

Section 172 of 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. Please refer to the Engagement with Employees, Engagement with Stakeholders and Corporate Governance statements (the "Statements") contained within the Directors' Report for details. This engagement 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.

Various examples of action being taken with regard to the s172 matters are set out in the Statements and elsewhere in this report. The board also highlight the following two additional significant matters, arising during 2021, to support this s172 Statement:

(i) Environmental, Social and Governance (ESG) - The directors are ultimately responsible for assessing and managing climate-related risks and opportunities for the Company. The board meets regularly and dedicates time at each meeting to discuss HSE matters, which include updates on ESG regulations, risks and opportunities. In addition, on an annual basis the board reviews all existing and new risks to assess the key risks for the Company for the coming year. The members of the board also sit on other senior management groups which meet every quarter to discuss in detail business critical matters of the Company and how these are being managed, including climate related risks and opportunities and the Cummins group climate-related strategies and goals such as Planet 2050 and Destination Zero.

(ii) Risk Register - 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.

(iii) Health, Safety and Environmental (HSE)- The directors meet regularly to review and discuss the HSE matters related to the Company. During 2023 the board met six times and HSE was a standing agenda item in all these meetings. Also, a director of the Company leads the annual HSE review of all U.K. facilities/sites of the Company in conjunction with the HSE leader of the region, the outcome of which is presented to the board for awareness and necessary actions.

Engagement with 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 committed to embedding and sustaining this positive culture 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. A summary of the action that has been taken by the Company during this financial year to introduce, maintain and develop such arrangements is set out below.

Cummins has a strong matrix structure and much of the Company's communication and engagement with employees takes place within this structure, as well as across the group globally. The Company has a robust approach to cascading corporate level information to ensure all employees across Europe are regularly kept up to date and informed, using a variety of different media to share news and updates, and also to seek feedback from employees. Employees are provided with, for example, quarterly results information, strategy and performance updates, key appointments and personnel changes, acquisitions and strategic partnerships. Members of the board are involved in many of the aspects of this information sharing process. During 2023 employees continued to transition to enhanced ways of working with opportunities for further interactions and engagement face to face. The Company recognises the importance of working flexibly as an enhanced way of working that is more agile and inclusive for its employees.

The Cummins business is composed of five business segments, with a number of functions in each region supporting all business segments. Every employee of the Company sits within a function and receives regular communication on business results from the global head of the business unit to which that function belongs, as well as receiving regular communication from the global head of their function. Hybrid employees also receive regular communications from their local site.

Throughout the year, business news, new corporate guidance and reminders of training are shared by email and by local managers in regular monthly presentations and discussions. In addition, presentations are converted into digital signage which is displayed on video screens and office areas of major sites to ensure that, so far as possible, all employees of the Company are able to access the guidance and reminders.

The Company recognises that listening to employees is extremely valuable and following the launch of Cummins Cafes in 2022, companywide employee engagement survey was launched in 2023 and subsequently communication and engagement plans were defined. An all employee forum was introduced to launch in Q1 2024 and a UK wellbeing champion was identified following feedback to further support an engaged workforce. The quarterly regional townhall meetings continue virtually, where senior leaders update on business news in the Europe region. Time is always made to allow employees to ask questions and recordings are made available after the event.

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During the COVID-19 pandemic, Cummins set up the "Move Europe" movement campaign, to improve mental and physical health, to which the Company was a part. At the first event, Cummins employees in Europe travelled over 70k km virtually together during one month. Feedback was positive, when surveying those that took part in Move Europe, 88% of respondents said that taking part had improved their mood. It was so successful that Cummins decided to carry it on. In 2023, Move Europe continued for a whole month with employees running, walking, swimming and moving as they wanted and recording their progress as a collective

The Company held live events and joined events through the Women's Empowerment Network to support personal development and women's health topics, such as menopause. In October 2023, the Company supported initiatives such as increased availability of temperature control devices and easy access to sanitary products, in addition to continuing to offer flexible working schedules to its employees.

To listen to employees of the Company, and engage in two-way dialogue, a variety of channels are utilised including recognised trade unions, employee councils and more informal methods, such as skip-level meetings and surveys. During 2023 regular virtual and face-to-face meetings were held, involving members of the board, with all employee representatives, including those from the Company, known as the Cummins Employee Engagement Forum ("CEEF"). The agenda covers updates from each site, including recent business performance and short-term forecasts, as well as health and safety updates (health and safety being a key value). Extraordinary meetings also take place with the CEEF should there be any specific organisation announcements.

The Company also engages employees through special interest groups, called Employee Resource Groups (ERGs). Each of these groups has a sponsor, who will be a senior leader in the region and often a board member. ERGs are voluntary, employee-led groups that serve as a resource by fostering a diverse, inclusive workplace aligned with the Company's mission, vision and values. ERG are open to all employees and provide opportunities for leadership training, cross-cultural learning and professional development. In the UK, ERGs have been formed for the following diversity dimensions: Disabilities, Gender, LGBTQ+, Veterans and Multi-cultural. Employees are also encouraged to reach out to senior leaders for ideas of new groups which may be formed.

The board takes a keen interest in employee matters. In 2023, the gender pay gap reporting in the UK was reviewed by senior leaders, including board members. The board considers that, whilst the results have been positive each year (the Company has a lower pay gap than the industry average), they recognise that more work is required. One area where the Company sees a disparity in the numbers of men and women is within the engineering function. A team sponsored by the board continues to work to specifically address different aspects of this topic. Work is also underway to facilitate a more representative workforce in the Company's hourly production workforce with an initiative aimed at encouraging female STEM apprentices. The Company has continued to expand its recruitment council scope with the intention of providing consistent oversight of the recruitment process for manager and director-level roles by ensuring a diverse slate of candidates for each role.

The Cummins key ethical principles require the Company to communicate honestly and with integrity, to create a culture where all employees take responsibility for good ethical behaviour and to embrace diverse perspectives and backgrounds and treat all people with dignity and respect. The Cummins 'Treatment of Each Other at Work' policy strictly prohibits discrimination and harassment and establishes clear reporting lines, with clear consequences where the policy is breached. The Company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability, sexual identity or orientation and offers appropriate training and career development on all dimensions of diversity to enable an equitable working place. Cummins recognises that it takes courage to be who you are, especially at work, and by making room for everyone to succeed and by responding with empathy, we win with the power of difference.

Another area of Company's focus on employee engagement is pensions. The Company prides itself on working closely with the trustee of the pension plan to ensure clear and effective communications with employees. A communication committee, which includes current employees and retirees meets monthly with the pension communication provider to identify the best approaches to employee communications and tools.

Employees of the Company are eligible to participate in Cummins Employee Stock Purchase Plan, under which each employee of the Company may authorise the withholding of 1-15% of their base pay each pay period to be used to purchase shares of Cummins Inc. common stock for the employee's account on the open market. The Company makes a matching contribution in cash on an amount sufficient to give employee a 20% discount on the purchase price of these shares.

The Company also recognises the importance of inspiring and encouraging all employees to achieve their full potential and training plays a vital role in that encouragement. There are many training initiatives that are rolled out globally across the Cummins business focused on functional excellence and innovation, as well as code of conduct briefings, many of which are led or sponsored by the board. In addition, several training and development programmes have been initiated regionally including:

- **Building Success in You:** Focused on the Cummins Leadership Behaviours, this is a multi-session virtual classroom experience that combines teaching with intimate discussion and reflection in small table groups. The objective is for leaders to internalise and role model the Leadership Behaviours in their everyday interactions with stakeholders, peers and direct reports. This course is being actively rolled out across Company. and the wider Europe, Middle East and Africa region.

Engagement with stakeholders

Customers, employees and communities have depended on Cummins to do the right thing for over 100 years. The Company's strong ethical reputation and business success have been built on doing what is right and doing what we say we will do. That is why integrity is one of the Company's core values. The 2023 financial year saw continued activity with the Company's key stakeholders; the board were keen to ensure that everyone involved in the Company's success was involved in some way. Highlights are below.

Customers

The Company's customers and partners are highlighted at the beginning of this Strategic Report as being key to the Company's

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competitive strength and success. There are many varied interactions with the Company's customers at different levels and functions throughout the organisation. The highly regulated nature of the Company's business requires that it complies with many standards such as IATF 16949 and this dictates many of the interactions with customers particularly with regard to product development, product quality and safety standards. Typically, the Cummins senior leaders meet a handful of times a year, with their opposite numbers at major customers 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 will attend a number of these meetings throughout the year, depending upon the business unit those meetings relate to and the board members' area of expertise.

Interactions between the Company's sales account managers and customers' purchasing leaders are very frequent. Customers may keep scorecards of the Company's performance and rate that performance against a list of different criteria. Regular meetings are held to discuss any particular issues and to work together to agree how the Company may support its customer in resolving specific problems.

Business updates are regularly shared with / disseminated to all of the Company's customers, in case of a product change, update to shipping terms or if any closures of manufacturing plants are intended. The Company usually interacts with customers at trade shows which re-started in 2022 as COVID-19 restrictions started to relax.

Distributors

Distributors are a critical part of the Company's business model and the Company takes steps to ensure its 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 engaging in its communities, focusing on its priorities and identifying opportunities the Company has a unique ability to address using the knowledge and skills of its employees.

In 2023, more than 76% of the Company's employees participated in our Every Employee Every Community (EEEC) programme, which enables each employee to use at least four work hours to engage in their communities. The Company's employees contributed more than 1,465 hours volunteering to support their local communities in 2023. In addition, the Company, working with the Cummins Foundation, provided grants to local charities addressing food insecurity and supporting education and employment for people with disabilities.

The Company partnered with a non-profit school in Bourne for pupils with moderate, severe, profound and complex learning needs since 2008, volunteering more than 3,000 hours to support the school. The Company has conducted employee engagement projects to enable the school to achieve its vision and mission. Projects have included providing the school with an enhanced outdoor learning environment, using the Company's skills to provide assistive technology and improved accessibility to support student needs, and supporting the development of a student sensory suite.

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.

The Company regularly measures and reports on the goals set by the Cummins Planet 2050 strategy which includes (i) reducing greenhouse gases and air emissions; (ii) using natural resources in the most sustainable way possible; and (iii) helping communities address their major environmental challenges. Directors are regularly updated, briefed and trained on environmental regulation and regulatory practices by the dedicated team of professionals who manage the Company's environmental affairs on a day-to-day basis, as well as by external experts.

Independent certification of the Company's facilities is important to the directors. It demonstrates to all of the Company's stakeholders, internal and external, that the Company's environmental and energy management systems are robust and based on best practice. The Company had regular interactions with customers and other stakeholders during 2023 including with the Environment Agency and other regulators to share future strategic issues and practices learnt from others in industry.

The Cummins Planet 2050 strategy sets resource reduction targets which the Company aspires to achieve by 2030 and Cummins is targeting net-zero carbon emissions by 2050. Progress towards those targets increased in 2023 as the company reviewed its UK operations. In particular, during 2023 the Company:

- generated 320 tonnes of waste, a drop of 64.1% on 2022, all of which (100%) was recycled;
- used 3,333,562 kWh of energy, a decrease of 39.9% against the previous year;
- emitted 678 MT of carbon dioxide, an increase of 37.4% against the previous year; and
- used 1584m3 of water, a 24.0% decrease compared to the previous year.

Suppliers

Cummins holds suppliers to a higher standard than just compliance with local laws in the form of a Supplier Code of Conduct, which applies to all businesses that provide products or services to the Company, and its affiliates. The code helps the Company to ensure that it is 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. All new suppliers receive a copy of the Supplier Code of Conduct and are encouraged to adopt it.

During the 2023 financial year the Company invested significant time in a supply chain review. By undertaking the review, the Company has enhanced its supply chain operations through an internal transformation to adopt a global approach to supplier relationship management. The Company continues to work collaboratively with suppliers, to develop new ideas and business opportunities, such as identifying component design changes that would improve the manufacturing complexity and reduce process costs for one supplier.

- Supply Chain Finance - Increased the implementation of Supply Chain Financing ("SCF") opportunities for suppliers providing the selected suppliers with lower cost financing, faster invoice payment, increased liquidity and improved control of invoice payments;
- Supplier Diversity - As a Charter Member, Cummins sponsored an Innovation Challenge programme with Minority Supplier Development UK (MSDUK) to attract and provide opportunities to Ethnic Minority Business suppliers. Starting in 2017 there has been over 800 innovative ideas submitted by Innovation Challenge finalists after taking part in the competitions. In 2023, Cummins led the Sustainable Development Category with the event attracting over 200 applicants with four Category winners and the overall winner receiving £20,000 plus a place on the Accenture Corporate Mentoring programme and a 1-year MSD (Minority Supplier Development) U.K. subscription.; and
- Supplier recognition - in the fourth quarter of 2023 a virtual supplier recognition event was planned to recognise outstanding supplier performance in the region. The event was held in Q1 2024. Supplier of The Year awards for both direct and indirect procurement were given to those suppliers who excelled in areas of safety, quality, delivery, diversity, innovation, new product development and customer support.

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 Company's major sites and works with them on local and national issues as required. The Company is a member of various industry bodies in the UK and works with them to help the Government 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 Government to discuss and consult on trade, and transport and energy policy.

Cummins UK Pension Plan

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 Inc. 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 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.

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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 board has the legal responsibility for overseeing the affairs of the Company, exercised through the election and appointment of competent officers. The board relies on the integrity, expertise and competency of these officers in carrying out its oversight function. The board is responsible for having the processes and internal control systems in place to identify, evaluate, manage and mitigate risks. In discharging its fiduciary duties to act in the best interests of the Company, the board have and continue to consider, among other pertinent factors and as appropriate, the effect of its actions on shareholders, employees, suppliers, customers, communities, and the interests of society. More detail on the stakeholder engagement undertaken by the board and its compliance with s172 can be found in the Strategic Report.

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

The board have adopted a broad range of policies that help to govern internal affairs of the Company. These are reviewed and updated periodically.

In 2023 the board comprised of six directors, as set out on page 6. 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 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 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 2022 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, session on directors role, duties and responsibilities and 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 operations, key stakeholders and director's legal duties and responsibilities).

The board also has a number of processes in place to build positive relationships with all stakeholders, with a particular focus on the workforce / employees, customers, suppliers and the community. One of the Company's key ethical principles is to compete fairly and honestly, and this has no exceptions. The Company ensures the board remains accountable to this principle and, in particular, directors are regularly involved in key meetings with customers and suppliers. Further details regarding engagement with the Company's key stakeholders and employees during the 2023 financial year can be found in the Engagement with Employees and Engagement with Stakeholders sections.