



PUBLIC TRANSPARENCY REPORT

2023

Marathon Asset Management Limited

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

Marathon believes that increased focus on responsible investment is important. For all the helpful advice on offer, we also believe that it is not a topic adequately tackled by generic solutions, box-ticking exercises, or empty rhetoric.

There are three important points to make:

- Marathon's long-standing focus on governance gives us a beneficial perspective on broader ESG;
- The economic interest of our clients is paramount, so we do not limit our opportunity set but use ESG to help understand risk and opportunity; and
- We can, and do, press management on ESG matters where such concerns constitute actual or potential financial risks or opportunities.

What are now referred to as ESG risks have always played an integral part in the investment process at Marathon. Good governance has been an area of focus since the founding of the firm. Poor management and oversight of a business can become a key source of risk and result in poor performance. However, the separation of "E" and "S" from "G" is – arguably – false; poor environmental or social practices result from failures in management or oversight i.e. governance. The separation can be useful though, focusing the mind on these particular, often much longer-term, sources of risk when considering a new position or assessing a holding.

Marathon's capital cycle approach analyses capital flows within both an industry and individual companies. Therefore, we regularly meet management, trying to understand how capital allocation decisions are reached, and judging the quality of those already made. This is not an exercise that can be done using checklists alone. Judging governance is a time-consuming, idiosyncratic task, and one we value and relish. Combined with our longer-term perspective, it is also one that naturally leads us to consider environmental and social factors.

We believe our focus on long-term governance leads us to businesses that tend to focus on sustainability. Our portfolios, however, may hold positions that are deemed by many as poor ESG investments. Investments are selected in the portfolio on the basis that they will unlock value over the long-term (hence why the average holding period of portfolio names is over seven years). Holdings are selected after detailed analysis has led the portfolio managers to believe that the stock will be successful over the longer time horizon and this necessitates the company being sustainable, hence ESG factors are taken into consideration in the approach. Our process allows for us to invest in companies which might be classified by some as having “poor ESG”, and even those in which the direction of travel is negative, if valuations are appropriate and investments are attractively positioned from a capital cycle perspective. We look at ESG factors to understand the risks to our holdings, and the possibilities for improvement. Moreover, we understand the role Marathon can play in bringing about change through our meetings with management and voting of proxies. We do so using our in-depth knowledge of our holdings, with the economic interest of our clients foremost in our minds.

Section 2. Annual overview

- Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

It should be noted that Marathon operates a multi-counsellor model whereby each portfolio manager conducts their own research and is completely accountable for their own portfolio. Each portfolio manager employs the capital cycle approach to investing but makes their own independent investment decisions in their individual sleeve. The approach is founded on bottom-up, fundamental research, and Marathon does not impose a centralised “house” view from a top-down perspective on any aspect of the process, including those relating to sustainability.

As such, each portfolio manager will have their own views on priorities and concerns in the ESG space, which will be shaped to some extent by issues peculiar to their region of focus. As an example, our Japanese team often finds scope for improving corporate governance over other ESG factors within their market as a whole because many Japanese corporate structures - with cross-holdings and multiple listed subsidiaries - often mean that management’s focus is not on improving shareholder outcomes. Marathon’s approach in this market focuses strongly on engagement with management to encourage more shareholder friendly, open and transparent governance structures which in turn often flow through to improvements in environmental and social practices, as management focus becomes more outward looking. To that end the team has a specialist analyst based in Tokyo with a focus on management engagement and a remit to encourage corporate governance and business structure improvements.

Other regional teams may focus on different issues; for example, European investors, and therefore European based companies, have tended to be more concerned about environmental matters (particularly climate change) than global peers, whereas North American businesses may be more interested in social issues such as inclusion and diversity. While our portfolio managers might individually be more focused on particular aspects of the many ESG matters that impact on investment returns, their focus will not be to the exclusion of other considerations, and all take the assessment of ESG risks and opportunities seriously during their deliberations as they can impact share prices considerably.

Take for example portfolio holding Vistra Corp, a large US electricity generator. The company generates significant carbon emissions as one of the largest operators of coal fired power stations in the US. As a result of this, the share price has been depressed; the popularity of exclusionary "ESG investing" means that demand for the company's shares is lower than would be the case if the business had better ESG ratings, depressing the share price. Marathon's discussions with the company over the period have regularly raised this perceived "ESG discount" and the business has taken this seriously enough to create a plan to address the issue. The timetable for the closure of the coal-fired plants has been accelerated, the company has bought some nuclear generation assets (which some investors will view negatively for other reasons, but which do not generate carbon emissions) and the business is now (post period-end) realigning itself into distinct divisions; Vistra Vision, the zero emissions business which includes the nuclear assets, renewables and grid level energy storage (including the world's largest battery storage system in California) as well as the retail energy business and Vistra Tradition, which manages the legacy carbon emitting assets. Marathon believes that as the company progresses with the closure of the most carbon intensive capacity, and reduced emissions, it will improve its ESG ratings and the discount currently seen in the share price versus those of lower-emission peers is likely to narrow. Regular interaction between our investment team and Vistra's management on these topics has no doubt added weight to management concerns in support for beneficial change.

At the business level, Marathon has attained a number of responsible investment certificates. Marathon became a supporter of the Task Force on Climate-related Financial Disclosures (usually known as TCFD) in 2021, and has subsequently published a climate-related disclosures report. This report describes the governance structure overlying climate-related risks and opportunities at Marathon; the strategy adopted to consider these impacts; the risk management framework in place and metrics and information relating to GHG emissions for the total assets under management of Marathon; and also for specific strategies. In addition, Marathon made a commitment in 2020 to become carbon neutral in its business operations, and by measuring, reducing and offsetting our emissions in line with The CarbonNeutral Protocol, Marathon has now achieved CarbonNeutral® company certification.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

Over the next two years, Marathon is committed to ongoing refinement of our TCFD report, described above in section 2, in order to continue advancing our efforts to better understand the potential climate impacts of our portfolios, and encourage adoption of the recommended disclosures by the companies in which we invest and others with whom we interact.

In addition, Marathon will continue to respond to ESG regulatory consultations, in order to support the functioning of the wider financial system. These include key regulators such as the UK's Financial Conduct Authority, the European Securities and Markets Authority and the US' Securities and Exchanges Commission via Marathon's industry body, the Alternative Investment Management Association ("AIMA").

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Charles Carter

Position

Managing Director

Organisation's Name

Marathon Asset Management Limited

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

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ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2022

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

(A) Yes

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2.1	CORE	OO 2	OO 2.2	PUBLIC	Subsidiary information	GENERAL

Are any of your organisation's subsidiaries PRI signatories in their own right?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 38,506,564,171.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	98.36%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	1.64%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental 100%

(D) Other strategies 0%

ASSET BREAKDOWN: INTERNALLY MANAGED HEDGE FUND

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 HF	CORE	OO 5	OO 11	PUBLIC	Asset breakdown: Internally managed hedge fund	GENERAL

Provide a further breakdown of your internally managed hedge fund assets.

(A) Multi-strategy 0%

(B) Long/short equity 100%

(C) Long/short credit 0%

(D) Distressed, special situations
and event-driven fundamental 0%

(E) Structured credit 0%

(F) Global macro 0%

(G) Commodity trading advisor 0%

(H) Other strategies 0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity (2) >0 to 10%

(I) Hedge funds (1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(8) Hedge funds
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5	OO 9	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation have direct investments in listed equity across your hedge fund strategies?

- (A) Yes
 (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(3) Hedge funds
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Yes, through external managers

(D) We do not conduct (proxy) voting

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active

(10) >80 to 90%

(C) Hedge funds

(12) 100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



(M) Hedge funds - Long/short equity



ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone

0%

(B) Thematic alone

0%

(C) Integration alone

100%

(D) Screening and integration

0%

(E) Thematic and integration

0%

(F) Screening and thematic

0%

(G) All three approaches combined

0%

(H) None

0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(M) Hedge funds – Long/short equity

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

Marathon's policies refer to flexibility within the investment team in how they can treat environmental, social, and governance factors differently across in the various regions in which they invest.

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues
- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment
Add link:
<https://www.marathon.co.uk/media/1384/sustainability-charter.pdf>
- (B) Guidelines on environmental factors
Add link:
<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>
- (C) Guidelines on social factors
Add link:
<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>
- (D) Guidelines on governance factors
Add link:
<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>
- (E) Guidelines on sustainability outcomes
Add link:
<https://www.marathon.co.uk/media/1394/sustainability-report-2022.pdf>
- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>

(J) Guidelines on exclusions

Add link:

<https://www.marathon.co.uk/media/1214/esg-policy-jul-23.pdf>

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://www.marathon.co.uk/media/1213/conflicts-of-interest-policy-jul-23.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://www.marathon.co.uk/corporate-engagement-policy/>

(M) Stewardship: Guidelines on overall political engagement

Add link:

<https://www.marathon.co.uk/media/1255/uk-stewardship-code-statement-2021.pdf>

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://www.marathon.co.uk/legal-notice/>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://vds.issgovernance.com/repo/584/policies/Proxy%20Voting%20Policy%20-%20Jul%202023.pdf>

(P) Other responsible investment aspects not listed here

(Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

As long-term investors, we view analysis of the risks faced by a business, including those relating to its actual or potential environmental or social impacts, as a crucial part of our investment process. These risks can cost a company dearly over the long-term, so assessment of these risks and opportunities, and the governance structure and process which oversee and manage them, is – and always has been – part of our process.

Marathon’s primary objective – the fiduciary duty to add value within clients’ agreed risk parameters – is enhanced by considering material sustainability issues and opportunities. Although sustainability will rarely be the main reason for an investment, or for the avoidance of one, it can have a material impact on decisions.

Sustainability risks are, amongst other things, financial risks to a company, but many are “long tail risks”, meaning they could occur at any time, although have a low probability of occurring at any particular time. For example, poor environmental practices may not have an impact today, or in the next year, but could lead to relatively sudden fines, litigation and clean-up costs at any time.

Even though the long-term risks are clear, management teams often suffer from short-termism. This results from a temporal form of “moral hazard”; poor practices may benefit a company’s finances in the short-term as long as the worst does not happen, because it is often cheaper to behave badly than to behave well. Combine this with short-term incentives for management and short director tenures and the hazard is magnified.

At Marathon, our investment horizon is five years plus, and the typical holding period firmwide at present is almost eight years. As a result, our portfolio managers are not as susceptible to this conflict and have an incentive to seek improvements in the companies they invest in, even at the expense of short-term performance. This long-termism forms the foundation for our stewardship efforts with the companies in which we invest.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation’s policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other

Specify:

Marathon is a signatory of both the UK and Japanese Stewardship Codes. Our current stewardship code statements can be found here:

<https://www.marathon.co.uk/media/1255/uk-stewardship-code-statement-2021.pdf> (UK)

and here:

<https://www.marathon.co.uk/media/1364/japanese-stewardship-code-q223.pdf> (Japan)

- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) **Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) **Not applicable; we do not have a securities lending programme**

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment

(B) Guidelines on environmental factors

(C) Guidelines on social factors

(D) Guidelines on governance factors

(7) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(F) Hedge funds

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%

- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(2) If your AUM coverage is below 100%, explain why: (Voluntary)

A number of Marathon's clients have chosen to retain voting rights, and thus these have not been delegated to Marathon. As at 31st December 2022, this number constituted around 11% of assets under management. Marathon has full discretion to vote on the remaining 89% of AUM.

(C) Direct listed equity holdings in hedge fund portfolios

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Managing Directors

- (C) Investment committee, or equivalent
- (D) Head of department, or equivalent
- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Stewardship: Guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

● (A) Yes

Describe how you do this:

Marathon has established a governance framework, under the leadership of the Board of Directors (“the Board”), to review ESG integration and ensure that any issues are escalated promptly. To this end Marathon has adopted an integration and engagement approach to responsible investing via our Sustainability Charter which Board and the Portfolio Managers attest to each year.

Marathon activities which underpin this Sustainability Charter are documented in reports, including our UK Stewardship Code response and annual Sustainability report. This Sustainability report details work undertaken by the investment team and other departments as well as evidencing individual Portfolio Manager commitment to the Charter. This report includes the following topics:

Due diligence and monitoring of holdings:

- Description of meeting notes which incorporate ESG considerations
- Examples of investment rationale for new / sold positions

- Reporting in "Global Investment Review" (Marathon's regular investor letter) articles

Engagement with company management:

- Number of company meetings by industry, sector and type
- Documenting any increase above and beyond BAU engagement or new activism
- Recording any lobbying or bi-lateral/multi-lateral engagements

Voting proxies:

- Monitoring and examples of significant voting activity.

This report is submitted to the Board for review, discussion and challenge.

To support the functioning of the financial market system, Marathon also feeds into consultations with the Alternative Investment Management Association ("AIMA"). Compliance individuals participate in regular conference calls hosted by AIMA with other managers to agree responses to consultations and requests for information, including in relation to ESG and stewardship matters. As part of this approach, Compliance source feedback from relevant staff internally. Once the views of AIMA members are consolidated, Compliance approve the document on behalf of Marathon, as do other managers, prior to AIMA submitting their response to the relevant body. Examples of effectiveness have been the FCA's decision to remove the need to produce RTS28 reports, seen by much of the industry as a costly report that was not used by investors nor having any merit to reduce systemic risk.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

ESG factors are integrated into the investment process by the individuals on the investment team. As such, all portfolio managers and analysts are responsible for ESG. Marathon's Sustainability Charter, which describes this commitment in more detail, is overseen by the firm's senior management team.

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

In order to facilitate the proxy voting process, Marathon Asset Management has retained Institutional Shareholder Services ("ISS") as an expert in the proxy voting and corporate governance area. ISS are an independent proxy advisor firm who specialise in providing a variety of fiduciary-level proxy advisory and voting services.

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent**

Explain why: (Voluntary)

As a long-term investor, investing in equities for our clients with an average holding period exceeding five years, the sustainability of investments is an important element of Marathon's investment process. Sustainability and ESG considerations are embedded within Marathon's Purpose Vision and Values Statement, which all staff are expected to understand and abide by in their work at Marathon. Adherence to these values, along with other non-financial criteria, are considered by Marathon when contemplating variable remuneration awards for all personnel. However, no specific KPI's are set.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

- (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)
- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Explain why: (Voluntary)

Marathon takes into consideration a range of non-financial criteria when considering executive-level staff performance. These may include achieving targets in relation to environmental, social and governance factors and/or diversity and inclusion within the Marathon group of companies.

Note that no specific responsible investment KPIs are set at the firm level in relation to investment decisions, beyond evidencing that the potential financial risks and opportunities arising from ESG factors have been considered. KPIs may potentially be set in respect of specific client accounts where such criteria form part of the investment mandate; for example, accounts with carbon emissions caps or specific ESG rating requirements.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="checkbox"/>	<input type="checkbox"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://www.marathon.co.uk/media/1503/tcfd-climate-report-ye-2022.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

<https://www.marathon.co.uk/media/1387/sustainability-risk-policy-jul-23.pdf>

(B) Disclosures against the European Union's Taxonomy

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

UK Stewardship Code

Link to example of public disclosures

<https://www.marathon.co.uk/media/1255/uk-stewardship-code-statement-2021.pdf>

(E) Disclosures against other international standards, frameworks or regulations

Specify:

Japan Stewardship Code

Link to example of public disclosures

<https://www.marathon.co.uk/media/1364/japanese-stewardship-code-q223.pdf>

(F) Disclosures against other international standards, frameworks or regulations

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
- (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(6) Hedge funds
(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input type="radio"/>	<input type="radio"/>
(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.	<input checked="" type="radio"/>	<input checked="" type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

Marathon seeks to utilise proactive dialogue and engagement to encourage good governance and efficient capital allocation with a focus on shareholder returns. Marathon's Portfolio Managers spend considerable time assessing whether company managers are on the side of shareholders when it comes to capital allocation, incentives and overall integrity, and do so on a case-by-case basis, rather than the firm taking a centralised view. Portfolio managers are the experts on the stocks within their regions and are often very familiar with company management teams; hence they are best placed to decide how and whether to engage.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

Marathon is committed to confronting important corporate issues to achieve the best outcome for our client base. The firm's preference is to undertake this work directly with investee companies, and may involve dialogue with the board and senior independent directors, letters and other escalation methods available to shareholders.

Occasionally, Marathon may get involved alongside other shareholders to look to resolve a critical issue collaboratively if in the best interest of our clients; for example where fighting an action collectively could have a material impact upon shareholder value, or an investment decision was based potentially upon false or misleading information.

In such circumstances Marathon may consider joining class actions or working with other shareholders to instigate change or hold executives to account. This was evidenced in the lead role taken by Marathon in the 2019 lobbying on behalf of shareholders of the Lixil Group in relation to corporate governance concerns. Whilst we recognise the potential benefits of working alongside other long term investors on policy and company specific matters, Marathon is sensitive to the inefficiencies and time-consuming nature of acting both collectively and publicly, particularly if parties hold conflicting views on a situation. Further details can be found in Marathon's response to the UK Stewardship Code.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff
Select from the list:
 1
- (B) External investment managers, third-party operators and/or external property managers, if applicable
Select from the list:
 5
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers
Select from the list:
 2
- (D) Informal or unstructured collaborations with investors or other entities
Select from the list:
 3
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar
Select from the list:
 4
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

- (A) Example(s) of measures taken when selecting external service providers:

Marathon's approach to managing and controlling its outsourced functions revolve around three separate but interconnected phases: (1) due diligence work carried out before entering into an outsourcing relationship; (2) the on-going monitoring and supervision of the service being delivered by the outsourced entity; and (3) recovery and resilience planning.
- (B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:
- (C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:

Recommendations and research provided by ISS are delivered to Marathon’s portfolio management team to facilitate the proxy voting process. A portfolio manager will review each ‘voting pack’ on a case-by-case basis to formulate their opinion in relation to the particular matter subject of a vote; primarily using their own expertise and knowledge of an issuer sourced from a range of internal and external sources.

Consequently, whilst Marathon receives guidance and advice from proxy advisers like ISS, decisions are made on a case-by-case basis utilising the specific knowledge of the investee company sourced from a wide pool of research. The key is that the portfolio manager makes voting decisions knowing the company and individual management involved, as part of their direct responsibility for the investment. This may include voting against ISS where Marathon believes it is in the best interest of shareholders to do so.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?

Marathon uses fundamental, bottom-up qualitative analysis to evaluate businesses and the industry within which they operate. Initial investment decisions are likely to be driven by reviews of information sourced directly from the issuers themselves including: call/meeting notes; quarterly and annual reports; audited/unaudited accounts; and other supporting financial information etc., via investor relation sites, Bloomberg and S&P Capital IQ. Analysis of other research will also facilitate an understanding of the medium to long-term performance of an investee company.

In addition, the evaluation of investee company management, which is critical in the stock selection process, includes a detailed understanding of the skills, motives and incentivisation of management. Research meetings with company management represent a significant amount of analytical effort conducted by the investment team to identify business attributes that Marathon finds attractive and aligned with our investment philosophy.

Thus, Stewardship is core to Marathon’s process. Voting thoughtfully, engaging actively and, where necessary, escalating persuasively are, we believe, core investment duties. At Marathon, we see ourselves as company owners on behalf of clients. We are not price speculators or passive shareholders. Where we see aspects of the business that, in our view, could be improved, we make our views known, and vote for those resolutions that we believe are most likely to improve the business, and thereby enhance asset values, over the long-term. Acting for long-term shareholders, Marathon often has a strong relationship with the boards of companies we invest in. As a result, they also contact us from time to time to solicit our views.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Please view Marathon's response to the UK Stewardship Code at the following link for further details on Marathon's overall stewardship strategy: <https://www.marathon.co.uk/media/1255/uk-stewardship-code-statement-2021.pdf>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme**

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes

Add link(s):

<https://www.marathon.co.uk/sustainability/proxy-voting-dashboard/>

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(3) for a minority of votes	(3) for a minority of votes
(B) Yes, we privately communicated the rationale to the company	(3) for a minority of votes	(3) for a minority of votes

(C) We did not publicly or privately communicate the rationale, or we did not track this information

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

○

○

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://www.marathon.co.uk/media/1394/sustainability-report-2022.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

ISS coordinate the actual exercise of the proxy vote. This entails receiving voting instructions from Marathon and transmitting them to each clients' custodian for processing. Marathon's proxy team have access to the ISS web platform where ballots are collated from each custodian and linked to the appropriate meeting. These meetings are monitored and recorded in a central spreadsheet. Once the research has been updated, it will be sent to the Investment Manager to solicit their response by the stated deadline. From time to time, proxy votes will be solicited which involves special circumstances and require additional research and discussion. Any additional discussion may be conducted as soon as practical and with best endeavours before the ballot deadlines. ISS provide a full reporting facility to Marathon detailing voting recommendations and actual votes transmitted to custodians; this reporting is available to clients on request. Marathon's voting history is also published on its website 180 days after the meeting.

Quarterly checks are also completed across different markets and mandates to ensure ballots are being received from the custodian. Quarterly checks on voting will also be conducted by Marathon's Risk function to ensure accuracy and to flag any concerns or breaches to this policy.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

	(1) Listed equity	(2) Direct listed equity holdings in hedge fund portfolios
(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Divesting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Litigation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

(H) Other - (1) Listed equity - Specify:

Over the past three years, Marathon has also escalated matters of importance to the Board level when the team has felt this necessary.

(H) Other - (2) Direct listed equity holdings in hedge funds portfolios - Specify:

Over the past three years, Marathon has also escalated matters of importance to the Board level when the team has felt this necessary.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

Marathon is a member of the Alternative Investment Management Association (AIMA). Engagement with our trade body, AIMA, allows for a collective industry voice on matters of sustainability and regulatory change and development. Responses from AIMA are taken into consideration by the relevant bodies when finalising their response.

- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
- (B) We publicly disclosed details of our engagements with policy makers**
Add link(s):

<https://www.marathon.co.uk/media/1255/uk-stewardship-code-statement-2021.pdf>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:
Title of stewardship activity:

Japan Ministry of Economy, Trade and Industry (METI)

- (1) Led by
 - (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager**
- (2) Primary focus of stewardship activity
 - (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors**

(3) Asset class(es)

- (1) **Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) **Hedge funds**
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Marathon, as a provider of capital from overseas and long-term investor, was invited in to discussions held by the Japanese Ministry of Economy, Trade and Industry (METI) on the corporate governance code and corporate disclosures. While METI has sought to promote international investment to drive change, Marathon believes that Japanese institutions should focus on developing laws and rules for capital markets that are more acceptable to stakeholders, before relying on pressure from international capital to improve capital efficiency.

(B) Example 2:

Title of stewardship activity:

Vistra

(1) Led by

- (1) **Internally led**
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) **Environmental factors**
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) **Listed equity**
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Vistra, one of the largest electricity generators in North America, has been pivoting away from its legacy assets, having already closed most of its coal plants. There are two remaining plants scheduled to close by 2030 and, as a result of this remaining coal exposure, the company's shares have been heavily penalized by the market in terms of a valuation discount. Marathon thus met with management in November 2022 to encourage accelerated closure of these plants beyond the stated timeline. The firm has since announced their proposed acquisition of Energy Harbor. If approved, this adds two more nuclear facilities to their asset base which will be placed, together with its existing nuclear asset, its entire retail business and all solar assets, into a new division called 'Vistra Vision', which will be entirely carbon-free, and by 2025 will account for more than half of company profits. The remaining generation assets will be part of 'Vistra Tradition'. This demonstrates a concerted effort to transition towards net zero, the discount applied to the shares ought to narrow as a result.

(C) Example 3:

Title of stewardship activity:

Playtech

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

UK listed gaming company Playtech. The firm was seeking approval from shareholders for it to be purchased by Australian peer and casino business Aristocrat Leisure, with which ISS, our proxy voting advisor, agreed. In Marathon's view, however, the £2.7bn takeover offer, which valued shares at 680p, was opportunistic and fundamentally undervalued the company. Though both ISS and company management were in favour of the transaction, Marathon communicated its views to Playtech's management before voting against the resolution. The takeover deal subsequently collapsed after only 54 per cent of shareholders voted in favour, falling short of the 75 per cent threshold needed for approval. Company management has since expressed that the process highlighted the premium value of the business, and is less likely to support any future takeover bids.

(D) Example 4:

Title of stewardship activity:

Collaboration via the Alternative Investment Management Association ("AIMA")

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Compliance individuals participate in regular conference calls hosted by the AIMA with other managers to agree responses to consultations and requests for information, including in relation to ESG and stewardship matters. Collaboration via the AIMA in 2022 included an initial call, follow-up roundtable call and then a review of written responses prior to submission for (i) the EU's call for evidence on SRD2 provision; (ii) the FCA's Sustainability Disclosure Requirements and Investment Labels consultation and; (ii) the SEC's Proposal on ESG disclosures by investment advisers.

(E) Example 5:

Title of stewardship activity:

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate-related risks are considered within the investment process. Marathon's investment team aim to consider all material issues and weigh them against what is reflected in the current market price of a stock. Portfolio managers integrate assessment of certain ESG factors including climate related risks and opportunities within their overall analysis of stocks, rather than treating it as a stand-alone issue in making investment decisions.

(B) Yes, beyond our standard planning horizon

(C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

While Marathon is not an "ESG investor", in that we do not seek any particular non-financial impact from our investment activities, we do see certain value in the creation and use of a common framework for companies to assess and report on their greenhouse gas output. As a result, Marathon seeks to encourage adoption of the recommended disclosures by the companies in which we invest and others with whom we interact.

Marathon's investment team aims to consider all material issues and weigh them against what is reflected in the current market price of a stock. Portfolio managers integrate assessment of ESG factors including climate related risks and opportunities within their overall analysis of stocks, rather than treating it as a stand-alone issue in making investment decisions. The investment team is also cognisant that whilst ESG analysis can deliver benefits, it is not universally assured. Please see Marathon's TCFD report at the following link for more information on Marathon's approach to net zero: <https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

In addition, having made a commitment in 2020 to become carbon neutral in our business operations, Marathon has now achieved CarbonNeutral® company certification by measuring, reducing and offsetting our emissions in line with The CarbonNeutral Protocol.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- (A) Coal
- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel
- (G) Aviation
- (H) Heavy duty road
- (I) Light duty road
- (J) Shipping
- (K) Aluminium
- (L) Agriculture, forestry, fishery
- (M) Chemicals
- (N) Construction and buildings
- (O) Textile and leather
- (P) Water
- (Q) Other
- (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios

● (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

Marathon considers ESG metrics, including those measuring climate-related risks, throughout the decision-making process. However, in our view, at present, disclosure by companies, or data provided from third parties, is not always adequate to assess climate risks. This data is still in its infancy, and targets will need to follow after more accurate data becomes available. Due to the qualitative nature of Marathon's investment process, and the embedded treatment of ESG risks, climate-related risks are rarely evaluated in isolation.

Marathon portfolio managers take full account of sustainability issues at all stages of the investment process; during due diligence and monitoring of holdings, engagement with company management and when voting proxies. Marathon leverages a range of third-party ESG research data and technology enablers (e.g. ISS; S&P Capital IQ; Bloomberg; brokers) to both reinforce our primary internal, bottom-up analytics, and provide market colour and industry viewpoints, thereby helping to formulate and refine Marathon's investment thesis and often contrarian positioning. In addition, Marathon's Risk Committee reviews portfolio carbon intensity metrics on a quarterly basis.

It is the investment team at Marathon that is primarily responsible for stewardship activities, as portfolio managers have the most experience and understanding of the companies in which they invest through their research of prospective and actual holdings. Individuals within this team are also charged with owning and maintaining Marathon's investment culture that encompasses bottom-up stock picking and the generation of internal research.

(2) Describe how this process is integrated into your overall risk management

Marathon is an equities-focused manager that works on behalf of large, institutional clients (e.g. pension funds, mutual funds, sovereign wealth, charities, foundations and endowments etc.). As such Marathon has been structured to align firm and client objectives, focusing on a long-term investment horizon rather than short-term outcomes. To this end the investment team's remuneration is largely based on long-term performance relative to the benchmark with an assessment of sustainability considerations taking place as part of Marathon's Sustainability Charter.

As long-term investors, analysis of the risks faced by a business, including those relating to its actual or potential environmental impacts, is viewed as a crucial part of the investment process. In respect of their potential impact on a client's portfolio return, climate-related risks are, ultimately, financial risks to a company. Marathon is a genuinely long-term investor, with a long-term asset-weighted average holding period across the business of around eight years and some holdings which remain in the portfolio for much longer. As a result, these risks are more likely to crystallise while we hold a position than is the case for peers with substantially shorter time horizons. As such, they are taken seriously both prior to investment and while a position is held. Marathon's primary focus remains finding companies that it believes are able to generate good returns over time. The firm's strong track record of engagement with company management helps to encourage long-term value creation; which often includes focusing attention on climate-related risks, their mitigation and agitating for improved practice.

- (B) Yes, we have a process to manage climate-related risks
- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

- (E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology**

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

<https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
- (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed

(2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.marathon.co.uk/media/1503/tcf-climate-report-ye-2022.pdf>

- (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities**

Explain why:

Sustainability risks can affect all known types of risk (for example, market risk, liquidity risk, counterparty risk and operational risk), and as a factor, contribute to the materiality of these risk types. The assessment of sustainability risks is complex and often requires subjective judgements, which may be based on data which is difficult to obtain, incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the impact of sustainability risks on an investment will be correctly assessed.

Although sustainability risks and outcomes are incorporated into Marathon's investment decision-making processes, Marathon's investment team does not currently consider the principal adverse impacts of their investment decisions on sustainability factors. Accordingly, Marathon considers a wide range of factors, including sustainability risks, in determining the quality of an investment but the overriding objective is to achieve economic benefit for our clients.

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

(3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors (1) for all of our AUM

(B) Yes, our investment process incorporates material environmental and social factors (1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period (1) for all of our AUM

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion ○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors ○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

(3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(B) Yes, we have a formal process, but it does not include scenario analyses

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion



(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies



PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

(3) Active - fundamental

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability

(1) in all cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process

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ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

A recent example of a purchase where environmentally positive characteristics were a material consideration was that of Mitsubishi Heavy Industries ('MHI'), a multinational engineering, electrical equipment and electronics company headquartered in Tokyo. MHI's core domain is energy and environment, and the firm is a market leader in decarbonisation technology. Other notable businesses are aircraft components, logistics and infrastructure, industrial machinery, defence and aerospace. It is also a profitable after-sales service operator, an Energy Security name, a play on defence, a beneficiary of overseas nuclear power components exports and a story of restructuring and improving corporate governance. Thus, the company is likely to profit from its competitive environmental and energy technologies in the medium-term, whilst also providing diversification through exposure to defence and nuclear power.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

(3) Active - fundamental

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

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POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

As long-term investors, we view analysis of the risks faced by a business, including those relating to its actual or potential environmental or social impacts, as a crucial part of our investment process. These risks can cost a company dearly over the long-term, so assessment of these risks and opportunities, and the governance structure and process which oversee and manage them, is – and always has been – part of our process.

What are now described as “ESG risks” are nothing new. They have always presented the possibility of loss over the long-term for the companies in which Marathon invests, and as such they have always been considered in the investment process. The opportunities presented by ESG related issues are also an important source of investment ideas and many holdings have been bought over the years, at least in part, because their sustainability characteristics were not fully appreciated – or valued – by the stock market at the time.

Marathon’s primary objective – the fiduciary duty to add value within clients’ agreed risk parameters – is thus enhanced by considering material sustainability issues and opportunities. Although sustainability will rarely be the main reason for an investment, or for the avoidance of one, it can have a material impact on decisions.

One example of a stock which has benefitted from a change to its perceived ESG profile over the period is BAE Systems, a UK based defence contractor. In the wake of the outbreak of conflict in Ukraine, defence-focused stocks generally – and those in North America, Japan and Europe in particular – have re-rated. Part of this is related to traditional financial factors; the firms products are in greater demand so earnings are likely to improve. However, the ESG ratings agencies have, by-and-large, upgraded the stocks from their previous pariah status as the perception has shifted from weapons being socially negative to being vital to the long-term sustainability of the western democratic model in the face of external threats. This in turn has meant that a proportion of the money which has increasingly been directed into “ESG Investments” over the past several years has been redeployed into these stocks over the period, and is therefore likely to have benefitted their share price.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - (H) We did not verify the information submitted in our PRI report this reporting year

THIRD-PARTY EXTERNAL ASSURANCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 2	CORE	OO 21, CBM 1	N/A	PUBLIC	Third-party external assurance	6

For which responsible investment processes and/or data did your organisation conduct third-party external assurance?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured
- (C) Listed equity

Select from dropdown list:

- (1) Data assured
- (2) Processes assured
- (3) Processes and data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 3	PLUS	CBM 1	N/A	PUBLIC	Third-party external assurance	6

Provide details of the third-party external assurance process regarding the information submitted in your PRI report.

(1) Description of the third-party external assurance process

Marathon undertakes internal controls report, based on the AAF 01/20 technical release issued by the ICAEW, undertaken by an independent third-party qualified accountant. The review is conducted annually and covers controls such as the proxy voting process referenced in Marathon's PRI response.

(2) Assurance standard(s) used by the third-party assurance provider

- (A) PAS 7341:2020
- (B) ISAE 3000 and national standards based on this
- (C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)
- (D) RevR6 (Assurance of Sustainability)
- (E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)
- (F) Accountability AA1000 Assurance Standard (AA1000AS)
- (G) IFC performance standards
- (H) SSAE 18 and SOC 1
- (I) Other national auditing/assurance standard with guidance on sustainability; specify:
- (J) Invest Europe Handbook of Professional Standards
- (K) ISAE 3402 Assurance Reports on Controls at a Service Organisation
- (L) AAF 01/20
- (M) AAF 01/06 Stewardship Supplement
- (N) ISO 26000 Social Responsibility
- (O) ISO 14065:2020 General principles and requirements for bodies validating and verifying environmental information
- (P) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements
- (Q) PCAF
- (R) NGER audit framework (National Greenhouse and Energy Reporting)
- (S) Auditor's proprietary assurance framework for assuring RI-related information
- (T) Other greenhouse gas emissions assurance standard; specify:

(3) Third-party external assurance provider's report that contains the assurance conclusion

<https://reporting.unpri.org/file/02081302-FB7E-413A-8A29-06FD68D677CD/>

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
 - Sections of PRI report reviewed
 - (1) the entire report**
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year