



LEA 02	Principle PRI 12.3
<p><b>Objective</b> Mandatory</p> <p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisions relating to the transition to a low-carbon economy</li> <li><input checked="" type="checkbox"/> To encourage corporate practice to identify the need to address climate change</li> <li><input type="checkbox"/> Other: identify</li> </ul>
<p><b>Type of engagement</b> Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisions relating to the transition to a low-carbon economy</li> <li><input checked="" type="checkbox"/> To encourage corporate practice to identify the need to address climate change</li> <li><input type="checkbox"/> Other: identify</li> </ul>
<p><b>Type of engagement</b> Service provider engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisions relating to the transition to a low-carbon economy</li> <li><input checked="" type="checkbox"/> To encourage corporate practice to identify the need to address climate change</li> <li><input type="checkbox"/> Other: identify</li> </ul>

# PRIVATE RI REPORT

## 2020

# Marathon Asset Management LLP

## About this report

This report is an export of the individual Signatory organisation responses to the PRI Reporting Framework during the reporting period specified above. It shows your responses to all completed indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders. The PRI will **not publish** this report on its website. Instead, you will be able to access the public RI Transparency report of your organisation and that of other signatories on the PRI website.

The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

## Confidentiality and sharing via the Data Portal

Private Transparency Reports are confidential and only accessible to the reporting signatory via the Reporting Tool and on the Data Portal. The Data Portal does facilitate signatories to share these reports bilaterally with other signatories.

To request access, use the “Find A Report” tab to search, and click “Request access”. To check pending requests on your own reports, go to “Settings and Requests” tab. Your nominated Data Portal Contact can approve or decline requests.

It is permitted to publish your Private Transparency Report. Transparency Reports (whether public or private) are the intellectual property of PRI. Under no circumstances, can this report or any of its contents be sold to third parties. In addition, you are not allowed to share this report with third parties unless you have been given consent by the signatory in question.

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

OO 01.1 Select the services and funds you offer

Select the services and funds you offer	% of asset under management (AUM) in ranges
Fund management	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50%
Fund of funds, manager of managers, sub-advised products	<input type="radio"/> 0% <input type="radio"/> <10% <input checked="" type="radio"/> 10-50% <input type="radio"/> >50%
Other	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50%
Total 100%	

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 01.2 Additional information. [Optional]

Marathon's sole business is the provision of regional, global and international equity management to institutional clients. All divisions and support functions are dedicated solely to these efforts and 100% of Marathon's revenues are derived from asset management activities.

OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

97

OO 02.4 Additional information. [Optional]

Masanaga Kono, an analyst focusing on Japanese corporate engagement, is based in Tokyo. All other staff are located in Marathon's office in London, UK. The number of staff is as at 31st December 2019.

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 03.3 Additional information. [Optional]

Marathon has no affiliations other than indirectly through Marathon Asset Management (Services) Limited with companies in the Marathon Group which act as fund management companies, general partners or investment management companies offering services in specific countries.

OO 04.1 Indicate the year end date for your reporting year.

31/12/2019

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM  
50,391,057,206 USD

OO 04.4	Indicate the assets which are subject to an execution and/or advisory approach. Provide this figure based on the end of your reporting year
Assets under execution and/or advisory only services	
10,305,569,542 USD	
10305569542 USD	

OO 05	Mandatory to Report, Voluntary to Disclose	Gateway	General
-------	--	---------	---------

OO 05.1	Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:
---------	--

	Internally managed (%)	Externally managed (%)
Listed equity	99	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	1	0
Fund of hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Money market instruments	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06	Mandatory	Descriptive	General
-------	-----------	-------------	---------

OO 06.1	Select how you would like to disclose your asset class mix.
<input checked="" type="checkbox"/> as percentage breakdown <input type="checkbox"/> as broad ranges	

OO 06.3	Indicate whether your organisation has any off-balance sheet assets [Optional].
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

OO 06.5	Indicate whether your organisation uses fiduciary managers.
<input type="checkbox"/> Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets. <input checked="" type="checkbox"/> No, we do not use fiduciary managers.	

OO 09	Mandatory	Peering	General
-------	-----------	---------	---------

OO 09.1	Indicate the breakdown of your organisation's AUM by market.
92.19	
	Developed Markets
7.77	
	Emerging Markets
0.04	
	Frontier Markets

0

Other Markets

OO 09.2 Additional information. [Optional]

Please note the above figures are excluding hedge funds and cash balances.

OO 10 Mandatory Gateway General

OO 10.1 Select the active ownership activities your organisation implemented in the reporting year.

Listed equity – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

Listed equity – voting

- We cast our (proxy) votes directly or via dedicated voting providers
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

OO 11 Mandatory Gateway General

OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Hedge funds

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 12 Mandatory Gateway General

OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

Core modules

- Organisational Overview
- Strategy and Governance

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Other asset classes with dedicated modules

- Hedge Funds and/or Fund of Hedge Funds

Closing module

- Closing module

OO 12.2 Additional information. [Optional]

Listed equity responses also apply to hedge funds.

OO LE 01 Mandatory to Report, Voluntary to Disclose Gateway General

OO LE 01.1 Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies.

0

Passive

0

Active - quantitative (quant)

100

OO HF 01.1

Please describe your hedge fund strategies and classification

Options presented for hedge funds

Main strategy	Strategy as % of hedge fund AUM	Sub-strategy
Equity Hedge	<input checked="" type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input type="checkbox"/> 0%	<input checked="" type="checkbox"/> Equity Market Neutral <input type="checkbox"/> Fundamental Growth <input type="checkbox"/> Fundamental Value <input type="checkbox"/> Quantitative Directional <input type="checkbox"/> Sector: Energy/Basic Materials <input type="checkbox"/> Sector: Healthcare <input type="checkbox"/> Sector: Technology <input type="checkbox"/> Short Bias <input type="checkbox"/> Multi-Strategy
Event Driven	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%	
Global Macro	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%	
Relative Value	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%	
Risk Parity	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%	
Blockchain	<input type="checkbox"/> >50% <input type="checkbox"/> 10-50% <input type="checkbox"/> <10% <input checked="" type="checkbox"/> 0%	
Total 100% (of internal Hedge Fund AUM)		

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
---------	---

Yes

SG 01.2	Indicate the components/types and coverage of your policy.
---------	--

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	
<input type="checkbox"/> Formalised guidelines on environmental factors	
<input type="checkbox"/> Formalised guidelines on social factors	
<input type="checkbox"/> Formalised guidelines on corporate governance factors	
<input checked="" type="checkbox"/> Fiduciary (or equivalent) duties	<input checked="" type="checkbox"/> Applicable policies cover all AUM
<input type="checkbox"/> Asset class-specific RI guidelines	<input type="checkbox"/> Applicable policies cover a majority of AUM
<input type="checkbox"/> Sector specific RI guidelines	<input type="checkbox"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Screening / exclusions policy	
<input checked="" type="checkbox"/> Other, specify (1) Stewardship Code	
<input checked="" type="checkbox"/> Other, specify(2) SRD II statement	

SG 01.3	Indicate if the investment policy covers any of the following
---------	---

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4	Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.
---------	--

Marathon's investment philosophy is focused on an assessment of the capital cycle and management. As an active long-term investor, with a typical holding period of around eight years, sustainability has always been an integral part of Marathon's investment decision-making process. Marathon's primary objective – the fiduciary duty to add value within clients' agreed risk parameters – is enhanced by considering material ESG issues.

Marathon portfolio managers aim to consider all material issues and weigh them against what is reflected in the current market price of a stock. ESG is included within their overall analysis of stocks; rather than treating it as a stand-alone issue, to be assessed in a different manner. A company with ESG concerns could still be an attractive investment, if the issues are outweighed by other considerations, including valuation. Portfolio managers utilise external ESG research services for additional input, including MSCI and ISS.

Marathon's primary focus is finding companies that it believes are able to generate good returns over time, but the firm also has a strong track record of engagement with company management, to encourage long-term value creation. Effective stewardship and shareholder engagement are reflected in Marathon's thoughtful and patient investment philosophy.

No

SG 01.6	Additional information [Optional].
---------	------------------------------------

Please refer to Marathon's Sustainability site for further information. <https://www.marathon.co.uk/sustainability/>

SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
------------	---

Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
--	--

Transition and physical climate-related risks and opportunities are factored into the investment process by the individuals on the investment team. 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 all 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.

For further information on Marathon's approach to Sustainability, please view the page linked below:

No

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes  
 No

**Describe why your organisation has not yet assessed the likelihood and impact of climate risks**

Marathon's investment edge lies in its assessment of the capital cycle, management and valuation – not in forecasting climate risks. Many factors - not just capital cycle, supply-side factors - will determine the extent and impact of climate change. These may include business innovation and market responses; unanticipated actions by governments and regulators; and changes in demand. Portfolio managers take these risks into consideration, but often consider them to be too uncertain to drive investment decisions.

**SG 01.8 CC** Indicate whether the organisation publicly supports the TCFD?

Yes  
 No

**Explain the rationale**

Although we feel that Marathon's longstanding investment approach is fully compatible with the objectives of the TCFD, as a small firm, Marathon has to be highly selective over which external organisations to actively engage with. Supporting TCFD or other initiatives is currently under consideration, however.

**SG 01.9 CC** Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes  
 No

**Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.**

Marathon's investment philosophy is focused on fundamental, bottom-up qualitative analysis to evaluate businesses and the industries within which they operate. ESG factors are integrated into the investment process by the individuals on the investment team, rather than attempting to form a top-down firm view. At present, there are no plans to change this approach.

Marathon portfolio managers analyse climate related factors in the same manner as other factors that they consider likely to drive risk or returns over the long term. This includes assessing materiality; management strategy in response to climate-related risks; and the extent to which climate-related risks may be balanced against other considerations, including valuation.

**SG 1.10 CC** Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

**SG 02** **Mandatory** **Core Assessed** **PRI 6**

**SG 02.1** Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

Policy setting out your overall approach

**URL/Attachment**

- URL  
<http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf>
- Attachment (will be made public)  
 Files: link

Fiduciary (or equivalent) duties

Screening / exclusions policy

**URL/Attachment**

- URL  
<https://www.marathon.co.uk/media/1255/uk-stewardship-code-q120.pdf>
- Attachment (will be made public)  
 Files: link

Engagement policy

**URL/Attachment**

- URL  
<https://www.marathon.co.uk/media/1329/engagement-policy-statement.pdf>



Attachment (will be made public)

Files: [link](#)

(Proxy) voting policy

URL/Attachment

URL

[https://vds.issgovernance.com/repo/584/policies/Proxy\\_Voting\\_Policy-Jan\\_2020.pdf](https://vds.issgovernance.com/repo/584/policies/Proxy_Voting_Policy-Jan_2020.pdf)

Attachment (will be made public)

Files: [link](#)

Other, specify (1)

Other, specify (1) description

Stewardship Code

URL/Attachment

URL

<https://www.marathon.co.uk/media/1255/uk-stewardship-code-q120.pdf>

Attachment (will be made public)

Files: [link](#)

Other, specify (2)

Other, specify (2) description

SRD II statement

URL/Attachment

URL

<https://www.marathon.co.uk/media/1329/engagement-policy-statement.pdf>

Attachment (will be made public)

Files: [link](#)

We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

<http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf>

Attachment

[esg-policy-april-19.pdf](#)

Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

<https://www.marathon.co.uk/media/1329/engagement-policy-statement.pdf>

Attachment

[engagement-policy-statement.pdf](#)

Time horizon of your investment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

<http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf>

Attachment

[esg-policy-april-19.pdf](#)

ESG incorporation approaches

URL/Attachment

URL

<http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf>

Attachment

[esg-policy-april-19.pdf](#)

- Active ownership approaches

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="https://vds.issgovernance.com/repo/584/policies/Proxy_Voting_Policy-Jan_2020.pdf">https://vds.issgovernance.com/repo/584/policies/Proxy_Voting_Policy-Jan_2020.pdf</a>
<input checked="" type="checkbox"/> Attachment Proxy_Voting_Policy-Jan_2020.pdf

- Reporting

URL/Attachment
<input checked="" type="checkbox"/> URL <a href="http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf">http://www.marathon-london.com/media/1214/esg-policy-april-19.pdf</a>
<input checked="" type="checkbox"/> Attachment esg-policy-april-19.pdf

- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- We do not publicly disclose any investment policy components

SG 03	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

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.

Marathon's Conflicts of Interests Policy, Stewardship Code and Corporate Engagement Policy (including proxy voting and conflicts of interest) are all available publicly on the Marathon website.

- No

SG 04	Voluntary	Descriptive	General
-------	-----------	-------------	---------

SG 04.1 Indicate if your organisation has a process for identifying and managing incidents that occur within investee entities.

- Yes
- No

SG 04.2 Describe your process on managing incidents

Part of the ongoing responsibilities of portfolio managers is to keep on top of material issues impacting the stocks they invest in. Where appropriate, they will engage with company management.

SG 05	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not set/reviewed

SG 05.2 Additional information. [Optional]

Marathon's investment framework is focused on assessing the capital cycle, management and valuation. One of the key characteristics of Marathon's investment process is its multi-counsellor approach, whereby all portfolio managers are responsible for conducting their own stock level analysis and for the buy/sell decisions within their regionally focused portfolios. Investors are remunerated based on the rolling three-year relative performance of their individual portfolios. Consideration of ESG issues and exercising effective stewardship, is part of the overall investment performance goal - rather than being set as additional or separate objectives.

SG 07	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
- Internal Roles (triggers other options)

Select from the below internal roles													
<input checked="" type="checkbox"/>	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee												
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment												
<input checked="" type="checkbox"/>	Implementation of responsible investment												
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment												
<input type="checkbox"/>	Other Chief-level staff or head of department, specify												
<input checked="" type="checkbox"/>	Portfolio managers												
<input type="checkbox"/>	Oversight/accountability for responsible investment												
<input checked="" type="checkbox"/>	Implementation of responsible investment												
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment												
<input checked="" type="checkbox"/>	Investment analysts												
<input type="checkbox"/>	Oversight/accountability for responsible investment												
<input checked="" type="checkbox"/>	Implementation of responsible investment												
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment												
<input type="checkbox"/>	Dedicated responsible investment staff												
<input type="checkbox"/>	Investor relations												
<input checked="" type="checkbox"/>	Other role, specify (1)												
	<table border="1"> <thead> <tr> <th colspan="2">Other description (1)</th> </tr> </thead> <tbody> <tr> <td></td> <td>Client Manager</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Oversight/accountability for responsible investment</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Implementation of responsible investment</td> </tr> <tr> <td><input type="checkbox"/></td> <td>No oversight/accountability or implementation responsibility for responsible investment</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Other role, specify (2)</td> </tr> </tbody> </table>	Other description (1)			Client Manager	<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment	<input checked="" type="checkbox"/>	Implementation of responsible investment	<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment	<input type="checkbox"/>	Other role, specify (2)
Other description (1)													
	Client Manager												
<input checked="" type="checkbox"/>	Oversight/accountability for responsible investment												
<input checked="" type="checkbox"/>	Implementation of responsible investment												
<input type="checkbox"/>	No oversight/accountability or implementation responsibility for responsible investment												
<input type="checkbox"/>	Other role, specify (2)												
<input type="checkbox"/>	External managers or service providers												

**SG 07.2** For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Please refer to previous sections for information about portfolio manager responsible investment implementation and to section 07.4 for additional information on oversight/accountability.

**SG 07.3** Indicate the number of dedicated responsible investment staff your organisation has.

0

**SG 07.4** Additional information. [Optional]

Marathon does not have a dedicated team focusing on ESG integration at firm level. Instead, ESG factors are integrated into the investment process by the individuals on the investment team. As such, all portfolio managers and analysts or trainee portfolio managers are responsible to some degree for integrating ESG research into their investment approach.

Additionally, Ben Kottler, Client Manager for North America, takes the lead on ESG. Whilst the majority of Ben's time is spent servicing Marathon's clients he is responsible for overseeing ESG policies and procedures across the firm. Additionally, within the Japan team we have one analyst focused on corporate engagement, Masanaga (Masa) Kono. Masa is responsible for engaging with Marathon's investee companies in Japan to strive to improve their corporate governance practices for the ultimate benefit of Marathon's clients.

<b>SG 07 CC</b>	Mandatory to Report, Voluntary to Disclose	Descriptive	General
-----------------	--	-------------	---------

**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee	
<input checked="" type="checkbox"/>	Oversight/accountability for climate-related issues
<input checked="" type="checkbox"/>	Assessment and management of climate-related issues
<input type="checkbox"/>	No responsibility for climate-related issues
Portfolio managers	
<input checked="" type="checkbox"/>	Oversight/accountability for climate-related issues
<input checked="" type="checkbox"/>	Assessment and management of climate-related issues
<input type="checkbox"/>	No responsibility for climate-related issues
Investment analysts	
<input checked="" type="checkbox"/>	Oversight/accountability for climate-related issues

- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**Other role, specify (1)**

Client Manager

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.7 CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

This forms part of their risk and investment oversight role.

SG 08	Voluntary	Additional Assessed	General
-------	-----------	---------------------	---------

**SG 08.1** Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

**Investment analysts**

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**Other role (1) [from SG 07]**

Client Manager

**SG 08.1a** RI in objectives, appraisal and/or reward

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- None of the above

**SG 08.1b** RI in personal development and/or training plan

- Responsible investment included in personal development and/or training plan
- None of the above

SG 09	Mandatory	Core Assessed	PRI 4,5
-------	-----------	---------------	---------

**SG 09.1** Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Principles for Responsible Investment

**Your organisation's role in the initiative during the reporting period (see definitions)**

- Basic
- Asian Corporate Governance Association
  - Australian Council of Superannuation Investors
  - AVCA: Sustainability Committee
  - France Invest – La Commission ESG
  - BVCA – Responsible Investment Advisory Board
  - CDP Climate Change
  - CDP Forests
  - CDP Water
  - CFA Institute Centre for Financial Market Integrity
  - Climate Action 100+
  - Code for Responsible Investment in SA (CRISA)
  - Council of Institutional Investors (CII)
  - Eumedion
  - Extractive Industries Transparency Initiative (EITI)
  - ESG Research Australia
  - Invest Europe Responsible Investment Roundtable
  - Global Investors Governance Network (GIGN)
  - Global Impact Investing Network (GIIN)
  - Global Real Estate Sustainability Benchmark (GRESB)
  - Green Bond Principles
  - HKVCA: ESG Committee
  - Institutional Investors Group on Climate Change (IIGCC)
  - Interfaith Center on Corporate Responsibility (ICCR)
  - International Corporate Governance Network (ICGN)
  - Investor Group on Climate Change, Australia/New Zealand (IGCC)
  - International Integrated Reporting Council (IIRC)
  - Investor Network on Climate Risk (INCR)/CERES
  - Local Authority Pension Fund Forum
  - Principles for Financial Action in the 21st Century
  - Principles for Sustainable Insurance
  - Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
  - Responsible Finance Principles in Inclusive Finance
  - Shareholder Association for Research and Education (Share)
  - United Nations Environmental Program Finance Initiative (UNEP FI)
  - United Nations Global Compact

Other collaborative organisation/initiative, specify

AIMA

**Your organisation's role in the initiative during the reporting year (see definitions)**

- Basic
- Other collaborative organisation/initiative, specify
  - Other collaborative organisation/initiative, specify
  - Other collaborative organisation/initiative, specify

**SG 10** **Mandatory** **Core Assessed** **PRI 4**

**SG 10.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**SG 10.2** Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution.

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)
- Provided financial support for academic or industry research on responsible investment

Description
Marathon actively promotes and encourages staff to educate themselves on responsible investment initiatives and ESG. Marathon has begun sponsoring staff to take the CFA UK Certificate in ESG Investing.
Frequency of contribution
<input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other
<input type="checkbox"/> Provided input and/or collaborated with academia on RI related work <input type="checkbox"/> Encouraged better transparency and disclosure of responsible investment practices across the investment industry <input type="checkbox"/> Spoke publicly at events and conferences to promote responsible investment <input checked="" type="checkbox"/> Wrote and published in-house research papers on responsible investment

Description
The Global Investment Review (GIR), written by members of the investment team, is published eight times a year and offers unique insight into topical issues including ESG. It represents the most effective way for clients to understand Marathon's investment approach.
Frequency of contribution
<input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input type="radio"/> Other
<input type="checkbox"/> Encouraged the adoption of the PRI <input type="checkbox"/> Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.) <input type="checkbox"/> Wrote and published articles on responsible investment in the media <input type="checkbox"/> A member of PRI advisory committees/ working groups, specify <input type="checkbox"/> On the Board of, or officially advising, other RI organisations (e.g. local SIFs) <input type="checkbox"/> Other, specify
<input type="radio"/> No

**SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]**

Marathon's investment team, compliance team and client managers periodically attend and participate in industry conferences to educate themselves and promote responsible investment activities.

SG 11	Voluntary	Additional Assessed	PRI 4,5,6
-------	-----------	---------------------	-----------

**SG 11.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.**

Yes

If yes
<input type="checkbox"/> Yes, individually <input checked="" type="checkbox"/> Yes, in collaboration with others

**SG 11.2 Select the methods you have used.**

Endorsed written submissions to governments, regulators or public policy-makers developed by others  
 Drafted your own written submissions to governments, regulators or public-policy markers  
 Participated in face-to-face meetings with government members or officials to discuss policy  
 Other, specify

specify description
Collaboration at trade body level (AIMA) in response to Taxonomy Regulation proposal and EU regulations on Sustainable investments and sustainability risks disclosures.

No

SG 12	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

SG 12.1	Indicate whether your organisation uses investment consultants.
<input type="checkbox"/> Yes, we use investment consultants <input checked="" type="checkbox"/> No, we do not use investment consultants.	
SG 12.7	Additional information [Optional].
Marathon does not make use of third-party investment consultants.	

SG 13	Mandatory	Descriptive	PRI 1
-------	-----------	-------------	-------

SG 13.1	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
<input type="checkbox"/> Yes, in order to assess future ESG factors <input type="checkbox"/> Yes, in order to assess future climate-related risks and opportunities <input checked="" type="checkbox"/> No, our organisation does not currently carry out scenario analysis and/or modelling	

SG 14	Mandatory to Report, Voluntary to Disclose	Additional Assessed	PRI 1
-------	--	---------------------	-------

SG 14.1	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.		
<input type="checkbox"/> Changing demographics <input type="checkbox"/> Climate change <input type="checkbox"/> Resource scarcity <input type="checkbox"/> Technological developments <input checked="" type="checkbox"/> Other, specify(1)			
	<table border="1"> <tr> <td>other description (1)</td> </tr> <tr> <td>Capital Cycle</td> </tr> </table>	other description (1)	Capital Cycle
other description (1)			
Capital Cycle			
<input type="checkbox"/> Other, specify(2) <input type="checkbox"/> None of the above			

SG 14.5	Additional information [Optional]
Portfolio Managers often consider all of these long-term issues in the context of Marathon's capital cycle investment philosophy. This is typically focused on supply-side dynamics and management responses by individual businesses; rather than attempting to form a top-down firm-wide view of demand-led trends.	

SG 14 CC	Voluntary		General
----------	-----------	--	---------

SG 14.8 CC	Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.
<input type="radio"/> Processes for climate-related risks are integrated into overall risk management <input checked="" type="radio"/> Processes for climate-related risks are not integrated into overall risk management	
SG 14.9 CC	Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.
<input type="radio"/> Yes <input checked="" type="radio"/> No, we do not undertake active ownership activities. <input type="radio"/> No, we do not undertake active ownership activities to encourage TCFD adoption.	

SG 15	Mandatory to Report, Voluntary to Disclose	Descriptive	PRI 1
-------	--	-------------	-------

SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
<input type="radio"/> Yes <input checked="" type="radio"/> No	

SG 16	Mandatory	Descriptive	General
-------	-----------	-------------	---------

SG 16.1	Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.		
Asset Class	Describe what processes are in place and the outputs or outcomes achieved		
Hedge funds - DDQ	<table border="1"> <tr> <td>Select whether you have responded to the PRI Hedge Fund DDQ</td> </tr> <tr> <td> <input type="radio"/> Yes  <input checked="" type="radio"/> No           </td> </tr> </table>	Select whether you have responded to the PRI Hedge Fund DDQ	<input type="radio"/> Yes <input checked="" type="radio"/> No
Select whether you have responded to the PRI Hedge Fund DDQ			
<input type="radio"/> Yes <input checked="" type="radio"/> No			

Hedge funds	Hedge funds are managed in the same way as long-only equities.
-------------	--

SG 19	Mandatory	Core Assessed	PRI 2, 6
-------	-----------	---------------	----------

**SG 19.1** Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

**Listed equity - Incorporation**

**Do you disclose?**

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

**Listed equity - Engagement**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**Listed equity – (Proxy) Voting**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**Disclosure to clients/beneficiaries**

**Disclosure to clients/beneficiaries**

- Disclose all voting decisions
- Disclose some voting decisions
- Only disclose abstentions and votes against management

Quarterly or more frequently

**Hedge Funds**

**Do you disclose?**

- We do not disclose to either clients/beneficiaries or the public.
- We disclose to clients/beneficiaries only.
- We disclose to the public

**SG 19.2** Additional information [Optional]

Portfolio managers have always voted their own proxies at Marathon, as we consider the ability to influence management to be an integral part of the investment management function. Votes are made on a case-by-case basis, rather than relying solely on formulaic rules, outside services, or a box-ticking process. Marathon subscribes to advice from ISS, but portfolio managers are directly responsible for proxy voting decisions, on the basis of their in-depth knowledge and assessment of company management and business models. Marathon’s individual proxy votes are published on our website, plus aggregated data across all votes.

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

SG Checks		Checks
-----------	--	--------

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.



LEI 01	Mandatory	Gateway	PRI 1
LEI 01.1	Indicate which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities; and the breakdown of your actively managed listed equities by strategy or combination of strategies.		
	<input type="checkbox"/> Screening alone (i.e., not combined with any other strategies) <input type="checkbox"/> Thematic alone (i.e., not combined with any other strategies) <input checked="" type="checkbox"/> Integration alone (i.e., not combined with any other strategies)		
	Percentage of active listed equity to which the strategy is applied – you may estimate +/- 5%		100%
	<input type="checkbox"/> Screening and integration strategies <input type="checkbox"/> Thematic and integration strategies <input type="checkbox"/> Screening and thematic strategies <input type="checkbox"/> All three strategies combined <input type="checkbox"/> We do not apply incorporation strategies		
LEI 01.3	If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]		
	Marathon has been utilising MSCI ESG Research services since June 2019, to provide in-depth research on individual stocks.		

LEI 02	Voluntary	Additional Assessed	PRI 1
LEI 02.1	Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.		
	<input type="checkbox"/> Raw ESG company data <input checked="" type="checkbox"/> Company-related analysis or ratings		
	<input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager		
	<input checked="" type="checkbox"/> Sector-related analysis or ratings		
	<input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager		
	<input checked="" type="checkbox"/> Country-related analysis or ratings		
	<input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager		
	<input checked="" type="checkbox"/> Screened stock list		
	<input checked="" type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input type="checkbox"/> In-house – analyst or portfolio manager		
	<input type="checkbox"/> ESG issue-specific analysis or ratings <input checked="" type="checkbox"/> Other, specify		
	Internal Research		
	<input type="checkbox"/> ESG research provider <input type="checkbox"/> Sell-side <input type="checkbox"/> In-house – specialised ESG analyst or team <input checked="" type="checkbox"/> In-house – analyst or portfolio manager		
LEI 02.2	Indicate whether you incentivise brokers to provide ESG research.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
LEI 02.4	Additional information. [Optional]		
	Marathon has an external ESG research provider, MSCI, to provide in-depth research on individual stocks. This not only helps portfolio managers at the stock selection stage of the investment process, but may also provide ESG insights into existing holdings in portfolios. The MSCI research also includes high level portfolio coverage, which help Marathon monitor aggregate ESG exposures. The MSCI research, along with other third-party research and/or media, allows the portfolio managers (and other members of Marathon staff) to see a variety of ESG evaluation metrics on each individual company. Details on wages,		

staff turnover, training, safety protocols and a firm's environmental record are examples of data that can, to a degree, signal how well a business operates in practice, and the strength and integrity of a management team.

Please note the investment team also incorporate other research methods that will include ESG data.

LEI 03	Voluntary	Additional Assessed	PRI 1
--------	-----------	---------------------	-------

**LEI 03.1** Indicate whether your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making.

- Engagement
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.
- (Proxy) voting
  - We have a systematic process to ensure the information is made available.
  - We occasionally make this information available.
  - We do not make this information available.

LEI 08	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

**LEI 08.1** Indicate the proportion of actively managed listed equity portfolios where E, S and G factors are systematically researched as part of your investment analysis.

ESG issues	Proportion impacted by analysis										
Environmental	<table border="1"> <tr> <th colspan="2">Environmental</th> </tr> <tr> <td><input type="radio"/></td> <td>&lt;10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>&gt;90%</td> </tr> </table>	Environmental		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
Environmental											
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										
Social	<table border="1"> <tr> <th colspan="2">Social</th> </tr> <tr> <td><input type="radio"/></td> <td>&lt;10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>&gt;90%</td> </tr> </table>	Social		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
Social											
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										
Corporate Governance	<table border="1"> <tr> <th colspan="2">Corporate Governance</th> </tr> <tr> <td><input type="radio"/></td> <td>&lt;10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>&gt;90%</td> </tr> </table>	Corporate Governance		<input type="radio"/>	<10%	<input type="radio"/>	10-50%	<input type="radio"/>	51-90%	<input checked="" type="radio"/>	>90%
Corporate Governance											
<input type="radio"/>	<10%										
<input type="radio"/>	10-50%										
<input type="radio"/>	51-90%										
<input checked="" type="radio"/>	>90%										

**LEI 08.2** Additional information. [Optional]

All portfolio managers utilise MSCI ESG Research as part of their investment analysis.

LEI 09	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

**LEI 09.1** Indicate which processes your organisation uses to ensure ESG integration is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other; specify
- None of the above

**LEI 09.2** Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%

- 51-90%
- >90%

**LEI 09.3** Indicate how frequently third party ESG ratings that inform your ESG integration strategy are updated.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

**LEI 09.5** Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools, and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research were incorporated into investment decisions
- Other; specify
- None of the above

**LEI 10** Mandatory to Report, Voluntary to Disclose Core Assessed PRI 1

**LEI 10.1** Indicate which aspects of investment analysis you integrate material ESG information into.

- Economic analysis
- Industry analysis

**Proportion of actively managed listed equity exposed to investment analysis**

- <10%
- 10-50%
- 51-90%
- >90%

- Quality of management

**Proportion of actively managed listed equity exposed to investment analysis**

- <10%
- 10-50%
- 51-90%
- >90%

- Analysis of company strategy

**Proportion of actively managed listed equity exposed to investment analysis**

- <10%
- 10-50%
- 51-90%
- >90%

- Portfolio weighting
- Security sensitivity and/or scenario analysis
- Fair value/fundamental analysis
- Other; specify

**LEI Checks** Checks

- If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

LEA 01.1 Indicate whether your organisation has an active ownership policy (includes engagement and/or voting).

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

<http://www.marathon-london.com/sustainability/>

LEA 01.3 Indicate what your active engagement policy covers:

#### General approach to Active Ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

#### Engagement

- ESG issues
- Prioritisation of engagement
- Methods of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other; (specify)

Issues a portfolio manager considers material, including ESG.

(Proxy) voting approach

#### Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other; (specify)

Portfolio Managers evaluate ISS voting recommendations. If their vote does not follow ISS advice, they will record reasons.

Other

None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

No

LEA 01.6 Additional information [optional]

Whilst Marathon is not an activist investor in terms of making outside bets and then conducting public campaigns for change, our approach has been to meet with companies on a frequent basis over the long holding periods and engage in discussions about decision making. There have been numerous private disagreements over the years and sometimes this has led us to express our concerns to boards. The approach is active in the sense of asking difficult questions rather than presuming that we know better on how a company should be run. Indeed, we have witnessed a number of activist campaigns over the years which, although possibly delivering a short-term benefit to shareholders, have been detrimental to long-term shareholder interests.

In Japan, Marathon has advocated corporate governance reform on a frequent basis and it is our view that the pace of change is now greatly underappreciated by investors. As mentioned above, we have one analyst, Masanago Kono, who joined the firm in 2015 and is based in Tokyo. Masa focuses on corporate governance issues, engaging with senior management of portfolio companies addressing issues such as cash deployment, the separation of Chairman and CEO roles and proxy voting.

Additionally, with regard to proxy voting, portfolio managers at Marathon have always voted their own proxies. Whilst we receive helpful advice from proxy advisory services like ISS, decisions are made on a case-by-case basis utilising the specific knowledge gained over many years. The key for us is that the portfolio manager knows the companies and the individuals involved and is responsible for the investment.

LEA 02	Mandatory	Core Assessed	PRI 1,2,3
--------	-----------	---------------	-----------

LEA 02.1	Indicate the method of engagement, giving reasons for the interaction.
----------	--

Type of engagement	Reason for interaction
Individual / Internal staff engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To influence corporate practice (or identify the need to influence it) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers

LEA 03	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagements.
----------	---

- Yes  
 No

LEA 03.3	Additional information. [Optional]
----------	------------------------------------

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.

Whilst Marathon is not an activist investor in terms of making outside bets and then conducting public campaigns for change, our approach has been to meet with companies on a frequent basis over long holding periods and engage in discussions about decision making. We have a dedicated corporate governance specialist, Masanaga Kono, on the ground in Japan. There have been numerous private disagreements over the years and sometimes this has led us to express our concerns to boards. The approach is active in the sense of asking difficult questions rather than presuming that we know better on how a company should be run. On occasion, private engagement is ineffective and we feel that a more proactive approach is warranted. One recent example was with Lixil Group, a Japanese based toilet and plumbing business that Marathon had invested in for over 16 years. In November 2018 the company abruptly removed their CEO. Despite attempts to discuss this with management and the nominations committee, we were left with considerable concerns about corporate governance and disclosure. As a result, Marathon, together with other local and foreign shareholders, called an EGM. The new CEO and COO resigned and on 25th June 2019 a slate of new directors was elected, included the previous CEO Kinya Seto, who may well be reinstated at CEO.

Similar engagements have also been conducted in the UK, for example with IG Group.

LEA 04	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 04.1	Indicate whether you define specific objectives for your organisation's engagement activities.
----------	--

Individual / Internal staff engagements	<input type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input checked="" type="checkbox"/> We do not define specific objectives for engagement activities carried out by internal staff
Collaborative engagements	<input type="radio"/> All engagement activities <input type="radio"/> Majority of engagement activities <input type="radio"/> Minority of engagement activities <input checked="" type="checkbox"/> We do not define specific objectives for engagement activities carried out through collaboration

LEA 05	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 05.1	Indicate whether you monitor and/or review engagement outcomes.
----------	---

Individual / Internal staff engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out by our internal staff.
Collaborative engagements	<input type="radio"/> Yes, in all cases <input checked="" type="radio"/> Yes, in a majority of cases <input type="radio"/> Yes, in a minority of cases <input type="radio"/> We do not monitor, or review engagement outcomes when the engagement is carried out through collaboration.

**LEA 05.2** Indicate whether you do any of the following to monitor and/or review the progress of engagement activities.

Individual / Internal staff engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify
Collaborative engagements	<input type="checkbox"/> Define timelines/milestones for your objectives <input type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on a continuous basis <input type="checkbox"/> Other; specify

**LEA 06** Mandatory Additional Assessed PRI 2,4

**LEA 06.1** Indicate whether your organisation has an escalation strategy when engagements are unsuccessful.

Yes

**LEA 06.2** Indicate the escalation strategies used at your organisation following unsuccessful engagements.

- Collaborating with other investors
- Issuing a public statement
- Filing/submitted a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other; specify

Direct dialogue with investee companies.

No

**LEA 06.3** Additional information. [Optional]

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.

**LEA 07** Voluntary Additional Assessed PRI 1,2

**LEA 07.1** Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

Type of engagement	Insights shared
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
----------------------------------	--

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

Type of engagement	Insights shared
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No
<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No

LEA 08 Mandatory Gateway PRI 2

LEA 08.1 Indicate whether you track the number of your engagement activities.

Type of engagement	Tracking engagements
<b>Individual/Internal staff engagements</b>	<input type="checkbox"/> Yes, we track the number of our engagements in full <input type="checkbox"/> Yes, we partially track the number of our engagements <input checked="" type="checkbox"/> We do not track
<b>Collaborative engagements</b>	<input type="checkbox"/> Yes, we track the number of collaborative engagements in full <input type="checkbox"/> Yes, we partially track the number of our collaborative engagements <input checked="" type="checkbox"/> We do not track

LEA 10 Voluntary Additional Assessed PRI 2

LEA 10.1 Indicate which of the following your engagement involved.

- Letters and emails to companies
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with board/senior management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Meetings and/or calls with the CSR, IR or other management
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to operations
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Visits to supplier(s) in supplier(s) from the company's supply chain
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Participation in roadshows
  - In a minority of cases
  - In a majority of cases
  - In all cases
- Other

LEA 11	Voluntary	Descriptive	PRI 2
LEA 11.1	Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.		
<input checked="" type="checkbox"/> Add Example 1			
ESG Topic	<input checked="" type="checkbox"/> Executive Remuneration <input checked="" type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> General ESG <input checked="" type="checkbox"/> Diversity <input checked="" type="checkbox"/> Shareholder rights <input checked="" type="checkbox"/> Health and Safety <input checked="" type="checkbox"/> Labour practices and supply chain management <input checked="" type="checkbox"/> Anti-bribery and corruption <input checked="" type="checkbox"/> Other governance		
Conducted by	Individual / Internal		
Objectives	One recent example was with Lixil Group, a Japanese based toilet and plumbing business that Marathon had invested in for over 16 years. In November 2018 the company abruptly removed their CEO. Despite attempts to discuss this with management and the nominations committee, we were left with considerable concerns about corporate governance and disclosure.		
Scope and Process	As a result, Marathon, together with other local and foreign shareholders, called an EGM. The new CEO and COO resigned and on 25th June 2019 a slate of new directors was elected, included the previous CEO Kinya Seto, who was reinstated at CEO.		
Outcomes	Company changed practice		
<input type="checkbox"/> Add Example 2 <input type="checkbox"/> Add Example 3 <input type="checkbox"/> Add Example 4 <input type="checkbox"/> Add Example 5 <input type="checkbox"/> Add Example 6 <input type="checkbox"/> Add Example 7 <input type="checkbox"/> Add Example 8 <input type="checkbox"/> Add Example 9 <input type="checkbox"/> Add Example 10			

LEA 12	Mandatory	Descriptive	PRI 2												
LEA 12.1	Indicate how you typically make your (proxy) voting decisions.														
<table border="1"> <thead> <tr> <th colspan="2">Approach</th> </tr> </thead> <tbody> <tr> <td colspan="2"> <input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers.  <input checked="" type="radio"/> We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.               </td> </tr> <tr> <td colspan="2"> <table border="1"> <thead> <tr> <th colspan="2">Based on</th> </tr> </thead> <tbody> <tr> <td colspan="2"> <input type="radio"/> The service-provider voting policy we sign off on  <input checked="" type="radio"/> Our own voting policy  <input type="radio"/> Our clients' requests or policies  <input type="radio"/> Other (explain)               </td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="2"> <input type="radio"/> We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions.  <input type="radio"/> We hire service providers who make voting decisions on our behalf.             </td> </tr> </tbody> </table>				Approach		<input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.		<table border="1"> <thead> <tr> <th colspan="2">Based on</th> </tr> </thead> <tbody> <tr> <td colspan="2"> <input type="radio"/> The service-provider voting policy we sign off on  <input checked="" type="radio"/> Our own voting policy  <input type="radio"/> Our clients' requests or policies  <input type="radio"/> Other (explain)               </td> </tr> </tbody> </table>		Based on		<input type="radio"/> The service-provider voting policy we sign off on <input checked="" type="radio"/> Our own voting policy <input type="radio"/> Our clients' requests or policies <input type="radio"/> Other (explain)		<input type="radio"/> We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions. <input type="radio"/> We hire service providers who make voting decisions on our behalf.	
Approach															
<input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service providers who make voting recommendations and/or provide research that we use to guide our voting decisions.															
<table border="1"> <thead> <tr> <th colspan="2">Based on</th> </tr> </thead> <tbody> <tr> <td colspan="2"> <input type="radio"/> The service-provider voting policy we sign off on  <input checked="" type="radio"/> Our own voting policy  <input type="radio"/> Our clients' requests or policies  <input type="radio"/> Other (explain)               </td> </tr> </tbody> </table>		Based on		<input type="radio"/> The service-provider voting policy we sign off on <input checked="" type="radio"/> Our own voting policy <input type="radio"/> Our clients' requests or policies <input type="radio"/> Other (explain)											
Based on															
<input type="radio"/> The service-provider voting policy we sign off on <input checked="" type="radio"/> Our own voting policy <input type="radio"/> Our clients' requests or policies <input type="radio"/> Other (explain)															
<input type="radio"/> We hire service providers who make voting decisions on our behalf, except in some pre-defined scenarios where we review and make voting decisions. <input type="radio"/> We hire service providers who make voting decisions on our behalf.															
LEA 12.2	Provide an overview of how you ensure that your agreed-upon voting policy is adhered to, giving details of your approach when exceptions to the policy are made.														
<p>Portfolio managers have always voted their own proxies at Marathon, as we consider the ability to influence management to be an integral part of the investment management function. Votes are made on a case-by-case basis, rather than relying solely on formulaic rules, outside services, or a box-ticking process. Marathon subscribes to advice from ISS, but portfolio managers are directly responsible for proxy voting decisions, on the basis of their in-depth knowledge and assessment of company management and business models. Marathon's individual proxy votes are published on our website, plus aggregated data across all votes.</p> <p><a href="https://www.marathon.co.uk/stewardship/proxy-voting-dashboard/">https://www.marathon.co.uk/stewardship/proxy-voting-dashboard/</a></p>															
LEA 12.3	Additional information.[Optional]														
<p>Marathon's voting records are provided to clients on a quarterly basis. Separately, the firm's voting track record is publicly disclosed on the firm's website (with a 180-day lag). Further disclosures are made in the Stewardship Code statement, also found on our website. On an annual basis, Marathon will update this policy and identify any significant matters that have arisen in connection with voting activity during the previous twelve months.</p>															



LEA 14	Voluntary	Additional Assessed	PRI 2
LEA 14.1	Does your organisation have a securities lending programme?		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
LEA 14.2	Describe why your organisation does not lend securities.		
	Security lending transactions entail a transfer of ownership of securities to the borrower, where the lender may not exercise voting rights while the securities are on loan. Marathon does not currently undertake security lending across its portfolios. Segregated clients may independently undertake security lending on their accounts but this is outside the prerogative of Marathon.		
LEA 15	Mandatory	Descriptive	PRI 2
LEA 15.1	Indicate the proportion of votes participated in within the reporting year in which where you or the service providers acting on your behalf raised concerns with companies ahead of voting.		
	<input type="radio"/> 100% <input type="radio"/> 99-75% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input checked="" type="radio"/> 24-1% <input type="radio"/> Neither we nor our service provider(s) raise concerns with companies ahead of voting		
LEA 15.2	Indicate the reasons for raising your concerns with these companies ahead of voting.		
	<input type="checkbox"/> Vote(s) concerned selected markets <input type="checkbox"/> Vote(s) concerned selected sectors <input checked="" type="checkbox"/> Vote(s) concerned certain ESG issues <input type="checkbox"/> Vote(s) concerned companies exposed to controversy on specific ESG issues <input type="checkbox"/> Vote(s) concerned significant shareholdings <input type="checkbox"/> Client request <input type="checkbox"/> Other		
LEA 16	Mandatory	Core Assessed	PRI 2
LEA 16.1	Indicate the proportion of votes where you, and/or the service provider(s) acting on your behalf, communicated the rationale to companies for abstaining or voting against management recommendations. Indicate this as a percentage out of all eligible votes.		
	<input type="radio"/> 100% <input type="radio"/> 99-75% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input checked="" type="radio"/> 24-1% <input type="radio"/> We do not communicate the rationale to companies <input type="radio"/> Not applicable because we and/or our service providers did not abstain or vote against management recommendations		
LEA 16.2	Indicate the reasons why your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations.		
	<input type="checkbox"/> Vote(s) concern selected markets <input type="checkbox"/> Vote(s) concern selected sectors <input type="checkbox"/> Vote(s) concern certain ESG issues <input type="checkbox"/> Vote(s) concern companies exposed to controversy on specific ESG issues <input type="checkbox"/> Vote(s) concern significant shareholdings <input type="checkbox"/> Client request <input checked="" type="checkbox"/> Other		
	Explain		
	Company requests information.		
LEA 16.3	In cases where your organisation does communicate the rationale for abstaining or voting against management recommendations, indicate whether this rationale is made public.		
	<input type="radio"/> Yes <input checked="" type="radio"/> No		
LEA 17	Mandatory	Core Assessed	PRI 2
LEA 17.1	For listed equities in which you or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.		

We do track or collect this information

Votes cast (to the nearest 1%)  
100%

Specify the basis on which this percentage is calculated

- Of the total number of ballot items on which you could have issued instructions
  - Of the total number of company meetings at which you could have voted
  - Of the total value of your listed equity holdings on which you could have voted
- We do not track or collect this information

LEA 17.3 Additional information. [Optional]

Please refer to the link below for the most recent numbers:  
<https://www.marathon.co.uk/stewardship/proxy-voting-dashboard/>

LEA 18 Voluntary Additional Assessed PRI 2

LEA 18.1 Indicate whether you track the voting instructions that you or your service provider on your behalf have issued.

Yes, we track this information

LEA 18.2 Of the voting instructions that you and/or third parties on your behalf have issued, indicate the proportion of ballot items that were:

**Voting instructions Breakdown as percentage of votes cast** For (supporting) management recommendations  
94%  
Against (opposing) management recommendations  
6%  
Abstentions  
0%

No, we do not track this information

LEA 18.3 In cases where your organisation voted against management recommendations, indicate the percentage of companies which you have engaged.

LEA 18.4 Additional information. [Optional]

Please refer to the link below for the most recent numbers:  
<https://www.marathon.co.uk/stewardship/proxy-voting-dashboard/>

LEA 19 Mandatory Core Assessed PRI 2

LEA 19.1 Indicate whether your organisation has a formal escalation strategy following unsuccessful voting.

- Yes
- No

LEA 20 Voluntary Descriptive PRI 2

LEA 20.1 Indicate whether your organisation, directly or through a service provider, filed or co-filed any ESG shareholder resolutions during the reporting year.

- Yes
- No

LEA Checks Checks

If there are any messages below, please review them before continuing. If there are no messages below, please save this page and continue.

CM1 01	Mandatory	Additional Assessed	General
CM1 01.1	Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone:		
<input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified</li> <li><input type="checkbox"/> Selected data has been internally verified</li> </ul> <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above			
CM1 02	Mandatory	Descriptive	General
CM1 02.1	We undertook third party assurance on last year's PRI Transparency Report		
<input type="radio"/> Whole PRI Transparency Report was assured last year <input type="radio"/> Selected data was assured in last year's PRI Transparency Report <input type="radio"/> We did not assure last year's PRI Transparency report <input checked="" type="radio"/> None of the above, we were in our preparation year and did not report last year.			
CM1 03	Mandatory	Descriptive	General
CM1 03.1	We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report:		
<input type="checkbox"/> We adhere to an RI certification or labelling scheme <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report <input type="checkbox"/> ESG audit of holdings <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> None of the above			
CM1 04	Mandatory	Descriptive	General
CM1 04.1	Do you plan to conduct third party assurance of this year's PRI Transparency report?		
<input type="radio"/> Whole PRI Transparency Report will be assured <input type="radio"/> Selected data will be assured <input checked="" type="radio"/> We do not plan to assure this year's PRI Transparency report			
CM1 07	Mandatory	Descriptive	General
CM1 07.1	Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed		
<input type="checkbox"/> CEO or other Chief-Level staff <input type="checkbox"/> The Board <input type="checkbox"/> Investment Committee <input checked="" type="checkbox"/> Compliance Function <input type="checkbox"/> RI/ESG Team <input type="checkbox"/> Investment Teams <input type="checkbox"/> Legal Department <input type="checkbox"/> Other (specify)			