MARATHON
ASSET MANAGEMENT

Sustainability and Climate Report

Including Marathon's required climate-related disclosures

Year End 2025

Thoughtful,
patient investing.

Contents

Introduction

Welcome to Marathon's combined Sustainability and Climate Report for the year ending December 2025.

Marathon published its first Sustainability report in 2021 and this was joined by a Climate report in mid 2023 (covering calendar year 2022) based on the recommendations of the Task Force on Climate-related Financial Disclosures (usually known simply as TCFD). Given that the topics are closely linked, for the convenience of readers, Marathon combined all of the information in one place, creating a Sustainability and Climate Report, from 2023.

This report informs clients and other stakeholders on how Marathon has implemented sustainability policies over the past year through a number of examples. It also provides climate-related disclosures aligned with the TCFD framework.

Some readers might question why Marathon is producing such a report when we do not offer any products labelled as "Sustainable", nor any which seek to generate a particular impact beyond financial performance (other than to the extent directed by certain clients in separately managed accounts).

The simple answer is because these matters are important considerations within our investment approach. Marathon has always emphasised the long-term, and therefore has always sought out sustainable businesses to invest in. Risks relating to actual or potential environmental or social impacts can cost a company dearly over the long-term, so assessment of these risks and opportunities is – and always has been – part of our process.

While not an "sustainability investor", in that we do not seek any particular non-financial impact from our investment activities, we see value in the creation and use of a common framework for companies to assess and report on their greenhouse gas (GHG) output. Marathon is also under a regulatory obligation to report on these metrics as we are authorised and regulated by the UK's Financial Conduct Authority (FCA); which now requires firms like Marathon to report under the TCFD framework.

This framework recommends that companies make disclosures to cover four pillars:

- **Governance:** The organisation's governance around climate-related risks and opportunities
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning
- **Risk Management:** The processes used by the organisation to identify, assess and manage climate-related risks
- **Targets and Metrics:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Furthermore, FCA-authorised asset managers are required to report both in relation to their corporate emissions and those of their investment strategies/portfolio. This report seeks to mirror this structure, following the disclosures relating to sustainability more broadly.

What Marathon means by sustainability

At Marathon, sustainability covers a variety of topics including:

- the impact of non-financial factors on our investment philosophy and process;
- stewardship activities such as engagement with companies and active ownership (i.e. voting at company meetings) which seek to improve the businesses in which we invest; and
- what Marathon is doing itself as a company – rather than in the portfolios under our care – in relation to similar factors, such as efforts towards reducing carbon emissions, improving conditions for our staff and considering our societal impact.

In relation to the first point, it may be useful initially to define what Marathon does *not* do.

Marathon does not claim to be an "sustainability manager" – whatever that might mean – and we have no intention of using this document to lay dubious claim to our portfolios being somehow more 'virtuous' than others. We do not seek to invest in accordance with any particular ethical view, nor do we screen out companies, countries or industries from our investment universe based on sustainability or other criteria (beyond any legal or regulatory obligations to which we or our clients/funds may be beholden, for example in relation to sanctions, or as required under client guidelines).

Nevertheless, we do consider sustainability risks and opportunities within the process.

What are now described as "sustainability risks" are nothing new. They have always presented the possibility of loss over the long-term for the companies in which Marathon invests, and as such they have been considered in the investment process. The opportunities presented by sustainability related issues are also an important source of investment ideas and many holdings have been bought over the years, at least in part, because their sustainability characteristics were not fully appreciated – or valued – by the stock market at the time.

Stewardship is also core to Marathon's process. Voting thoughtfully, engaging actively and, where necessary, escalating persuasively are, we believe, core investment duties. At Marathon, we see ourselves as company owners on behalf of clients. We are not price speculators or passive shareholders. Where we see aspects of a business that, in our view, could be improved, we make our views known, and vote for those resolutions that we believe are most likely to improve matters, and thereby enhance asset values, over the long-term. Acting for long-term shareholders, Marathon often has a strong relationship with the boards of companies we invest in. As a result, they also contact us from time to time to solicit our views on various matters.

Finally, Marathon itself is committed to being a good corporate citizen. Marathon conducts regular reviews of its business activities. Recent reviews have focused on environmental impact and diversity, equity and inclusion ("DEI") within the business, but we also consider staff wellbeing and community impact.

The following pages provide examples on all of these issues.

Examples of sustainability: investment decisions

Marathon's primary objective – the fiduciary duty to add value within clients' agreed risk parameters – is enhanced by considering material sustainability issues and opportunities. Although sustainability will rarely be the main reason for an investment, or for the avoidance of one, it can have a material impact on such decisions.

As previously mentioned, sustainability risks are, amongst other things, financial risks to a company, however, many are "long tail risks"; meaning they could occur at any time, but have a low probability of occurring at any *particular* time. For example, poor environmental practices may not have an impact today, or in the next year, but could lead to relatively sudden fines, litigation and clean-up costs at any time.

Even though the long-term risks are clear, management teams often suffer from short-termism. This results from a temporal form of "moral hazard"; poor practices may benefit a company's finances in the short-term as long as the worst does not happen, because it is often cheaper to behave badly than to behave well. Combine this with short-term incentives for management and short director tenures and the hazard is magnified.

To compound the issue, this moral hazard is shared by those investment managers who look at shorter performance time horizons and trade positions frequently. We would argue that the use of "sustainability screens" and distinct sustainability research and/or engagement teams which separate stewardship functions from investment management, is an attempt to mitigate this inbuilt conflict.

At Marathon, our investment horizon is long-term (currently the business has a firm-wide weighted average holding period of around eight years). As a result, our portfolio managers are not as susceptible to this conflict and have an incentive to seek improvements in the companies they invest in, even at the expense of short-term performance.

This long-termism forms the foundation for our stewardship efforts with the companies in which we invest.

Examples of holdings and transactions where sustainability factors are or were considered:

Murata Manufacturing, Japan

Murata Manufacturing is a world leader in Multilayer Ceramic Capacitors (MLCCs). The company was purchased in early 2025 because the capital cycle for MLCCs appears to be improving following a lull since the 2017-2020 boom triggered by the roll out of 5G mobile telephony.

MLCCs are a key electronic component for a number of applications, and demand is currently being driven by two trends; AI datacentres and the switch toward electric vehicles as part of the necessary energy transition towards electrification. It is this second trend which lends an environmental element to the decision (though, as always, it was the financial attraction of the trend rather than any non-financial factor which drove the investment team's interest). Electric vehicles require two to five times the number of these components versus combustion engine powered vehicles. Even hybrids require between 50-100% more of them. The market is highly fragmented, with Murata the undisputed leader with 30-35% of the global manufacturing capability and output, making it a likely consolidator.

Valterra Platinum (formerly Anglo American Platinum), South Africa

South African based (though UK listed) Valterra Platinum is the largest producer of Platinum Group Metals in the world and was purchased following its demerger from mining giant Anglo American in early 2025.

While mining is itself environmentally damaging and carbon generative, it is also vital to facilitate the energy transition and this is particularly true of PGMs and their associated co-products, which are vital to the green technologies of the future. Specifically, PGMs are essential across applications, including emissions reduction technologies, renewable energy systems, and within certain advanced industrial processes that will become increasingly critical.

Platinum, in particular, is irreplaceable in two pivotal clean technology pathways:

- *Hydrogen economy:* Platinum is the catalyst of choice for electrolyzers producing green hydrogen, with demand projected to grow 10% annually through 2030 (according to the International Energy Agency).
- *Fuel Cell Electric Vehicles (FCEVs):* FCEVs produce no GHG emissions (only water vapour and warm air) making hydrogen-powered mobility a sustainable potential option for motoring in the future.

The company is also considered one of the most sustainable miners in the world. With the Initiative for Responsible Mining Assurance (IRMA) accreditation of operations at Mogalakwena in Q1 2025, all wholly owned operations are now IRMA accredited, setting Valterra Platinum apart from global mining peers and affirming industry-leading sustainability practices and commitment to environmental stewardship.

Linde, USA

Marathon's investment team sold out of its position in industrial gas business Linde in 2025 following a significant re-rating of the shares over the preceding few years.

The stock had become, in the Investment team's view, fully valued (or perhaps over valued) at the time, at least partly due to hype over the company's prospects and ambitions in Carbon Capture and Storage (CCS). Linde had signed agreements with a variety of oil and gas producers to construct CCS facilities under the previous US administration, and the company's share price appeared to anticipate the number of such projects being announced continuing at a similar or increasing pace.

Marathon reassessed the position upon the election of Donald Trump to the US presidency and determined that, based on his declared positions and likely policies, this was an increasingly unlikely scenario. The current US administration is sceptical of human-driven climate change, and therefore views carbon mitigation with antipathy. It has withdrawn most of the subsidies and tax breaks that had been put in place by the previous administration to encourage decarbonisation, and which formed the basis of a lot of business decision making. This has led to US-based businesses/ operations scaling back or scrapping many carbon-reduction measures, including several Linde projects. There has also been a reduction in interest in new projects from potential clients.

The perceived likelihood of a reduction in the likely market for the technology, and the stock market's ongoing expectation for it at the time, was a key reason for selling the position.

Examples of sustainability: stewardship

Engagement with management

A distinguishing characteristic of Marathon's investment process is the number of company meetings which are undertaken as part of our research and ongoing monitoring efforts in portfolios. See also our response to the UK and Japan Stewardship Codes for further details, found on our website at www.marathon.co.uk.

We provide examples of recent engagements between Marathon's portfolio managers and investee companies below:

Neste Oil, Finland

Marathon met with Neste Oil for a company update meeting in late 2025. The business is the leading producer of biodiesel and sustainable aircraft fuel (SAF) in the world, and the discussion included consideration of future plans in this area. The EU's "RED III" regulations mandate a 14.5% reduction in energy intensity and/or a 29% share of renewable energy in transport by 2030. The company discussed its plan in this area and its production facilities and noted that prices for biodiesel had been extraordinarily volatile falling by around two thirds from 2024 to 2025, before rebounding back by around half the previous loss.

Marathon questioned the dynamics of the market and the company disclosed that the US operations mainly use soya beans as feed stock for fuel production; and European regulations do not allow for use of food crops in production of renewable fuels meaning that such fuels produced in the US cannot be exported to the main market. The pricing for US sustainable fuels has also been more volatile than that elsewhere. Marathon expressed the opinion to the company that until the US market becomes more predictable and stable, we believe that its main focus should remain on Europe and that their plans for plants should ideally allow for switching between biodiesel and SAF as the two fuel types do not (currently) move in a highly correlated way.

Voting

As well as engaging with management, Marathon is an active owner of the companies selected for our client portfolios. Information on proxy voting firmwide can be found on the Marathon website (www.marathon.co.uk) and, for clients, details of all votes which impact their portfolio can be found in the client area of the website.

Marathon's portfolio managers are ultimately responsible for each vote cast. ISS provides expert recommendations for all votes based on a number of criteria, often based on quantitative data. While this is a useful starting point, it can ignore local norms and business specific nuance. Portfolio managers dissent from ISS views where they believe it is in the best interests of clients to do so. See our proxy voting policy and breakdown of voting on our website for further information.

Although many votes are routine in nature, on matters of substance we sometimes disagree with management or ISS. Overall, in 2025 Marathon's voting was aligned with ISS 97.3% of the time (5,531 proposals were voted upon at 380 company meetings) and with company management 94.7% of the time.

We provide below information on some instances where Marathon has dissented from ISS views:

Kirin Holdings, Japan

Marathon voted against the re-election of a slate of directors at Kirin, the Japanese brewer and healthcare company.

The company's share price has underperformed the market for several years. Marathon has remained invested as management's ambitions to refocus the company from a legacy brewer into a life sciences and healthcare business seemed both achievable and far sighted. However, execution has been poor, and Marathon's discussions with management over the past couple of years have made clear that we have lost confidence that the existing team can execute the plan.

Following further meetings this year where the management team weakly defended some acquisition decisions and displayed little understanding of how the capital allocation across the business is destroying value, the decision was taken to vote against re-election of the senior board members (CEO, COO, CFO) and the members of the nominations committee that has rubber-stamped their repeated nominations in spite of these issues

Aristocrat Leisure Limited, Australia

ISS argued that 40% of the CEO's Long Term Incentive Plan continues to be subject to "objective-balanced scorecard Objectives and Key Results (OKRs)" - essentially non-financial measures - which the company fails to properly define or explain the measurement of. The lack of clarity implies to them that this is essentially salary rather than incentive pay.

Marathon's investment team agrees with our advisor on all points, but the absolute quantum of pay is, when considered objectively and versus peers, is not excessive. We therefore decided to support the motion in this instance, but will seek to raise the issue in our discussions with the company hereafter. Transparent performance-based pay is a cornerstone of good governance, and structures which fail to incentivise performance whilst granting significant pay are viewed as a governance issue, if not failure. Such schemes are a target for engagement by Marathon.

Tokio Marine Holdings, Japan

ISS recommended that shareholders vote against the reappointment of the Chair of Tokio Marine's Board of Directors. The rationale was that the company has significant cross shareholdings which represents a misallocation of capital, and that, as Chair, Satoru Komiya should take responsibility for the "misallocation of capital".

While Marathon agrees that the level of cross shareholdings is unacceptably high, the ISS approach, which votes annually against any chair or other senior executive who can take responsibility for such an allocation is - in our view - unproductive, as it ignores whether or not the individual has or is taking action to improve the situation.

In this case, Tokio Marine is aggressively divesting its cross shareholdings and has an aim to fully eliminate them. However, the sums involved are large, and therefore the transactions cannot occur rapidly as it would flood the market with supply and cause the share prices of the companies held to fall substantially. It is therefore undertaking significant sales and has divested in excess of 1.5 trillion yen (around US$10 billion) in the past two years. Sales are ongoing within a well-managed programme. In our view, this is due to the Chair's policies and decisions, and therefore we were happy to support reappointment.

Sustainability within Marathon

Marathon seeks to be a socially responsible business. We consider the business' environmental and social impacts, including staff wellbeing, on an ongoing basis and actively seek out potential improvements.

Initiatives include:

Environmental impact

- Office recycling initiatives – seeking to increase amount of waste recycled.
- Various actions and programmes which target carbon emission reductions, discussed in more detail in the "Climate Strategy" section of the document.
- Marathon has achieved CarbonNeutral® company certification, having purchased emissions reductions from verified carbon reduction projects through Climate Impact Partners.
- Staff have access to a "Cycle to Work" and "Electric Vehicle" scheme allowing them to pay for access to these vehicles from pre-tax salary, incentivising use of more environmentally friendly transportation.

Community

- A "payroll giving" scheme is available, which allows staff to pay regular charitable donations from pre-tax income.
- Marathon participates in the #10,000 Interns initiative to provide paid internships to young people from minority and disadvantaged backgrounds, providing access to financial service experience that might otherwise have been out of reach for them and improving their career options as a result.
- The company runs a volunteering scheme whereby staff may periodically volunteer to work at a partner charity.

Diversity, Equity and Inclusion (DEI)

- Engage recruitment agencies with a clear DEI direction, review job descriptions to ensure usage of gender-neutral language, diverse candidate slate for all positions and ensure interview panels are diverse.
- Staff training on inclusion in the workplace, such as Inclusive Leadership training for line managers. All employees work towards 'Inclusive Culture' objectives within bi-annual reviews.
- Initiatives (including mentoring and internal recruitment) to improve the career options for diverse staff members.
- Data collection to measure and provide meaningful information on diversity across the business, within the constraints imposed by UK law.

Staff wellbeing

- Marathon provides a competitive package of pay and benefits for staff in order to attract and retain talented employees, and to support them in achieving a happy and healthy lifestyle.
- Flexible working policy allowing staff to work remotely periodically.
- Access to "wellbeing" resources including a mindfulness app and gym membership discounts.
- An Employee Assistance Programme providing access to counselling and advisory services.
- A program of social events across the year.

Marathon's external commitments

In addition to the internal initiatives discussed above, Marathon is also committed to working with various external organisations, as well as being subject to some specific regulations related to sustainability. Marathon's Sustainability Working Group regularly reviews and assesses external initiatives, and we may subsequently commit to these where they align with Marathon's longstanding investment process and approach to sustainability.

Current commitments include:

Principles for Responsible Investment (PRI)

Marathon became a signatory of the UN-supported Principles for Responsible Investment in 2019.

Marathon's latest full report was submitted to the PRI in September 2023 and the PRI's Assessment and Transparency reports can be found on Marathon's website HERE and HERE respectively. Marathon will be submitting full information to the PRI in 2026.

Task Force on Climate-related Financial Disclosures (TCFD)

Marathon became a supporter of the TCFD in March 2021. The TCFD's goal was to encourage companies to report on climate related risks, and how they plan to respond to them, in a uniform way, improving market transparency and stability. The task-force was disbanded in late 2023 and its recommendations were integrated into the disclosure framework overseen by the International Financial Reporting Standards foundation.

Marathon produced its inaugural TCFD Climate Report to cover 2022, and has merged reporting with its annual sustainability report since 2023. The report describes the governance structure overlying climate-related risks and opportunities at Marathon; the strategy adopted to consider these impacts; the risk management framework in place and metrics and information relating to GHG emissions for the total assets under management (AUM) of Marathon; and also for specific strategies.

The 2025 report can be found later in this document.

Stewardship Codes

Marathon is a signatory of both the UK and Japanese Stewardship Codes.

Marathon was re-confirmed as a signatory of the UK Stewardship Code during the third quarter of 2025 following a Financial Reporting Council review of Marathon's updated UK stewardship code statement, which covered the 2024 full-year period. The report covering 2025 data was submitted to the FRC in April 2026; we await the FRC's feedback with interest.

Marathon's Japan Stewardship Code statement was also updated.

Reports in relation to all of these commitments can be found on Marathon's website at www.marathon.co.uk/sustainability

Climate Report

Climate governance

Marathon has adopted an integration and engagement approach to climate-related issues; as described within Marathon's Sustainability Charter, a leadership statement which the Board and Investment team have agreed upon (accessible HERE). The Charter explains Marathon's approach to investing, engagement and proxy voting – in which sustainability is considered in the context of maximising pecuniary value for clients over the longer term.

Commitment to the Charter is evidenced through various reports, including the PRI Transparency and Assessment reports, the responses to the UK and Japan Stewardship Codes and this document, amongst others. Marathon's Board also receives updates and information on this topic as part of wider strategic planning on managing climate-related risk and opportunities. The Risk Committee also receive papers on carbon intensity across the portfolios at Marathon; any material concerns would be raised with the Board-level Risk Audit and Compliance Committee before being passed on to the Board.

Consideration of sustainability is further embedded within Marathon's Purpose, Vision and Values Statement (accessible HERE). This statement outlines the firm's views and approach to dealing with clients, investee companies and colleagues; including an articulation of Marathon's culture and values that includes sustainability factors important to the business. To ensure on-going compliance, all staff are expected to understand and implement these attributes in their work with adherence to the values, along with other non-financial criteria, considered by Marathon when contemplating remuneration awards. Further details about Marathon's remuneration arrangements can be found HERE.

In addition, Marathon employs a sustainability policy which details how sustainability factors, including climate-related issues, are factored into the investment process (accessible HERE). Marathon's approach is to assess sustainability holistically, and thus portfolio managers integrate assessment of sustainability, including climate-related issues, within their overall analysis of stocks, rather than treating it as a standalone issue in making investment decisions.

Sustainability topics often have a broad impact on the business, or may feed into regulatory requirements, so to this end the Sustainability Working Group was formed to co-ordinate Marathon's understanding and communication on the subject. This working group seeks to:

- support Marathon's sustainability approach to ensure consistency in presentation and policies, and alignment with regulatory requirements
- contribute to the implementation of the strategy by making recommendations on appropriate initiatives and activities, including review and recommendation of sustainability-related data providers, regulatory and reporting updates;
- communicate implementation of the strategy both internally and externally;
- oversee Marathon's own Corporate Social Responsibility efforts (office recycling, energy supply, carbon offsetting etc.).

Membership is drawn widely from across business functions, including the Investment, Client Service, Operations and Compliance teams.

This working group then reports upwards into Marathon's formal committee structures.

Climate strategy

Climate-related strategy at the business level

Marathon is a socially responsible business. As a result, we consider the business's environmental impacts on an ongoing basis and actively seek out potential improvements where this is appropriate.

Marathon made a commitment in 2020 to become carbon neutral in its business operations. The objective was to seek to minimise our carbon footprint through consideration of our business processes and seeking to remove as much carbon emitting activity as practical.

Good progress continues to be made in implementing measures such as:

- The installation of energy saving hardware (e.g. lightbulbs, sensor switches)
- Interest-free loan to allow staff to buy annual train tickets (thereby avoiding use of cars and lowering Scope 3 emissions)
- A "Cycle to Work" scheme providing staff access to bicycles and e-bikes paid for via salary sacrifice pre-tax income; and an "Electric Vehicle" scheme which operates in a similar way for electric cars
- The installation of water filtering taps, which provide chilled and boiling water, reducing the use of bottled water and kettles in our offices
- Electricity purchased from a "100% renewable sourced" supplier

Currently, it is not possible to fully remove carbon emitting activities from our operations (e.g. travel to meet investee companies and clients, staff commutes, data centres, gas and heating for the office, which although not a physically owned asset, must be captured in the firm's scope 3 emissions), so the decision was made to offset those GHG emissions which cannot yet be avoided.

By measuring, reducing and offsetting our emissions in line with The CarbonNeutral Protocol, Marathon has achieved CarbonNeutral® company certification. Since 2021, Marathon has worked with Climate Impact Partners, a specialist in carbon market solutions for climate action, to audit its emissions and source high quality carbon offsets.

All offset projects are certified by at least one, and often several, independent certifying bodies including Gold Standard, Verified Carbon Standard (VCS), Climate, Community and Biodiversity Standards (CCB) and American Carbon Registry (ACR) amongst others.

Although offsetting is not our preferred methodology, while it remains impossible to fully decarbonise our operations, Marathon is committed to utilising certified carbon offset projects in order to seek to mitigate its climate impact. We will continue to seek further reductions in operational emissions to reduce our reliance on offsets.

Climate-related strategy at the portfolio level

Marathon is an equities-focused manager that works on behalf of large, institutional clients (e.g. pension funds, mutual funds, sovereign wealth, charities, foundations and endowments etc.). As such Marathon has been structured to align firm and client objectives, focusing on a long-term investment horizon rather than short-term outcomes. To this end the investment team's remuneration is largely based on long-term performance relative to the benchmark with an assessment of sustainability considerations taking place as part of Marathon's Sustainability Charter.

As long-term investors, analysis of the risks faced by a business, including those relating to its actual or potential environmental impacts, is viewed as a crucial part of the investment process. In respect of their potential impact on a client's portfolio return, climate-related risks are, ultimately, financial risks to a company. Many environmental risks, however, are "long tail risks", meaning they could occur at any time, but have a low probability of occurring at any particular time. For example, poor environmental practices may not have an impact today, or in the next year but could lead to huge fines, litigation and clean-up costs. Such issues have led to the precipitous collapse of company share prices, and even to bankruptcies, in the past. Nevertheless, the poor practices may benefit a company in the short-term, so long as the worst is avoided, as it is often cheaper to behave badly than to behave well.

Marathon is a genuinely long-term investor, with a long-term asset-weighted average holding period across the business of around eight years and some holdings which remain in the portfolio for much longer. As a result, these risks are more likely to crystallise while we hold a position than is the case for peers with substantially shorter time horizons. As such, they are taken seriously both prior to investment and while a position is held. Marathon's primary focus remains finding companies that it believes are able to generate good returns over time. The firm's strong track record of engagement with company management helps to encourage long-term value creation; which often includes focusing attention on climate-related risks, their mitigation and agitating for improved practice.

Identifying investment risks

Marathon considers sustainability metrics, including those measuring climate-related risks, throughout the decision-making process. Presently, our view is that disclosure by companies, or data provided from third parties, is not always adequate to assess climate risks. This data is still in its infancy, with issuers starting to utilise audits to verify climate data. Marathon will look to develop further its scenario analysis after more accurate data becomes available and as scientific models develop.

Due to the qualitative nature of Marathon's investment process, and the embedded treatment of sustainability risks, climate-related risks are rarely evaluated in isolation, and it should be emphasised that Marathon's processes in this regard are aimed at understanding and mitigating the financial risks to which our clients are exposed rather than at any particular non-financial outcome.

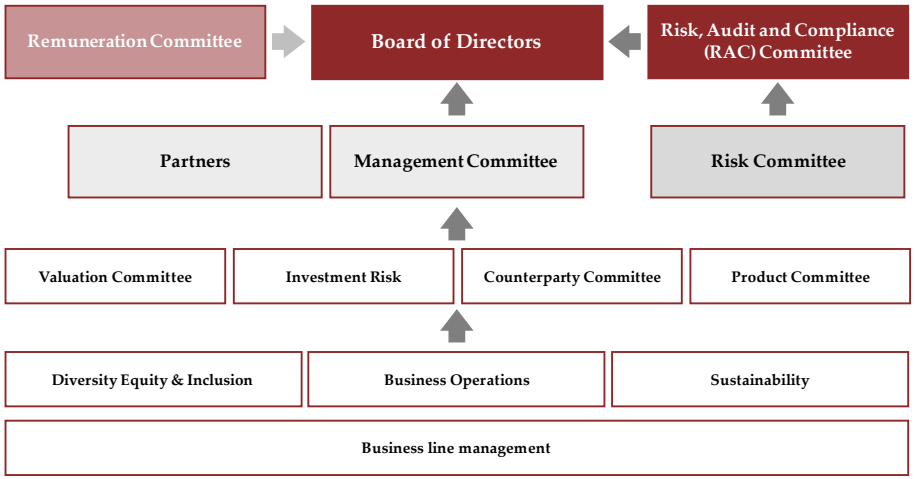
Treatment of risks

Marathon's Investment team takes full account of financially material sustainability issues at all stages of the investment process; during due diligence and monitoring of holdings, engagement with company management and when voting proxies. Marathon leverages a range of third-party sustainability research, data and technology enablers (e.g. ISS; brokers; S&P Capital IQ; Bloomberg) to both reinforce our primary internal, bottom-up analytics, and provide market colour and industry viewpoints, thereby helping to formulate and refine Marathon's investment thesis and often contrarian positioning.

It is the Investment team at Marathon that is primarily responsible for stewardship activities, as portfolio managers have the most experience and understanding of the companies in which they invest through their research of prospective and actual holdings. Individuals within this team are also charged with owning and maintaining Marathon's investment culture that encompasses bottom-up stock picking and the generation of internal research.

Climate risk management

Set out below is a visualisation of Marathon's current governance framework:



Marathon's Risk Committee provides a formal review point on certain sustainability-related matters. On a quarterly basis this committee receives data (where applicable) on:

- the carbon intensity of the portfolios / strategies in place at Marathon.
- sustainability-related regulatory change;
- incidents that indicate issues with Marathon's implementation of sustainability-related processes and / or policies;
- confirmation of compliance with client mandated climate restrictions;

A summary of any material findings or concerns from the Risk Committee will then be brought to the attention of the Board-level Risk, Audit and Compliance Committee on a quarterly basis; based on Key Risk Indicators flagged using a 'traffic light' approach (i.e. items for concern will be flagged Amber or Red as appropriate). The Risk, Audit and Compliance Committee will in turn report any material concerns or issues into the main Board.

This risk reporting framework supports the Board and senior management oversee sustainability-related matters; as well as helping to evidence how climate-related risks are integrated into Marathon's overall risk management arrangements.

Separately, Marathon undertakes comprehensive risk control self-assessments within the business itself to seek out and identify risks; alongside maintaining a set of Key Risk Indicators. Work is also undertaken to stress test the business against core risks and ensure such risks are managed in line with Marathon's Board approved risk appetite. These measures generate relevant management information to be assessed within Marathon's risk infrastructure, with any major deterioration in the control environment escalated to senior management. This activity may include climate-related risks, as and where appropriate.

Climate risk definitions

There is broad consensus that climate risk drivers can be grouped into one of two categories[1]:

1. Physical risks, which arise from the changes in weather and climate that lead to economic costs and financial losses including:

    - extreme climate change-related weather events such as heatwaves, landslides, floods, wildfires and storms;
    - longer-term gradual shifts of the climate such as changes in precipitation, extreme weather variability, ocean acidification, and rising sea levels and average temperatures; and
    - indirect effects of climate change such as loss of ecosystem services (e.g. desertification, water shortage, degradation of soil quality or marine ecology).

2. Transition risks, which arise from the transition to a low-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may generate varying levels of financial and reputational risk.

Marathon remains cognisant of these definitions and the implications for the business; underlying client investments; and for future engagement/collaboration on climate risk matters with internal and external stakeholders.

[1] Basel Committee on Banking Supervision report *"Climate-related risk drivers and their transmission channels"* – April 2021

Climate targets & metrics

Targets

An important part of the TCFD regime is the setting of, and monitoring of progress towards, targets in respect of GHG emissions.

This is a comparatively complex process at the individual company level, but it comes with an added level of complexity for asset management firms when considering their portfolios. Consequently, Marathon has adopted a two part approach; looking at our business operations and then separately at our client's investment portfolios.

Business level targets

In respect of its own business operations, Marathon made a commitment to become "net carbon neutral" in 2020. This was achieved in 2022 and has been maintained using the strategy explained in the Climate Strategy section of this document (page 13) and Marathon now holds CarbonNeutral® company certification.

Marathon will continue to seek to reduce its physical emissions and will seek to use high-quality offsets in the interim period to maintain neutrality.

Portfolio level targets

In respect of the portfolios under our care, we have decided not to set net zero targets at present, for a number of reasons:

- Different clients have divergent views on the subject, and any adoption of non-pecuniary targets without a regulatory requirement would be dependent on client consent to alter contracts.
- Legislators in many of the jurisdictions in which we are active are working on new regulations and we do not wish to commit to a course of action that may conflict with these forthcoming obligations. It should be noted that proposed regulation in various US states have been sent back to the drawing board following the energy shocks experienced so far in the 2020s, but that regulation is still expected to arrive eventually.
- While data has improved substantially, many companies worldwide still do not report emissions data in sufficient detail, and consistently enough, to make aggregated information for measurement and then reduction at the portfolio level reliable. This is improving as issuers start to produce third-party audits on their climate data.

This decision will be revisited by members of the Sustainability Working Group and senior management as data improves and the regulatory expectations in relation to the subject becomes more tangible.

Metrics

Business level metrics

UK based firms like Marathon have reported upon their energy and carbon information in their annual accounts and reports since 2019. Marathon has engaged the services of an energy consultant in order to independently review the energy use data and associated GHG emissions calculations and to confirm the accuracy, completeness and consistency of the data used, in line with the principles of ISO14065:2020.

For the last reported period (to 31 March 2025), the following output was calculated:

	2025		2024	
	GHG emissions – tCO_2e	Energy consumption for emission calculations - kWh	GHG emissions – tCO_2e	Energy consumption for emission calculations - kWh
Scope 1 (Direct) GHG emissions:				
Emissions from combustion of natural gas in buildings	57.0	311,452	56.5	308,922
Emissions from the purchase of electricity for buildings (location-based grid average)	65.2	314,927	68.3	329,880
Emissions from the purchase of electricity for buildings (market based)	-	314,927	-	329,880
Emissions from UK electricity T&D	5.8	-	5.9	-
Total gross tCO_2e Scope 1, Scope 2 location based and Scope 3 emissions	128.0	626,379	130.8	639,389
Total gross tCO_2e Scope 1, Scope 2 market based and Scope 3 emissions	62.8	626,379	62.5	639,389
Revenue - £ million	139.85		137.05	
Intensity Ratio: tCO_2e gross figure (location based)/ £ million revenue	0.92		0.95	
Intensity Ratio: tCO_2e gross figure (market based)/ £ million revenue	0.45		0.46	

Note that UK law requires disclosure of both a "location-based" and "market-based" metric as follows:

- The location-based data is the implied emissions associated with the average emissions of a given level of energy consumption on the energy grid in question.
- The market-based measure uses the emissions associated with the specific energy contracts held by the reporting entity.

Marathon's electricity supply, and that to the building in which our offices are located, are certified 100% renewable; hence the substantial difference between the two measures. The firm has also recently (May 2025) moved into a newly refurbished office inside a more energy efficient building than Marathon's previous address; this should further improve energy consumption in next year's Report.

Portfolio Level Metrics

On the following pages we provide certain climate related information and metrics in relation to each strategy managed by Marathon; as well as the five positions in each strategy that contribute most to emissions. This is followed by information on the largest emitting holdings according to data available at December 31st, 2024.

Below we provide an explanation of the measures we present along with their key advantages and drawbacks.

Explanation of measures used

Total Emissions – this measure looks at total GHG emissions in tons (or kilotons) of CO_2e and is relevant at a portfolio and company level.

The calculation takes the proportion of each company owned (value in the portfolio/total market capitalisation) and multiplies this percentage by the company's Scope 1 & 2 (and, separately Scope 3) emissions; summed across holdings. The metric is useful in tracking changes in a portfolio's (or company's) GHG emissions but is less useful for cross portfolio comparisons as the data is absolute rather than normalised for portfolio size. This also makes "through time" comparisons difficult where a portfolio's size changes materially, or a company undertakes transformative change (such as mergers, acquisitions or divestitures).

Benchmark values for Total Carbon Emissions are based on a notional, fully replicated, index portfolio of the same size as the Marathon portfolio.

Weighted Average Carbon Intensity (WACI) – this is a measure of emissions which considers carbon emissions in relation to sales, measured as tons of carbon dioxide equivalent, or CO_2e, per million US dollars of revenue (tons of CO_2e /$M revenue). In other words, presuming that the majority of production is sold and not stockpiled, it provides a measure of emissions related to value of production.

The measure is calculated by taking each portfolio company's Scope 1 & 2 emissions divided by its revenues in USD millions, and multiplying it by the percentage weight of the company in the portfolio, and then summing all results for a portfolio level number. The index number is calculated in the same way for comparison (i.e. normalised to portfolio size).

The metric has the advantage that it is comparatively intuitive, cross comparable and not especially altered by normal market price swings. Nevertheless, the measure is sensitive to outliers and, because it is revenue based, can flatter companies that have high pricing power.

Carbon Footprint – is a measure which takes total emissions as described above and divides it by current portfolio value in USD Millions, expressed as CO_2e/$M invested, summed across holdings.

This is a fairly intuitive measure, showing the absolute Scope 1 & 2 emissions for the portfolio; however, it does not consider company size, so cannot help illustrate if a portfolio is invested in more or less carbon efficient companies. This means that the data provided here relates to the underlying representative account for the strategy and should be viewed as indicative. Client specific data can be provided upon request. Also, as it uses a portfolio value determined by share prices, the number is influenced by share price volatility and changes in market capitalisation.

Carbon Intensity – seeks to normalise carbon emissions by taking the Scope 1 & 2 data for each company and dividing it by the weighted revenues of the company (i.e. the proportion of each company owned [value in the portfolio/total market capitalisation] multiplied by the company's revenues in million USD), expressed, as with WACI, in tons of CO_2e/$M revenue. It is also a measure which can be calculated at the company level.

The number is a useful measure of carbon efficiency, and is normalised allowing cross comparison of portfolios whether large or small, and mitigates for different sizes of company. However, comparison through time can be problematic, as the data will change, potentially substantially, alongside changes to revenue; so the measure is less useful in industries with particularly volatile pricing (energy and mining for example), or in portfolios with high exposure to such industries, or between points in time during which there has been high inflation.

What are Scope 1, 2 & 3 emissions?

In 2001, the Green House Gas protocol coined the term "Scope 1, 2 and 3" to describe GHG emissions arising from corporate activity.

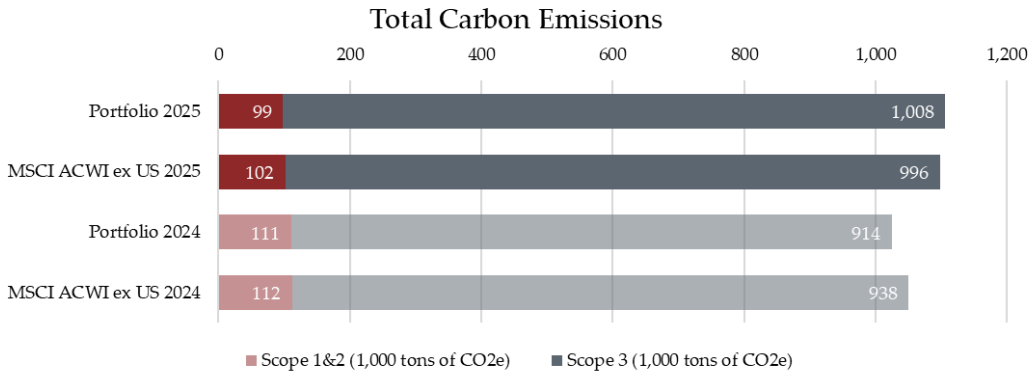
- **Scope 1** covers direct emissions that are made by, and emitted directly from, the company at sites or from owned assets. This might be the result of onsite boilers or furnaces, a proprietary fleet of vehicles or the output of a chemical process undertaken by the company at its site(s).
- **Scope 2** are the indirect emissions of the company; those that are the direct result of its activities but which are not emitted at company sites or by company assets. Electricity supplied to the company office but generated at a power station elsewhere is a typical source.
- **Scope 3** emissions are those associated with any activity within the company's value chain that resulted in GHG release; for example emissions associated with the goods and services purchased by the company, business travel, transportation/distribution, staff commuting,

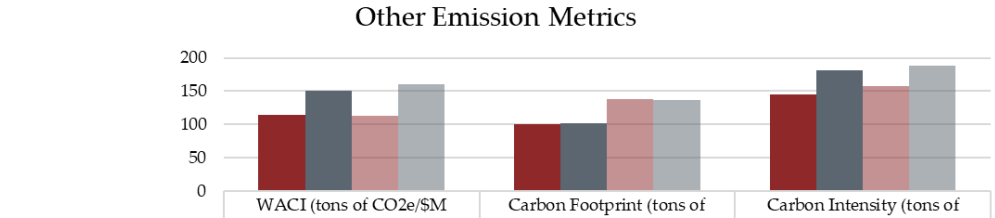
waste disposal, investments etc. or generated by customer's use of the company's products.

It should be noted that, while the recording and reporting of Scope 1 & 2 emissions are increasingly standardised and comparable, Marathon remains sceptical of Scope 3 data, as this is often estimated by data providers and is subject to substantial variation between sources.

We hope the representative information provided below is of interest and would be happy to provide portfolio specific data to existing clients upon request. All data has been sourced from ISS ESG.

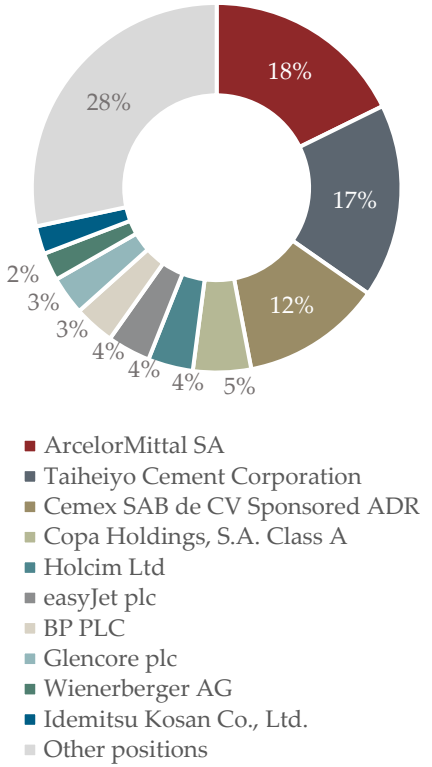
ACWI ex-US equity





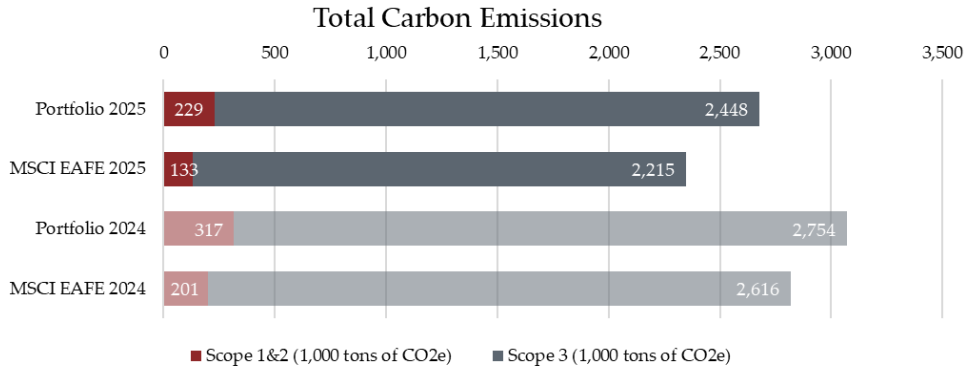
	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	114	100	144
MSCI ACWI ex US 2025	150	102	182
Portfolio 2024	112	138	158
MSCI ACWI ex US 2024	160	137	188

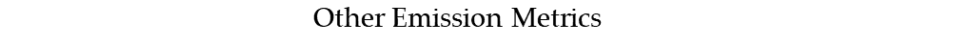
Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 5.3% of the portfolio and were responsible 72% of scope 1&2 emissions. The portfolio held 245 stocks as at 31 Dec 2025. Rep account AUM: Dec 2025: $1,007m. Dec 2024: $848m.

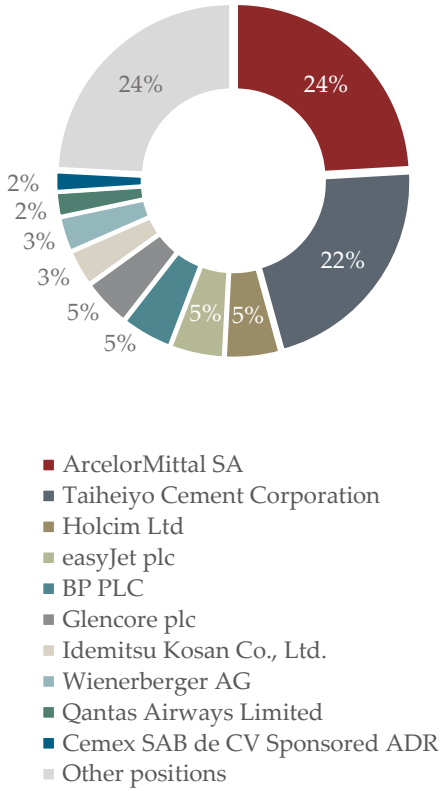
EAFE equity *(with Emerging Markets allocation)*





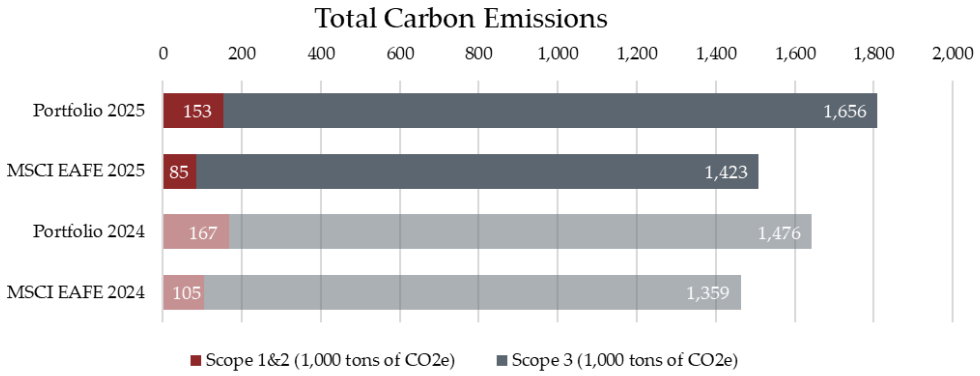
	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	100	116	146
MSCI EAFE 2025	83	67	112
Portfolio 2024	98	149	154
MSCI EAFE 2024	83	93	122

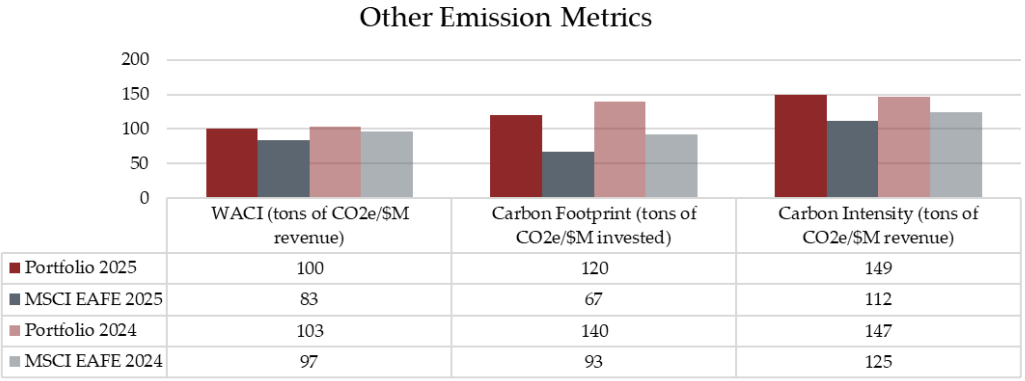
Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 6.3% of the portfolio and were responsible 76% of scope 1&2 emissions. The portfolio held 222 stocks as at 31 Dec 2025. Rep account AUM: Dec 2025: $2,022m. Dec 2024: $2,201m.

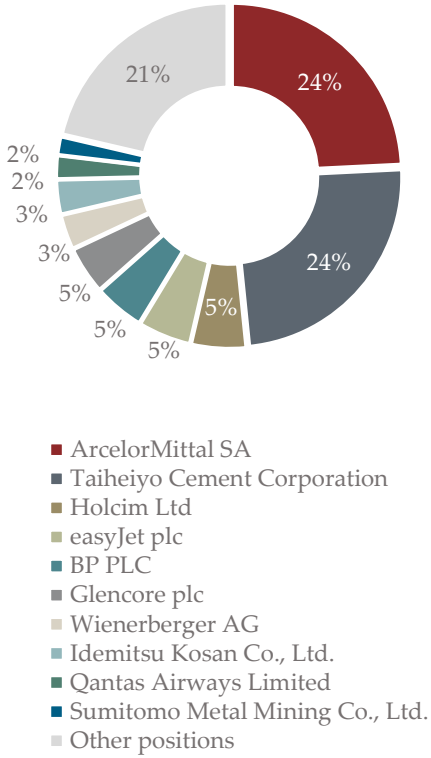
EAFE equity *(no Emerging Markets allocation)*





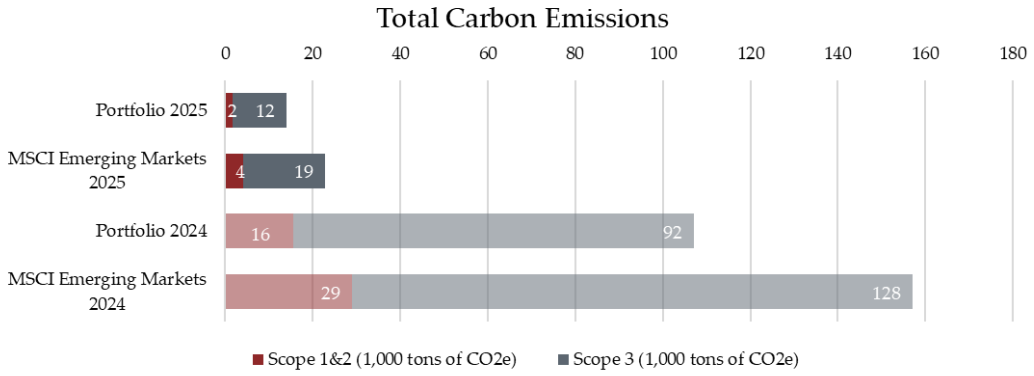
	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	100	120	149
MSCI EAFE 2025	83	67	112
Portfolio 2024	103	140	147
MSCI EAFE 2024	97	93	125

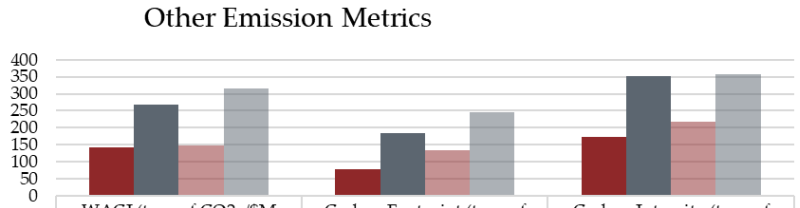
Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 7.6% of the portfolio and were responsible 79% of scope 1&2 emissions. The portfolio held 184 stocks as at 31 Dec 2025. Rep account AUM: Dec 2025: $1,302m. Dec 2024: $1,145m.

Emerging Markets equity

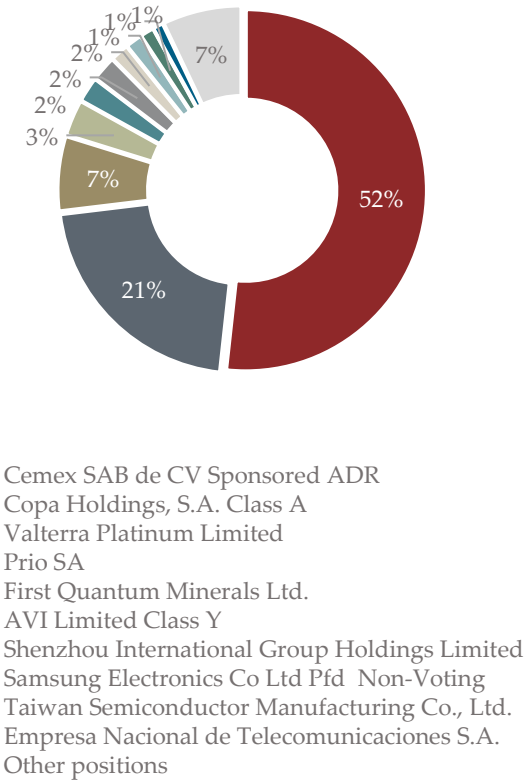




	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	143	79	173
MSCI Emerging Markets 2025	267	183	351
Portfolio 2024	147	133	216
MSCI Emerging Markets 2024	315	245	357

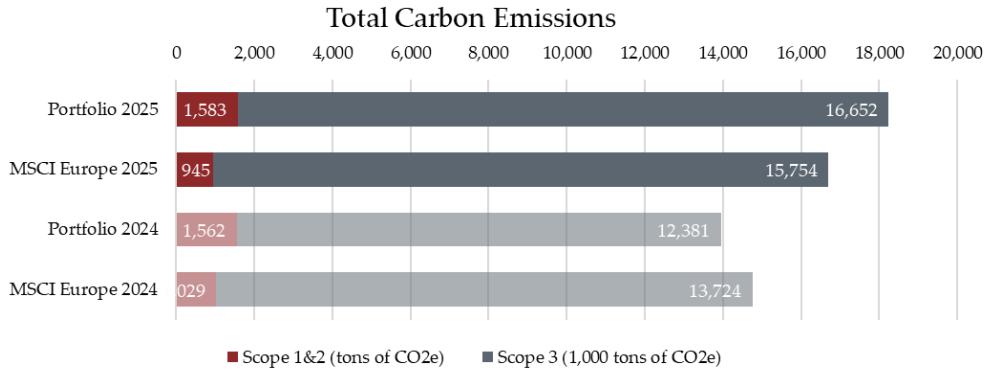
Ten largest emitters

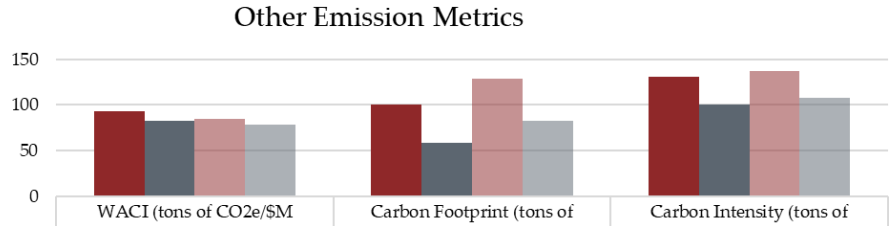
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 26% of the portfolio and were responsible 93% of scope 1&2 emissions. The portfolio held 40 stocks as at 31 Dec 2025. Rep account AUM: Dec 2025: $4m Dec 2024: $125m.

Europe equity

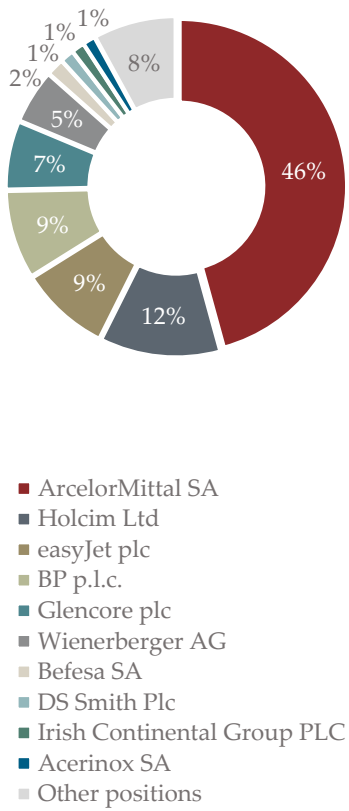




	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	93	101	131
MSCI Europe 2025	83	59	100
Portfolio 2024	85	129	137
MSCI Europe 2024	79	83	107

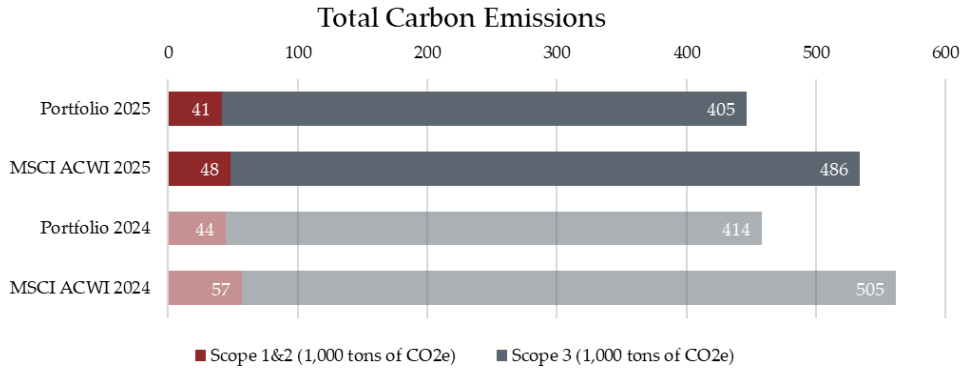
Ten largest emitters

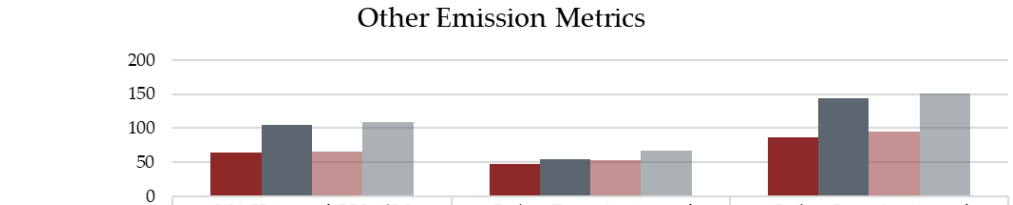
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 10.6% of the portfolio and were responsible 92% of scope 1&2 emissions. The portfolio held 100 stocks as at 31 December 2025. Rep account AUM: Dec 2025: $16m. Dec 2024: $12m.

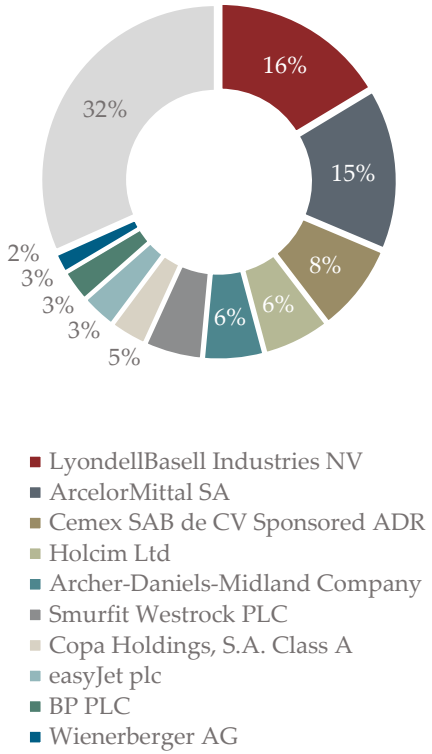
Global equity





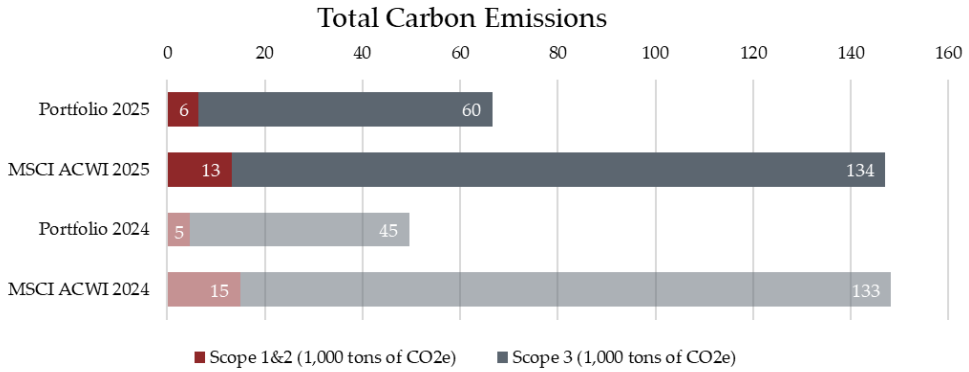
	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	65	47	86
MSCI ACWI 2025	104	55	144
Portfolio 2024	65	53	95
MSCI ACWI 2024	110	67	150

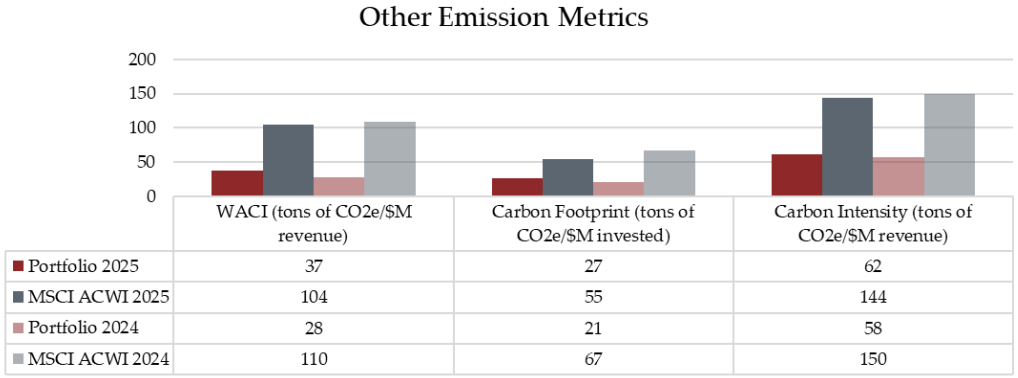
Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 3.0% of the portfolio and were responsible 68% of scope 1&2 emissions. The portfolio held 221 stocks as at 31 December 2025. Rep account AUM: Dec 2025: $902m. Dec 2024: $853m.

Global Opportunities equity

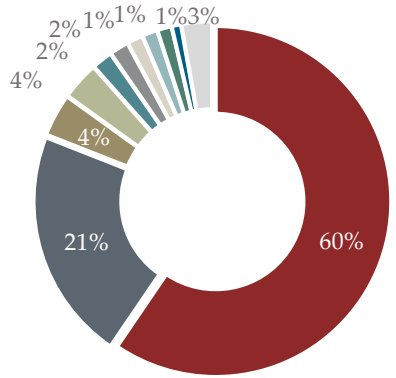




	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	37	27	62
MSCI ACWI 2025	104	55	144
Portfolio 2024	28	21	58
MSCI ACWI 2024	110	67	150

Ten largest emitters

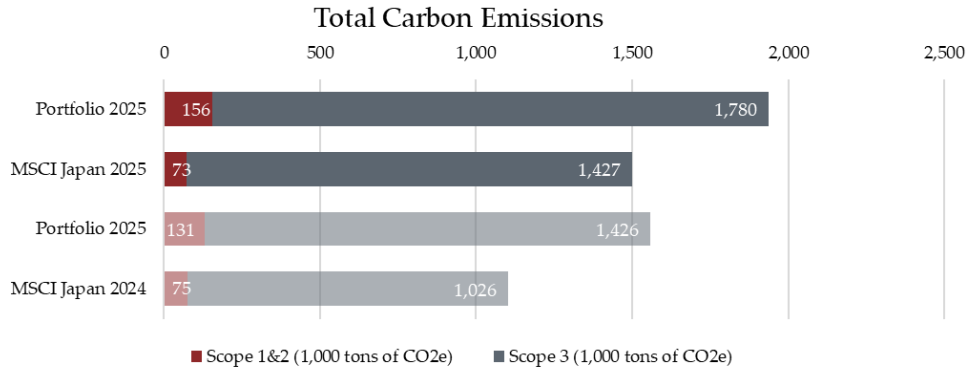
(proportion of portfolio scope 1&2 total emissions)

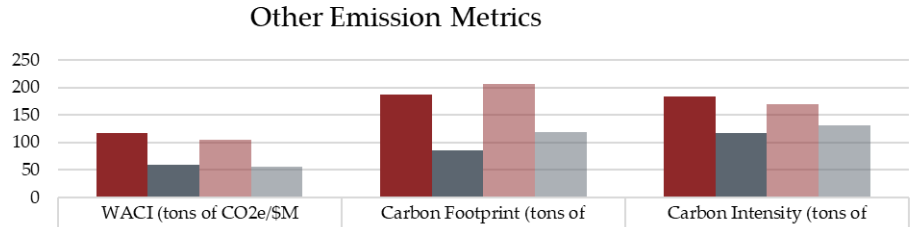


- LyondellBasell Industries NV
- Glencore plc
- Samsung Electronics Co Ltd Pfd Non-Voting
- Taiwan Semiconductor Manufacturing Co., Ltd.
- Amazon.com, Inc.
- Airtac International Group
- Ivanhoe Mines Ltd. Class A
- Merck KGaA
- PT Bank Rakyat Indonesia (Persero) Tbk Class B
- Align Technology, Inc.

Portfolio information: The ten largest emitters constituted 29.1% of the portfolio and were responsible 97% of scope 1&2 emissions. The portfolio held 34 stocks as at 31 Dec 2025. Rep account AUM: Dec 2025: $245m. Dec 2024: $224m.

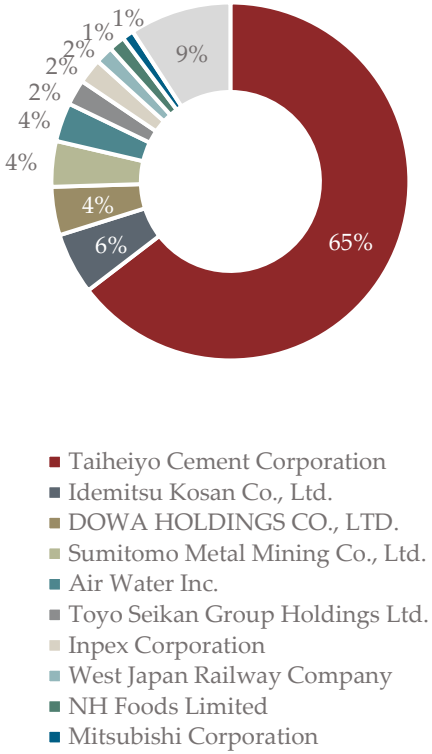
Japan equity





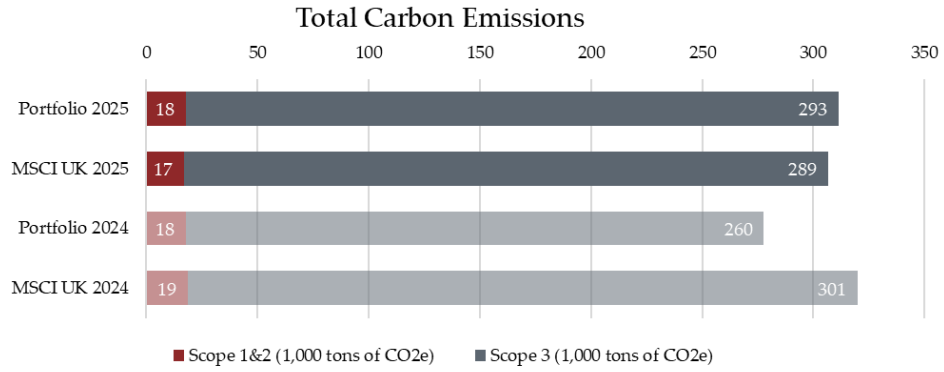
	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	117	186	183
MSCI Japan 2025	59	86	118
Portfolio 2025	105	207	170
MSCI Japan 2024	55	119	130

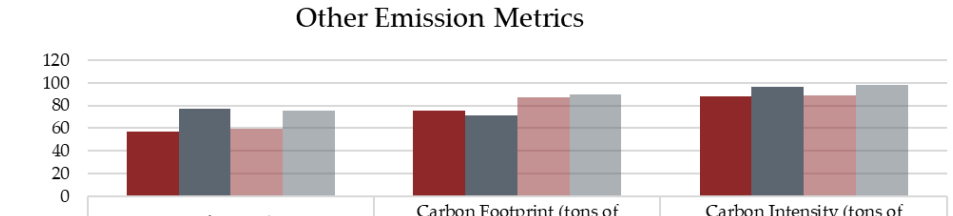
Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 15.5% of the portfolio and were responsible 91% of scope 1&2 emissions. The portfolio held 72 stocks as at 31 December 2025. Rep account AUM: Dec 2025: $856m. Dec 2024: $671m.

UK equity

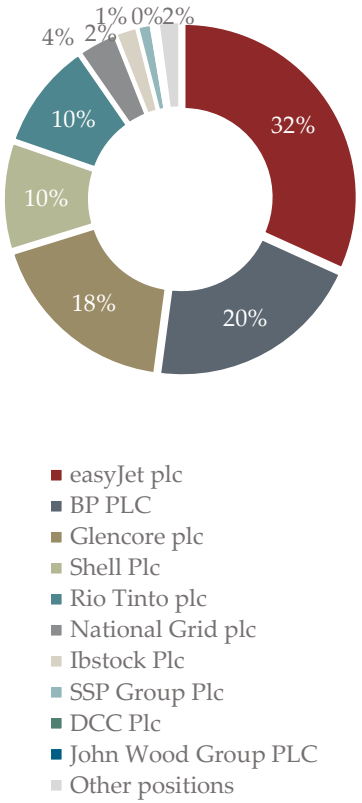




	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	57	75	88
MSCI UK 2025	77	71	96
Portfolio 2024	59	87	89
MSCI UK 2024	75	90	98

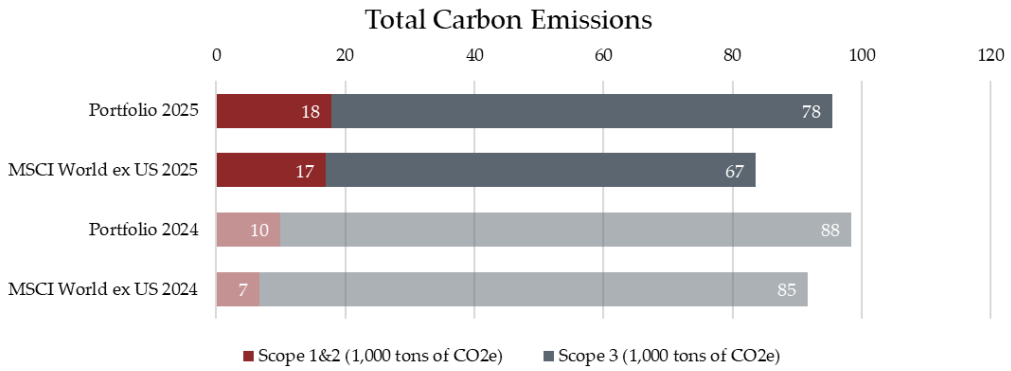
Ten largest emitters

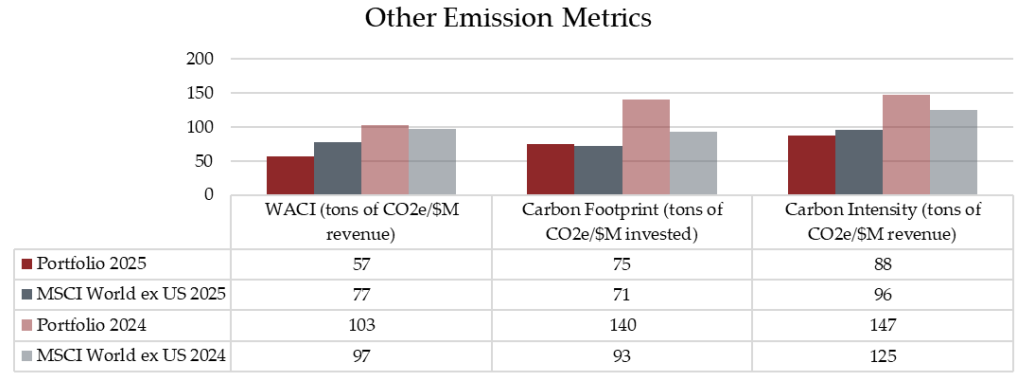
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 20.1% of the portfolio and were responsible 98% of scope 1&2 emissions. The portfolio held 52 stocks as at 31 December 2025. Rep account AUM: Dec 2025: $240m. Dec 2024: $211m.

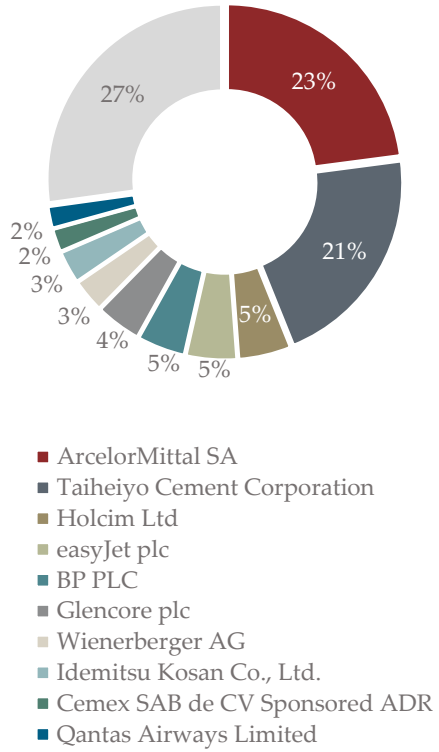
World ex-US equity





	WACI (tons of CO2e/$M revenue)	Carbon Footprint (tons of CO2e/$M invested)	Carbon Intensity (tons of CO2e/$M revenue)
Portfolio 2025	57	75	88
MSCI World ex US 2025	77	71	96
Portfolio 2024	103	140	147
MSCI World ex US 2024	97	93	125

Ten largest emitters
(proportion of portfolio scope 1&2 total emissions)



Portfolio information: The ten largest emitters constituted 5.7% of the portfolio and were responsible 73% of scope 1&2 emissions. The portfolio held 240 stocks as at 31 December 2025. Rep account AUM: Dec 2025: $76m. Dec 2024: $75m.

Information on the largest emitting holdings

We provide below information on the five largest emitters shown in each of the strategies above, including a rationale for holding the company, an explanation of the reason for or source of high emissions and information about any public commitments made in relation to emissions.

We are also providing year-on-year total comparative emissions data. It is important to understand that the data shown is that available on the ISS ESG system as at December 31st each year; however, ***it is not data as at December 31st 2025***. Typically carbon data is only reported by companies annually in their report and accounts. The data provided for a given company may therefore relate to a period 12 months or more prior to the date shown, depending upon the specific company's year-end and the delay between year-end and financial statement publication (or example; if a company has a year-end of November 30th, the data extracted for 2025 is likely to be that shown in its November 30th 2024 Financial Statements, covering 1st December 2023 to 30th November 2024).

Holdings

Air Water is a Japanese industrial gas and chemical firm, with an ancillary agricultural and food business line. The majority of emissions are related to electricity consumption by the industrial gas business, where electricity is used heavily. The shares are held due to the company's high-quality management team, track record of growth and book value expansion, and our belief that the share price has been depressed by resolvable issues in relation to corporate governance and transparency.

One area where the company has become increasingly transparent is GHG emissions, albeit initially driven by legal requirements in Japan. The business has a stated aim of carbon neutrality by 2050, with a goal of a 30% reduction in CO_2e emissions from 2020 levels by 2030, and there is a credible plan to do so focusing on decarbonising energy supply (20% of electricity was derived from coal generation in 2021); however, the announcement was made in late 2021, and no specific data appears to have been made available to date to measure progress.

Total S1&2 emissions have risen somewhat year-on-year according to ISS data (2,801kt CO_2e from 2,690kt CO_2e in 2024); however, the 2024 number is at odds with the company's own published data, which was significantly higher, and this year's result shows a fall of around 200kt CO_2e year-on-year versus that data. While the business publishes various data points, it does not appear to provide any regular commentary around it to indicate key drivers of change or to discuss progress versus aims.

Amazon.com, the world's largest retailer as well as being a major supplier of cloud computing services and data centres, was purchased by Marathon during the third quarter of 2024. Marathon had liked the company for some time, but felt that the valuation was too rich; however a cautious release of earnings guidance resulted in a sharp dip in the share price, so Marathon's investment professionals decided to take a position.

The company has made a commitment to achieve net-zero carbon emissions across its global operations by 2040, a goal that is 10 years ahead of the Paris Agreement. This commitment is part of the company's co-founding of The

Climate Pledge, a collaboration with Global Optimism to encourage other businesses to also reduce their carbon footprint. Amazon is taking various steps to achieve this goal, including investing in sustainable transportation, building materials, and innovative technologies.

The business has invested c.$2 billion into "The Climate Pledge Fund" to support the development of sustainable technologies, and has made significant progress on normalised measures (such as carbon intensity and carbon footprint) through some aggressive actions; for example, the business globally achieved a 100% rate of renewable electricity usage in 2023, a full seven years ahead of expectations. This has led to a fall of 13% in carbon intensity globally versus 2022 data.

The business has been growing, however, and absolute emission levels have continued to rise with total S1&2 emissions of 17,930kt CO_2e versus 17,060kt and 16,290kt CO_2e reported for the previous two periods, though carbon intensity has fallen from 29.7t to 28.1t CO_2e/$M Revenue since the last report.

ArcelorMittal is a multinational steel maker which is considered to be undervalued despite its strong market position, even following strong performance over the review period. Steel production can be a carbon intensive activity (though certain production methods can make it less so).

The group has a 2050 carbon neutral ambition, and had set challenging targets for 2030; however, it revised these down substantially (from a 25% reduction versus a baseline to a 10% reduction) during the year citing changing priorities in Europe relating to defence, and the US relating to reindustrialisation. Critics of the move say that the company has decided to prioritise financial cost saving over environmental commitments. Looking at the longer term targets, set in the early 2020s, the company seems to omit or obscure the challenges that will be faced in attaining the 2050 goal, with reference to the use of "future technologies" a key component of the strategy, without – at least in the published literature – much expansion on what those technologies might be, how they will be integrated into the business and the trad-offs involved in doing so.

Nevertheless, the data available suggests that significant progress is being made. The total S1&2 emissions at the time of Marathon's 2023 report were 119,000kt CO_2e (which itself was a drop of more than 21% versus 2022) and this fell to 114,400kt CO_2e in 2024 and 101,900kt CO_2e in this years report. Carbon intensity has also fallen modestly year-on-year.

Archer-Daniels-Midland (ADM), a US based agricultural commodities business, has pledged to reduce greenhouse gas (GHG) emissions by 25% by 2035, including Scope 1 and 2 emissions (from 2019 baseline) and Scope 3 emissions (using a 2021 baseline). This commitment is part of their broader "Strive 35" initiative, which also includes goals for energy intensity, water intensity, and landfill diversion. ADM is also focused on deforestation-free supply chains, aiming for 100% deforestation-free by the end of 2025, which it appears to have achieved. In 2022 the company said that they "aspired" to reach net-zero by 2050 and began working with the Science-Based Targets Initiative (SBTi). to create a glidepath to achieve that aspiration.

Subsequent to these announcements the company provided an update in November 2023, saying the SBTi requirements had changed as they prepared their plans and they were revising them to meet the new, more challenging, requirements, submitting them in April 2024. The company's 2025 Sustainability Report says that these were submitted for assessment, and they are continuing to engage with SBTi, but remains silent on the outcome of any assessment.

In spite of this, the data suggests that progress is being made, with several projects underway or recently completed which will have material carbon reduction impacts, including a Carbon Capture and Storage project

expected to permanently sequester 800kt CO_2e and a new low carbon "steam and electricity" plant, which they expect to reduce up to 2,700kt CO_2e annually versus exiting power supplies once fully operational. Absolute S1&2 emissions have fallen from 15,630kt CO_2e in 2023 to 14,630kt CO_2e for 2024 and 14,450kt CO_2e in 2025.

BP is an oil/gas major which is held to benefit from the improvement to the sector's capital cycle which began in 2020. As a producer of fossil fuels, the company is highly carbon intensive.

The group has a 2050 carbon neutral ambition, and interim targets for both 2025 and 2030. Progress in the last few years meant that the original interim targets, set several years ago, would be met well ahead of schedule. As a result, new targets for significantly deeper cuts to carbon intensity, were set in 2022. The business is also actively increasing its renewables capacity and working closely with partners for carbon capture and storage. Nevertheless, the company scaled back its ambitions in relation to reducing total oil and gas output in 2023 due to the impact of the war in Ukraine on global supply. Then, in February 2025, the company formally dropped its Green Energy ambitions, scrapped its absolute oil and gas reduction goals, and has been reducing exposure to renewables, notably writing down or selling off solar and wind projects and slashed its budget for renewables investment from $8-10 billion per year to $1-2 billion. BP's CEO, Murray Auchincloss, said that the company's initial optimism regarding the pace of the green transition was "misplaced" and had moved "too far, too fast"; critics have accused the company of caving in to activist investor demands.

Following a substantial 22% fall in S1&2 emissions 2022-2023, progress has stalled with total emissions of 35,500kt CO_2e in 2023, falling to 33,400kt CO_2e in 2024 and then rebounding slightly in 2025 to 33,600kt CO_2e. However, despite the relatively small absolute emissions change, given the divestment of renewables, carbon intensity has increased by over 18%.

Cemex is a Latin American cement producer with leading market positions in LatAm and North America. The stock was purchased in the first quarter of 2024 when it traded at a material discount to the replacement cost of its assets whilst generating healthy free cash flow making it attractive to Marathon as the capital cycle for cement improves.

Cement is one of the world's most consumed commodities; however, the chemical process of production generates substantial quantities of carbon dioxide.

Cemex has amongst the most aggressive emission reduction targets across the industry; seeking to reduce emissions by 47% per ton of cement and by 35% in concrete by 2030. These targets are aligned with the Science Based Targets initiative's "Well Below Two Degree" scenario. This would make them the 'cleanest' cement producer globally if achieved and if competitors' reduction rates follow the current projections.

Based on ISS data, it seems to be making progress towards its goal, with total S1&2 emissions falling from 39,307kt CO_2e in 2023 to 36,200kt CO_2e in 2024 and 29,400kt CO_2e in 2025, a fall of over 25% in two years. Carbon intensity has fallen by over 13% year-on-year (following a 17.5% fall in the previous period).

Copa Holdings is a Panamanian airline, predominantly serving North, Central and South America, and the majority of emissions relate to the use of aviation fuels. The business is well run, with amongst the sector's lowest costs and highest profitability in the Americas, and it has a strong position at Panama's central hub airport, providing it with a degree of protection from competition.

The company has a stated goal of net zero by 2050, but is one of comparatively few companies to explicitly state what it views as potential impediments to the achievement of that goal; namely variations in

approach by the governments and regulators of the countries it operates in, availability of and access to Sustainable Aviation Fuels (a new product which creates fuel from crops, waste cooking oil etc. rather than fossil fuels, but which is in its infancy), as yet unproven technologies and high-quality carbon offset projects.

Comparative data is still not particularly helpful due to the lagged impacts of the covid-19 pandemic. Data from 2024 may still have been covering the period of return to "normal" travelling in 2023.

As a result, Copa's data comparing year-on-year numbers shows an increase in S1&2 emissions from 2024's 3,048kt CO_2e to 3,277kt CO_2e in 2025, accompanied by a small rise in Carbon intensity.

DOWA Holdings is a Japanese industrial company that specializes in nonferrous metals, environmental management & recycling, and advanced electronic materials. The company is held predominantly as it produces a lot of materials needed for the energy transition. Emissions stem mainly from the energy used in the metal smelting process, and from the incineration of waste.

The company aims for "net zero" by 2050, and has implemented interim emission reduction goals for 2030 (from a 2013 baseline) including reductions of:

- at least 51% at waste management sites and offices,
- 38% at manufacturing sites
- 35% at transportation sites
- at least 15% reduction in CO_2e emissions resulting from the incineration of waste

The company undertakes regular reporting versus these targets and in its last report believes that it is on-target for the first and probably third of these goals, is lagging behind on the second and is unlikely to be able to achieve the fourth by the deadline as the make-up of the waste streams involved has become much more plastic – and therefore carbon – heavy over time.

Overall, the company has seen a material increase in both emissions and carbon intensity year-on-year, reporting total S1&2 emissions of 1,387kt CO_2e, up 65% from 2024's 841kt CO_2e, and carbon intensity of 311t CO_2e/$M revenue, up from 169t CO_2e/$M revenue the previous year.

easyJet is a UK listed airline focused on the European market. The majority of emissions are associated with aviation fuels. The company was purchased as a leading low-cost airline with a strong position at premium airports where its main rivals are traditional firms rather than other low-cost carriers.

The company joined the UN-backed Race to Zero campaign in 2021, which committed it to reaching net-zero carbon emissions by 2050. The company has also committed to reaching an interim, science-based carbon emissions intensity improvement target of 35% by 2035 (from a base of 2019 levels), which has been validated by the Science-Based Targets initiative (SBTi). They are also working with Airbus and Rolls-Royce to develop a zero emissions aircraft and on atmospheric carbon capture and storage technology.

Similar to its peer Copa, discussed above, easyJet has seen an increase in S1&2 total carbon emissions year-on-year, from 7,518kt CO_2e to 8,114kt CO_2e. However, carbon intensity has fallen from 751t CO_2e/$M revenue to 688t CO_2e/$M revenue, indicating efficiency improvements (or higher prices).

First Quantum Minerals. is a Toronto-listed metals company, with operations in a number of countries, but particularly copper mines in Panama and Zambia. Emissions are largely the result of energy used in mining and smelting operations. The company is well managed, and we believe that the capital cycle in the mining industry, particularly for copper, is improving following a decade of capital flight leading to capacity constraints early in the decade.

While the company has a variety of targets and ambitions in relation to reducing both absolute S1&2 carbon emissions and the carbon intensity of copper extraction, including a 50% reduction in both measures initially by 2030, but now pushed out to 2035. The reasons for this were twofold, and external to the company:

- In Zambia renewable energy purchases were being made from Zambia's national electricity company, sourced from hydroelectric dams; however, a severe, long-term drought has made these non-functional across Southern Africa and there is a dearth of alternative renewable production, resulting in a return to coal and diesel generation while alternatives are built out.
- In Panama, legal issues and challenges around the company's operation of the massive Cobre mine, has resulted in a legal halt to any development and a moratorium on further extraction; however, the mine's large coal-fired power plant has been mandated to continue operation and supply the national grid.

The company has stated that it will not yet commit to a net zero target timeline, as there is no viable route to achieving the goal at present.

Largely due to the closure of the Cobre mine in Panama, carbon emissions at the company fell from 4,067kt CO_2e to 2,429kt CO_2e over the reporting period.

Glencore is a UK-listed international commodities trader and miner. The majority of emissions are the result of mining and refining. The position was purchased in anticipation of a change in the commodities capital cycle following a decade of capital flight leading to capacity constraints, and the stock remains, in our estimation, good value.

The company has a stated net-zero ambition by 2050, but focuses on short- and medium-term goals of a 15% reduction in total emissions (including S3) by 2026, 25% by 2030 and 50% by 2035, from a 2019 baseline as they recognise the need for technological development to reach net zero. The company has also developed a Climate Action Transition Plan, which details the steps the business will take to meet these targets. According to the 2025 sustainability report, the 2026 and 2030 milestones have been achieved, with a ~28% reduction. However, critics point out that this has been achieved largely through S3 reductions, related to the reduction in, and sale of, thermal coal production (as lower output automatically decreases customer-side combustion emissions which represent the bulk of Glencore's S3 emissions).

S1&2 carbon emissions remained fairly stable from 27,048kt CO_2e in the last report to 27,100kt CO_2e. The company says that this optical lack of progress is due to changes in trading volumes and shipping distances, and the core industrial emissions continue to fall.

Holcim is one of the world's largest cement producers. The stock is held as we view it as undervalued and it also has a strong market position.

Holcim has a 2050 net zero (and 2030 interim) target, validated by the Science Based Targets initiative (SBTi). The firm plans to reach its goals through four main focus areas; reducing the 'clinker factor' in its cement (by replacing with mineral components), using alternative fuels and raw

materials, increased use of renewable energy, and advancing its carbon capture, utilisation and storage capacity.

Through these initiatives, Holcim has reduced its S1&2 carbon emissions substantially over the period, falling from 80,000kt CO_2e to 59,000kt CO_2e, a 26% reduction. This represents a significant pick up in the pace of reductions from the previous period, where commentators speculated that the easy progress had all been made. The business achieved these reductions through a change in inputs into their cement (using processed demolition materials to replace raw inputs at a rate that has trebled over the period), expanding its onsite renewable electricity generation (through PV cells and expanded use of waste-heat recovery from kilns to generate power) and use of alternative fuels (non-recyclable waste is increasingly being incinerated to heat kilns and replaces fossil fuels, and its fleets are being rapidly transitioned to bio fuels and batter power).

Idemitsu Kosan is a Japanese oil company with a focus on refining that was purchased in the second quarter. The refinery industry in Japan has been through an extended period of rising costs, falling returns and consolidation, allowing a structural increase in refining margins, making it attractive to Marathon as we consider it highly unlikely that additional capital will come into the sector unless returns on assets move much higher from the current levels.

The company reports in line with the TCFD recommendations, including significant information on targets and reduction measures that it is employing over the short-, medium- and long-term. They seek to be net-zero by 2050; however, they also say that there is no path to achieving that at present and that technological innovation will be required. Over the period, much like BP, the company has refocused on fossil fuels and pivoted slightly away from its pure decarbonisation projects, looking more at initiatives aiming to "clean" (i.e. reduce the carbon emissions of) its products.

Despite this, emissions fell 13,960kt CO_2e last year to 12,986kt CO_2e this year, largely as a result of ramping up renewable energy use at refineries, increasing production of its "clean" fuels and using chemical recycling techniques to break down waste plastics into component chemicals rather than doing so through refining crude oil.

LyondellBasell Industries is a US-listed multinational chemicals company with a focus on oil-derived chemicals and polymers. The "cracking" process by which oil and other carbohydrates are turned into these chemicals is energy intensive, and some process outputs are GHG generative, hence the company's high emission footprint. The stock is held because it is well run and amongst the lowest cost producers, but still undervalued compared to peers.

In 2021, the company set a net zero ambition for 2050, alongside more challenging interim targets. However, the key interim target was revised during 2025 from an ambition of a 42% reduction in S1&2 emissions to one of 32% by 2030. This is somewhat unexpected given that in the previous year it had said that there was scope for overshooting this target if technology progressed quickly and renewables installations in the countries where it operates were faster than anticipated (which has been the case in many of them).

Similarly, last year the firm reported that early actions across its focus areas – of energy efficiency, renewable electricity and electrification, the use of hydrogen, and the development of carbon capture, utilisation and storage capacity – meant it was on track to meet its (then) 2030 targets. Data indicated otherwise however, with emissions rising in the previous reporting period, and remaining near flat this;, S1&2 emissions were

previously 22,400kt CO_2e where they are now reported to be 22,100kt CO_2e. Carbon intensity has also remained near flat, so the firm's optimism appears to have been either misplaced or performative.

Prio is a Brazil's largest independent oil and gas company. It was purchased are it traded at a significant discount to peers, had a management team that the portfolio manager considers competent and solid plans for capital allocation over the short- to medium-term.

Rather than setting formal net-zero targets or adopting Science Based Targets initiative (SBTi) commitments, the company focuses on reducing emissions intensity through mature field redevelopment and the supply of lower-carbon marine fuels.

The company does produce a sustainability report; however, it is typically published almost a year in arrears (i.e. the 2024 report was published in late November 2025) and this is the first year that it has published comparable emissions data under TCFD recommended methodology. It is showing S1&2 emissions of 824kt CO_2e in its latest report.

Rio Tinto is an international mining company listed in the UK. The company is committed to reaching net zero by 2050 and set interim targets (relative to a 2018 emissions baseline) to reduce GHG emissions by 15% by 2025 and by 50% by 2030. In 2021, the company launched a new business strategy with the low-carbon transition its key focus. The strategy has three pillars:

1. Grow in materials essential for the energy transition
2. Accelerate the decarbonisation of its assets
3. Partnering across its value chains to help its customers and suppliers decarbonise

Despite the ambitious targets the company warns that "around 80% of operational emissions come from hard-to-abate processing activities for which many of the necessary technological solutions do not exist at commercial scale today". The company is held as it is reasonably valued and provides broad exposure to the commodity capital cycle, which is coming to the end of a famine period as many commodities are moving from surplus production to deficit due to the changes wrought by the energy transition. Rio Tinto is, in Marathon's view, well positioned to benefit.

S1&2 emissions have fallen from 32,600kt CO_2e previously reported to 29,900kt CO_2e this period. However, Rio Tinto regularly cautions that emissions from its business will fluctuate over time due to output changes, as many of their processes do not currently offer significant scope for decarbonisation, but are also vital to the success of any broader energy transition.

Samsung Electronics is one of the world's largest ICT (Information & Communication Technologies) manufacturing companies. The company is based in Korea, but has global operations. It has committed to net zero by 2050, but also to net zero in its Device Experience (DX) division by 2030. Emissions stem primarily from electricity use, but gases emitted by business processes are a close second. The company points out that Korea is one of the most challenging markets in which to source renewable power at present (as confirmed by several independent reports), there is limited supply for a large manufacturing base and fewer options to increase it than is the case in many other countries. Nevertheless, the business has worked hard to increase the renewable proportion of its electricity mix, and has fully transitioned many sites in regions with greater access to renewables. Within Korea it has achieved 100% renewable energy for its DX division and is working in partnership with providers to expand capacity, seeking to

transition all operations as soon as practical. On direct gas emissions, the business is seeking to improve or install process gas treatment facilities, retire some inefficient sites and improve the manufacturing efficiency of processes.

Despite the foregoing, the company is light on detail with regard to how these objectives will be met; however it does publish a sustainability report, which provides consolidated data, but comment by division, so it is difficult to map comment to results and has a dedicated "Climate Action" website, which shows a summary of ambitions, and various data on progress. Despite this, total S1&2 emissions rose over the period from 13,291kt CO_2e to 14,889kt CO_2e, likely due mainly to an expansion in chip manufacturing to meet AI demand.

Shell is a UK-listed oil and gas major. The company weakened most of its previous climate-metric based goals in March 2024 as it decided to refocus on fossil fuels and de-emphasise its electricity (including renewables) business.

It previously sought to cut "net carbon intensity" (this measure is not the same as carbon intensity data in this report – which attributes emissions against revenue – but is rather a measure of emissions generated per "barrel of oil equivalent" – or BOE, a standard measure in the industry – produced) by "at least" 20% from a 2016 base by 2030. This was relaxed to seeking a reduction of 15-20%. At the same time it retired its 2035 target (a 45% reduction) completely citing "uncertainty in the pace of change in the energy transition" as justification.

Despite the foregoing, total S1&2 emissions fell slightly from 89,000kt CO_2e to 87,000kt CO_2e over the period.

Smurfit Westrock is an international producer of paper-based packaging, which Marathon views as being in a consolidating capital cycle (the company itself was formed by a merger between Smurfit Kappa, listed in the UK, and the US-listed Westrock in mid 2024).

Smurfit Westrock's climate policy centres on achieving a net-zero future by reducing Scope 1 and 2 greenhouse gas emissions by 28% by 2030 (from a 2019 baseline) in line with the Paris Agreement.

With respect to measures taken to date, the company is in the process of transitioning all facilities to 100% renewable electricity, utilising biofuels for its "direct energy needs", largely related to haulage, where at last report now more than 50% of such needs are being met in this way, and upgrading facilities with gas and oil based boilers to use heat pumps. From a downstream perspective, the company has been central to the design and production of paper-based alternatives to many single-use plastic items (which are not only pollutants themselves, but are made using a highly carbon generative process from oil), and it continues to innovate in this area.

The company's reported S1&2 emissions over the period were 10,926kt CO_2e, which is a small (3%) increase in pro-forma emissions from the previous period; however, that includes data from both predecessor companies which may not be exactly comparable.

Sumitomo Metal Mining (SMM) is a Japanese miner and smelter of metals. Marathon views the capital cycle for many metals to have been positive for a few years as capital withdrawal stopped and demand began to exceed supply in some of the company's products, making the business an attractive prospect under Marathon's approach.

Like many natural resource companies, the business produces high levels of emissions while producing the raw materials needed for the energy transition. The company has committed to:

- Take action to reduce GHG emissions by at least 38% (at least 50% in Japan and at least 24% overseas) by 2030 compared to a 2015 base and achieve net zero GHG emissions by 2050
- Reduce "GHG emissions intensity" (that is emissions per set weight of production) by at least 26% compared to a 2013 base by 2030
- Expand contribution of GHG reduction by products contributing to a low-carbon society: At least 600kt CO_2e by 2030

It reports that it has achieved the following at its latest report date:

- Reduction of 27% compared to 2015 (21% last year)
- GHG intensity was 1% lower compared to 2013
- GHG reduction contribution: 1,000 kt-CO_2

Data indicates that the company has S1&2 emissions of 2,356kt CO_2e, down from 2,556kt CO_2e the previous year.

Taiheiyo Cement Corporation is Japan's largest cement company. Cement production is a carbon intensive activity by dint of the chemical processes used in its creation. The company has a strong competitive position as the largest supplier in Japan and California (its two key markets), and remains undervalued when compared to global peers.

The company has committed to carbon neutrality by 2050, and has made good progress towards its 2025 and 2030 target reduction levels (vs. 2000 levels). The 2025 target was a reduction of at least 10% below 2000 levels for "specific" CO_2 emissions (essentially Scope 1, which are high for cement businesses as the chemical process of production releases significant quantities of CO_2) was achieved in both 2023 and 2024, but fractionally missed in 2025. On its 2030 target of a 40% reduction in total (S1&2) emissions, this was first achieved seven years earlier than anticipated, and has been met again in 2025; though the company cautions that there may be volatility in these numbers year-on-year for some time. Taiheiyo Cement is also a leader in the incorporation of waste material into its process (whilst still producing a product robust enough to meet Japan's strict earthquake-focused standards) and has begun running a prototype facility that captures the overwhelming majority of emissions for use or storage. While they view this facility as a great step, and a useful test space for new ideas, they point out that – at least at present – cement produced through this process costs several times more than "traditionally produced" cement.

In terms of ISS data, S1&2 emissions have risen to 20,545kt CO_2e from 19,498kt CO_2e in 2023.

Taiwan Semiconductor Manufacturing (TSMC) is the world's leading fabricator of (non-memory) chips. The company is highly profitable, growing and trades at a reasonable valuation, hence its inclusion in portfolios.

TSMC has set key milestones including peaking carbon emissions in 2025, reducing them to 2020 levels by 2030, achieving 60% renewable energy for global operations by 2030 (RE60), reaching 100% renewable energy by 2040, and achieving net-zero emissions by 2050. Notably, in April 2025 the company formalised these commitments by announcing its alignment with the Science Based Targets initiative (SBTi), with 2025 set as the baseline year for achieving absolute Scope 1, 2 and 3 emission reduction targets under the SBTi Corporate Net-Zero Standard. The company is proud to be sourcing 100% of non-Taiwanese energy from renewables; however, they stress that most production remains in Taiwan. Overall renewable energy usage reached approximately 13–14% in 2024, with 100% renewable energy already achieved for global offices and overseas sites. Taiwan's grid remains heavily reliant on fossil fuels and there is no trading scheme in place allowing TSMC to purchase renewables directly within the domestic market.

Looking at the company's own reporting, progress has been somewhat mixed against many of its goal and S1&2 emissions have increased from2024 to 2025 from 11,783kt CO_2e to 12,777kt CO_2e. The company has stated that it believes 2025 should mark peak emissions.

Valterra Platinum (formerly Anglo American Platinum, demerged in May 2025) is the world's largest primary producer of platinum group metals (PGMs), accounting for around 38% of global annual platinum supply. The company operates primarily in South Africa's Bushveld Complex and in Zimbabwe, and its metals — particularly platinum and palladium — are increasingly important inputs for hydrogen fuel cells and other clean energy technologies, giving it a dual role in the energy transition as both a significant emitter and an enabler of decarbonisation**.** Mining and processing PGMs is highly energy-intensive, with electricity representing the dominant source of emissions. The company has set targets to reduce Scope 1 and 2 emissions by 30% by 2030 (from a 2016 baseline) and achieve carbon-neutral operations by 2040. The principal challenge is that grid electricity currently accounts for approximately 87% of the company's total emissions, and South Africa's grid remains heavily coal-dependent. The key mitigation strategy is a 20-year renewable energy offtake agreement with Envusa Energy. The first phase — the 240 MW Mooi Plaats solar project — reached commercial operation in early 2026 and is expected to supply around 15% of Valterra's electricity demand, abating an estimated 500,000 tonnes of CO_2 annually. When all Koruson 2 projects are online, 480 MW of renewable energy will meet approximately a third of the company's electricity needs.

Progress against the 2030 target has so far been limited. As of 2024, the company had achieved only around 1.2% of its planned emissions reduction, though the Koruson 2 projects now coming online represent the most substantive step yet.

Emissions have remained stable, year-on-year, with the company reporting S1&2 emissions of 4,240kt CO_2e from 4,290kt CO_2e in the previous period.

Status of TCFD recommendations implementation

Marathon continues to seek improvements in the disclosures recommended under the framework. We have assessed below where we believe we are fully implementing the recommendations (coloured green) or only partially implementing or could improve disclosure with further work (amber).

GOVERNANCE		STRATEGY		RISK MANAGEMENT		METRICS & TARGETS	
a)	Describe the Board's oversight of climate-related risks and opportunities.	a)	Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term.	a)	Describe the organisation's processes for identifying and assessing climate-related risks.	a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	b)	Describe the organisation's processes for managing climate-related risks.	b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
		c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Important Information

Issued by Marathon Asset Management Limited ("Marathon"), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom and registered with the Securities and Exchange Commission as an investment adviser in the United States of America. Note that Marathon, its affiliates and funds, and any associated documents, may not be registered or approved for marketing and distribution in the jurisdiction in which the reader resides, and therefore this document should not be seen as investment advice or as an invitation to invest to anyone to whom it would be unlawful to make such an offer or solicitation under applicable law and regulation. Further information can be found at www.marathon.co.uk

All data provided in relation to portfolio level carbon metrics has been sourced from, or calculated based on information provided, by ISS ESG.

Information provided does not constitute and should not be relied upon as investment advice nor any other advice; and may be based on research which has been acted on by Marathon or its employees for their own purposes. Marathon is not a fiduciary with respect to any person or plan by reason of providing this document. Recipients should carefully consider their own circumstances in assessing any potential investment course of action and consult their advisors accordingly; referring to relevant fund prospectuses, offering memorandums, key information documents or investment advisory agreements prior to making any final investment decisions. Please note that whilst this information has been prepared using best available data, Marathon assumes no responsibility for the consequences of any investment decisions made in reliance upon it. Where information contains data provided or derived from third parties and/or is data that may have been categorised or otherwise reported based upon client direction – Marathon assumes no responsibility for the accuracy, timeliness or completeness of any such information.