

RESPONSIBLE INVESTMENT POLICY

INVESTCORP HOLDINGS B.S.C.

November 2021

OUR COMMITMENT

As a global diversified asset manager, Investcorp recognises the role we have in helping to solve some of society's most pressing problems. We believe that the attentive management of environmental, social, and governance ("ESG") issues that directly impact the interests of our beneficiaries – our investors, shareholders, employees, suppliers, and the communities in which we operate – not only makes Investcorp a better investment manager but is ultimately also in the best long-term interests of all we serve.

At Investcorp, responsible investing means building sustainable businesses through strengthening corporate governance practices, driving solid partnerships with employees, customers, and communities, and managing the impact of business operations on the environment. We believe that such practices help to generate strong and sustainable returns for our investors and our clients with appropriate risk mitigation arising from ESG issues, and importantly, an approach that also seeks to leave our businesses in a state that better serves all stakeholders long after we have exited our investments.

Investcorp's approach to responsible investing across the investment process focuses on identifying and managing ESG issues that we believe have the potential to create, protect, or erode value for ourselves and our beneficiaries ("material issues"). We leverage international standards such as the Sustainability Accounting Standards Board's ("SASB") industry-specific guidelines to identify material topics and are also guided by Investcorp's broad-based Responsible Business framework, which consists of three pillars of responsibility with each pillar comprising several issue topics that are considered universally important across Investcorp, though their relative materiality may differ by asset class, geography, industry/sector, and/or company. The three pillars of responsibility include being a responsible operator, a responsible employer, and a responsible citizen.

Where we are able to, we use our influence to drive positive change on both specific and broad-based ESG issues, build businesses that are valued by their employees, customers, and communities, and in turn generate revenue growth that is both profitable and sustainable.

GOVERNANCE

The oversight of ESG activities at Investcorp and across our portfolio follows a centralized governance and federated ownership model. The Executive Committee for ESG, comprising Investcorp's Executive Chairman, Co-CEOs, CFO, and Head of ESG, is the ultimate body for all ESG matters across the firm. Investcorp's Board of Directors oversees the firm's approach on ESG matters and receives regular updates on ESG strategy and developments.

Investcorp's dedicated ESG team, led by the firm's Head of ESG, who reports to Investcorp's Executive Committee and is supported by a team of professionals with ESG responsibilities across our businesses, is responsible for the implementation of the firm's ESG strategy firmwide.

The ESG team works closely with all business units to enhance alignment of process and methodology across all asset classes and geographies to ultimately drive responsible business practices across Investcorp's own operations as well as those of our portfolio companies and assets.

Our centralized governance approach ensures key decisions in relation to Investcorp's ESG strategy, policies, and procedures – including the firm's approach to addressing both climate- and social inequality-related risks and opportunities – align with Investcorp's core values and purpose, and can be effectively cascaded throughout the firm.

To effect change with regards ESG matters across our investee companies, we believe it is important that implementation responsibility must rest with the investment teams and their portfolio companies. This federated ownership approach ensures teams are empowered to drive responsible business practices within the companies that they steward, whilst benefiting from Investcorp's global network, resources, and scale.

GUIDING PRINCIPLES

This policy provides a broad framework for Investcorp's approach to responsible investing and integrating ESG considerations across the deal processes of our investment businesses. This policy does not apply to related entities where we do not exercise sole control, including businesses where we have a joint venture with other parties.¹

It is important to note that Investcorp's ability to assess and influence ESG issues in practice will vary significantly by investment. Investments 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.

¹ Investcorp operates a joint venture with Aberdeen Standard Investments (ASI) that focuses on investing in social and economic infrastructure projects in Gulf Cooperation Council countries. Investcorp also operates a joint venture with Tages Group, Investcorp-Tages, a merger between the respective absolute returns businesses of Investcorp and Tages Group. Whilst this policy is not directly applicable to these business interests, Investcorp's Responsible Business framework is not inconsistent with existing ESG policies and processes currently in effect in these businesses.

Subject to this limitation, Investcorp will use its influence over its investments to promote a commitment to:

- At a minimum, compliance with applicable local and international laws and regulations (“Applicable Laws”) and, where appropriate, relevant international standards (“International Standards”) where these are more stringent than Applicable Laws.
- At a minimum, compliance with all Applicable Laws relating to environment, labour, health and safety, and the prevention of extortion, bribery, and financial crime (including tax evasion).
- Taking a responsible approach to environmental management of our investee company business operations by making efficient use of natural resources and mitigating environmental risks and damage.
- Respecting the human rights of investee company employees and treating them fairly.
- Maintaining safe and healthy working conditions for employees and contractors.
- Respecting the health, safety, and wellbeing of those adversely affected by investee company 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.
- Striving to ensure that personal data privacy is maintained by implementing employee training, cybersecurity best practices, strong technical controls, and regular testing.
- Implementing sound corporate governance by establishing clearly defined responsibilities, procedures, and controls with appropriate checks and balances in company management structures.

These guidelines are informed by the principles set forth in the United Nations-supported Principles for Responsible Investment (the “UNPRI”), of which we are a member. Our philosophy is also guided by the American Investment Council Guidelines for Responsible Investing (“AICG”), of which we are a principal member, as well as the IFC’s Performance Standards on Environmental and Social Sustainability and the International Labour Organisation’s (“ILO”) Fundamental Conventions. Our goal is to apply the fundamental principles of these standards in the context of Investcorp’s investment strategies

ESG INTEGRATION IN OUR GLOBAL INVESTING PLATFORMS

Given the differences in the business models of our varying investing lines of business, Investcorp takes a bespoke approach to the integration of ESG factors within each of our asset classes. For instance, we would generally expect to be able to undertake more due diligence and influence future changes in relation to identified ESG matters for control investments compared with when we plan to acquire a minority equity position or where we act as a minority lender. Nonetheless, whilst our focus areas and ability to influence decision-making will vary on a case-by-case basis, our general approach is primarily focused both on managing risk and seeking opportunities for value creation through the effective management of ESG issues.

Furthermore, Investcorp recognises the global and systemic nature of climate change, growing social inequality, as well as the important role of governance and business ethics as key considerations in driving more sustainable and equitable businesses, and therefore considers such issues as material across our portfolio, irrespective of geography, asset class, investment strategy, or company (“universally material issues”).

Our investment teams consider ESG factors across all stages of the investment process. Each stage is governed by specific procedures and guidelines to support our investment professionals to navigate the evolving and often complex nature of ESG issues, and where appropriate, we engage internal and external experts to enhance the assessment and management of potential portfolio companies’ exposure to ESG issues.

Private Equity

Within private equity, the screening stage includes assessing alignment of a potential investment against Investcorp’s core values and purpose, screening against exclusions, and determining whether the company raises any reputational, business integrity, or ESG ‘red flags’.

The due diligence process is led by the investment teams, who use SASB’s industry-specific guidance in the first instance to formulate a view on the most material ESG issues that a company faces; it is at this stage where universally material issues are also assessed, which together with SASB’s material issues considerations constitute minimum due diligence requirements. In progressive stages of diligence, the teams may conduct a broader assessment based on Investcorp’s Responsible Business framework. The overall assessment is included in the investment committee memorandum, and identifies material ESG risks, an ESG value creation plan, and residual ESG management requirements following a potential transaction.

Immediately after the acquisition of a company and during the investment hold period, Investcorp’s private equity post-acquisition teams work closely with our portfolio companies to establish an appropriate governance framework to manage ESG matters, agree on targets for improvement across all three pillars of Investcorp’s Responsible Business framework with a focus on the most material issues at first, and determine skills capacity requirements at the portfolio company to ensure we maximise the potential to generate value from ESG initiatives. The teams regularly monitor and track progress against agreed plans as part of our standard investment review process.

At the exit stage, the post-acquisition teams work with our portfolio companies to prepare an ESG impact assessment outlining key improvements made and value generated as a direct result of our ESG efforts.

Investcorp's Strategic Capital business takes a similar approach to ESG assessments when considering minority interests in alternative asset managers.

Real Estate

Real estate acquisitions undergo a similar screening process to that of private equity, where potential investments are assessed against Investcorp's core values and purpose, screening against exclusions, and evaluated for any reputational, business integrity, or ESG 'red flags'.

The due diligence process is led by the investment teams, who use SASB's industry-specific guidance for real estate owners, developers, and investment trusts to formulate a view on high-risk ESG issues; it is at this stage where universally material issues are also assessed, including, where relevant, in relation to proposed joint venture partners and/or management agents. The key outcome of this process is the development of an ESG action plan, outlining key ESG risks/issues and mitigation strategies, as well as any potential ESG opportunities.

Following the acquisition of a property or origination of a loan, the real estate post-acquisition team works closely with our partners and management teams to establish an appropriate governance framework to manage ESG matters, including a process to resolve any outstanding ESG matters from the due diligence process.

In preparation for the sale of an asset, the deal team prepares an ESG impact assessment for review by the investment committee, outlining key improvements made and value generated as a direct result of our ESG efforts.

Credit Management

ESG considerations complement our understanding of the businesses into which we look to invest and has become an important element of our risk appraisal process for credit and loan investments, enhancing our established credit evaluation process.

We have developed a process in collaboration with an external party in which we utilise external ESG benchmarking alongside our own detailed analysis of each prospective borrower, to allow us to calibrate the extent to which a prospective borrower performs against their peers on key ESG matters and to identify their alignment with Investcorp's core ESG principles.

This analysis is embedded within our investment process, and is actively debated, recorded, and subsequently monitored. This level of positive assessment, beyond the traditional exclusionary approach, also allows us to monitor the composition and evolution of our loan portfolios over time.

In order to remain agile in our approach to ESG integration and respond to the evolving needs of all our stakeholders, this policy is reviewed at least annually.