

## INVESTCORP HOLDINGS B.S.C's GROUP POLICY ON SOCIALLY RESPONSIBLE INVESTMENT

### OVERVIEW

At Investcorp, we recognise the importance of socially responsible investment (“SRI”) in protecting and creating value for our investors across our wide range of asset classes, which include private equity, real estate, credit and absolute return investment products.

Investcorp’s aim is to deliver superior risk-adjusted returns for our investors. We recognise that environmental, social and governance (“ESG”) issues that are the focus of SRI can directly impact investment performance both positively and negatively. Investcorp regularly assesses such ESG factors as part of our investment process in a manner consistent with our fiduciary obligations to act in the best financial interests of our investors.

Through our investments, we generally aim to generate value for our investors through profitable revenue growth and by seeking to identify investment opportunities focused on doing well for all stakeholders. We believe that investments which share these principles and are aligned with our philosophy should provide superior long-term performance.

Investcorp will, where practicable, use its influence over its investments to promote a commitment to:

- Comply, as a minimum, with applicable local and international laws and regulations (“Applicable Laws”) and, where appropriate, relevant international standards<sup>1</sup> (“International Standards”) where these are more stringent than Applicable Laws.
- Mitigate any adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders.
- Uphold high standards of business integrity and good corporate governance.

However, Investcorp’s ability to assess and influence ESG issues in practice will vary significantly by investment. Investments where we have access to full due diligence and where we obtain control allow us to better detect and address ESG issues relative to investments where we may be limited to public information or have a non-controlling investment.

This policy is informed by the principles set forth in the U.N. Principles for Responsible Investment (the “UN PRI”) and the American Investment Council Guidelines (“AICG”).

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<sup>1</sup> *International Standards include the relevant IFC Performance Standards and associated Guidelines and the International Labour Organisation (“ILO”) Fundamental Conventions. The IFC is the private sector arm of the World Bank and its Performance Standards are intended to provide a reference for businesses in emerging markets for environmental and social standards.*

Our goal is to apply the fundamental principles of the UN PRI and AICG in the context of Investcorp's investment strategies.

## **WORKPLACE**

We have a strong emphasis on being a responsible employer. We do this by creating an equal opportunities environment in which we develop a diverse group of talented employees and staff, and by having a commitment to development and giving everyone at Investcorp and our investment universe the opportunity to perform to the best of their ability. In creating a culture of fairness and success, we strongly believe this can only be beneficial for our business and our investors.

## **SOCIALLY RESPONSIBLE INVESTMENT APPROACH**

Investcorp will:

- Provide sufficient information, instruction, training and resources to its staff to ensure that they can effectively assess and manage ESG matters within their investment activities; and
- Monitor and audit the implementation of this policy on an ongoing basis.

As part of our investment decision making process, Investcorp's investment professionals will seek to identify potential ESG issues that may affect the investment, analyse the relative importance of, and risk posed by, any identified ESG issue, consider costs and benefits of potential remedial measures and assess Investcorp's ability to influence change. Dependent upon the results of such analysis, Investcorp may seek to foster change in some circumstances or even forgo investments in others. In addition, because Investcorp's primary investment focus is the generation of superior risk-adjusted returns, we may make or maintain investments even in the face of ESG issues if we deem it appropriate.

However, it should be noted that the scope of Investcorp's investment professional enquiry will be guided by the specific circumstances of our proposed investment. For instance, we would generally expect to be able to undertake more due diligence and influence future changes in relation to identified ESG related matters for control investments than when we plan to simply acquire bonds, debt or a minority equity position.

Investcorp will implement this policy, where practical to do so, in its portfolio management and advisory activities by:

- Where we have identified prior to investment an actual or potentially material ESG risk asking the relevant investee company's management team to demonstrate to us that they have the commitment, capacity and track record to effectively manage such risk and a willingness to make improvements and reach standards acceptable to Investcorp in such area over time.

- Encouraging and supporting the companies in which we invest to work over the period of Investcorp's investment to pursue continuous improvement in relation to managing ESG matters as best practice continues to evolve.
- Monitoring and recording the companies' in which we invest performance against agreed upon ESG action plans, targets and timetables as part of our investment review process.

## **GOVERNANCE**

We seek investment opportunities where the underlying business activities are committed to:

- A cautious and responsible approach to environmental management of their business operations by making efficient use of natural resources and mitigating environmental risks and damage.
- Respecting the human rights of their workers and treating them fairly.
- Maintaining safe and healthy working conditions for their employees and contractors.
- Respecting the health, safety and wellbeing of those adversely affected by their business activities.
- Upholding high standards of business integrity, avoiding corruption in all its forms and complying with applicable anti-bribery, anti-fraud and anti-money laundering laws and regulations.
- Implementing sound corporate governance by establishing clearly defined responsibilities, procedures and controls with appropriate checks and balances in company management structures.

## **SUSTAINABILITY**

As a minimum, we expect that each company in which we invest will comply with all Applicable Laws relating to environment, labour and health and safety matters and the prevention of extortion, bribery and financial crime (including tax evasion).