

**Marathon Asset Management LLP**

**Environmental, Social and Governance**

Marathon's sole criteria for investment is 'shareholder value' and the investment approach is aimed at finding companies that can deliver shareholder value through effective use of cash flow over the longer term. All other factors are secondary to this. Accordingly, Marathon does not focus primarily on ESG factors as part of its investment approach. Some segregated clients refuse to allow investment in, for example, tobacco or alcohol stocks. Marathon is happy to act in accordance with social and ethical policies specified by our clients, to the extent that it is practicable to operate such restrictions.

Marathon recognises that many people (often members of occupational schemes themselves) are becoming concerned about the social, environmental and ethical issues relating to the conduct of companies. Many social, environmental and ethical issues are beyond the scope of any one company and are more properly the province of governmental and broader regulatory action. Marathon will take account of such issues to the extent that they are likely to impact shareholder value negatively. For example, a company polluting the environment may ultimately be forced to fund clean-up operations, which could negatively affect its cash flow.

On corporate governance, Marathon has internal guidelines on how to vote in certain circumstances and currently uses ISS to provide recommendations on specific voting issues. ISS also provides the administrative structure to enable votes to be exercised. All voting decisions are the result of careful judgement on how each item relates to shareholder value and Marathon can and frequently does overrule the ISS advice.