



# BOWMARK CAPITAL

## Environmental, Social and Governance Policy

### 1. Overview

The concept of responsible investing (“RI”) refers to an approach that explicitly recognises the relevance of environment, social and governance (“ESG”) factors in the investment decision making process. As an asset class, private equity is particularly suited to the application of RI as a result of the long-term investment horizons and active ownership style.

Bowmark recognise the importance of RI and of developing sustainable businesses through the proactive management of ESG issues. Specifically, we understand the need to ensure that the management of ESG factors is embedded within our investment evaluation and ongoing portfolio management processes, as outlined in this policy.

### 2. Scope

Bowmark commits to consider material ESG issues in the course of its due diligence, and in the ongoing monitoring of, portfolio investments. For the purposes of this policy, material ESG issues are defined as those issues that Bowmark in its sole discretion determines have, or have the potential to have, a direct substantial impact on an organization’s ability to create, preserve, or erode economic value, as well as environmental and social value for itself and its stakeholders (including its employees).

### 3. PRI

Bowmark became a signatory to the Principles of Responsible Investment (“PRI”) in 2018.

PRI is an initiative led by the UN that aims to work with institutional investors and asset managers to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of ESG issues and to support members in integrating these issues into investment and ownership decisions.

The six Principles for Responsible Investment are:

- To incorporate ESG issues into investment analysis and decision-making processes;
- To be active owners and incorporate ESG issues into ownership policies and practices;
- To seek appropriate disclosure on ESG issues by investee companies;
- To promote acceptance and implementation of the Principles within the investment industry;
- To work together to enhance effectiveness in implementing the Principles;
- To report on ESG activities and progress towards implementing the Principles.

Bowmark seeks to implement these principles through the measures outlined in this policy.

## 4. Objectives

Bowmark's objectives with regard to our approach to management of ESG are as follows:

- a) Fully explore environmental, public health, safety, social and governance issues associated with target companies when evaluating whether to invest;
- b) Monitor and continuously improve the ESG credentials of the companies in which Bowmark invests;
- c) Use governance structures to provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest, and to ensure alignment with the interests of other investors and management;
- d) Support the employees of Bowmark companies through provision of a safe and healthy workplace and the payment of competitive wages and benefits;
- e) Respect the human rights of those affected by Bowmark's investment activities; and,
- f) Provide timely information on ESG matters to Bowmark's limited partners, and work to foster transparency about Bowmark's activities in this field.

## 5. Responsibilities

### Oversight

Overall responsibility for establishing and maintaining the ESG policy and oversight of Bowmark's ESG activities, pertaining both to Bowmark as an organisation and its investee companies, resides with a nominated member of the Bowmark Capital Executive Board. That role is currently fulfilled by David Torbet.

### Investment Appraisal

Bowmark investment professionals are responsible for ensuring that the consideration of ESG factors is undertaken during the due diligence process for appraisal of a potential new investment, (based on the ESG Due Diligence Framework outlined in section 6.2) and for ensuring that ESG risks and opportunities are communicated to the Investment Committee.

### Ongoing Monitoring

Once an investment is made, ongoing monitoring of ESG matters with regard to an individual company will be the responsibility of the relevant Bowmark investment professional through their role as a Director on the board of that company.

## 6. Approach to ESG Management

### 6.1. ESG Policy and Oversight

Overall responsibility for establishing and maintaining the ESG policy and oversight of Bowmark's ESG activities will reside with a nominated member of the Bowmark Capital board.

This individual's role will be threefold:

- Reporting to the Bowmark Capital board any material ESG relate matters that have arising within Bowmark or one of its investee companies;
- Periodically reviewing and refreshing Bowmark's ESG policy to ensure consistency with market best practice; and,
- Periodically reviewing and refreshing Bowmark's ESG Due Diligence Framework to include any emerging areas of focus with regard to specific ESG matters.

### 6.2. Investment Appraisal

#### Excluded Industries

Bowmark will not make investments in industries that it considers incompatible with the corporate values and ESG objectives of the firm.

Specifically, Bowmark will never invest in companies that are either directly or indirectly associated with the following industries:

- Firearms and ammunition
- Vice, pornography or sexual exploitation
- Tobacco products
- Life termination services

### **Due Diligence**

To ensure consistency and transparency in our approach to the management of ESG risks and opportunities, we have developed the Bowmark ESG Due Diligence Framework. This represents a checklist which Bowmark investment executives use to assess a potential investee company's ESG performance. Furthermore, it sets out the post-investment actions that will be taken to address any material ESG-related issue that have been identified in due diligence and outlines the objectives for the long term improvement of the company's ESG credentials.

This framework will be completed by the relevant investment executive, in conjunction with a third party subject matter expert. The third party may elect to undertake the due diligence using an alternative framework, subject to that framework capturing the areas of focus as set out in the Bowmark framework.

### **Investment Decision Making**

The Investment Committee will be appraised of the ESG factors relating to a proposed investment by way of:

- A summary of the key ESG matters and post-investment actions, included as part of the Final Investment Committee paper; and,
- Provision of the completed ESG Due Diligence Framework as part of the suite of due diligence materials.

As part of the overall assessment of a potential investment, the Investment Committee will discuss and fully consider the ESG matters highlighted and if any further action is required beyond that proposed as part of the post-investment action plan.

## **6.3. Ongoing Monitoring**

Having completed an investment, the relevant Bowmark investment executive will be responsible for ensuring the ongoing monitoring of the ESG performance of an investee company through:

- Implementing the post-investment actions as identified during due diligence phase;
- Instituting periodic review of the company's ESG performance at board level;
- Where appropriate, ensuring implementation of and ongoing reporting against appropriate KPIs; and,
- Reporting on investee company ESG performance as part of the quarterly portfolio monitoring process.

## **6.4. Investor Communications**

Bowmark will communicate the ESG performance of its own organisation, and its portfolio companies to investors through two principal channels:

- By way of an annual update, provided at the Annual General Meeting; and,
- Through the annual PRI report, which will be made available to investors at their request.