meet annually, and senior leaders meet a handful of times a year, with their opposite numbers at major customers of the Cummins Group to discuss longer term strategy and any major issues or opportunities. Meetings between technical teams and engineers take place more regularly, to discuss product requirements and other long to medium term needs. Members of the board may attend some of these meetings throughout the year, depending upon the business unit and how each meeting may relate to and the board members' individual area of expertise.

Distributors

Distributors are a critical part of the business model of many of the Company's subsidiaries' and those subsidiaries take steps to ensure their distributors share Cummins values, regardless of the nature of the distributor. Compliance training, and ethics and compliance initiatives and policies are made available to distributors to encourage distributors to adopt Cummins ethical principles and values.

Communities

Cummins has a deeply rooted historical commitment to community problem solving. The Company focuses its engagement efforts on three priority areas critical to healthy communities: education, environment, and equality of opportunity and creates impact by encouraging its subsidiaries to engage in their communities, focusing on those priorities and identifying opportunities where there is a unique ability to address using the knowledge and skills of employees.

Environment

The environment is a key arm of the Company's Corporate Responsibility strategy. Cummins supports the UN's Sustainable Development goals to "end poverty, protect the planet and ensure prosperity for all". Cummins is a proud signatory to the UN Global Compact and the Company wants to play its part in making the world a better place to live. Links to the Cummins global sustainability report can be found at (<https://www.cummins.com/company/global-impact/sustainability>) and to the Cummins environmental sustainability strategy to 2050, Planet 2050, at (<https://www.cummins.com/company/sustainability/planet-2050>) which was formally launched in November 2019.

Suppliers

Cummins holds suppliers to a higher standard than just compliance with local laws in the form of its Supplier Code of Conduct, which applies to all businesses that provide products or services to the Company, and its subsidiaries. The code helps the Company and its subsidiaries to ensure that they are doing business with other companies around the world that share the Cummins values and sustainable practices, and which treat their own stakeholders in a manner that is consistent with those values. During 2023, the Company's subsidiaries continued to focus on the growth and expansion of supplier development activities with an intentional and strategic move to improve partnership with many suppliers to ensure future capability improvement, planned capacity adjustments in line with demand and minimising risk of supply chain issues in region.

Government

Cummins is a strategic partner for the UK Government, a relationship that the Company values highly. Cummins has a strategic account manager within Westminster and has regular meetings to discuss its strategies and issues, and to understand upcoming policy from Government. Cummins maintains strong relationships with the local MPs for most of the major U.K. sites of the Company's subsidiaries and works with those MPs on local and national issues as required. The Company's subsidiaries are members of various trade associations and work with them to help Governments to understand industry perspectives on a number of topics including gender diversity, product regulation, trade and immigration. During the financial year 2023 Cummins took part in a number of meetings (including round tables with other industry representatives) with Governments to discuss and consult trade, transport and energy policy.

Cummins UK Pension Plan

The Company is a principal employer under the U.K. pension scheme. The trustee and the Company continue to have a strong and collaborative relationship with the Regional Pensions Director and Global Pension Strategy Director, attending trustee meetings and providing periodic updates to the Company. The next pension plan triennial valuation was as at 1 January 2024, the results of which will be discussed and agreed by the Trustee and Company during 2024.

Corporate governance arrangements

The Company's corporate governance model strives to ensure the implementation of the Cummins "Mission, Vision and Values", enhancing value for the Company's shareholders, employees, communities and other stakeholders. In short these are:

- **Why We Exist: Our Mission**
Making people's lives better by powering a more prosperous world.
- **What We Want To Accomplish: Our Vision**
Innovating for our customers to power their success.
- **How We Will Do It: Our Values**
Integrity - Doing what you say you will do and doing what is right.
Diversity & Inclusion - Valuing and including our differences in decision making is our competitive advantage.
Caring - Demonstrating awareness and consideration for the wellbeing of others.
Excellence - Always delivering superior results.
Teamwork - Collaborating across teams, functions, businesses and borders to deliver the best work.

For the 2023 financial year, the Company operated within its ultimate parent company's, Cummins Inc., "Cummins Code of Business Conduct" and "Cummins Corporate Governance Principles" (the 'Cummins Code'). Copies of each are available on the Cummins investor relations website at <https://investor.cummins.com/board-esg/governance/governance-documents>. Cummins Inc. requires each member of its group to be committed to the Cummins standards and values, by passing down its principles, and requiring that those be upheld.

The board are also familiar with and supportive of the Wates' Corporate Governance Principles for Large Private Companies (the 'Wates Principles'). The Wates Principles are similar in numerous respects to the Cummins Code and the directors are confident that the corporate governance adopted by the Company complied in all material respects, where relevant, with the Wates Principles.

Cummins firmly believes that a sustainable company is built on a foundation of good governance, integrity and the highest ethical standards at all levels. This is considered critical to the Company's long-term sustainable success. The Cummins ethics and governance initiatives are built around the 10 Statements of Ethical Principles, which are detailed in the "Cummins Code of Business Conduct". These principles are put into practice through a comprehensive compliance training program, targeting appropriate employee groups to promote good ethical behaviour and a healthy group wide culture.

The Company implements a risk monitoring and review process whereby a dedicated Risk Manager reports to the board at least twice a year on any key risks identified and detailing how those risks are being monitored. During 2023, changes to the key risks, included (i) addition of iron & steel - origin conformity ; and (ii) deletion of staff attrition.

In 2023 the board comprised of six directors, as set out on page 1. The board continues to assess its membership to ensure that it has the right qualities, skills and experience to develop promote the Cummins Mission, Vision and Values, continue to build the Cummins culture and promote long term sustainable success.

In order to comply with the Corporate Governance Principles relating to board selection, the Company operates a board selection process which complies with guidelines issued by Cummins. These guidelines emphasise that an appropriate mix of skills and experience commensurate with the complexity of the business is to be considered. During early 2023 the Company undertook a review of its board and decided to make certain changes to ensure that the board better reflects the operations (both direct and indirect) of the Company. Additional experience was added in the fields of engineering, finance, safety and legal compliance. In particular, the changes ensure all directors receive the same level of information concerning the Company. These changes were implemented in March 2023.

As a wholly owned private limited company it is not felt appropriate or necessary to appoint independent directors to the board. This has been addressed at the parent company level. However, the board ensures that any conflicts of interest are identified and managed to ensure they perform their duties appropriately and in accordance with their fiduciary and legal duties. The Company adopts a specific conflicts of interest policy, which was implemented throughout 2023.

All directors are expected to continue to develop and educate themselves. Training during the 2023 financial year included updates on pension regulations that have an impact on the Company's pension scheme and updates on Environmental, Social and Governance (ESG) regulations. The board also received a training session on a director's role, duties and responsibilities and on the Company's Directors and Officers (D&O) liability insurance. The Company ensures that each member of the board has a clear understanding of their accountability and responsibilities and that each director commits the requisite time and attention necessary to fulfil their obligations. All new board members receive a tailored induction on joining the board which includes the provision of a comprehensive Board Pack (with details of the business, key stakeholders and director's legal duties and responsibilities).