MARATHON

Thoughtful,
patient investing.

Report on Marathon's Compliance with the Japanese Stewardship Code

For the year 2026

Contents

Introduction 3
Principle 1 4
Principle 2 5
Principle 3 7
Principle 4 8
Principle 5 9
Principle 6 11
Principle 7 12

Introduction

This report seeks to provide Marathon's clients with information about our approach to Stewardship generally, and more specifically how we address the Principles embedded within the Japanese Stewardship Code.

The Code defines "stewardship responsibilities" as follows:

"Stewardship responsibilities" refers to the responsibilities of institutional investors to enhance the medium- to long-term investment return for their clients and beneficiaries by improving and fostering the investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment and consideration of sustainability consistent with their investment management strategies.

Good company stewardship involves actively monitoring investee companies including, among other things, engagement with senior management to discuss strategy, performance, governance and risk. These attributes form an intrinsic part of Marathon Asset Management Limited's ("Marathon")[1], investment process which seeks to identify companies that can deliver shareholder value through effective and sustainable use of cash flow over the longer term.

Marathon's investment process focuses on industry characteristics alongside in-depth research regarding the company management's motivation, incentivisation and skill at responding to the forces of the capital cycle.

This document describes the extent to which Marathon's has applied the seven Principles for Responsible Institutional Investors within Japan's Stewardship Code.

Annual update

Marathon seeks to maintain full compliance with the Japanese Stewardship Code Principles and guidance. This fully compliant version of Marathon's Japanese Stewardship Code was considered and approved by the Board.

Contact Details

For further information on our approach to governance, engagement and stewardship matters please contact Ben Kottler at BKottler@Marathon.co.uk

[1] Operating as Marathon-London in North America.

Principle 1

Institutional investors should have a clear policy on how they fulfil their stewardship responsibilities, and publicly disclose it.

Marathon is an independent, privately owned investment management firm based in London. Founded in 1986, Marathon has successfully applied longer-term and often contrarian strategies in its equity investments around the globe on behalf of its institutional client base of pension schemes, foundations, endowments, charities and sovereign wealth assets. In our assessment, based on the longevity of many of our client relationships, and feedback received, Marathon has been highly effective in meeting client expectations across its history.

Marathon's investment philosophy places particular importance on corporate governance issues, specifically through the detailed analysis of the behavioural aspects of management. Marathon believes the approach of management should be consistent with the creation of shareholder value to the extent that actions are directly linked to the share price or to economic value creation.

Marathon carefully monitors public disclosures and seeks to meet regularly with management, executive and non-executive directors as appropriate, to better understand the business and the broader industry. At these meetings, Marathon takes the opportunity to give feedback on potential areas of improvement as part of assessing a company's capacity to deliver its long-term strategy, including market-wide and systemic risks. Notes of these meetings are recorded in a centralised database, which are also distributed weekly to the Investment, Client Service and Compliance teams, and are available to all the investment team, any of whom can challenge a particular portfolio manager's perspective of such risks.

Marathon's close and continuous engagement with investee companies helps to foster long term relationships. Successful stewardship then facilitates Marathon's capital cycle investment thesis, delivering shareholder value and alignment with the long term interests of clients.

Oversight of company management includes objective assessments and analysis of strategy, financial performance and capital planning alongside consideration of a range of applicable corporate governance issues.

Marathon's portfolio managers remain directly responsible for proxy voting decisions, ensuring clients are treated fairly and the right outcomes are achieved by company management. Client shares are voted by proxy based on publicly available information with these decisions stored electronically.

Marathon's policy on stewardship activities is made available to stakeholders on our website HERE.

Principle 2

Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

The successful identification, mitigation and management of conflicts remains a central part for how Marathon delivers fair treatment of client interests whilst generating superior investment returns. Conflicts, actual or potential, which arise when engaging in stewardship meetings and subsequent voting activity are managed within a clear, effective framework to protect client interests.

Conflicts may arise as a result of:

- ownership structure;
- business relationships between asset owners and asset managers, and/or the assets they manage;
- differences between the stewardship policies of managers and their clients;
- cross-directorships; and
- client or beneficiary interests diverging from each other.

Marathon maintains a strong culture of compliance where it expects all its personnel to exercise the highest standards of integrity and conduct in their business dealings. Marathon maintains a Conflicts of Interest Policy which covers all potential conflicts of interest which may arise within the investment process. As outlined within the policy, in order to maintain the highest degree of integrity in the conduct of Marathon's business and to maintain personal independent judgment, staff must avoid any activity or personal interest that creates, or appears to create, a conflict between personal interests and the interests of Marathon's clients. It is Marathon's policy that all clients will be treated fairly in accordance with relevant regulatory requirements, and in alignment with the firm's Purpose, Vision and Values statement (which can be found on Marathon's website HERE).

Marathon's Conflicts of Interests Policy is also available publicly on the Marathon website HERE.

In keeping with Marathon's long-term approach, this policy enables us to make long-term decisions in the best interest of our clients. The policy also sets out certain types of actual or potential conflicts of interest which affect Marathon's business and provides details of how these are managed. Examples of such conflicts of interest that could arise in connection with fulfilling our stewardship responsibilities include:

- any of Marathon's directors or employees (or those of an associate) could be a director or member of, hold or deal in securities of, or be otherwise interested in a company whose securities could be held or dealt in on behalf of Marathon's discretionary investment management clients; and
- Marathon may effect transactions in which it, its directors or employees or its associates has, directly or indirectly, a material interest or a relationship of any description with another party which may give rise to a potential conflict with Marathon's duty to its clients and may make or receive a profit, commission, remuneration or other benefit from or by reason of such transactions or any connected transactions.

Marathon will seek to take all appropriate steps to identify and to prevent or manage conflicts of interest from adversely affecting the interests of its clients. Where Marathon is not able to do this, Marathon will inform the underlying clients of the general nature and/or sources of such conflicts of interest, so that they are able to make an informed decision about whether to continue to do business with Marathon.

Principle 3

Institutional investors should monitor investee companies so that they can appropriately fulfil their stewardship responsibilities with an orientation towards the sustainable growth of the companies.

An important part of Marathon's philosophy focuses on regular interaction and ongoing dialogue with management. The investment team conduct a large number of company meetings every year. The aim of these company meetings is to assess a range of factors including the business model and corporate strategy; operating performance; management competence and incentives; risk management and governance; as well as the company valuation and future intended capital allocations. Close and continuous analysis of investee companies also ensures a healthy dialogue exists to provide feedback to a company's senior management.

Initially, the identification and selection of investee companies involves a detailed and holistic review of company performance and strategy alongside a thorough understanding of company management, developed by reference to a variety of resources including interaction with investee companies, market news and independent research providers. Thereafter, active stewardship ensures Marathon maintains positions in companies which continue to deliver appropriate growth and shareholder value, key measures by which Marathon effectively monitors investee companies. Both portfolio managers and investment analysts participate in the company research process.

Occasionally, with express prior agreement, Marathon may obtain confidential, price sensitive 'inside' information; on the basis that any subsequent restriction upon trading will not be in place for an extended period and the information is to our clients' advantage. Once made insider, strict compliance is maintained with additional internal procedures and applicable legal and regulatory requirements.

Principle 4

Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.

Marathon seeks an open and constructive dialogue with investee companies as part of the wider on-going analysis of a company.

This would usually involve direct contact with the relevant executives within a company's management structure to understand better strategic plans and intended future capital allocations. Our approach is further articulated in our response to the EU's Shareholder Rights Directive II, which can be found on the Marathon website HERE, and in Marathon's Sustainability Report (found HERE).

Marathon employs a small, yet highly effective and experienced, investment team, many of whom have been engaging with company management teams for decades. The Marathon team seeks to fully understand the individual dynamics of each business in which they invest; with Marathon's engagement intended to meet both best practice and business needs whilst being aware of local norms. For example, European companies typically expect regular meetings with investment firms like Marathon in a manner that may not be matched in other jurisdictions. We believe that there are often different approaches to making governance effective; what is most suitable for one business may not work well elsewhere, due to various factors including corporate structure, jurisdiction, regulatory or legal environment and even the particular experience and expertise of the individuals involved in managing the company. As a result, rather than applying a set of absolute rules or a prescribed "decision-tree" approach to engagement, portfolio managers use their own judgement and knowledge in engagement and voting to push for those improvements which, in their view, are most likely to lead to long-term value creation in an investment.

Nevertheless, should concerns arise with company performance or management quality, we may escalate engagement and raise the issue directly with the relevant company board. If the concern relates to a systemic market issue, then Marathon may also discuss the matter with the appropriate regulatory and corporate institutions, as appropriate.

Principle 5

Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist: it should be designed to contribute to sustainable growth of investee companies.

Marathon believes that the ability to vote is a key component of stewardship. To that end, Marathon aims to vote all resolutions, at all companies, on our clients' behalf (where permitted under a client's agreement). In order to facilitate the proxy voting process, Marathon has retained ISS as an expert in the proxy voting and corporate governance area. ISS is an independent proxy advisor firm which specialises in providing a variety of fiduciary-level proxy advisory and voting services. ISS also assist the firm by developing and updating their own set of guidelines which are incorporated into Marathon's guidelines by reference. They provide research and analysis on stocks within all of Marathon's portfolios, they facilitate voting ballots through their online portal and give recommendations based on each agenda item compiled by their analysts in each region.

It is important to state that Marathon does not automatically accept the pre-populated responses input by ISS, nor does it automatically submit the clients' votes. Instead all proxy events and supporting documentation (including internal research) are reviewed by the relevant portfolio manager(s)/analyst(s) for their consideration. Each portfolio manager has the option to accept the ISS recommendation, or to vote against the rationale provided by ISS. In these cases, a written explanation on the reasons to vote against the recommendation will be retained.

Further details concerning the services provided by ISS, including the operational structure, management of conflicts of interest and procedures of developing voting recommendations can be found via the following link: www.issgovernance.com. Notwithstanding the involvement of ISS, Marathon maintains responsibility for any final voting instruction on the basis of all information available to us.

Marathon's policy on voting is available on our website, alongside information on the firm's proxy voting decisions at an aggregated level over a rolling 12-month look-back period, HERE. We can provide further detail in relation to voting within specific client accounts upon request.

Category Name and Description	With Mgmt	Against Mgmt	With ISS	Against ISS
Sub-Totals Management for Audit Related :	229	2	226	5
Totals for Audit Related :	230	2	227	5
Totals for Capitalization :	353	12	365	0
Totals for Company Articles :	43	4	47	0
Totals for Compensation :	356	54	406	4
Totals for Corporate Governance :	2	8	9	1
Totals for Director Election :	2033	67	2016	84
Totals for Director Related :	238	6	239	5
Totals for E&S Blended :	15	0	15	0
Totals for Environmental :	20	0	20	0
Totals for Miscellaneous :	15	2	17	0
Totals for Mutual Funds :	1	0	1	0
Totals for Non-Routine Business :	24	5	28	1
Totals for Procedural/Non-Equity :	2	0	2	0
Totals for Routine Business :	363	7	367	3
Totals for Social :	41	2	43	0
Totals for Strategic Transactions :	18	2	20	0
Totals for Takeover Related :	37	0	37	0

Principle 6

Institutional investors in principle should report periodically on how they fulfil their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

Marathon provides clients with detailed quarterly reports on voting activities upon request.

Internal records are also kept concerning engagement with company management and, separately, proxy voting activity. Marathon also uses an electronic voting platform to submit voting decisions.

Marathon's proxy voting procedures are independently reviewed on an annual basis by an external auditor, as part of an internal controls review based on the UK's AAF 01/20 (ISAE 3402) standards. Marathon also reviews its proxy voting activities as part of the second line's monitoring programme.

Further reports on the fulfilment of Stewardship responsibilities include this document, the equivalent response to the UK Stewardship Code (available HERE) and Marathon's Sustainability Report (HERE).

Principle 7

To contribute positively to the sustainable growth of investee companies, institutional investors should have in-depth knowledge of the investee companies and their business environment and skills and resources needed to appropriately engage with the companies and make proper judgments in fulfilling their stewardship activities.

As described above, Marathon undertakes detailed and forensic analysis of investee companies to develop a detailed knowledge of existing and proposed investments.

Marathon's investment team has extensive skills and knowledge and a proven track record of taking successful long-term investment decisions on behalf of our clients.

Marathon is committed to confronting important corporate issues to achieve the best outcome for our client base. On occasions this will involve acting in accordance with fellow shareholders. Past experience, however, has highlighted the inefficiencies of acting collectively with institutional shareholders who may hold conflicting views on the situation and is not our preferential approach.