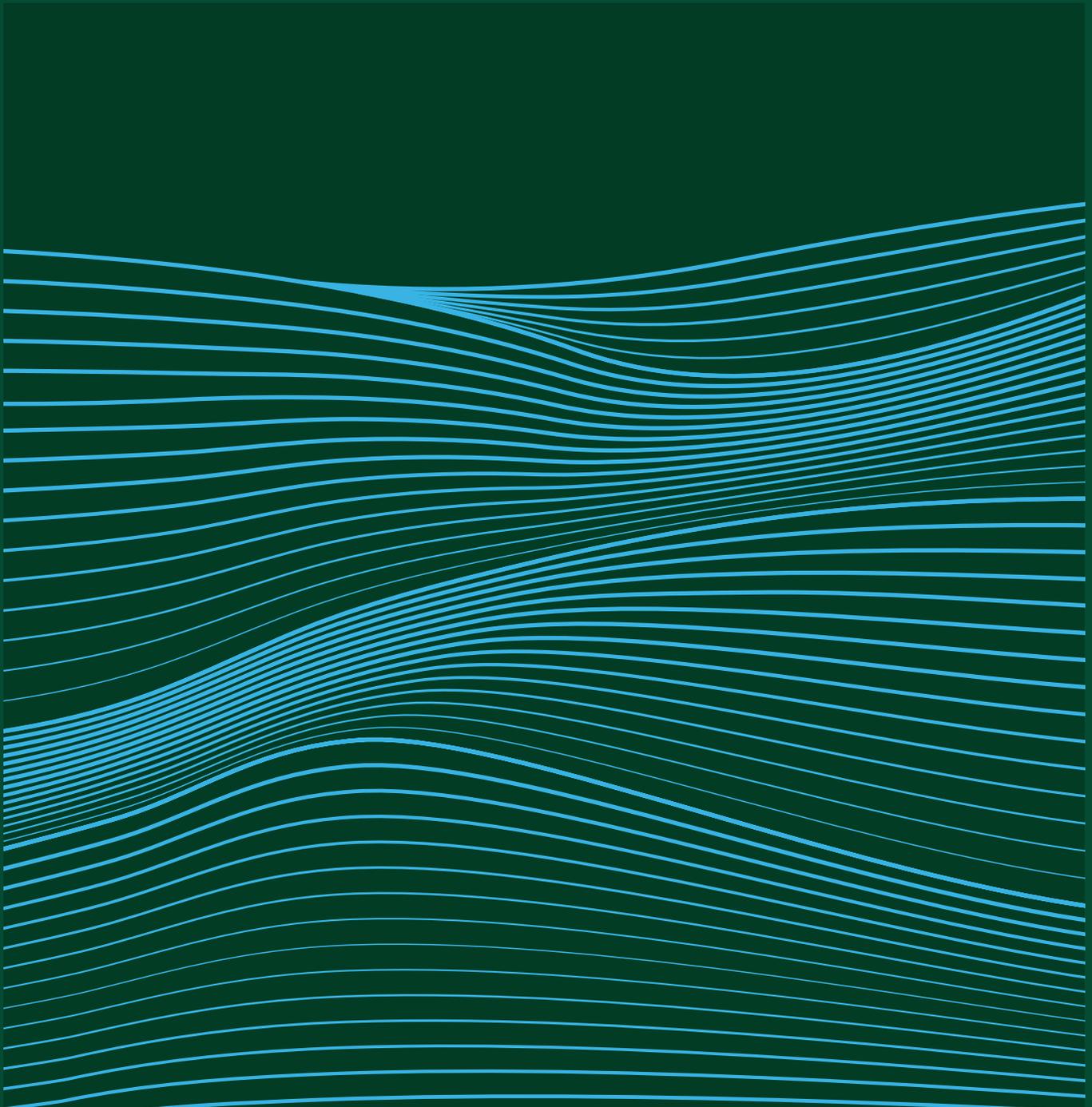


INVESTCORP

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# CORPORATE GOVERNANCE REPORT

INVESTCORP BANK B.S.C. FISCAL YEAR 2019





## INFORMATION REGARDING THE BOARD OF DIRECTORS

The size of the Board of Directors was set at 12 by action of the shareholders at the Ordinary General Meeting of Shareholders held on September 27, 2016 (the 'September 2016 OGM') and increased to 14 by action of the shareholders at the Ordinary General Meeting of Shareholders held on January 31, 2017 (the "January 2017 OGM"). At the September 2016 OGM, out of the 12 then current Directors of Investcorp Bank, 9 were re-elected for a three year term expiring at the September 2019 Ordinary General Meeting (the "September 2019 OGM"). Three Directors who had been newly appointed prior to the September 2016 OGM to fill vacancies arising on the Board, were also appointed to the Board of Directors for a three year term that will expire at the 2019 OGM. At the January 2017 OGM, two new Directors, Sheikh Abdul Rahman Bin Saud Al-Thani, and Mr. Abdullah Saud Alhumaidhi, were appointed to the Board of Directors for a term that will expire at the September 2019 OGM, bringing the total number of the Directors on the Board to 14.

Effective October 1, 2017, following Mr. Kirdar's retirement as the Chairman of the Board of Directors, Dr. Yousef Hamad Al-Ebraheem, the then current Vice-Chairman of the Board of Directors, was appointed as the new Chairman of the Board of Directors. Mr. Khalid Rashid Al Zayani was appointed as the new Vice-Chairman of the Board of Directors effective that same day.

The table below provides information regarding the current Directors, including their names, professions, years of service and position on the Board of Directors and other directorships held. As discussed below, the Board of Directors determined during Fiscal Year 2019 that all of the Directors other than Mr. Alardhi, are independent Directors.

Name	Director since	Profession, directorships and affiliations
Dr. Yousef Hamad Al-Ebraheem Chairman	May 25, 2014	<p>Advisor of Economic Affairs to H.H. the Amir of the State of Kuwait</p> <p><i>Board Member:</i></p> <ul style="list-style-type: none"> <li>■ American Kuwaiti Alliance, Washington DC</li> <li>■ Arab Gulf States Institute (AGSIW), Washington DC</li> <li>■ Kuwait Foundation for the Advancement of Sciences</li> </ul> <p><i>Member:</i></p> <ul style="list-style-type: none"> <li>■ Board of Trustees and Executive Committee and Chairman of the Audit Committee of The Arab Open University, Kuwait</li> <li>■ Board of Advisers of Center for Contemporary Arab Studies, Georgetown University, Washington DC</li> <li>■ Kuwait Economic Society</li> <li>■ American Economic Association</li> <li>■ Supreme Council for Planning and Development, Kuwait</li> </ul> <p><i>Research Fellow:</i></p> <ul style="list-style-type: none"> <li>■ Economic Research Forum for the Arab Countries, Iran and Turkey, Cairo, Egypt</li> </ul>
Khalid Rashid Al Zayani Vice Chairman	June 20, 1982	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Midal Cables Ltd.</li> <li>■ Aluminium Wheel Company WLL</li> <li>■ Metal Form WLL</li> <li>■ Gulf Closures WLL</li> <li>■ First Motors WLL</li> <li>■ Imerys Alzayani Fused Minerals WLL</li> <li>■ Al Baraka Islamic Bank</li> <li>■ Bahrain British Business Forum</li> <li>■ Bahrain Businessmen's Association</li> </ul> <p><i>Founder and Co-Chairman:</i></p> <ul style="list-style-type: none"> <li>■ US-Bahrain Business Council</li> </ul> <p><i>Board Member:</i></p> <ul style="list-style-type: none"> <li>■ Bahrain Chamber of Commerce and Industry</li> <li>■ Bahrain India Society (Honorary)</li> </ul> <p><i>President:</i></p> <ul style="list-style-type: none"> <li>■ CISI-Bahrain Advisory Council</li> <li>■ Bahrain Technology Transfer Society</li> </ul>

Name	Director since	Profession, directorships and affiliations
H.E. Mohammed Bin Mahfoodh Bin Saad Alardhi Executive Chairman	September 3, 2008	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Bank of Sohar, Oman</li> </ul> <p><i>Member:</i></p> <ul style="list-style-type: none"> <li>■ The International Advisory Board of the Brookings Institution, Washington DC</li> <li>■ Eisenhower Fellowships Board of Trustees, Philadelphia, PA</li> <li>■ Community Chairmen Group, World Economic Forum, Geneva, Switzerland</li> <li>■ Harvard Kennedy School Dean's Council, Cambridge MA, USA</li> <li>■ The Arab Gulf States Institute in Washington, Washington DC, USA</li> </ul>
Abdullah Mohamed Alireza	February 23, 1998	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Reza Investment Co., Jeddah;</li> <li>■ Reza Food Services Co., Jeddah;</li> <li>■ International Chemical Industries &amp; Trading Co., Jeddah</li> <li>■ Alireza Investment Co. Ltd, Jeddah</li> <li>■ Haji Abdullah Alireza &amp; Co., Jeddah</li> </ul> <p><i>President of the Board of Trustees:</i></p> <ul style="list-style-type: none"> <li>■ Mohamed &amp; Ali Alireza Trust, Jeddah</li> </ul>
Hussain Ibrahim Al-Fardan	June 20, 1982	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Alfardan Group LLC and related companies</li> </ul> <p><i>Vice Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Gulf Publishing and Printing Co., WLL, Qatar</li> <li>■ Qatar Businessmen Association, Qatar</li> </ul> <p><i>Vice Chairman and Managing Director:</i></p> <ul style="list-style-type: none"> <li>■ Commercial Bank of Qatar (QSC)</li> </ul> <p><i>Board Member:</i></p> <ul style="list-style-type: none"> <li>■ Qatar Insurance Co., LLC, Qatar</li> </ul> <p><i>Board Member:</i></p> <ul style="list-style-type: none"> <li>■ Jeeves of Belgravia LLC, Qatar</li> <li>■ Alex Reid Middle East, Qatar</li> <li>■ Alem Gayrimenkul Yatirim ve Turizm Anonim Sirketi, Republic of Turkey</li> <li>■ Sci Chant Sur Lac</li> <li>■ Wahat Al Shafalahiya L.L.C., Doha, Qatar</li> </ul>
Abdullah Saud Alhumaidhi	January 31, 2017	<p><i>Vice Chairman, CEO and Board Member:</i></p> <ul style="list-style-type: none"> <li>■ Commercial Facilities Company</li> </ul> <p><i>Vice Chairman and Chairman of Investment Committee:</i></p> <ul style="list-style-type: none"> <li>■ The Public Institution for Social Security, Kuwait</li> </ul> <p><i>Board Member and Honorary Treasurer:</i></p> <ul style="list-style-type: none"> <li>■ Kuwait Chamber of Commerce and Industry</li> </ul> <p><i>Vice Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Real Estate Facilities Investments Company</li> </ul> <p><i>Board Member and Chairman of Remuneration Committee:</i></p> <ul style="list-style-type: none"> <li>■ First National Bank</li> <li>■ Bank ABC IB, London</li> </ul>
Sh. Mohamed Bin Isa Al Khalifa	December 15, 2009	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Oasis Capital Bank</li> </ul> <p><i>Executive Chairman and CEO:</i></p> <ul style="list-style-type: none"> <li>■ Podium Co.</li> </ul> <p><i>Board Member:</i></p> <ul style="list-style-type: none"> <li>■ Middle Eastern Schools</li> <li>■ Delta Construction Company</li> <li>■ Red Garnet W.L.L.</li> </ul>

Name	Director since	Profession, directorships and affiliations
Abdullah Mohammed Mazrui	February 5, 2006	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Emirates Insurance Company, UAE</li> <li>■ International School of Choueifat, UAE</li> <li>■ Depa United Group, UAE</li> <li>■ Aramex, UAE</li> <li>■ Jashanmal National Company, UAE</li> </ul> <p><i>Director:</i></p> <ul style="list-style-type: none"> <li>■ Allied Enterprises</li> <li>■ Emirates Specialties Company, UAE</li> </ul>
Farouk Yousuf Khalil Almoayyed	July 31, 2004	<p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Y.K. Almoayyed &amp; Sons BSC</li> <li>■ Almoayyed Contracting Group</li> <li>■ Almoayyed International Group</li> <li>■ National Bank of Bahrain</li> <li>■ Bahrain Duty Free Shop Complex BSC</li> <li>■ Ashrafs</li> <li>■ Ashrafs-BGDC</li> <li>■ Gulf Hotels Group</li> <li>■ Ahlia University</li> <li>■ Bahrain National Holding BSC</li> <li>■ National Concrete Co.</li> </ul> <p><i>Director:</i></p> <ul style="list-style-type: none"> <li>■ Economic Development Board, Bahrain</li> </ul>
Waleed Ahmed Salem Al Mokarrab Al Muhairi	August 9, 2016	<p><i>Deputy Group Chief Executive Officer and Chief Executive Officer, Alternative Investments and Infrastructure:</i></p> <ul style="list-style-type: none"> <li>■ Mubadala Development Company PJSC</li> </ul> <p><i>Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Mubadala Holding Company</li> <li>■ Cleveland Clinic Abu Dhabi LLC</li> </ul> <p><i>Member of Board of Trustees:</i></p> <ul style="list-style-type: none"> <li>■ Cleveland Clinic LLC</li> </ul> <p><i>Vice Chairman:</i></p> <ul style="list-style-type: none"> <li>■ Aldar Properties PJSC</li> </ul> <p><i>Board Director:</i></p> <ul style="list-style-type: none"> <li>■ Tamouh Investments LLC</li> <li>■ Tamkeen</li> <li>■ Mubadala Petroleum LLC</li> <li>■ Abu Dhabi Future Energy Company PJSC (Masdar)</li> <li>■ Emirates Investment Authority</li> <li>■ Abu Dhabi Global Market</li> </ul>

Name	Director since	Profession, directorships and affiliations
Hisham Saleh Ahmed Al Saie	January 7, 2016	<p><i>General Manager, Investment &amp; Business Support:</i></p> <ul style="list-style-type: none"> <li>■ Premier Group W.L.L.</li> </ul> <p><i>Director:</i></p> <ul style="list-style-type: none"> <li>■ Premier Group W.L.L. subsidiaries and related companies</li> <li>■ Al Bilad Holding Group W.L.L.</li> <li>■ Al Munaamah Real Estate W.L.L.</li> <li>■ Al Seela Corp Real Estate Investment Company S.P.C.</li> <li>■ Bahrain Bay Development B.S.C. (c)</li> <li>■ Bahrain Bay Development II B.S.C. (c)</li> <li>■ Binaa Al Bahrain B.S.C. (c)</li> <li>■ DC Al Muharraq S.P.C.</li> <li>■ Diyar Al Muharraq W.L.L.</li> <li>■ Global Banking Corporation B.S.C. (c)</li> <li>■ Golden Meadows Real Estate W.L.L.</li> <li>■ HI Three S.P.C.</li> <li>■ Lighthouse Ventures W.L.L.</li> <li>■ Manama Lagoon Real Estate Investment S.P.C.</li> <li>■ Nass Corporation B.S.C.</li> <li>■ WGC 37 Real Estate S.P.C.</li> </ul>
Sh. Abdulrahman Bin Saud Al-Thani	January 31, 2017	<p>Minister of State, Qatar</p> <p><i>Director:</i></p> <ul style="list-style-type: none"> <li>■ Qatar National Bank</li> </ul> <p><i>Member:</i></p> <ul style="list-style-type: none"> <li>■ Arab Thought Forum, Amman</li> <li>■ Advisory Board, Centre for Contemporary Arab Studies, Georgetown University, Washington DC</li> </ul>

## SHARE OWNERSHIP

As disclosed elsewhere in the Annual Report, members of Investcorp's senior management (Investcorp's Managing Directors) own beneficial interests in Investcorp Bank's Ordinary Shares through Investcorp Employee Share Ownership Plans ('ISOPs') and, during Fiscal Year 2019, no member of senior management directly owned any Ordinary Shares.

The table below shows the number of Ordinary Shares held by Directors at June 30, 2019. There was no trading in Ordinary Shares by Directors in Fiscal Year 2019.

Shareholder name	Number of shares
Abdullah M. Alireza	10,700
Abdullah Mohammed Mazrui	22,900
Mazrui Investments LLC <sup>(a)</sup>	100,000
Khalid Rashid Al Zayani	19,900
Al Zayani Investments Co. BSC (c) <sup>(b)</sup>	228,200
Farouk Yousuf Khalil Almoayyed	33,400
Y K A Estates Corporation <sup>(c)</sup>	40,500
Hussain Ibrahim Hasan Al-Fardan	10,700
Perlier Financial Investment Company <sup>(d)</sup>	215,800
<b>Total</b>	<b>682,100</b>

(a) Investment holding company of Mr Mazrui

(b) Investment holding company of Mr Al Zayani

(c) Investment holding company of Mr Almoayyed

(d) Investment holding company of Mr Al-Fardan

In addition to the shares listed above, certain of the Directors own shares in holding companies that, in turn, hold indirect interests in an aggregate of 1,166,221 Ordinary Shares.

The table below shows the number of Preference Shares held by Directors and certain members of Investcorp's senior management at June 30, 2019. There was no trading in the Preference Shares held by Directors or members of senior management in Fiscal Year 2019.

Shareholder name	Number of shares
Farouk Yousuf Khalil Almoayyed	357
Perlier Financial Investment Company <sup>(a)</sup>	713
H.E. Mohammed Bin Mahfoodh Al Ardhi	357
Al Zayani Investments Co. BSC (c) <sup>(b)</sup>	178
Grahame Ivey	8
<b>Total</b>	<b>1,613</b>

(a) Investment holding company of Mr Al-Fardan

(b) Investment holding company of Mr Al Zayani

## MEETINGS OF THE BOARD OF DIRECTORS DURING FISCAL YEAR 2019

The Board of Directors met four times during Fiscal Year 2019, as required by Module HC on the dates listed below:

**July 25, 2018:** The meeting was attended in person by Dr. Al-Ebraheem, H.E. Alardhi, Mr. Al-Fardan, Sh. Al Khalifa and Sh. Al-Thani. , Mr. Al Zayani, Mr. Alireza, Mr. Alhumaidhi, Mr. Mazrui, Mr. Almoayyed, Mr. Al Muhairi and Mr. Al-Saie each participated by telephone conference.

**September 26, 2018:** The meeting was attended by Dr. Al-Ebraheem, Mr. Al Zayani, H.E. Alardhi, Mr. Alhumaidhi, Sh. Al Khalifa, Mr. Mazrui, Mr. Almoayyed, Mr. Al Muhairi and Mr. Al Saie.

**January 30, 2019:** The meeting was attended by Dr. Al-Ebraheem, Mr. Al Zayani, H.E. Alardhi, Mr. Alireza, Mr. Al Fardan, Mr. Alhumaidhi, Sh. Al Khalifa, Mr. Mazrui, Mr. Almoayyed, Mr. Al Muhairi, Mr. Al Saie and Sh. Al-Thani.

**April 24, 2019:** The meeting was attended by Dr. Al-Ebraheem, Mr. Al Zayani, H.E. Alardhi, Mr. Alhumaidhi, Sh. Al Khalifa, Mr. Mazrui, Mr. Almoayyed, Mr. Al Muhairi and Mr. Al Saie.

## MEMBERS OF THE EXECUTIVE COMMITTEES OF THE BOARD OF DIRECTORS

At June 30, 2019, there are three Executive Committees of the Board of Directors. The Executive Committee for Investment Policy, which was the fourth Executive Committee of the Board of Directors was dissolved during Fiscal Year 2019. During Fiscal Year 2019, the Chairman of the Board of Directors was not a member of any of the Executive Committees.

The members of the Executive Committees during Fiscal Year 2019 were as follows:

**Audit and Risk Committee (formerly, the Audit Committee):** Mr. Mazrui (Chairman), Sh. Al Khalifa and Mr. Alhumaidhi.

**Corporate Governance Committee:** Mr. Almoayyed (Chairman), Sh. Al Khalifa, Mr. Alhumaidhi and Mr. Mazrui.

**Executive Committee for Administrative Policy:** Mr. Al-Fardan (Chairman), Mr. Al Muhairi, Mr. Al-Saie and Mr. Al Zayani.

**Executive Committee for Investment Policy (Dissolved):** Mr. Al Zayani (Chairman), H.E. Alardhi, Mr. Alireza, Mr. Al Muhairi and Mr. Al Saie.

## MEETINGS OF THE EXECUTIVE COMMITTEES DURING FISCAL YEAR 2019

### AUDIT AND RISK COMMITTEE

The Audit and Risk Committee, chaired by Mr. Mazrui, met four times during Fiscal Year 2019, as required by its Terms of Reference, on the dates indicated below:

**July 25, 2018:** The meeting was attended by Mr. Mazrui, and Mr. Alhumaidhi each by telephone conference and Sh. Al Khalifa in person. The meeting was also attended by Mr. Rishi Kapoor and Mr. Mark Horncastle (by invitation for a portion of the meeting in person). Mr. Gordon Bennie, Mr. Ram Prasad, Mr. Shaun Hill, Mr. James Sweeting, Mr. Shahbaz Khan and Mr. Richard Kramer (all by invitation via telephone conference for portions of the meeting), and Ms. Rasha Sabkar, the Corporate Secretary.

**September 25, 2018:** The meeting was attended by Mr. Mazrui, Mr. Alhumaidhi and Sh. Al Khalifa. The meeting was also attended by H.E. Alardhi, Mr. Kapoor, Mr. Horncastle, Mr. Jan-Erik Back, Mr. Khan, Ms. Raewyn Johnston, Mr. Hill, Mr. Sweeting and Mr. Kramer (all by invitation for portions of the meeting, other than H.E. Alardhi, Mr. Horncastle and Mr. Back) and Ms. Sabkar.

**January 29, 2019:** The meeting was attended by Mr. Mazrui, Mr. Alhumaidhi and Sh. Al Khalifa. The meeting was also attended by H.E. Alardhi, Mr. Kapoor, Mr. Horncastle, Mr. Khan, Mr. Hill, Mr. Sweeting and Mr. Kramer (all by invitation and for portions of the meeting, other than Mr. Horncastle) and Ms. Sabkar.

**April 23, 2019:** The meeting was attended by Mr. Mazrui, Mr. Alhumaidhi and Sh. Al Khalifa. The meeting was also attended by H.E. Alardhi, Mr. Horncastle, Mr. Back, Mr. Bennie, Mr. Khan, Mr. Kramer, Mr. Hill and Mr. Sweeting (all by invitation for portions of the meeting, other than H.E. Alardhi and Mr. Horncastle) and Ms. Sabkar. Mr. Ninad Pradhan and Mr. Youssef Lotfy of the UAE Auditors Association also attended by invitation for a portion of the meeting.

#### CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee chaired by Mr. Almoayyed is required, pursuant to its Terms of Reference, to meet at least twice each year. During Fiscal Year 2019, the Corporate Governance Committee met three times, on the dates indicated below:

**September 25, 2018:** The meeting was attended by Mr. Almoayyed, Mr. Alhumaidhi, Sh. Al Khalifa, and Mr. Mazrui. The meeting was also attended by H.E. Alardhi and Mr. Horncastle (by invitation) and Ms. Sabkar.

**January 29, 2019:** The meeting was attended by Mr. Almoayyed, Mr. Alhumaidhi, Sh. Al Khalifa and Mr. Mazrui. The meeting was also attended by H.E. Alardhi and Mr. Horncastle (by invitation) and Ms. Sabkar.

**April 23, 2019:** The meeting was attended by Mr. Almoayyed, Mr. Alhumaidhi, Sh. Al Khalifa and Mr. Mazrui. The meeting was also attended by H.E. Alardhi and Mr. Horncastle (by invitation) and Ms. Sabkar.

#### EXECUTIVE COMMITTEE FOR ADMINISTRATIVE POLICY

The Executive Committee for Administrative Policy chaired by Mr. Al Fardan is required, pursuant to its Terms of Reference, to meet at least twice each year. During Fiscal Year 2019, the Executive Committee for Administrative Policy met three times, on the dates indicated below:

**July 25, 2018:** The meeting was attended in person by Mr. Al-Fardan. Mr. Al Zayani, Mr. Al Muhairi and Mr. Al Saie each participated by telephone conference. The meeting was also attended by H.E. Alardhi, Mr. Kapoor Mr. Horncastle and Mr. Dominic Elias (all by invitation and for a portion of the meeting) and Ms. Sabkar.

**September 25, 2018:** The meeting was attended by Mr. Al Zayani (designated Chairman for the meeting), Mr. Al Muhairi and Mr. Al Saie. The meeting was also attended by H.E. Alardhi, Mr. Horncastle and Mr. Back (all by invitation ) and Ms. Sabkar.

**April 23, 2019:** The meeting was attended in person by Mr. Al Muhairi, and Mr. Al Saie. Mr. Al Fardan and Mr. Al Zayani participated by telephone conference. The meeting was also attended by H.E. Alardhi, Mr. Horncastle and Mr. Elias (by invitation and for portions of the meeting) and Ms. Sabkar.

#### EXECUTIVE COMMITTEE FOR INVESTMENT POLICY

The Executive Committee for Investment Policy was dissolved during the Fiscal Year 2019 and so it did not hold the minimum number of meetings that are required by its Terms of Reference. The Executive Committee for Investment Policy, chaired by Mr. Al Zayani, only met once during Fiscal Year 2019, as follows:

**September 25, 2018:** The meeting was attended by Mr. Al Zayani, H.E. Alardhi, Mr. Al Muhairi and Mr. Al-Saie. The meeting was also attended by Mr. Kapoor, Mr. Hazem Ben-Gacem, Mr. Back, Mr. Horncastle, Mr. Walid Majdalani and Mr. Daniel Lopez-Cruz (all by invitation and for portions of the meeting other than Mr. Back and Mr. Horncastle) and Ms. Sabkar.

## DIRECTOR REMUNERATION IN RESPECT OF FISCAL YEAR 2019

The Executive Committee for Administrative Policy (acting in its capacity as the Remuneration Committee of the Board of Directors) at its meeting held on September 25, 2018 and the Board of Directors (at its meeting held on September 26, 2018) respectively, approved the following policies for the remuneration of the Directors in respect of Fiscal Year 2019:

- Each Director will be remunerated for his service based upon the number of meetings of the Board of Directors that he attends and the number of meetings of any Executive Committee of which he is a member that he attends.
- The Chairman of the Board of Directors will be remunerated for each meeting of the Board of Directors that he attends at a rate equal to four times the rate of remuneration paid to each of the other Directors, but he will not be compensated for attending any Executive Committee meeting that he attends by invitation; and
- The Executive Chairman will be remunerated, as a member of the Board of Directors, for each meeting of the Board of Directors that he attends and for each meeting of an Executive Committee of which he is a member that he attends, but he will not be remunerated for attending any meeting of an Executive Committee that he attends by invitation.

At a meeting held on July 24, 2019, the Executive Committee for Administrative Policy approved and recommended to the Board of Directors the payment of Director remuneration in the amount of US\$20,000 for each Board of Directors meeting that a Director attended during Fiscal Year 2019, with four times that amount payable to the Chairman of the Board for each Board of Directors meeting that he attended, and US\$10,000 for each meeting of an Executive Committee that a Committee member attended. The Board of Directors approved this Director remuneration in a decision by circulation dated August 1, 2019.

The aggregate amount of proposed Director remuneration, which is US\$1,470,000, is subject to the approval of the shareholders at the September 2019 OGM.

## DETERMINATION OF DIRECTOR INDEPENDENCE

In accordance with the CBB's Module HC, the Board of Directors makes a determination each year regarding the independence of the Directors.

Under Module HC, an independent Director is a Director whom the Board of Directors has determined has no material relationship which could affect his independence of judgment, taking into account all known facts.

In order to be determined to be independent, a Director cannot be, and cannot have been within the past 12 months, an employee of Investcorp Bank. A Director must also satisfy the following other objective criteria in the 12 months preceding the date of determination of independence:

- He or she must not make to or receive from Investcorp Bank more than BD 31,000 (excluding Directors' remuneration and earnings from investments or deposits) (the 'Payment Threshold');
- He or she must not own more than a 10% share in an entity that made to or received from Investcorp Bank an amount in excess of the Payment Threshold;
- He or she must not act as general partner, director, manager or officer of a partnership or company that made to or received from Investcorp Bank an amount in excess of the Payment Threshold;
- He or she must not have any significant contractual or business relationship with Investcorp Bank which could be seen to materially interfere with his or her capacity to act in an independent manner;
- He or she must not own directly or indirectly (including ownership by any family member or related person, which means spouse, father, mother, son(s) or daughter(s)) 5% or more of the shares of any class of Investcorp Bank;
- He or she must not be engaged directly or indirectly as an auditor or professional adviser for Investcorp Bank; and
- He or she must not be an associate of a Director or a member of senior management of Investcorp Bank.

The Corporate Governance Committee and the Board of Directors have determined most recently at meetings held on April 23, 2019 and April 24, 2019, respectively, that each Director other than H.E. Alardhi is independent.

H.E. Alardhi is employed by Investcorp Bank as its Executive Chairman and received variable remuneration awards from Investcorp Bank during Fiscal Year 2019 in respect of his employment.

## **OTHER SIGNIFICANT CORPORATE GOVERNANCE MATTERS**

The following additional significant corporate governance matters were addressed during Fiscal Year 2019:

At a meeting held on July 25, 2018, the Audit and Risk Committee (i) made a recommendation to the Board of Directors regarding the remuneration payable to Ernst & Young for audit services rendered in Fiscal Year 2018 and (ii) recommended to the Board of Directors that Ernst & Young be engaged to serve as the auditor of Investcorp Bank for Fiscal Year 2019 subject to the approval of the shareholders at the Ordinary General Meeting of Shareholders held on September 25, 2018 (the "September 2018 OGM"). At a meeting held on September 25, 2018, the Audit and Risk Committee determined that Ernst & Young is independent after discussing the non-audit services provided by Ernst & Young during Fiscal Year 2018. The shareholders approved the engagement of Ernst & Young to serve as the auditor of Investcorp Bank for Fiscal Year 2019 at the September 2018 OGM.

Following the end of Fiscal Year 2019, at its meeting held on July 24, 2019, the Audit and Risk Committee (i) made a recommendation to the Board of Directors regarding the remuneration payable to Ernst & Young for audit services rendered in Fiscal Year 2019 and (ii) recommended to the Board of Directors that Ernst & Young be engaged to serve as the auditor of Investcorp Bank for Fiscal Year 2020, subject to the approval of the shareholders at the September 2019 OGM.

At a meeting of the Board of Directors held on July 25, 2019, the Board of Directors approved the remuneration to be paid to Ernst & Young for audit services in Fiscal Year 2019 and it approved the engagement of Ernst & Young to serve as the auditor of Investcorp Bank for Fiscal Year 2020, subject to the approval of the shareholders at the September 2019 OGM.

The Corporate Governance Committee led an evaluation of the performance of the Board of Directors as a whole, each individual Director and the Executive Committees. The evaluation of the Executive Committees was reviewed by the Corporate Governance Committee at its meeting held on January 29, 2019, and the evaluation of the Board of Directors as a whole and each individual Director was reviewed by the Corporate Governance Committee at its meeting on April 23, 2019.

At the conclusion of the evaluation process, the Corporate Governance Committee reported to the Board of Directors at the meeting of the Board of Directors held on April 24, 2019 that:

- The Board of Directors is fully engaged in the oversight of the management of Investcorp Bank and it is fully discharging its responsibilities as set forth in the Charter of the Board of Directors.
- The Directors are individually discharging their responsibilities as Directors of Investcorp Bank.
- Each Executive Committee is acting in accordance with, and discharging its responsibilities pursuant to, its Terms of Reference.

The Board of Directors approved and adopted the evaluation report of the Corporate Governance Committee at the meeting of the Board of Directors held on April 24, 2019.

Information regarding the remuneration paid to Ernst & Young for audit services in Fiscal Years 2018 and 2019 and the non-audit services performed by Ernst & Young is available to shareholders at the offices of Investcorp Bank.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE GUIDELINES AND MODULE HC**

As reported in previous Corporate Governance Reports, the Corporate Governance Committee and the Board of Directors have approved Corporate Governance Guidelines for Investcorp Bank. A copy of the Corporate Governance Guidelines is available on Investcorp's website ([www.investcorp.com](http://www.investcorp.com)).

Investcorp Bank is fully in compliance with its Corporate Governance Guidelines. Investcorp Bank also is fully in compliance with Module HC except to the extent listed below:

- Module HC states as guidance that no Director of a Bahrain bank should hold more than three directorships in Bahrain public companies. During Fiscal Year 2019, Mr. Farouk Yousuf Khalil Almoayyed served as a director of Investcorp while also serving as a director of more than three Bahrain public companies. The Board of Directors does not believe

there was any conflict of interest between service on the Board of Directors of Investcorp by Mr. Almoayyed and his service on the other boards of directors. In addition, the Board of Directors believes that Mr. Almoayyed devoted the required time to his service on the Board of Directors of Investcorp.

- Module HC states in guidance that a board of directors should meet once every quarter. The Board of Directors met twice in the first quarter of Fiscal Year 2019 and once in each of the third and fourth quarters of Fiscal Year 2019. The Board of Directors believes that meetings should be held when warranted rather than automatically in every quarter.
- Module HC states that a director of a Bahrain bank should not serve as a director of more than one Bahrain wholesale bank. During Fiscal Year 2019, Mr. Hisham Saleh Ahmed Al Saie served as a director of Global Banking Corporation B.S.C. and Mr. Abdullah Saud Alhumaidhi served as a director of Bank ABC B.S.C., each of which is licensed by the CBB as a wholesale bank. Consequently, Mr. Al Saie and Mr. Alhumaidhi each served as a director of two wholesale banks, given that Investcorp was also licensed as a wholesale bank during Fiscal Year 2019. The Board of Directors believes that Mr. Al Saie and Mr. Alhumaidhi are excellent additions to the Board of Directors and each of them brings valuable experience to the Board of Directors.
- Module HC requires that Directors and other approved persons declare their interests in all other enterprises or activities (whether as a shareholder of greater than 5% of the voting capital of a company, as a manager or other form of significant participation) to the Board of Directors or the Nominating or Audit Committee on an annual basis. These declarations are instead reviewed by the Corporate Governance Committee on the basis that this is consistent with the role played by the Corporate Governance Committee with respect to Investcorp's corporate governance.
- Module HC provides that each Director and other approved person must make every practicable effort to arrange his personal and business affairs to avoid competing with Investcorp Bank. During Fiscal Year 2019, two Directors of the Company, Mr. Al Saie and Mr. Alhumaidhi had affiliations with other financial institutions. These institutions are Global Banking Corporation B.S.C. and Bank ABC B.S.C., respectively. Each of these financial institutions operates a business that could compete with Investcorp Bank. The Board of Directors is not aware of any instance in which there actually has been direct competition between Investcorp Bank and any of these financial institutions. However, consistent with its practice at previous OGMs, the Board of Directors will request shareholder approval of these affiliations at the OGM in accordance with Article 191 of the Commercial Companies Law.
- Module HC provides that the Nominating Committee should oversee directors' corporate governance education activities. Directors' corporate governance education activities are instead overseen by the Corporate Governance Committee on the basis that this is consistent with the Corporate Governance Committee's role with respect to Investcorp's corporate governance.
- Module HC provides that no 'approved person' may take benefits from any investment that is managed by a bank or promoted to its clients. An 'approved person' is a director of a bank or any senior executive who has been specifically approved by the CBB for his or her position.

Many of Investcorp's Directors invest in Investcorp's investment products alongside Investcorp's clients and Investcorp's senior executives co-invest in Investcorp's products and participate in investment carried interest programs pursuant to Investcorp executive compensation programs on the same terms as other Investcorp employees. These investment participations by Investcorp Directors and its senior executives are consistent with the principle of alignment of interests among shareholders, clients and employees that has been a cornerstone of Investcorp's corporate governance since it was first established, and Investcorp does not believe that such alignment of interest is what this Module HC provision is attempting to prevent.

- Module HC provides that individual board members must attend at least 75% of all Board meetings in a given financial year. Sheikh Abdulrahman Al-Thani and Mr. Hussain Ibrahim Al Fardan, both Qatari Directors, could not attend the minimum number of meetings during the financial year because the meetings were held in Bahrain. In addition, Mr. Abdulla Alireza could not attend the minimum number of meetings during the financial year because of other work commitments. Investcorp has informed the CBB of their absence in accordance with the requirements of Module HC.
- Module HC states as guidance that all Directors are required to attend and be available to answer questions from shareholders at any shareholder meeting. Not all of Investcorp's Directors attended the Fiscal Year 2018 Ordinary General Meeting that was held on September 25, 2018. However, more than half of Investcorp's Directors were in attendance at that meeting and therefore there was sufficient Board representation at the meeting in order to answer questions from shareholders.

- For information regarding financial penalties that were imposed on Investcorp by the CBB during Fiscal Year 2019, please refer to the Regulation Section.

### **SIGNIFICANT ISSUES ARISING DURING FISCAL YEAR 2019**

During Fiscal Year 2019, the Board of Directors considered and approved, and recommended to the shareholders that they approve:

- 1) the transfer of the regulated business activities of Investcorp in Bahrain to Investcorp Financial Services B.S.C. (c), a wholly-owned, indirect subsidiary of Investcorp, licensed by the CBB as an Investment Firm, Category 1;
- 2) the voluntary surrender of Investcorp's wholesale banking license; and
- 3) the conversion of Investcorp into a holding company and the change of its name from "Investcorp Bank B.S.C." to "Investcorp Holdings B.S.C."

This process is underway and is expected to be completed during the first quarter of Fiscal Year 2020.

During Fiscal Year 2019, the Board of Directors considered and approved an acquisition of the real estate and private equity business of IDFC Alternatives, based in India. The acquisition of this business closed during Fiscal Year 2019.

During Fiscal Year 2019, the Board of Directors also considered and approved an acquisition of Mercury Capital Advisors Group LP and Mercury Capital Advisors Group GP, LLC. The acquisition of this business did not close during Fiscal Year 2019.

During Fiscal Year 2019, the Board of Directors also considered and approved an acquisition of CM Investment Partners and the purchase of shares in CM Finance Inc. The acquisition of this business did not close during Fiscal Year 2019.

The Board of Directors did not consider any other issues that were outside of the ordinary course of business during Fiscal Year 2019.

No Executive Committee considered any issues that were outside of the ordinary course of business during Fiscal Year 2019.

## INVESTCORP GROUP REMUNERATION POLICIES AND PRACTICES

### INTRODUCTION

The Investcorp Group (the 'Group') has a clear and well-defined 'pay for risk-adjusted long-term performance' philosophy that pervades its culture and motivates its employees to target delivery of consistent performance in excess of market benchmarks. This philosophy is exhibited in the Group's remuneration programs, and it is reflected in its annual remuneration decisions.

The Group's remuneration programs are designed to meet the following four key objectives:

- Attract and retain top talent
- Deliver pay for sustainable long-term performance on a risk-adjusted basis
- Align executive remuneration with the interests of the Group, its shareholders and its clients
- Mitigate excessive risk taking and incentivize consistent outperformance relative to market benchmarks on a risk-adjusted basis

The remuneration that is paid to the Group's employees is divided into two fundamental components: (i) fixed remuneration, i.e., salary and benefits, and (ii) variable remuneration.

Variable remuneration, comprised of cash and awards under deferred remuneration programs, is remuneration that varies from year to year and the amount of which is dependent upon (i) the risk-adjusted financial performance of the Group as a whole, (ii) the risk-adjusted performance of each employee's respective line of business (each line of business, an 'LOB') and (iii) and the performance of the individual employee. The term 'LOB' includes each support unit within the Group.

The aggregate amount of variable remuneration that is payable in respect of any financial year will decrease if the Group's risk-adjusted financial results decline that year. The amount of variable remuneration payable to a specific employee in respect of a financial year will generally decrease if the employee's LOB does not perform well or if the employee does not perform well.

Key performance metrics for the Investcorp Group include its financial performance relative to its budget for the relevant financial year, risk-adjusted profitability measures like return on equity, surplus economic value-added etc. and financial strength measures like capital adequacy and liquidity.

Key performance metrics for an LOB include its financial performance after adjusting for a risk-based cost of capital allocation and the net revenue generated by the LOB compared to its budget for the relevant financial year.

Key performance metrics for an individual employee are his or her attainment of individual objectives agreed previously with his/her rating official and his/her scoring in respect of 10 core competencies that are applied to all professional employees across the Group.

Risk management is a key consideration in the design and operation of the Group's remuneration programs. For this reason, the Group extensively utilizes deferred remuneration programs as part of employees' remuneration. These programs are comprised of share-linked awards and awards under carried interest and co-investment programs.

The Group's business is comprised of two primary operating segments: (i) a fee business and (ii) a co-investment business.

The fee business earns income from client-facing activity, including the acquisition and placement of investments and the ongoing management of client assets through the holding period until realization.

The fee business depends upon clients being willing to invest in the Group's products. This, in turn, depends upon the selection of investments that perform well and providing to clients the high touch level of service that they expect from Investcorp. If the investments do not perform well and/or if client service standards are not met, this will result in a reduction in client participation and fee income will decline.

The co-investment business earns asset-based income on co-investments by the balance sheet in the Group's investment products alongside clients. Therefore, this segment of the business also depends upon the selection of investments that perform well. If the investments do not perform well, the Group's asset-based income will decline.

The risks to the Investcorp Group's franchise that arise from the selection of investments that do not perform well and the failure to satisfy client service standards are mitigated by having the Group's investment professionals and relationship managers participate in deferred share-linked programs and deferred carried interest and co-investment programs.

The deferred share-linked awards are subject to malus risk over a multi-year period. If the Group's financial performance declines, which can be due to a decline in fee income and/or a decline in asset-based income due to poor investment performance, the value of Investcorp Bank's shares will decline. The value of participants' interests under the share-linked awards will be immediately and automatically correspondingly reduced.

Awards under the share-linked programs vest over a minimum period of three years. Share-linked program awards related to the Investcorp Group's medium term growth initiatives have a five year vesting period. This means that the participants in these programs are subject to the risk that the value of Investcorp Bank's shares, and thus the value of their share-linked awards, may decline during the vesting period.

In addition to the deferred share-linked awards, as is the case with many other alternative asset management firms, eligible employees are granted awards under deferred carried interest programs relating to the investments made by the Group and marketed to the Group's clients. These programs normally have a four or five year vesting period.

Payments under these programs are not made unless specified client return hurdles are achieved when a relevant investment is exited. Therefore, if an investment or fund does not satisfy the minimum client return requirement, no payment is made to participants in these programs. Furthermore, through a netting mechanism, even if an investment satisfies the client return hurdle, these returns are netted against other investments in which losses are sustained. These mechanisms ensure that remuneration is negatively affected if an underlying investment performs poorly and they provide a strong disincentive against excessive risk taking in the Group's investment activity. The value of the awards under the deferred carried interest programs is determined by reference to the value of the relevant investment when it is exited, subject to the netting mechanism within the fund or between investments, as referred to above.

The client hurdle requirement and the netting procedure mitigate the risks to both the Group's fee income business and its co-investment business by ensuring that the interests of the program participants are fully aligned with the interests of clients and the Group and its shareholders.

Investment professionals and relationship managers also participate in a deferred co-investment program pursuant to which they acquire an interest in the Group's balance sheet co-investments at the Group's carrying value, subject to vesting over a three year period. Therefore, the value of the participants' interests in these investments declines to the same extent as any decline in value experienced by the Group.

Furthermore, to the extent that the value of one or more co-investments made by the Group declines, this decline is immediately recognized in the Group's profit and loss statement in accordance with International Financial Reporting Standards, which will negatively affect the size of the available bonus pool in respect of the financial year in which the decline in value occurs.

All of the foregoing features of the deferred remuneration programs are self-executing malus and ex-post risk adjustment mechanisms that are designed to reduce the risk to the Group's franchise and ensure that remuneration is based upon long-term risk-adjusted performance measures.

## REMUNERATION GOVERNANCE

As disclosed elsewhere in the Group's 2019 Annual Report, the Executive Committee for Administrative Policy ('ECAP') acts as the Remuneration Committee of Investcorp Bank's Board of Directors. ECAP is comprised of four independent Directors.

Under its Terms of Reference, ECAP is mandated, among other matters, to:

- Consider and make recommendations to the Board of Directors regarding remuneration policies, subject to the approval of Investcorp Bank's shareholders;
- Consider and approve remuneration amounts for each Approved Person and Material Risk Taker (defined below) as well as the total variable remuneration to be distributed, taking into account all forms of remuneration, ensuring that such remuneration is consistent with Investcorp's corporate values and reflects an evaluation of performance in implementing agreed corporate goals, objectives, strategy and business plans; and
- Approve, monitor and review the remuneration system to ensure the system operates as intended.

ECAP periodically reviews the Investcorp Group Remuneration Policies (the “Remuneration Policies”), the Investcorp Group Remuneration Procedures Manual (the “Remuneration Policies Manual”) and the operations of the remuneration system to ensure that the system operates as intended and in compliance with the Remuneration Policies, the Remuneration Procedures Manual and the CBB remuneration rules reflected in the Remuneration Policies and the Remuneration Procedures Manual.

ECAP met three times during Fiscal Year 2019: on July 25, 2018, September 25, 2018, and April 23, 2019. At the July meeting, ECAP received a briefing on the operations of the Group’s remuneration system and ECAP determined that the remuneration system is operating as intended and in compliance with the Remuneration Policies, the Remuneration Procedures Manual and the CBB’s remuneration rules reflected in the Remuneration Policies and the Remuneration Procedures Manual. ECAP received another such briefing and made the same determination at a meeting held on July 24, 2019.

The Directors’ remuneration proposed for approval by the shareholders at the September 2019 OGM includes US\$110,000 in remuneration to the members of ECAP for their service on ECAP in Fiscal Year 2019.

## THE MIX OF FIXED AND VARIABLE REMUNERATION

Except in the case of support employees, especially those who perform a Control Function (defined below), a substantial amount of remuneration awarded to any professional employee in the Investcorp Group at the level of Vice President, Principal or Managing Director must be variable rather than fixed, regardless of the activities conducted by his/her LOB. This is intended to ensure that remuneration is closely linked to the performance of (i) the Group, (ii) the employee’s LOB and (iii) the individual employee.

A person who performs any of the following functions performs a Control Function: (i) Risk Management, (ii) Internal Audit, (iii) Operations, (iv) Financial Controls and (v) Anti-Money Laundering and Compliance.

The mix of fixed versus variable remuneration awarded to most employees performing a Control Function is weighted in favour of fixed remuneration and changes in their compensation are less volatile than would be the case for employees working in a business line.

The performance measures for Control Function employees are based upon the achievement of operational objectives and targets relating to their functional area, rather than financial objectives. Their variable remuneration is not tied to the financial performance of the lines of business that they oversee such as Placement and Relationship Management and Private Equity.

The following rules are applied in respect of the percentage of remuneration for an employee who is an Approved Person and/or a Material Risk Taker (both terms as defined below):

- More than 40% of the total remuneration awarded to any Approved Person (other than an Approved Person who performs a Control Function) or Material Risk Taker in respect of any financial year is variable and paid on the basis of individual, LOB and Group-wide risk-adjusted performance measures. The exact percentage of remuneration that is variable for an individual employee in this category is dependent on his/her functional responsibility and seniority and typically increases substantially with seniority and responsibility.
- At least 60% of the variable remuneration awarded to the Co-Chief Executive Officers, any deputy to the Co-Chief Executive Officers and the five most highly compensated business line employees is deferred for a period of at least three years. At least 40% of the variable remuneration awarded to other Approved Persons or Material Risk Takers, including Approved Persons performing Control Functions, is deferred for a period of at least three years.
- At least 50% of the variable remuneration (including both deferred remuneration and non-deferred remuneration) is awarded under the Investcorp Ownership Program (‘IOP’), which is a share-linked program, and/or the Investcorp Select Asset Program (‘SAP’), which is a co-investment program and, as discussed above, indirectly a share-linked remuneration program, and/or other deferred non-cash remuneration programs, including the Investcorp Group’s carried interest programs. IOP, SAP and such other deferred non-cash remuneration programs are collectively referred to as the ‘Mandatory Deferred Remuneration Programs’.

The term Approved Person is defined by the CBB rules as a person who has been approved by the CBB to perform his or her function, including a Director of Investcorp Bank.

The term Material Risk Taker is defined by the CBB rules as the head of a significant LOB within Investcorp Bank and any individuals within his/her control who has a material impact on Investcorp Bank's risk profile.

### **TERMS OF THE MANDATORY DEFERRED REMUNERATION PROGRAMS**

Awards under all of the Mandatory Deferred Remuneration Programs vest over a minimum period of three years and unvested awards are forfeited in the event that employment with the Group terminates unless termination is due to death, permanent disability, reduction in force or retirement.

A payment that is otherwise due to an Approved Person or a Material Risk Taker under a Mandatory Deferred Remuneration Program may be reduced or deferred in the event of subdued or negative performance by the Group or that individual's LOB.

A payment that is otherwise due to an Approved Person or a Material Risk Taker under a Mandatory Deferred Remuneration Program must be reduced and previously paid amounts may be clawed back if his/her employment is terminated due to Serious Cause.

These malus and clawback measures are intended to ensure that remuneration for Approved Persons and Material Risk Takers is based upon long-term risk-adjusted performance measures.

'Serious Cause' exists where, at the time of termination of employment, it is determined that the Approved Person or Material Risk Taker:

- Has been guilty of gross misconduct or has committed any serious or repeated or continued material breach of his obligations (including his fiduciary or statutory duties or any act of dishonesty) to the Group;
- Has done anything (in the course of his duties or otherwise) which does actually or might reasonably be expected to bring himself or herself, any member of the Group or any of its or their officers or employees into disrepute or is otherwise materially adverse to the interests of the Group;
- Has been convicted of or has pleaded guilty to any criminal offence (other than a motoring offence for which a custodial sentence may not be imposed);
- Has been disqualified from holding any office or directorship or has resigned from any office or directorship without the prior written approval of Investcorp; or
- Has been negligently guilty of a breach of any legal or regulatory requirements or any code of practice or compliance manual issued by the Group relating to transactions in securities and inside information, in force from time to time, or has committed a serious breach of any code of practice or rule issued by the Group or any of its investee companies.

### **DETERMINATION AND ALLOCATION OF THE VARIABLE REMUNERATION POOL**

The starting point for determination of the variable remuneration pool for any fiscal year is the application of a Compensation Ratio to the Group's Net Revenues (gross revenue minus interest expense and preference share dividends) to derive a preliminary variable remuneration pool based upon financial industry benchmarks for prevalent Compensation Ratio ranges.

The Compensation Ratio measures the total remuneration paid by an institution as a percentage of that institution's Net Revenues.

In the international financial services industry, the Compensation Ratio is widely utilized to size and assess the appropriateness of the aggregate amount of compensation paid by a financial institution. Investcorp references the Compensation Ratios of both investment banking firms and asset management firms when determining the applicable range of Compensation Ratios for its business.

The utilization of an industry benchmarked Compensation Ratio to derive a preliminary variable remuneration pool is self-adjusting in the event of subdued financial results because Net Revenues will be lower if the Group's financial results decline, whilst still maintaining industry-wide comparability.

Following the application of the Compensation Ratio to the Investcorp Group's Net Revenues for a financial year, the resulting preliminary variable remuneration pool is subject to adjustment based upon consideration of a number of factors, including (i) the Group's progress in the relevant financial year relative to its long-term strategic goals and (ii) the Group's financial performance in that financial year relative to its budget on a risk-adjusted basis.

Once the size of the variable remuneration pool has been determined, it is allocated among the Group's LOBs based upon an evaluation of each LOB's performance during the financial year utilizing a proprietary management information system. This management information system reports the risk-adjusted performance of each LOB for the purpose of measuring results against budgets and long-term strategic goals.

Following the determination of the variable remuneration pool and the allocation of the pool among the various LOBs, recommendations for the award of variable remuneration to employees within each LOB are based upon the results of an annual performance appraisal pursuant to which each employee is evaluated against his/her predetermined objectives for the year as well as against a series of ten core competencies, which are assessed on a performance basis.

Awards of variable remuneration to individual employees within an LOB are reviewed in the context of an employee's total remuneration for the financial year. Each employee's total remuneration is benchmarked against current industry ranges for similar jobs in similar companies and in similar geographic locations (the 'Benchmark Range'). The Group utilizes benchmarking data that is obtained from an international compensation consulting firm.

Subject to (i) the risk-adjusted financial performance of the Group, (ii) the risk-adjusted performance of an individual's LOB and (iii) the results of the appraisal of the individual employee, the Group's goal is for an award of variable remuneration to result in an employee's total remuneration for a year to be within the 50th – 75th percentile of the Benchmark Range.

However, there could be no award of variable remuneration (other than the contractual 13th month payment in the case of a Bahrain employee) if warranted by the Group's performance, the performance of the employee's LOB or the performance of an individual employee.

As stated above, the total amount of remuneration payable to each Approved Person and Material Risk Taker is subject to the review and approval of ECAP. This remuneration is also subject to the final approval of the Board of Directors.

## REMUNERATION OF DIRECTORS

Remuneration of non-executive directors does not include performance-related elements such as grants of shares, share options or other deferred share-related incentive schemes, bonuses or pension benefits.

The remuneration of Investcorp Bank's Board of Directors in respect of any financial year will not exceed the maximum amount set forth in Article 188 of the Bahrain Commercial Companies Law ('Article 188'), which is 10% of Investcorp Bank's consolidated net profits after deduction of the legal reserves and after distribution of profits of no less than 5% of Investcorp Bank's paid-up capital. Remuneration may not be paid to Investcorp Bank's Board of Directors in any year in which it does not have net profits unless it complies with the requirement in Article 188 to obtain the approval of the Minister of Commerce, Industry and Tourism.

The remuneration awarded to an executive director will take into account any remuneration received by him or her in his or her capacity as a director.

The remuneration proposed to be paid to Directors in respect of any financial year is subject to approval of the shareholders at the Ordinary General Meeting of Shareholders that is held following the end of such financial year.

**INFORMATION RELATING TO FISCAL YEAR 2019 AND FISCAL YEAR 2018 REMUNERATION**

Please see the tables below for information regarding remuneration awarded to Approved Persons and Material Risk Takers in respect of Fiscal Year 2019 and Fiscal Year 2018.

**Remuneration of the Board of Directors**

US\$ 000's	FY2019 <sup>1</sup>	FY2018
Sitting fees	1,470	1,520
Travel and other related expenses	243	386

**Remuneration of Approved Persons and Material Risk Takers**

		FY2019							
		Fixed Remuneration			Variable Remuneration				Total
		Cash	Others**	Upfront		Deferred			
US\$ 000's	No. of Staff			Cash	Others**	Cash	Share-linked	Cash	Share-linked*
Approved Persons – Business Lines	7	7,207	113	6,691	–	–	10,036	24,047	
Approved Persons – Control & Support	9	4,056	160	1,504	274	–	3,074	9,068	
Other Material Risk Takers	8	4,789	202	1,729	34	–	2,474	9,228	
<b>TOTAL</b>	<b>24</b>	<b>16,052</b>	<b>475</b>	<b>9,924</b>	<b>308</b>	<b>–</b>	<b>15,584</b>	<b>42,343</b>	

		FY2018							
		Fixed Remuneration			Variable Remuneration				Total
		Cash	Others**	Upfront		Deferred			
US\$ 000's	No. of Staff			Cash	Others**	Cash	Share-linked	Cash	Share-linked*
Approved Persons – Business Lines	7	7,481	161	6,383	–	–	9,574	23,599	
Approved Persons – Control & Support	7	3,418	162	1,162	251	–	1,222	6,215	
Other Material Risk Takers	8	4,982	195	1,605	28	–	2,310	9,120	
<b>TOTAL</b>	<b>22</b>	<b>15,881</b>	<b>518</b>	<b>9,150</b>	<b>279</b>	<b>–</b>	<b>13,106</b>	<b>38,934</b>	

\* Grant value shown but accounting treatment differs due to vesting

\*\* Represents benefits;

A share sign-on bonus for the total amount of \$1,455,389 was awarded to one employee in Fiscal Year 2019 (Fiscal Year 2018: nil).

No severance payments were made in Fiscal Year 2018 or 2019.

1 In addition to the disclosures in the above table, a fee of \$1,876,258 was incurred in relation to consulting and other services rendered by Mr. Nemir Kirdar (former Chairman of the Board of Directors) and a previous member of the management in FY2019 and \$45,827 of medical expenses were incurred by Mr. Nemir Kirdar and paid as a post-retirement benefit.

## Deferred Awards

USD 000's	FY2019		
	Cash	Share-linked	Total
Opening Balance	–	47,383	47,383
Awarded during	–	14,128	14,128
Paid-out/released	–	(10,330)	(10,330)
Adjustment: including relating to Leavers in FY2019	–	(11,943)	(11,943)
Adjustment: relating to Additions in FY2019	–	6,757	6,757
<b>Closing Balance</b>	–	<b>45,995</b>	<b>45,995</b>

USD 000's	FY2018		
	Cash	Share-linked	Total
Opening Balance	–	42,583	42,583
Awarded during	–	13,107	13,107
Paid-out/released	–	(5,269)	(5,269)
Adjustment: including relating to Leavers in FY2018	–	(3,038)	(3,038)
Adjustment: relating to Additions in FY2018	–	–	–
<b>Closing Balance</b>	–	<b>47,383</b>	<b>47,383</b>

## INVESTCORP GROUP CODE OF CONDUCT

Seventh Edition  
April 2019

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## VALUES

Investcorp's core values are as follows:

### We have **INTEGRITY**

- Fulfilling our ethical obligations
- Acting with openness, transparency, and honesty
- Standing up for what we believe
- Honouring our commitments
- Putting our clients' interests first

### We are **uncompromising on PERFORMANCE**

- Committed to excellence
- Delivering best in class performance to clients
- Taking pride in our actions and achievements
- Tenaciously pursuing the highest standards
- Holding ourselves accountable for our performance

### We embrace **COLLABORATION**

- Building a positive and inclusive team spirit
- Relating and working together as true partners
- Respecting the opinions and perspectives of others
- Enjoying what we do and achieve as a team
- Valuing team over individual success

### We are **ENTREPRENEURIAL**

- Challenging conventional thinking
- Striving to find new ways of doing things
- Stimulating a dynamic entrepreneurial spirit
- Embracing technology
- Confidently championing innovation

### We are **GLOBAL IN OUTLOOK**

- Global in our reach and coverage
- Global in our organization and operating structure
- Global in our thinking
- Responsible as global citizens
- Overcoming traditional boundaries

## INTRODUCTION

This Code of Conduct summarizes legal and ethical policies that are set forth in the Employee Handbooks, the Investcorp Group Compliance Manual (the “Group Compliance Manual”) and other Investcorp policies. Directors and employees are expected to comply with both the spirit and the letter of this Code of Conduct. This Code of Conduct does not address every potential legal or ethical dilemma that may arise. Rather, it summarizes, in plain English, the important concepts that should be followed.

## PLACES TO GO FOR ASSISTANCE

You should always seek assistance in situations where you have any questions about a matter that may have legal or ethical consequences. As a general matter, if an employee has a question regarding any matter in this Code of Conduct, the first person he or she should contact is his or her local Administration Manager. If the employee feels that the local Administration Manager has not addressed his or her concerns appropriately, or if the circumstances make it inappropriate to discuss the matter with that person, the employee should contact Investcorp Bank’s Chief Administrative Officer. Directors should contact Investcorp Bank’s General Counsel.

## ENFORCEMENT OF THE CODE

Our goal of maintaining the highest possible standards of conduct cannot be overemphasized. Every employee must be honest and candid in all activities, display integrity in the use of organizational resources, separate corporate and personal business and deal fairly with others. Failure of any Investcorp employee to comply with this Code of Conduct may result in disciplinary action which, depending on the circumstances of the matter, may include reprimand, probation, suspension, demotion, salary reduction, bonus elimination or reduction, dismissal, or other appropriate actions.

Every Director and every employee has an obligation to report any behaviour which they know or suspect may be in violation of this Code of Conduct.

Such behaviour may include:

- criminal activity,
- breach of Investcorp’s internal policies and procedures,
- failure to comply with any applicable law or regulation or other legal obligation, including but not limited to health and safety laws and regulations,
- financial fraud or other actions that raise questions regarding the integrity of Investcorp’s financial statements or its accounting, auditing, internal control and reporting practices,
- bribery, fraud or corruption,
- danger to health and safety,
- damage to the environment,
- miscarriages of justice, or
- the deliberate concealment of any of the above matters;

If any employee has a concern that any of the foregoing has occurred, is occurring or may occur he or she should report such concern (i) utilizing the Whistleblowing Hotline Service (see the Investcorp Intranet for contact details) or (ii) to the Head of Internal Audit of Investcorp Bank (the “Head of Internal Audit”) in accordance with the Investcorp Group Whistleblowing Procedures (the “Whistleblowing Procedures”) which are maintained on the Investcorp Intranet.

If any Director has such a concern, he should report such concern to the General Counsel.

## PROTECTING CONFIDENTIAL INFORMATION

### Global Data Protection

The collection and processing of personal data about individuals is subject to the data protection principles that are incorporated into Investcorp Global Data Protection Policy.

These principles take into account the requirements under Bahrain Law, as well as the laws of other jurisdictions in which Investcorp operates.

### Confidentiality of Information

All information about clients, prospective or current investments, internal affairs, policies, financial matters, personnel and strategies of Investcorp is highly confidential. No information regarding Investcorp's clients can be released to a third party without the client's prior written permission, unless such information is requested by an authorized official of a governmental or regulatory body. Please note that certain disclosures are authorized by our clients in the Investcorp Bank Account Opening Form and in standard Share Purchase Agreement for client investments.

Any request from a third party to release confidential information relating to a client to which the client has not given written consent must be referred to the General Counsel.

In addition, as a result of the changing regulatory environment, an increasing number of employees are required to disclose information regarding personal securities holdings and personal securities transactions to the Legal and Compliance Department. Subject to regulatory requirements, this information must be maintained in confidence by any employee who has access to it, including members of the Technology Department who have access to the electronic databases on which this information is maintained.

### Public Disclosure of Confidential Information

Investcorp's shares are listed on the Bahrain Bourse. Under regulations in Bahrain, Investcorp is required to publicly disclose any information that will affect the price of its listed shares except under certain limited circumstances permitting such disclosure to be deferred. Should any employee become aware of any event that may require public disclosure, the details should be reported to the General Counsel. Should any Director have a concern regarding the occurrence of an event that may require public disclosure, he or she should contact the General Counsel.

### Use of Confidential Information

No Director or employee may use confidential information with respect to Investcorp for his or her personal financial gain or for the gain of any other person, interest or entity other than Investcorp. All employees must sign a confidentiality agreement upon joining Investcorp.

### Attorney – Client Privilege

The laws of certain of the jurisdictions in which Investcorp operates recognize the concept of attorney-client privilege. This privilege protects the confidentiality of all forms of communication between Investcorp's employees and its legal advisers, including Investcorp's in-house counsel. To maintain attorney-client privilege, any communication to or from Investcorp's legal advisers, particularly for the purpose of seeking or giving legal advice, must not be disclosed to any person outside of Investcorp or to any unauthorised person within Investcorp.

## CONFLICTS OF INTEREST

Both Directors and employees owe a duty of loyalty to Investcorp and its shareholders and are potentially personally accountable for a violation of that duty of loyalty.

In all business relationships with outside persons or organizations and in all personal business undertakings, employees are required to avoid transactions or situations in which their personal interests actually conflict with, or have the appearance of conflicting with, those of Investcorp, its shareholders and its clients. Employees are prohibited from undertaking the following activities:

- Participating in investment opportunities made available to them by virtue of their employment with Investcorp other than through the approved employee co-investment programs. Employees should refer to the Conflict of Interest section of this Code of Conduct for further guidance;
- Using information or property obtained through their employment with Investcorp in their personal business dealings;
- Borrowing money, or receiving a guarantee of an obligation, from Investcorp's clients and business contacts, except in the normal course of business from a bank or financial institution;

- Acquiring an interest in any transaction involving Investcorp other than through the approved employee co-investment programs;
- Competing with Investcorp in any aspect of its business;
- Acquiring a direct or indirect financial interest in the business of any supplier, competitor or client (this does not prohibit employees from owning a less than 1% equity interest in an entity whose securities are widely held and actively traded);
- Accepting any salary, fee, commission or other thing of value from any party in connection with the employee's employment with Investcorp in violation of the Investcorp Group Anti-Bribery and Anti-Corruption Policy; and
- (i) The Executive Chairman serving as a shareholder or director to an outside organization, without first obtaining the prior written approval of the Corporate Governance Committee of the Board of Directors, (ii) the Co-CEOs, General Counsel, Chief Financial Officer or the Chief Administrative Officer serving as a shareholder or director to an outside organization, without first obtaining the prior written approval of the Executive Chairman or (iii) other employees serving as a shareholder or director to an outside organization, without first obtaining the prior written approval of the Executive Chairman or the Chief Administrative Officer.

If such written approval is granted, any expenses incurred arising from such role must be paid by the outside organisation if it is a commercial enterprise. If the role is with a "not for profit" (or equivalent type) of organisation, subject to prior written agreement from the Corporate Governance Committee of the Board of Directors, Executive Chairman or the Chief Administrative Officer (as the case may be), reasonable expenses incurred by the individual in fulfilling their role as a shareholder or director will be borne by Investcorp. Investcorp nevertheless reserves the right to require an employee to relinquish such shareholding or resign from such directorship at any time if such shareholding or directorship is believed to be contrary to Investcorp's interests. This requirement does not apply to serving as a director of a portfolio company, the procedures for which are separately addressed in the PE North America and Europe and PE – MENA Policies and Guidelines.

- Directors, designated members of senior management and any less senior executives who are Central Bank of Bahrain approved persons are, in addition, subject to separate Conflict of Interest Rules and Procedures and Responsibilities to Portfolio Companies

Employees may be required to serve a number of roles in relation to the investment opportunities arranged by Investcorp. These roles may impose statutory and fiduciary obligations on employees to serve the interests of clients, third party co-investors and lenders to such investment opportunities. Should a conflict arise between the interests of these parties, employees should attempt to conduct themselves in the manner that most fairly reconciles those interests. Employees should refer the details of any such conflicts of interest to their Supervisor and the General Counsel.

## EXTERNAL RELATIONS

Investcorp's policy is to be absolutely fair and co-operative in its dealings with third parties. Investcorp employees must treat with equal respect and unbiased objectivity their clients, potential clients and the various communities in which they work and serve. Employees should be courteous to individuals contacted outside the organization at all times. Employees should not denigrate any third parties, including competitors, in their business dealings.

### Media, Speeches, Publishing, Surveys

Directors and employees may not communicate with the media regarding Investcorp in their capacity as a Director or an employee without the express authority of the General Counsel or the Head of Corporate Communications.

All Investcorp-related speeches, publishing activity or survey responses should be pre-approved by the General Counsel or the Head of Corporate Communications. Active participation by Directors or employees in public events that impact Investcorp must also be notified in advance to the General Counsel or Head of Corporate Communications.

All communications made by Investcorp to the various communities in which it serves should be comprehensive, transparent, fair, accurate, timely, understandable and reflect the character of Investcorp and the nature, complexity and risks inherent in Investcorp's business activities.

Should any Director or employee become aware of any materially incorrect or misleading statement in any public disclosure made by Investcorp, they should report the details immediately to the General Counsel.

Please also see the Investcorp Social Media Policy Guidelines.

### Financial Reporting

Investcorp complies with all applicable financial reporting standards. The financial statements of Investcorp are prepared in accordance with International Financial Reporting Standards.

### Government Investigations

Investcorp's business activities subject it to legal and regulatory oversight in a number of different jurisdictions. Investcorp's policy is to deal with its regulators in an open and co-operative manner. Investcorp will comply fully with any government/regulatory investigation, while at the same time protecting the legal rights of Investcorp and its employees. Accordingly, if a Director or an employee is contacted by a government investigator who asks for an interview, information or access to Investcorp files, or informs the Director or employee that either he or she or someone else within Investcorp is under investigation, he or she should contact the General Counsel immediately.

### Client Relations

Investcorp recognizes the fundamental importance of serving the needs of its clients. All communications with clients should be made in a manner that is clear, fair and not misleading. All employees should ensure that advice provided to clients, and any discretionary decisions made on behalf of clients, is suitable, taking into account the specific circumstances and requirements of the client.

### Disputes and Complaints

Investcorp's policy is to be absolutely fair in all of its business dealings. Directors and employees should refer any disputes with third parties or complaints received from third parties relating to Investcorp in accordance with the procedures specified in the Group Compliance Manual.

### Charitable Contributions

Investcorp's philanthropic activities are selectively directed towards organizations that have objectives consistent with Investcorp's values. Investcorp does not support organizations that have political or religious affiliations or that practice discrimination of any form. Further details are set forth in Investcorp's Charitable Contributions Policy Guidelines and Procedures which are maintained on the Investcorp Intranet.

Charitable fund raising by employees is commended and encouraged. However, to ensure that the interests of Investcorp and its employees are adequately protected, employees should obtain the prior approval of the General Counsel before inviting other employees to contribute to such fundraising.

## COMPLIANCE WITH LAWS AND REGULATIONS

It is Investcorp's policy to comply fully with all legal and regulatory obligations placed upon it by virtue of its business activities.

It is impossible to summarize, in a code of conduct such as this, all of the laws and regulations that employees may need to consider as a result of their business dealings. It is the responsibility of every employee to ensure that they are aware of the laws and regulations relevant to their responsibilities and to comply with all such laws and regulations. Employees who are unsure about the legal or regulatory implications of a particular project should consult with the General Counsel.

The following paragraphs provide guidance in the major areas relevant to Investcorp's business activities:

#### Restriction on Investment/Insider Trading

As a condition of initial and continued employment with Investcorp, all employees are required to sign and abide by the provisions of an "Agreement to Restrict Investments in Certain Securities when in possession of Material Non-Public Information." This Agreement is strictly policed and enforced.

Both Directors and employees are subject to the restrictions and procedures set forth in Investcorp's Key Persons Dealing and Insider Trading Policies and Procedures Manual. To further ensure enforcement of these restrictions, no former employee may trade in the securities of any member of the Investcorp Group for a period of 90 days after he or she ceases to be employed by Investcorp.

#### Fraud and Theft

Investcorp will investigate promptly and discreetly suspected cases of fraud and theft. If an employee detects or suspects any fraudulent activity, the employee should (i) utilize the Whistleblowing Hotline or (ii) inform the Head of Internal Audit in accordance with the Whistleblowing Procedures.

#### Anti-Bribery and Anti-Corruption

Investcorp takes a zero-tolerance approach to bribery and corruption.

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage. Investcorp does not permit any employee to receive, offer or pay bribes of any kind and it will not do business with any person who offers or requests a bribe.

Please see the Investcorp Group Anti-Bribery and Anti-Corruption Policy on the Investcorp Intranet.

#### Money Laundering

Investcorp is proud of its clients, and Investcorp intends to conduct only legitimate business with reputable individuals and business entities. Investcorp will not establish a relationship with, or conduct a transaction for, a customer (i) whose funds appear to be the proceeds of or involved in an illegal activity, (ii) whose identity or legitimacy cannot be satisfactorily established, (iii) who fails to provide information which is necessary to comply with the Group Anti-Money Laundering and Combating Financing of Terrorism Manual (the "AML-CFT Manual"), (iv) for whom there are inconsistencies or inaccuracies in the information provided which cannot be resolved after further investigation or (v) who insists on opening or maintaining a secret, numbered account or an account in a false name.

Employees should refer to the AML-CFT Manual for further guidance. The Manual is maintained on the Investcorp Intranet.

If an employee has any reason to question the propriety of any client relationship or transaction, the relevant office Money Laundering Reporting Officer (or in his/her absence, the Deputy Money Laundering Reporting Officer) should be notified immediately.

#### Market Conduct

Investcorp observes proper standards of market conduct at all times. Investcorp strictly complies with antitrust laws in every jurisdiction where it does business. In general terms, this means that Investcorp refrains from any activity that restrains free and fair competition.

Antitrust laws are highly complex, and you should contact the General Counsel if you have any concerns about compliance with antitrust legislation.

#### Hedging Remuneration Risk

Investcorp's remuneration policies provide that remuneration awarded across Investcorp must be adjusted for all types of risk and remuneration outcomes must be symmetric with risk outcomes. For that reason, employees must commit themselves to not utilize hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements and each employee must both commit himself/herself to comply, and certify compliance, with this requirement on an annual basis.

## EMPLOYEE RELATIONS

Investcorp's policy is to operate in a spirit of teamwork, professionalism and an absolute commitment to the highest ethical standards.

### Management and Control

Investcorp's organizational reporting structures are designed to facilitate decision making and the achievement of corporate objectives while operating within appropriate systems and controls. Management shall ensure that tasks are delegated only to employees with the appropriate skills and experience operating under proper supervision.

Employees may delegate authority for performing tasks. However, they cannot delegate responsibility for proper completion of the duties assigned to them. In allocating responsibilities, management should have due regard for succession planning and avoid undue concentration of responsibilities on any one individual.

Any employee found to be negligently discharging his or her duties or exceeding the level of authority assigned to him or her shall be subject to disciplinary measures.

### Training

Investcorp's policy is to provide employees with training and personal development opportunities to allow them to satisfactorily perform their duties and maximize their full potential. Personal development plans should be discussed with each employee as an integral part of the annual appraisal process. Employees should refer training requests to their Rating Officials.

### Health and Safety

Investcorp is committed to providing safe working conditions for its employees. No employee should put the health and safety of any individual in danger. Further guidance on the health and safety procedures applicable to each office can be found in the Employee Handbooks. If any employee has any concerns regarding health and safety, they should consult the local Administration Manager.

### Harassment

Investcorp will not tolerate harassment of any employee by another employee of any nature, including but not limited to, harassment that is sexual, racial, ethnic or religious in nature, nor will Investcorp tolerate retaliation against an individual for reporting alleged harassment.

Sexual harassment involves (i) making unwelcome sexual advances or requests for sexual favours, or other verbal or physical conduct of a sexual nature, a condition of employment, (ii) making submission to or rejection of such conduct the basis for employment decisions or (iii) creating an intimidating, offensive or hostile working environment by such conduct. Sexual harassment includes both verbal and non-verbal conduct.

Other forms of harassment include the use of inappropriate language to refer to persons of a particular race, ethnic or religious group and other conduct which is not conducive to a non-discriminatory work environment.

Any employee who has been subjected to harassment by another employee should immediately inform the harasser, regardless of his or her position in Investcorp, that the employee finds the behaviour offensive and ask the person to stop. Investcorp recognizes, however, that complaining to the alleged harasser is not always possible or effective, and this is not required as a condition of making a complaint.

In order to make a complaint, the employee should (i) utilize the Whistleblowing Hotline Service or (ii) follow the procedure for harassment complaints in their Office's Employee Handbook.

All complaints will be taken seriously, and an investigation will be undertaken, which may include appropriate interviews and review of relevant materials. Retaliation or discrimination against any complainant is prohibited.

### Anti-Nepotism Policy

It is against the policy of Investcorp for any person to be hired by Investcorp solely on the basis that such person is related to any of Investcorp Bank's Central Bank of Bahrain Approved Persons and any such person who is hired must be qualified for the relevant position.

### Non-Fraternization Policy

From time to time, dating relationships may develop between employees. Investcorp discourages, but does not prohibit, consensual romantic/sexual relationships. Such relationships can present a number of difficulties, both for the employees involved and for the workplace as a whole, which should be carefully considered. For example, it is not always possible to tell when such a relationship is truly welcome. It may also prove uncomfortable if a relationship ends and both parties still work at Investcorp.

As a general rule, anyone involved in a romantic/sexual relationship should not normally supervise or evaluate the performance of the other person in the relationship. The existence of the relationship could potentially result in, or be perceived as resulting in, a more favorable or more negative evaluation than might otherwise have been given or resulting in more favorable or less favorable treatment with respect to other terms and conditions of employment. If a situation arises where a consensual relationship becomes a problem, the affected employee should bring the problem to the attention of Investcorp by contacting the Chief Administrative Officer. Investcorp reserves the right to transfer one of the employees to another department at any time or to take any other appropriate action in the best interests of Investcorp.

Investcorp recognizes that employees frequently eat lunch together, go out after work together or socialize after hours with friends from the office. Investcorp does not wish to interfere with this type of activity. Rather, the focus of this policy is co-employees who are in a romantic or sexual relationship.

### Marriage and Common Law Marriages

Should an employee become engaged, marry or be known to be the common law spouse of another member of the same department or in another position that might cause a potential conflict of interest, Investcorp reserves the right to transfer either employee to another department at any time or to take any other appropriate action in the best interests of Investcorp.

## INTERNAL ADMINISTRATION

### Accuracy of Books and Records

Accuracy and truthfulness in our books and records are critical. Our shareholders and clients expect and deserve nothing less. Investcorp will not accept any inaccurate, false, misleading, incomplete or careless record keeping. Accounting records should record all properly authorized transactions. Any employee who has a concern regarding the accuracy of our books and records should report these concerns in accordance with the Whistleblowing Procedures. Any Director who has such a concern should report that concern to the General Counsel.

Employees wishing to form legal entities to facilitate Investcorp business transactions must first inform the relevant Business Support unit to ensure the necessary books and records are established.

The making of a false statement in Investcorp records by an employee could lead to criminal prosecution of both Investcorp and the employee involved.

### Financial Prudence

All employees shall have due regard to financial prudence in designing and executing Investcorp's business strategies and tactics. Adequate financial resources shall be maintained at all times.

### Authorized Signatories

Only those employees who have been appointed as Authorized Signatories are permitted to sign confirmations, payments or any other documents requiring Authorized Signatures. A list of Authorized Signatories is available from your local Administration Manager.

### Records Retention Policy

The Records Retention Policy is designed to ensure that records management practices throughout Investcorp adhere to business and legal requirements and are conducted in a consistent manner. The Records Retention Policy applies to all Investcorp records, whether they are in paper or electronic form and whether they are located at Investcorp offices or off-site storage facilities.

All employees should familiarize themselves with the Records Retention Policy and ensure that all documents in their care are retained or purged in accordance with the Records Retention Policy which is maintained on the Investcorp Intranet.

### Use of Corporate Resources

Employees are permitted limited personal use of corporate resources in accordance with guidelines set forth in the Expense Management Guidelines and the Employee Handbooks. Employees are expected to devote their workdays to serving the needs of Investcorp rather than on personal matters.

### Technology

Most of the computer programs that Investcorp uses to conduct its business are protected by copyright. Investcorp respects these copyrights. Accordingly, apart from authorized back-ups that are allowed by a license agreement, employees must not make copies of third party computer programs nor remove any copyrighted computer software from the premises, except as required to work remotely. Employees whose jobs involve writing computer programs must confirm that a valid license has been obtained before using or referring to lines of code written by third parties.

Investcorp provides its employees with electronic mail (“e-mail”) service to be used for business purposes. Investcorp has issued policies on the use of e-mail, and each employee is responsible for knowing and complying with these policies. Employees should not have an expectation of privacy when using Investcorp e-mail facilities. Unlike oral conversations, e-mail can be permanently recorded. If an employee sends an e-mail message, the employee should understand that the recipient may print it or forward it to others. Also, Investcorp computers maintain back-up tapes of e-mail messages. In addition, Investcorp maintains all e-mail sent or received by employees of the Alternative Investment Solutions, Corporate Investment – North America and Europe, Credit Management and Real Estate lines of business for several years to comply with certain US regulations applicable to these lines of business.

Accordingly, employees must exercise caution and discretion when sending e-mail. E-mail is like a business letter and should not include any objectionable statements or derogatory remarks. Sending e-mail that is in any way obscene or harassing is strictly prohibited. In addition, because Investcorp has provided its employees with an e-mail system for business use only, Investcorp reserves the right to continuously monitor and audit the e-mail communications of its employees.

Investcorp provides some of its employees with Internet access to assist them in conducting Investcorp’s business. Although access to the Internet is provided primarily for business purposes, occasional personal usage is acceptable. Investcorp reserves the right to continuously monitor all access to the Internet as it deems appropriate and necessary. Employees found to be abusing Investcorp’s Internet facilities will be subject to disciplinary action, which may lead to termination of employment.

Each technology user is responsible for all activity on the user’s account. Passwords must be changed periodically and should not be divulged to any other person. Users should be aware that any operations on any of Investcorp’s systems may be monitored without their knowledge.

Investcorp’s Information Technology Security Policy, which is maintained on the Investcorp Intranet, contains further details on the use of computer programs, e-mail and the Internet. Further guidance may be obtained from the Head of Technology.

### Internal Audits

The Internal Audit Department periodically audits all corporate activities, including compliance with this Code of Conduct. All employees are required to co-operate fully with any such audits and provide complete, truthful and accurate information.

### Employee Obligations Upon Termination of Employment

Upon termination of employment, an employee shall return to Investcorp all property in the employee’s possession and control that relates in any way to the business affairs of Investcorp (including, but not limited to, papers, statistics, accounts, records, models, equipment access cards, corporate credit cards, etc.), and no copies may be retained by the employee.



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