

INVESTCORP

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS REPORT

December 2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

COMMITMENTS AND PROGRESS



'Investcorp has always been a responsible business and global citizen. Our commitment to ESG principles and to reporting on our ESG performance is absolute and has been embraced across the Firm.'

At this stage in our ESG evolution, we are providing a snapshot of our commitments and performance highlights in this reporting cycle. In subsequent years, as our ESG strategy and efforts mature, and as we develop KPIs and reporting rhythms, we will issue a fuller ESG report. We hope and trust that you will follow us on this journey.' — Mohammed Alardhi, Executive Chairman

Investcorp's ESG strategy and efforts are evolving rapidly and gaining traction across the global Firm. In early 2019, management and the Board set new policy on socially responsible investment. Each business line is adapting the policy to its particular markets and activities. ESG investment teams are coming together, and we are creating an ESG playbook for our portfolio companies.

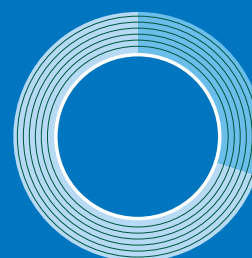
Investcorp is committed to adopting and promulgating ESG best practices Firmwide. These efforts build on a strong foundation of leadership in many discrete aspects of ESG, particularly in regards to governance, as documented in our annual Governance Report. Investcorp has always been known for upholding the highest standards of ethical conduct.

On the social front, our long-standing support for our local communities has made us an integral and welcome part of the social fabric. Our commitment to higher and continuing education, through local and broader initiatives, is a hallmark of the Firm. We avoid investments in sectors such as gambling, tobacco, coal, payday lending, and weaponry, preferring assets and opportunities that contribute to the common good. Our new Infrastructure line of business makes high-performing investments in socially valuable sectors, such as healthcare.

Investcorp enjoys a broad-minded and non-hierarchical business culture, with a remarkably rich diversity of nationalities among our workforce. As we grow, we are prioritizing gender diversity within the Firm, something every firm in our industry needs to work on, so that we can more truly represent the world. We are also looking to elevate the role of women within our portfolio companies.

Our focus on the environmental performance of the Firm is relatively new. We have instituted recycling and plastic reduction within our offices. We are also looking deeper into the environmental performance of our portfolio companies and other assets.

Gender diversity within the Firm



■ Women / 136 / 30.2%
■ Men / 314 / 69.8%

Our New Group Policy on Socially Responsible Investing

Our Firmwide policy on socially responsible investment, adopted by management and the Board in early 2019, clearly articulates our way forward.

The overview begins:

At Investcorp, we recognize 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 recognize 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.

The policy includes the following commitment:

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 standards¹ ('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.

1 International Standards include the relevant IFC Performance Standards and associated Guidelines and the International Labour Organization ('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.

We Believe Education Improves the World

At Investcorp, we have always understood that our purpose goes beyond excellence in alternative investing, to encompass broader issues of social good. Our multifaceted support of higher and continuing education is a signature social commitment of the Firm.

Our investments in elevating the skills and perspectives of talented students and professionals include:

Investcorp Leadership Program

This annual, intensive program for rising business leaders has been held at Oxford Said Business School, Cambridge Judge Business School (twice), INSEAD and Columbia. The latest program at IMD Business School's Lausanne campus hosted 60 leaders from across Asia, Europe and the Gulf. The next session is being held in Barcelona at IESE. To date, more than 200 participants have enjoyed the program and now benefit from a strong network for cooperation. The first global meeting of this alumni group will take place on the 13th of November in Bahrain.

Annual Internship Programs

Each year, the Firm engages a new class of interns drawn from leading educational institutions across the world. This includes a concerted effort to move the needle on gender diversity.

Continuous, Long-Standing Involvement with INJAZ

Investcorp has supported INJAZ Al-Arab since its inception, as a cosponsor of initiatives, as a donor and fundraiser, and as an advisor and active participant, including membership on its Board. The non-profit was founded on the belief in the boundless potential of Arab youth. Serving as a regional operating center for Junior Achievement Worldwide, it provides education and training in workforce readiness, financial literacy and entrepreneurship across the Arab world.

Investcorp has been honored by Oxford University with a Clarendon Arch engraving



A Unique Relationship with Oxford University

Investcorp has been honored by Oxford University during a celebratory ceremony in recognition of the University's benefactors. Investcorp attended Oxford's historic Convocation House as a member of the Chancellor's Court of Benefactors (CCB) and Investcorp's name was engraved on the slate tablets of the prestigious Clarendon Arch in recognition of the support that Investcorp has provided to the University.

Investcorp's name joins those of the University's distinguished past donors, including Sir Thomas Bodley, Queen Elizabeth I, John Radcliffe, King Henry VIII, Sir Ernest Oppenheimer, Queen Elizabeth II and Cecil Rhodes.

Investcorp has been a long-term supporter of the University. In 2015, it donated The Investcorp Building, Middle East Centre at St Antony's College, a world-renowned center for research and teaching in global and regional issues. The Investcorp Building was integral to ongoing expansion plans to meet the Middle East Centre's increasing demand for research and activities. The number of students attending has grown dramatically in recent years, and the Investcorp Building has enabled the Centre to grow its popular program of lectures, seminars and debates, some of which are also open to the public. The building provides 1,127 square meters of additional floor space, has a 117-seat lecture theater, and has doubled space available for the Centre's growing library and archive.

Designed by the late Dame Zaha Hadid DBE RA, the building has received multiple architecture and design awards.

Cofounder and Active Member of GCC Board Directors Institute (BDI)

BDI guides and educates board members, from family-owned businesses to listed companies across the GCC, to acquire the know-how and tools to reach and sustain effective governance. The non-profit was founded in 2007 by four leading corporations — Investcorp, SABIC, Saudi Aramco and Emirates NBD — and the advisory firms Allen & Overy, Heidrick & Struggles, McKinsey & Company and PwC, with support from regional regulatory authorities, including the Central Bank of Bahrain.

An ESG View into Select Investcorp Portfolio Companies

Since our founding, we have sought to be a responsible owner of responsible businesses. Many of our portfolio companies have strong ESG characteristics, which we actively support and see as enhancing their value both to our portfolio and to the communities they serve.



Tiryaki Agro

Tiryaki Agro created, via acquisition and spin-off, SUNRISE, the world's largest organic products producer, processor and exporter, and the market leader in the US and Europe in organic animal feed. Based in Turkey, Tiryaki sources product from 25 countries and sells to more than 50 countries. With Investcorp's guidance, the company and its highly effective Board have strengthened its corporate governance, reporting and risk management.



Hydrasun Group

Hydrasun endeavors to minimize any impact on the environment through safe disposal of waste, recycling, and reducing energy consumption. Accredited with ISO 14001:2004 Environmental Management Standard, the company has implemented a number of KPIs and continuous improvement initiatives.

Hydrasun emphasizes employee engagement, as well as ongoing professional and personal development, and has a commendable history of hiring and training disabled individuals.

In addition, Hydrasun is carving out a niche in the hydrogen fuel cell market into which it has supplied products and services since 2016. Hydrogen is being seen by major European countries as playing a major role in the de-carbonization of current energy systems and Hydrasun has had significant success in undertaking project management and installation for Hydrogen fueling stations.



Bindawood Holdings

The largest grocery chain in the region, Bindawood takes action on environmental issues, educating consumers in-store, using eco-friendly bags at checkout, installing LED lights to reduce electricity consumption, and actively reducing waste. Bindawood also continuously reviews its logistics and supply chain to optimize refrigerated-transport time. On social issues, the company is proactively developing a diverse workplace, supporting community development, and striving to protect the rights of consumers. Its policies and practices promote fairness, equity and ethical conduct in all business dealings.



Theeb Rent-a-Car

A leading regional car rental company, Theeb offers many kinds of community support, including a 'special needs car' for customers who must travel with a wheelchair. Its annual road and safety campaigns now include a responsible driving event focused on women drivers, a new category of customer within its home country. It also sponsors orphans as part of the 'Benaar' and 'Ensan' charity programs.

Georg Jensen

Ensuring responsible and sustainable business practices, economically, socially and environmentally, is a prominent task for Georg Jensen. Depending on the environment and its scarce natural resources to process most of the raw materials, continuous efforts to balance growth with sustainability throughout the value chain is a major focus point. In February 2009, Georg Jensen joined UN's Global Compact, a global network of corporate entities that are committed to solving some of the world's greatest social and environmental challenges.

GEORG JENSEN



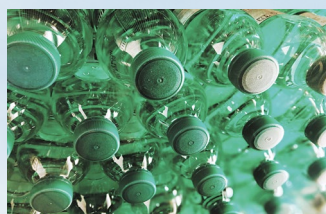
ABAX

ABAX is a leading telematics solution provider in the Nordic countries developing and delivering sophisticated fleet tracking, electronic triplog and vehicle control services. ABAX products such as driver behavior increase driver safety whilst having positive impacts from an environmental and financial perspective. With Investcorp's support, the company has accelerated its awareness of a sustainable investment mindset. ABAX's operation site in Larvik, Norway, is net carbon positive owing to on-site hydro-power generation capabilities (with the excess energy sold to the grid) and the use of a heat pump (heat extracted from sea water).

ESG HIGHLIGHTS

The rapid uptake of ESG principles and practices across the Firm is already producing meaningful results and trendlines at this early stage in our journey. Highlights of our progress include the following:

Environmental



100%

elimination of plastic water bottles in NY and London offices

We are actively looking at ways to improve Investcorp's environmental performance. The Firm is making definite progress and is allocating considerable development efforts. We see great potential in bringing focus to the environmental performance of our portfolio companies. Private Equity is currently evaluating the environmental profiles of its assets while it works with an outside consultant to create an ESG playbook for its investments.

Environmentally Responsible Operations

Within our offices, we have instituted recycling and plastic reduction efforts. Energy-saving efforts include timers on copiers and computers, motion sensors on lighting, replacing halogen and fluorescent lighting with LED lighting, and related best practices.

Real Estate Greening Up

Since the inception of Freddie Mac's environmentally conscious loan program, Green Up, in 2016, Investcorp has financed 20 purchases of multifamily assets with Freddie Mac, 14 of them with Green Up, which requires specific improvements be completed at the property to reduce utility consumption.

72%

initial recycling rate

0

to landfill target

70%

of multifamily assets financed with Freddie Mac as part of its Green Up program

Social



43

nationalities across 450 employees

Investcorp has always been a strong supporter of community, especially at the local level, and continues to be a force for positive social change. We nurture a positive, engaged workplace that integrates a remarkable number of nationalities, and are working diligently to expand gender diversity within the Firm.

Investing in Women

Our portfolio company investments include a focus on health and wellness. We put together the GCC region's largest fitness chain and led the process of helping the company gain approval from regulatory authorities to establish the first women's fitness centers across Saudi Arabia. We have also helped that country's largest local car rental company expand its offerings to include women, who recently won the right to drive.

Women of Investcorp

Gaining Recognition

The Firm is honored that Rasha Sabkar, Deputy General Counsel and Company Secretary, has been ranked among the 50 Most Influential Women in Middle East Finance by *Financial News*.

100%

of all Real Estate assets undergo environmental and energy usage analyses

Progress on Socially Responsible Investing

Within our business lines, investment teams are coming together around ESG-related investing. ESG thinking is already well integrated into our processes.

Private Equity

PE is embarking on its own dedicated ESG fund and investing in developing an ESG playbook. The business encourages portfolio companies to be more ESG aware and acts when opportunities arise.

Absolute Return Investing

ARI is looking at seeding an ESG investing team. ESG considerations already influence how ARI invests, and the business intends to deploy capital in ESG funds and partner with firms with ESG programs.

Credit Management

ICM is looking to onboard an ESG investing team. As the business evolves, it may also consider expanding into direct lending, where socially responsible investing becomes even more important.

Real Estate

RE incorporates environmental and energy usage analysis into its investing decisions. Post-acquisition, it supports community-building efforts such as blood drives and neighborhood improvements.

Infrastructure

This new line of business aims to build out healthcare infrastructure across the GCC, including hospitals and the region's first long-term rehabilitation facility.

Governance



11

of 15 members of the Board of Directors are independent

Investcorp is known for maintaining the highest standards of responsible operations, conduct and performance. The Firm has always avoided investments in sectors that conflict with our commitment to the broader social good. Investcorp's highly regarded annual Governance Report will continue as a mandated, self-contained report.

Increasingly, tangible ESG policy and metrics are becoming a requirement from institutional investors and family offices as well. Our approach to governance will be taking this into account.

An Active, Engaged, Independent Board

The Corporate Governance Committee led an evaluation of the performance of the Board of Directors as a whole, and of each individual Director and the Executive Committees. Its report concluded that the Board is fully engaged in the oversight of the management of Investcorp Holdings and is fully discharging its responsibilities as set forth in the Charter of the Board of Directors.