

GXO Common Investment Fund (“the Scheme”)

Engagement Policy Implementation Statement

31 December 2024

1. Introduction

Under the Occupational Pension Schemes (Investment and Disclosure)(Amendment) Regulations 2019, the Trustee is required to produce an annual Engagement Policy Implementation Statement (“EPIS”). This statement outlines how, and the extent to which, the policies relating to stewardship, voting and engagement as outlined in the Statement of Investment Principles (“SIP”) have been followed.

This statement covers the Scheme’s accounting year to 31 December 2024. It is intended to meet the updated regulations and will be included in the Scheme’s Report & Accounts. In preparing this statement, the Trustee has taken advice from their professional advisers.

This statement details some of the activities carried out by the Trustee, the Manager and the investment managers during the period, including voting statistics, and provides the Trustee’s opinion on the stewardship activities over the period.

2. Policies

The Trustee’s relevant policies regarding stewardship, voting and engagement are outlined in the SIP. The most recent version of the SIP is publicly available being published online and will be updated from time-to-time.

The Trustee has appointed BlackRock as the adviser and Fiduciary Manager (“the Manager”) for the Scheme. The Trustee delegates the day-to-day investment decisions and asset allocation to the Manager. The Trustee retains responsibility for the strategic investment objective and oversight of the Manager.

During the year to 31 December 2024, the Trustee did not update the SIP, as such the policies contained in the September 2023 SIP are those which are relevant to this Statement, which can be accessed online. In particular, the SIP includes the Trustee’s Responsible Investing beliefs.

In practice, the Trustee has elected for the underlying or external managers to vote in line with the investment manager’s own voting policies, as the Trustee believes they have strong stewardship policies. The Trustee works with the Manager to appropriately monitor the voting and engagement activities of these investment managers.

The Trustee notes the “Guidance issued by the DWP relating to Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement” in July 2022. The Trustee expects to develop its policies and build more elements into future iterations of this statement.

3. Scope of this statement

The Trustee acknowledges that the extent to which the policies in relation to stewardship, voting and engagement can be applied varies across the portfolio. For example, in general, voting rights are typically not attached to fixed income securities, while the applicability to the LDI (liability-driven investment) portfolio and Buy and Maintain portfolio is limited. Nonetheless, the Trustee and the Manager expect all investment managers to take an active role in the stewardship of investments where relevant.

4. Scheme activity

The SIP includes the Trustee’s policy on Environmental, Social and Governance (“ESG”) factors and stewardship. This policy sets out the Trustee’s beliefs on ESG and the processes followed by the Trustee in relation to voting rights and stewardship.

The Trustee recognises that the Manager is engaging with the underlying managers to ensure they work to further improve their ESG policies and actions over time. As part of the Trustee’s ESG policy, the Manager is required to request the underlying managers’ policies and their adherence to them. The Manager reviews the policies of each underlying manager to ensure that these are appropriate.

The Trustee expects the Manager to continue to work with underlying managers in order to ensure those on the weaker side of voting and engagement take action to make improvements. The Manager has acknowledged that all managers have been taking steps to improve both their voting and engagement and

“best in class” continues to evolve. The Trustee will be closely monitoring developments over the coming years.

5. Voting and Engagement

The Trustee has delegated to the Manager the responsibility of collecting the stewardship and engagement reports of the underlying managers and assessing the suitability. The Trustee also expects the Manager to monitor the underlying manager’s activity to ensure compliance and confirm that it remains a suitable investment for the Scheme. The Trustee is comfortable that under the governance structure the responsibility sits with the Manager to communicate with the underlying managers and on a regular basis collect information as required.

The Manager has noted that there is variability between managers in the extent of their engagement and voting policies, with equity managers generally having made more progress than fixed income. This section of the Implementation Statement focuses on the Scheme’s equities managers. It is intended that in future years there will be greater focus on other asset classes, in particular the fixed income managers.

The section below details the investment managers’ approach to voting and engagement as well as some examples of significant engagements these managers have made over the 12 months in respect to the funds in which the Scheme is invested.

In addition, summary voting statistics in respect of the Scheme’s equities funds over the year to 31 December 2024 have been included. Voting statistics have been reported over the one-year period to 31 December as this is likely to result in greater coverage across investment managers and therefore also provide greater comparability and consistency going forwards.

BlackRock:

The Scheme has a portion of its Growth assets invested in funds managed by the Manager. Given the Manager’s appointment as both the fiduciary manager as well as one of the investment managers, the Trustee recognises the importance of ensuring that the Manager’s own policies and actions are appropriate for the Scheme. The Manager publicises its own policies as well as quarterly updates online (which can be accessed [here](#)) which the Trustee has visibility of. This includes details of any changes to policies and reports at an aggregate level, the impact of its voting and engagement. The Trustee is comfortable that the transparency of the Manager in publicising reports and developments online ensures alignment with the interests of the Scheme.

Whilst it is important to monitor the activities of the Manager at a high level through this publicly available information, it is also important to monitor the voting and engagement activities undertaken on behalf of the Trustee by the Manager on a more granular level.

Except for the BlackRock European Equities, BlackRock Factor Equities and BlackRock Thematic Equities (sold August 2024), the Scheme’s BlackRock equities funds are passive (i.e. index) strategies. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions in which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored. Examples of significant votes in respect of the BlackRock holdings are included below. The summary voting statistics below illustrate that the voting rights attached to the underlying investments in these instances have been exercised to a large extent.

The Manager’s approach to voting is described in the table below, along with summary voting statistics for the Manager’s equities funds.

Approach to voting

BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty and as a way to enhance the value of clients’ assets, using its voice as a shareholder on their behalf to ensure that companies are well led and well managed.

The Scheme has authorised BlackRock to vote on their behalf. 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 BIS voting decisions reflect its reasonable and independent judgment of what is in the best long-term financial interests of clients. This is informed by analysis of company disclosures, third-party research, comparisons against a company's industry peers, as well as engagement with companies and BlackRock's active portfolio managers.

BIS engages with management teams and/or board members on material business issues including environmental, social, and governance matters and through voting proxies in the best long-term economic interests of its clients.

BIS votes to formally communicate its support for or concerns about how companies are addressing governance and material business risks and opportunities that may impact their ability to deliver long-term financial returns. In BIS' voting determinations, the team takes into consideration the context in which companies are operating their businesses. BIS' voting is thoughtful, methodical, and always anchored in BlackRock's fiduciary duty to clients as an asset manager.

When BIS determines that it is in clients' financial interests to signal concern to companies through voting, the team does so in two forms: 1) it might not support the election of directors or other management proposals; or 2) it might not support management's voting recommendation on a shareholder proposal. Voting to elect directors to the board is a near-universal right of shareholders globally and an important signal of support for, or concern about, the performance of the board in overseeing and advising management.

Whilst BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS), Egan-Jones and Glass Lewis, it is just one among many inputs into its vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock does not follow any single proxy research firm's voting recommendations. It subscribes to two research providers and uses several other inputs in its voting and engagement analysis, including a company's own disclosures, public information and ESG research. BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BlackRock works with proxy research firms who apply our proxy voting guidelines to filter out routine or non-contentious proposals and refer to us any meetings where additional research and possibly engagement might be required to inform our voting decision.

Shell plc is an energy company headquartered in the United Kingdom. BIS has had extensive, multi-year engagements with Shell where they have discussed, among other topics, board composition, corporate strategy, and the board's oversight of, and management's approach to, climate-related risks and opportunities.

Shell Plc
(UK, Energy)

At the May 2024 AGM, BIS supported management's proposal to approve Shell's energy transition update and its Energy Transition Strategy 2024. Shell first submitted its Energy Transition Strategy for a vote at the May 2021 AGM, when it received 89% support from shareholders, including BIS. In the two subsequent years, the company proposed an advisory shareholder vote on the progress made to date against its Energy Transition Strategy. The proposals received 79.9% and 80% shareholder support in 2022 and 2023, respectively, including from BIS. In BIS' view, Shell has provided and continues to provide a clear assessment of its plans to manage material climate-related risk and opportunities, while also demonstrating progress its stated Energy Transition Strategy.

Shell's 2023 Capital Markets Day highlighted its strategy to deliver "more value with less emissions," focusing on markets where it has a competitive edge, like decarbonising transportation. By the end of 2023, Shell had achieved over 60% of its goal to reduce scope 1 and 2 emissions by 50% by 2030. The company is also progressing towards eliminating routine flaring and achieving near-zero methane emissions by 2030. Due to changes in energy markets and its power business strategy, Shell adjusted its climate targets, including

retiring its 2035 net carbon intensity (NCI) target and modifying its 2030 NCI reduction target to 15-20%. These adjustments are seen as reasonable and transparent efforts to manage climate-related risks and opportunities.

The Boeing Company
(US, Aerospace)

The Boeing Company is a U.S. aerospace company that designs, develops, manufactures, sells, and services, and support commercial jetliners, military aircraft, satellites, missile defense, human space flight, and launch systems.

At the May 2024 AGM, BIS did not support the re-election of Director David L. Joyce, who serves as Chair of the Board's Aerospace Safety Committee. While BIS notes that Boeing is taking the 2024 Alaska Airlines incident seriously, the National Transportation Safety Board and Federal Aviation Administration's findings highlight the scale of the deficits in Boeing's overarching safety culture. Boeing's compliance issues related to manufacturing and quality control identified by the National Transportation Safety Board (NTSB) and the Federal Aviation Administration (FAA) indicate shortfalls in the board's approach to overseeing management and the company's quality control and safety policies, processes, and culture. As such, BIS did not support Mr. Joyce's re-election as Chair of the Aerospace Safety Committee to convey their concerns about continuing oversight missteps and BIS' view that to protect the interests of the company and its stakeholders, the board and management need to act swiftly and effectively to address the issues identified.

BIS notes Boeing's efforts to further enhance the oversight of, and management's approach to, its quality control and safety processes since the Alaska Airlines incident. They also recognise that effective board oversight of Boeing's complex businesses, which ranges across various commercial, defense, and space areas, necessitates a high level of institutional knowledge.

BIS supported the election of other directors at the May 2024 AGM because they recognise that the expertise of the members of the Aerospace Safety Committee will be important as the company works to address the issues identified.

BIS will continue to engage with members of the Committee and Boeing's executive leadership to understand how these issues are being rectified, and robust practices are being established to safeguard key stakeholders and advance the long-term financial interests of shareholders.

Noodles & Company (US,
Consumer
Discretionary)

Noodles & Company is a U.S.-based restaurant chain. As of January 2024, 90 out of the 470 operated restaurants were franchise locations.

In May 2024 AGM, there was a proposal requesting that the company disclose its current GHG emissions, establish and publish targets for measurably reducing them, and regularly report progress meeting those targets. BIS did not view the shareholder proposal as overly prescriptive or unduly constraining on management's decision-making. Currently, Noodles & Company does not disclose data on its GHG emissions, nor has it set reduction targets. The company lags its peers by not disclosing GHG emissions. However, Noodles & Company is currently in a challenging financial position. Its stock price is down more than 80% over the last 3 years, total revenues have fallen 1.2% in 2023 compared to 2022, average unit volumes decreased 2.3% in 2023 compared to 2022, and it returned a net loss of \$9.9 million in FY2023. The company ended its fiscal year with \$80.2 million in long-term debt (up from \$46.1 million at the end of the previous fiscal year) and, as of the company's annual meeting date, had market capitalisation of approximately \$97 million. In addition, the company recently had a leadership change with a new CEO named in March 2024.

Based on BIS assessment, the financial cost to the company to provide the information sought in the proposal outweighed the informational benefit to investors in light of its financial condition. Given the company's situation, it is in their clients' long-term financial interests for the board and management to focus on executing the strategic turnaround plan and bolstering the company's capacity for sustained earnings growth. In their view, it would be more productive to wait for the company to stabilise before seeking climate-related

disclosures. Accordingly, BIS did not support the shareholder proposal. As previously mentioned, BIS evaluate shareholder proposals on a pragmatic, case-by-case basis, with a singular focus on its implications for the long-term financial value creation by that company. As the company improves its long-term financial resilience, as discussed in our U.S. proxy voting guidelines, understanding the company's scope 1 and scope 2 emissions will become increasingly helpful to assess underlying long-term investment risk.

Temenos AG (Temenos) is a Swiss company specialising in providing banking software to financial institutions globally. BIS was concerned that the changes to the remuneration policy would further misalign payments to executives and financial returns to shareholders.

BIS did not support Temenos' executive remuneration policy because, in their view, the proposed remuneration structure and disclosures lacked sufficient detail as to how it aligns with the long-term financial interests of minority shareholders, including BlackRock's clients.

Temenos AG
(Switzerland,
Information
Technology)

The proposal did not pass at the May 2024 AGM, receiving approximately 33% shareholder support. In response, Temenos released a statement re-affirming the board's awareness of shareholder concerns while attributing remuneration issues to "exceptional circumstances around the transition to a new CEO." The company also stated that it will continue to reflect on the vote result and provide a more detailed rationale in its remuneration disclosures.

BIS recognizes the importance of competitive executive pay, including performance incentive awards, in attracting and retaining talented company leaders. However, we look at companies to demonstrate that incentive pay for executives is performance-based and consistent with the long-term financial returns received by shareholders. BIS will continue to engage with the company to discuss its approach to future remuneration structures.

	Year to 31 December 2024	
BlackRock Europe Equities (Active)	Votable proposals	807
	% of resolutions voted	100%
	% of resolutions voted against management	8%
	% of resolutions abstained	2%
	Year to 31 December 2024	
BlackRock Factor Equities (Active)	Votable proposals	2,680
	% of resolutions voted	95%
	% of resolutions voted against management	2%
	% of resolutions abstained	0%
	Year to 31 December 2024	
BlackRock Thematic Equities (Active) (Sold in August 2024)	Votable proposals	, 17,725
	% of resolutions voted	98%
	% of resolutions voted against management	7%
	% of resolutions abstained	2%
	Year to 31 December 2024	
BlackRock US Equities (Index)	Votable proposals	6,985
	% of resolutions voted	99%
	% of resolutions voted against management	2%
	% of resolutions abstained	0%
	Year to 31 December 2024	
BlackRock UK Equities (Index)	Votable proposals	14,467
	% of resolutions voted	97%
	% of resolutions voted against management	3%

	% of resolutions abstained	1%
BlackRock Asia Pacific Equities (Index)		Year to 31 December 2024
	Votable proposals	3,030
	% of resolutions voted	100%
	% of resolutions voted against management	9%
	% of resolutions abstained	0%
BlackRock Japan Equities (Index)		Year to 31 December 2024
	Votable proposals	5,927
	% of resolutions voted	100%
	% of resolutions voted against management	3%
	% of resolutions abstained	0%
iShares Edge MSCI USA Value Factor ETF (Index) (Bought February 2024)		Year to 31 December 2024
	Votable proposals	2,068
	% of resolutions voted	100%
	% of resolutions voted against management	1%
	% of resolutions abstained	0%

Other investment managers:

The approach to voting and engagement of the Scheme's other equities managers, Schroders, Wellington and American Century are detailed below. These managers are appointed in relation to the Scheme's equity holdings.

Schroders:

Approach	The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy and personnel. It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, share blocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. With regards to abstaining from votes, Schroders' preference is to support or oppose management and only use an abstention sparingly. Schroders may abstain where mitigating circumstances apply, for example where a company has taken some steps to address shareholder issues. For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions.
Mahindra & Mahindra Ltd	Mahindra & Mahindra is an Indian automobile manufacturing company headquartered in Mumbai.

(Indian automotive company)	In July 2024, there was a vote on the election of Ranjan Pant and Haigreve Khaitan as board members, as well as the re-appointment and approval of remuneration for Anish Shah (Managing Director and CEO) and Rajesh Jejuriar (Whole-time Director). Schroders vote was against management due to concerns about independence, as less than 50% of the non-executive directors could be considered independent, and concerns of “over boarding” due to one or more of the nominees sitting on multiple external boards, potentially impacting their effectiveness in their role.										
China Petroleum & Chemical Corp (Chinese oil refining conglomerate)	China Petroleum & Chemical Corp is a Chinese oil and gas enterprise based in Beijing. It is one of the world’s largest oil refining conglomerates and has the second highest revenue in the world. In June 2024, there was a vote to elect Chairman Ma Yongsheng. Schroders voted against management as they had concerns over multiple topics. Notably, the believed there was insufficient independence on the nomination committee, a lack of gender diversity on the board, and concerns over independent oversight. Less than half of the committee can be considered independent.										
Schroders EM Equities	<table> <tr> <th colspan="2">Year to 31 December 2024</th></tr> <tr> <td>Votable proposals</td><td>2,022</td></tr> <tr> <td>% of resolutions voted</td><td>100%</td></tr> <tr> <td>% of resolutions voted against management</td><td>9%</td></tr> <tr> <td>% of resolutions abstained</td><td>1%</td></tr> </table>	Year to 31 December 2024		Votable proposals	2,022	% of resolutions voted	100%	% of resolutions voted against management	9%	% of resolutions abstained	1%
Year to 31 December 2024											
Votable proposals	2,022										
% of resolutions voted	100%										
% of resolutions voted against management	9%										
% of resolutions abstained	1%										
Wellington:											
Approach	Wellington votes according to its Global Proxy Voting Guidelines and employs a third-party vendor, Glass Lewis, to perform administrative tasks related to proxy voting. Wellington does not automatically vote proxies either with management or in accordance with the recommendations of third-party proxy providers, ISS and Glass Lewis. Wellington has its own ESG Research Team, which provides voting recommendations. Based on these resources and in conjunction with Wellington’s Global Proxy Voting Guidelines, individual portfolio managers have authority to make final decisions on voting. There is no “house vote”. Wellington’s proxy voting system allows different votes to be submitted for the same security. Various portfolio managers holding the same securities may arrive at different voting conclusions for their clients’ proxies.										
Ryder System, Inc. (American transport company)	Ryder System, Inc. is an American transportation and logistics company. It is a third-party logistics provider and provides supply chain, transportation and fleet management solutions to companies. At the May 2024 AGM there was a shareholder proposal for additional climate transition reporting. The additional reporting would include a disclosure on the impact of the company’s climate change strategy on relevant stakeholders, including employees, workers in the supply chain and the communities in which they operate. The Board recommended shareholders to vote AGAINST this item. This was because they believed they already provided shareholders with sufficient information on their progress of their environmental initiatives and impacts of the business on various stakeholders. Wellington voted FOR the proposal. This was because they believe that the additional reporting would help mitigate risks, would demonstrate accountability for the company to perform against their targets. Therefore, enhanced disclosure was in the best interests of shareholders.										
H&R Block Inc. (American Tax Company)	H&R Block Inc. is a tax preparation company headquartered in Kansas City, Missouri, United States. It provides tax return preparation services and related financial products to individuals and small businesses in the United States, Canada, and Australia.										

On November 6th, 2024, a significant vote took place regarding the election of Victoria J. Reich to the board of directors. The vote was cast against the proposal due to concerns about “over boarding”, as the nominee sits on multiple external boards, which could impact her effectiveness in the role. This vote was assessed by Wellington as significant due to the vote against management, the fund's holdings, and the type of resolution. There are potential implications for enhancing company engagement in the future.

		Year to 31 December 2024
Wellington Small Cap Equities	Votable proposals	1,511
	% of resolutions voted	99%
	% of resolutions voted against management	5%
	% of resolutions abstained	0%

American Century:

American Century's (ACI) Guiding ESG Principle are outlined in its ESG Policy and are as follows:

ACI's primary mission is to deliver superior, long-term, risk-adjusted returns for clients. ACI focuses on material ESG issues, which are financially material. ACI seeks to integrate the analysis of potential risks and opportunities associated with ESG issues into its fundamental research process. ACI's goal is to mitigate downside risks and capture upside potential without compromising its fiduciary duty to act in the best interest of clients.

Approach

ACI states that “*in addition to conducting business with the highest ethical standards and complying with all applicable laws and regulations, our ESG approach is regularly reviewed against industry investment stewardship and governance standards and other ESG methodologies to ensure alignment with our processes.*”

American Century subscribes to the proxy voting services of Institutional Shareholder Services ("ISS"), including their proxy voting platform, voting advisory services, and vote disclosure services. While American Century reviews and considers ISS's research, analysis, and recommendations, it votes proxy using the ISS voting platform in accordance with the ACI's proxy voting policies, which can differ from those of ISS.

Brookfield Infrastructure Corporation (Canadian asset management company)	Brookfield Infrastructure Corporation is a Canadian alternative asset management company that focuses on investments in real estate, renewable power, infrastructure, credit and private equity, headquartered in Toronto, Canada.
	In December 2024, there was a vote to approve a reorganisation/restructuring plan that maintains the benefits of the business structure, while addressing proposed amendments to the Income Tax Act (Canada) that are expected to result in extra costs for the company if action isn't taken. American Century voted for the proposal. The rationale behind this decision was to support maximising shareholder value. The plan was passed successfully, and there are no known implications at this time but American Century will continue to monitor the impact of the plan. This vote was assessed by American Century as most significant due to its nature as a material corporate transaction.

		Year to 31 December 2024
American Century Small Cap Equities	Votable proposals	1,524
	% of resolutions voted	100%
	% of resolutions voted against management	11%
	% of resolutions abstained	1%

6. Concluding remarks

The Trustee is comfortable that the policies in the SIP have been followed over the year to 31 December 2024. The Trustee expects that the format and content will continue to evolve over time, in line with guidance and to reflect any future changes in the SIP.

The Trustee recognises the responsibility that institutional investors have to promote high standards of investment stewardship and will continue to use the influence associated with the Scheme's assets to positively influence the Scheme's investment managers.