

1. Introduction

Responsible investing explicitly recognises the relevance of environmental, social and governance (“ESG”) factors in the investment decision making process. Bowmark is a responsible investor and aims to develop sustainable businesses through the proactive management of ESG issues. Specifically, we understand the need to ensure that the management of ESG factors is embedded in our investment evaluation and ongoing portfolio management processes.

The primary purpose of this policy is to communicate to all staff, and external stakeholders, Bowmark’s commitment to responsible investing. Furthermore, this policy sets out the responsibilities of Bowmark’s investment team with regard to best-practice ESG management, both within Bowmark and its portfolio companies.

2. Scope

Bowmark commits to consider material ESG issues in the due diligence and ongoing monitoring of its 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 impact on an organisation’s ability to create, preserve, or erode economic value, as well as environmental or social value, for the company and its stakeholders.

3. Objectives

Bowmark’s ESG objectives are to:

- make a comprehensive assessment of environmental, public health, safety, social and governance issues when evaluating a potential investment;
- monitor and continuously improve the ESG credentials of the companies in which it invests;
- implement appropriate structures to provide oversight and governance, particularly in respect of audit, risk management, and conflicts of interest;
- support the employees of portfolio companies through provision of a safe and healthy workplace; and
- provide timely and transparent information on ESG-related matters to our investors.

4. Roles and Responsibilities

Oversight

Overall responsibility for establishing and maintaining the ESG policy and oversight of Bowmark’s ESG activities, pertaining both to Bowmark and its portfolio companies, resides with the nominated member of Bowmark’s Executive Board. The responsibilities of this individual are to:

- report to the Bowmark Executive Board any material ESG issues arising within Bowmark or any of its investee companies;
- periodically review and update Bowmark’s ESG policy to ensure consistency with best practice; and
- periodically review and update Bowmark’s ESG Due Diligence Checklist to include any emerging areas of focus.

Investment Appraisal

Bowmark’s investment professionals are responsible for ensuring that the consideration of ESG factors is undertaken during the due diligence process as part of the appraisal of potential new investments, 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 for an individual company becomes the responsibility of the relevant Bowmark investment team members, through their roles as directors of that portfolio company.

5. Approach to ESG Management

5.1 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 not invest in companies that are either directly or indirectly associated with the following industries:

- firearms and ammunition;
- vice, pornography or sexual exploitation;
- tobacco products; or
- 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 Checklist. This represents the key assessment areas which Bowmark investment team members should use to evaluate a potential investee company’s ESG performance and to identify areas of potential risk or opportunity.

	Basic Obligations	Policies	Hot Topics
Environmental 	Pollution control Hazardous materials	Energy and water usage Waste management Climate change	Plastics Recycling and resource efficiency Sustainability
Social 	Human rights Working conditions Modern slavery and child labour Occupational health and safety Vulnerable people	Diversity, equality and inclusion Gender pay Training and development Reward and remuneration Employee misconduct	Employee engagement and welfare Recruitment and retention Community and social impact
Governance 	Money laundering Tax evasion Bribery and corruption Audit and accounting standards	Whistle blowing Board structure Data and privacy ESG	Supplier and client due diligence Product misselling Customer satisfaction

For any potential new investment, a comprehensive ESG assessment must be undertaken. This will typically be in conjunction with a specialist third-party expert. It is the responsibility of the Bowmark investment team to ensure that all topics set out in the Bowmark ESG Due Diligence Checklist are fully considered in this assessment.

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 issues and post-investment actions, included as part of the Final Investment Committee paper; and
- provision of the full ESG analysis 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 issues highlighted therein, including whether any further action is required beyond that proposed in the post-investment action plan.

5.2 Ongoing Monitoring

Having completed an investment, the relevant Bowmark investment team member will be responsible for the ongoing monitoring of ESG performance of an investee company by:

- ensuring the implementation of the post-investment actions identified during the due diligence process;
- carrying out periodic reviews of the company's ESG performance at board level;
- ensuring implementation of, and ongoing reporting, against appropriate ESG KPIs; and
- reporting on investee company ESG performance as part of Bowmark's quarterly portfolio monitoring process.

6. Investor Communications

Bowmark will communicate its ESG performance and that of its portfolio companies to investors through two principal channels:

- an annual update, provided at the Annual General Meeting; and
- its annual PRI Assessment Report, which will be made available to investors upon request.