



PRIVATE TRANSPARENCY REPORT

2025

Marathon Asset Management Limited

Generated 24-11-2025

About this report

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

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

The private Transparency Reports, which are produced using signatories' reported information, support signatories to have internal discussions about their practices. Signatories can also choose to make these available to clients, beneficiaries, and other stakeholders.

This private Transparency Report is an export of your responses to the PRI Reporting Framework during the 2025 reporting period. It includes all responses (public and private) to core and plus indicators.

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

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

Disclaimers

Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

Responsible investment definitions

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

Data accuracy

This document presents information reported directly by signatories in the 2025 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

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

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

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

Section 1. Our commitment

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

Marathon's investment framework is focused on an assessment of the capital cycle and management. As a long-term investor, with multi-year holding periods, sustainability has always been an integral part of Marathon's investment decision-making process. Marathon must critically assess issues of sustainability alongside a variety of other factors, in determining the quality of an investment. Indeed, it is arguable that sustainability issues have a greater bearing on the long-term outcome than they do over the next 6-12 months, the average investor time-frame. Marathon's primary objective - the fiduciary duty to add value within clients' agreed risk parameters - is therefore enhanced by considering material sustainability issues.

Marathon's portfolio managers aim to consider all material issues and weigh them against what is reflected in the current market price of a stock. It is important to note that portfolio managers make the decision, integrating assessment of sustainability within their overall analysis of a stock, rather than treating it as a stand-alone issue, or outsourcing to a separate team. A company with concerns relating to sustainability matters could still be an attractive investment, if the issues are outweighed by other considerations, including valuation. Portfolio managers utilise external research services for additional input, including ISS Sustainability Solutions. After all, our fiduciary duty is to add value within clients' agreed risk parameters; consideration of sustainability is one of a large number of factors in this process. Marathon's primary focus is finding companies that it believes are able to generate good returns over time. 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. Marathon's investment philosophy places particular importance on corporate governance issues, specifically through detailed analysis of behavioural aspects of management. Marathon's close and continuous engagement with investee companies helps to foster long-term relationships. Oversight of company management can include objective assessments and analysis of strategy, financial performance and capital planning alongside consideration of a range of applicable corporate governance issues. Similarly, when Marathon seeks to understand a company's future strategy, consideration of material environmental and social issues will also be included. As part of this assessment, Marathon aims to observe how a company engages with environmental factors like climate change in order to assess the potential future risks to the business and management's responsiveness to these issues. Companies that are not sustainable over the longer term are unlikely to pass muster. From an institutional perspective, sustainability topics often have a broader impact on other areas of the business, or may feed into regulatory requirements, so a Sustainability Working Group was formed in 2021 to coordinate Marathon's understanding and communication on the subject both internally and externally.

The working group seeks to:

- support Marathon's sustainability strategy ensuring consistency in presentation and policies, and alignment with regulatory requirements
- contribute to the implementation of the sustainability strategy by making recommendations on appropriate initiatives and activities
- communicate implementation of the strategy both internally and externally
- oversee Marathon's own Corporate Social Responsibility efforts (office recycling, energy supply, carbon offsetting etc.)
- oversee the preparation of reporting on the subject for clients and regulators. Membership of the working group is drawn widely from across business functions. It is chaired by Ben Kottler, Client Manager. He is an experienced investor who held a leadership role in sustainability at his prior firm for several years before joining Marathon.

Section 2. Annual overview

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

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

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

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

A specific example of how Marathon may approach sustainability issues is Cemex, a Mexico-based global cement manufacturer. Cement production is carbon intensive, and Cemex has introduced aggressive CO2 reduction targets, centred around the use of alternative fuels, decarbonated raw materials and the reduction of the 'clinker factor' in cement. Clinker is usually a key component of cement, and its production generates the majority of direct CO2 emissions in the overall cement production process; the company believes that by substituting it with suitable by-products from other industries, these emissions can be drastically reduced. The company is seeking a reduction in CO2 emissions to 430kg/t by 2030 (from 604kg/t in 2021), which, if achieved and in the absence of a game-changing technological discovery in the meantime, puts them on course to be the 'cleanest' cement producer globally. Marathon's decision to purchase the business was based on a variety of considerations, not least that its shares appeared undervalued given its market position; however, the prospect of producing less emissions-intensive cement was viewed as a potential differentiator in respect of what is otherwise a fairly commoditised market. If global standards in relation to emissions reductions continue to tighten on average (albeit that there are jurisdictions where this trend may reverse or be challenged), then the ability to produce lower emission cement may become a material demand driver. If not, the company remains a well-managed, cost-efficient producer of a vital product which we believe to be undervalued even in the absence of specific "low carbon cement" demand.

At the business level, Marathon published its annual "Sustainability & Climate Report" during the period, which can be found on our website. Following client feedback, this report combines the legacy Sustainability Report and TCFD Climate Report (production of which has become a regulatory requirement for Marathon following the disbandment of the TCFD in October 2023 and the integration of its recommendations into the "IFRS S2 Climate-related Disclosures") into one document, providing insights into how Marathon considers the subject of sustainability, illustrated through recent examples, as well as data relating to portfolio emissions for the firm's main strategies. In addition, Marathon was re-confirmed as a signatory of the UK Stewardship Code during the third quarter of 2024 following a Financial Reporting Council review of Marathon's updated UK stewardship code statement, which covered the 2023 full-year period. Marathon's Japan Stewardship Code was also updated.

Section 3. Next steps

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

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

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

Section 4. Endorsement

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

Name

Charles Carter

Position

Managing Director

Organisation's Name

Marathon Asset Management Limited

● A

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

○ B

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS (ORO)

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 1	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which international or regional ESG-related legislation(s) and/or regulation(s) did your organisation report?

- (A) Corporate Sustainability Reporting Directive (CSRD) [European Union]
- (B) Directive on AIFM (2011/61/EU) [European Union]
- (C) Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers (PS21/24) [United Kingdom]
- (D) EU Taxonomy Regulation [European Union]
- (E) Improving shareholder engagement and increasing transparency around stewardship (PS19/13) [United Kingdom]
- (F) IORP II (Directive 2016/2341) [European Union]
- (G) Law on Energy and Climate (Article 29) [France]
- (H) MiFID II (2017/565) [European Union]
- (I) Modern Slavery Act [United Kingdom]
- (J) PEPP Regulation (2019/1238) [European Union]
- (K) PRIIPS Regulation (2016/2340 and 2014/286) [European Union]
- (L) Regulation on the Integration of Sustainability Risks in the Governance of Insurance and Reinsurance Undertakings (2021/1256) [European Union]
- (M) SFDR Regulation (2019/2088) [European Union]
- (N) SRD II (Directive 2017/828) [European Union]
- (O) The Occupational Pension Schemes Regulation on Climate Change Governance and Reporting [United Kingdom]
- (P) Climate Risk Management (Guideline B-15) [Canada]
- (Q) Continuous Disclosure Obligations (National Instrument 51-102) [Canada]
- (R) Disposiciones de Carácter General Aplicables a los Fondos de Inversión y a las Personas que les Prestan Servicios (SIEFORE) [Mexico]
- (S) Instrucciones para la Integración de Dactores ASG en Los Mecanismos de Revelación de Información para FIC (External Circular 005, updated) [Colombia]
- (T) Provides for the creation, operation, and disclosure of information of investment funds, as well as the provision of services for the funds, and revokes the regulations that specifies (CVM Resolution No. 175) [Brazil]
- (U) SEC Expansion of the Names Rule [United States of America]
- (V) SEC Pay Ratio Disclosure Rule [United States of America]
- (W) ASIC RG65 Section 1013DA Disclosure Guidelines [Australia]
- (X) Circular to Licensed Corporations: Management and Disclosure of Climate-related Risks by Fund Managers [Hong Kong SAR]
- (Y) Financial Investment Services and Capital Markets Act (FSCMA) [Republic of Korea]
- (Z) Financial Instruments and Exchange Act (FIEA) [Japan]
- (AA) Financial Markets Conduct Act [New Zealand]
- (AB) Guiding Opinions on Regulating the Asset Management Business of Financial Institutions [China]
- (AC) Guidelines on Environmental Risk Management for Asset Managers [Singapore]
- (AD) Guidelines on Sustainable and Responsible Investment Funds [Malaysia]
- (AE) Modern Slavery Act (2018) [Australia]

- (AF) Stewardship Code for all Mutual Funds and All Categories of AIFs [India]
- (AG) ADGM Sustainable Finance Regulatory Framework [United Arab Emirates]
- (AH) JSE Limited Listings Requirements [South Africa]
- (AI) Other
- (AJ) Other
- (AK) Other
- (AL) Other
- (AM) Other
- (AN) Not applicable; our organisation did not report to any ESG-related legislation and/or regulation during the reporting year.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 2	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which voluntary responsible investment/ESG frameworks did your organisation report?

- (A) Asset Owners Stewardship Code [Australia]
- (B) Código Brasileiro de Stewardship [Brazil]
- (C) New Zealand Stewardship Code
- (D) Principles for Responsible Institutional Investors (Stewardship Code) [Japan]
- (E) Stewardship Code [United Kingdom]
- (F) Stewardship Framework for Institutional Investors [United States of America]
- (G) CFA Institute ESG Disclosure Standards for Investment Products [Global]
- (H) Guidelines on Funds' Names using ESG or Sustainability-related Terms [European Union]
- (I) Luxflag ESG Label [Luxembourg]
- (J) RIAA Responsible Investment Certification Program [Australia]
- (K) SRI Label [France]
- (L) ANBIMA Code of Regulation and Best Practices of Investment Funds [Brazil]
- (M) Code for Institutional Investors 2022 [Malaysia]
- (N) Code for Responsible Investing in South Africa (CRISA 2) [South Africa]
- (O) Corporate Governance Guidelines [Canada]
- (P) Defined Contribution Code of Practice [United Kingdom]
- (Q) European Association for Investors in Non-Listed Real Estate Vehicles (INREV) Guidelines [Global]
- (R) Global ESG Benchmark for Real Assets (GRESB) [Global]
- (S) Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards (IRIS+) [Global]
- (T) OECD Guidelines for MNES - Responsible Business Conduct for Institutional Investors [Global]
- (U) UN Guiding Principles (UNGPs) on Business and Human Rights [Global]
- (V) Net Zero Asset Managers (NZAM) Initiative [Global]
- (W) Net-Zero Asset Owner Alliance (NZAOA) [Global]
- (X) Recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) [Global]
- (Y) The Net Zero Investment Framework (NZIF) 2.0 [Global]
- (Z) Recommendations of the Taskforce for Nature-related Financial Disclosure (TNFD) [Global]
- (AA) Global Reporting Initiative (GRI) Standards [Global]
- (AB) IFC Performance Standard [Global]
- (AC) International Sustainability Standards Board (ISSB) Standards [Global]
- (AD) Sustainability Accounting Standards Board (SASB) Standards [Global]
- (AE) Other
- (AF) Other
- (AG) Other
- (AH) Other
- (AI) Other
- (AJ) Not applicable; our organisation did not report to any voluntary responsible investment/ESG frameworks during the reporting year.

Additional context to your response(s): (Voluntary)

TCFD: Note that the TCFD was disbanded in October 2023 as it had fulfilled its goals and monitoring of progress on climate related disclosure passed to the IFRS foundation (the international body overseeing financial reporting standards globally). The foundation has implemented "IFRS S2 Climate-related Disclosures"; all companies reporting in compliance with international financial reporting standards must now also comply with this guidance, which fully integrates the recommendations of TCFD into an implementable reporting standard. Nevertheless, Marathon remains committed to encouraging companies to adopt the updated standard.