



BOWMARK CAPITAL

Sustainable Finance Disclosure Regulation (“SFDR”)

Integration of Sustainability Risks

Bowmark integrates sustainability risks into its investment decision-making process primarily through completing ESG due diligence on any new potential investment. A summary of the ESG due diligence findings, including a description of any risks and opportunities identified, is submitted to the Investment Committee.

Bowmark also reviews a potential investee company’s activities in the context of the UN Sustainable Development Goals (“SDGs”). Bowmark’s investments are typically most closely aligned with the following SDGs:

- no poverty;
- decent work and economic growth;
- industry, innovation and infrastructure;
- reduced inequalities; and
- responsible consumption and production.

Where an investee company has a material negative exposure to a sustainability risk, Bowmark may choose not to invest in that company on this basis alone. Bowmark considers this to be consistent with its objective of maximising financial returns for its funds, as investments with a lower exposure to sustainability risk tend to enjoy better long-term financial performance.

Principal Adverse Impacts

Bowmark supports the objectives of SFDR with respect to transparency of due diligence policies and reporting against relevant quantitative metrics for its investments. At this stage, Bowmark has chosen not to consider formally the principal adverse impacts that investment decisions have on the environment and society, as defined by SFDR. This position is based on Bowmark’s assessment that many of the required metrics in the draft legislation are not readily available and are not relevant to Bowmark’s investors or its ESG strategy. Furthermore Bowmark considers that it would be unduly burdensome and disproportionate to require their investee companies to produce the required data.

Nevertheless, Bowmark does consider the general impact that its investment activities have on the environment and society, and the position with respect to SFDR disclosure will be kept under review.

For each material risk identified during due diligence, a mitigation plan is formulated and these actions form part of the investee company’s “100-day” plan post-investment. This approach applies equally to sustainability risk as it does to other forms of risk. Analysis of ESG issues is incorporated into the regular monitoring of all investments. Monitoring includes a particular focus on areas of weakness identified in due diligence.

Bowmark takes an active role in improving awareness of ESG matters in its investee companies through regular attendance at Board meetings seeking to influence, support and, where necessary, challenge management to ensure both ESG and Bowmark's wider corporate values are maintained.

Remuneration Disclosure

Bowmark has adopted a remuneration policy designed to ensure that its remuneration practices promote sound and effective risk management. Bowmark does not set quantitative sustainability-focused performance targets, albeit ESG matters are considered as a qualitative input to the appraisal and remuneration process. This approach is designed to ensure remuneration practices do not reward or encourage excessive risk-taking. As part of this, all risks taken on behalf of investors are considered when making remuneration decisions, including a qualitative assessment of the long-term sustainability risks.