Sustainability risk policy

Introduction

The EU's Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR") was published in December 2019 and forms part of the EU's package of measures relating to Environmental, Social and Governance ("ESG") issues. This document sets out the approach by Marathon group companies when considering sustainability risks.

Sustainability risk

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often requires subjective judgements, which may be based on data which is difficult to obtain, incomplete, estimated, out of date or otherwise materially inaccurate.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

Integration of sustainability risks into the investment process

Although sustainability risks, as defined in SFDR, are incorporated into Marathon's investment decision-making processes, Marathon's investment team does not currently consider the principal adverse impacts of their investment decisions on sustainability factors. Accordingly, Marathon considers a wide range of factors, including sustainability risks, in determining the quality of an investment but the overriding objective is to achieve economic benefit for our clients. Marathon will expressly prioritise this economic aim over unrelated objectives, including sustainability factors, which would lead it either to sacrifice investment return or take on additional investment risk to promote non-pecuniary goals. To the extent that a sustainability risk occurs, or occurs in a manner that is not reasonably anticipated by Marathon, there may be a sudden, material negative impact on the value of an investment, and hence the returns of an investment.

In this context, sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment.

Marathon will keep its decision to not specifically consider, as a factor in its investment decision-making process, the principal adverse impacts of its investment decisions on sustainability factors within the meaning of SFDR under review and may formally re-evaluate this decision in the future.