



Arcapita Group Holdings Limited

Corporate Governance Guidelines

INTRODUCTION

Introduction

Arca Group Holdings Limited (“AGHL”) since its inception has focused on creating a leading international investment firm, resourced to originate the highest quality alternative investments from across the globe. From the outset, the backbone of the business has been supported by a carefully cultivated corporate culture that encourages teamwork, innovative thinking and integrated decision making with regard to its Directors, officers and employees, and best business practices with regard to corporate governance and transparency for the benefit of its shareholders.

AGHL’s Board of Directors (the “Board”) has resolved to adopt these Corporate Governance Guidelines (“Guidelines”) with respect to corporate governance matters deemed appropriate by the Board.

PRINCIPLE 1: AGHL WILL BE HEADED BY AN EFFECTIVE, COLLEGIAL, AND INFORMED BOARD.

PRINCIPLE 1: AGHL will be headed by an effective, collegial, and informed Board.

The Board's Role and Responsibilities

All directors on the Board (each a "Director", collectively the "Directors") should understand the Board's role and responsibilities under the relevant and applicable law, in particular:

- the Board's role as distinct from the role of the shareholders (who elect the Board and whose interests the Board serves) and the role of the senior managers (whom the Board oversees), and
- the Board's fiduciary duties of care and loyalty to the company and the shareholders.

The Board's role and responsibilities include but are not limited to:

- AGHL's overall business performance and strategy;
- causing financial statements to be prepared which accurately disclose AGHL's financial position;
- monitoring management performance;
- convening and preparing the agenda for shareholder meetings;
- monitoring conflicts of interest and preventing abusive related party transactions;
- assuring equitable treatment of shareholders including minority shareholders;
- maintaining a statement of its responsibilities for a) adoption and annual review of strategy, b) adoption and review of the management structure and responsibilities, c) adoption and review of systems and control framework; and d) monitoring the implementation of strategy by management;
- reviewing AGHL's business plans and the inherent level of risk;
- assessing the adequacy of capital;
- setting performance objectives;
- overseeing major capital expenditures, divestitures and acquisitions;
- ensuring that:
 - a) AGHL's operations are measured, monitored and controlled by appropriate, effective and prudent risk management systems commensurate with the scope of AGHL's activities;
 - b) AGHL's operations are supported by an appropriate control environment;
 - c) management develops, implements and oversees the effectiveness of comprehensive know your customer standards, monitoring of accounts and transactions (with particular regard to anti-money laundering measures);
 - d) the control environment maintains necessary client confidentiality, ensures that the privacy of AGHL is not violated, and ensures that clients' rights and assets are properly safeguarded; and
 - e) where the Board has identified any significant issues related to AGHL's adopted governance framework, appropriate and timely action is taken to address any identified adverse deviations.

PRINCIPLE 1: AGHL WILL BE HEADED BY AN EFFECTIVE, COLLEGIAL, AND INFORMED BOARD.

The Directors are responsible both individually and collectively for performing these responsibilities. Although the Board may delegate certain functions to committees or management, it may not delegate its ultimate responsibility to ensure that an adequate, effective, comprehensive and transparent corporate governance framework is in place. As it is important for each Director to understand his duties and responsibilities, the Chairman of the Board (the “Chairman”), assisted by the General Counsel and/or the Corporate Secretary, should review the Board’s role and its duties and responsibilities with each newly elected Director. In addition, AGHL will have a written appointment agreement with each Director that refers to the Director’s powers, duties, responsibilities and accountabilities, as well as other matters relating to his appointment, including time commitment, any committee assignment and remuneration.

Decision Making Process

The Board should be collegial and deliberative, to gain the benefit of each individual Director’s judgment and experience. The Chairman should take an active lead in promoting mutual trust, open discussion, constructive dissent and support for decisions after they have been made. Furthermore:

- The Chairman is responsible for the leadership of the Board and for the efficient functioning of the Board. The Chairman will ensure that all Directors receive an agenda, minutes of prior meetings and adequate background information in writing before each Board meeting and, when necessary, between Board meetings. All Directors will receive the same Board information.
- While agendas for forthcoming Board and Committee meetings are initiated by AGHL’s management, a Director is entitled to place on the agenda for a Board or Committee meeting matters that the Director reasonably considers to be important and to require consideration by the Board or the relevant Committee.
- Subject to the receipt of timely information, a primary requirement of a Director’s duty of care is that the Director study the materials provided to Directors in advance of the Board meeting and the meeting of any Committee on which the Director serves and prepare to contribute constructively in the deliberations of the Board and any such Committee. If sufficient information is not made available in a timely manner, a Director may request that action by the Board or a Committee be delayed until the desired information is made available to Directors for review.
- Board meetings may be held by video conference or teleconference.
- Directors should maintain informal communication between meetings

Independence of Judgment

Every Director should bring independent judgment to decision-making. No individual or group of Directors should dominate the Board’s decision making and no one individual should have unfettered powers of decision. Executive Directors should provide the Board with all relevant business and financial information within their cognizance, and should recognize that their role as a Director is different from their role as an officer. Non-executive Directors should be fully independent of management and should constructively scrutinize and challenge management including the management performance of executive Directors.

The duty of loyalty requires a Director to exercise the Director’s powers in the interests of AGHL and AGHL’s shareholders and not in the Director’s own interests or in the interests of other persons or organizations. Each Director will consider himself or herself as a representative of all AGHL shareholders.

Non-Board members may attend Board meetings upon invitation but may not vote on any Board matters.

PRINCIPLE 1: ARCAPITA WILL BE HEADED BY AN EFFECTIVE, COLLEGIAL, AND INFORMED BOARD.

Each Director should consider himself as representing all shareholders and must act accordingly. The Board shall avoid having representatives of specific groups or interests within its membership and must not allow itself to become a battleground of vested interests.

Directors' Access to Independent Advice

Each Director shall have access to the Corporate Secretary and Assistant Secretary of AGHL, who have responsibility for reporting to the Board on Board procedures. Each Director shall have access to independent legal or other professional advice at AGHL's expense. Such access to legal or other professional advice will be arranged by the Corporate Secretary or Assistant Secretary upon the request of any Director. If a Director has serious concerns which cannot be resolved regarding the operation of AGHL or a proposed Board or corporate action, such Director should consider seeking independent advice, have such concerns recorded in the Board minutes and record dissents in connection with Board actions. The appointment and removal of the Corporate Secretary and Assistant Secretary are matters for the Board.

Directors' Communications with Management

The Board encourages the relevant management team members to present information of interest to the Board. Non-executive Directors may have free access to management through either the Chairman and Chief Executive Officer or the Chairman of the Audit Committee.

Committees of the Board

The Board has appointed the following Executive Committees: (i) the Audit and Risk Committee, (ii) the Executive Administrative and Corporate Governance Committee (the "EAC") which shall perform the nominating, remuneration and corporate governance functions, (iii) the Executive Investment Committee (each a "Committee", collectively the "Committees"). These Committees operate with authority delegated by the Board in accordance with their respective Charters.

PRINCIPLE 2: AGHL'S APPROVED PERSONS WILL HAVE FULL LOYALTY TO AGHL.

PRINCIPLE 2: AGHL's Approved Persons will have full loyalty to AGHL.

Personal Accountability

Each Director and officer should understand that he is personally accountable to AGHL and its shareholders if he violates his legal duty of loyalty to AGHL, and that he can be personally sued by AGHL or the shareholders for such violations. The duty of loyalty includes a duty not to use property of AGHL for his personal needs as though it was his own property, not to disclose confidential information of AGHL or use it for his personal profit, not to take business opportunities of AGHL for himself, not to compete in business with AGHL, and to serve AGHL's interest in any transactions with AGHL in which he has a personal interest. He should be considered to have a "personal interest" in a transaction with AGHL if he himself, or a member of his family, or another company of which he is a Director or controlling shareholder, is a party to the transaction or has a material financial interest in the transaction. (Transactions and interests which are de minimis in value should not be included).

AGHL encourages and requires its directors and employees to conduct its business activities and transactions with honesty, integrity and loyalty.

To further enforce AGHL's commitment to operating the entity with high business standards the Board has approved the AGHL Code of Conduct (the "Code of Conduct"), which requires that all directors and employees:

- conduct themselves with integrity, honesty, leadership and professionalism in fulfilling their fiduciary responsibilities to AGHL and its shareholders;
- respect, abide by and comply with laws and regulations relating to the activities of AGHL;
- not take business opportunities of Arcapita or compete in business with AGHL;
- ensure that proper judgment is exercised with regard to business decisions, necessary information has been obtained and where expert opinion or advice is required, such opinion or advice has been procured;
- maintain and preserve the confidentiality of AGHL's business, including any information regarding its clients and shareholders;
- avoid actual or potential conflicts of interest with AGHL and serve AGHL's interest in any transaction where one may have a personal interest; and
- not offer or accept any substantial gifts, favors or service of any kind, to or from AGHL, its clients, shareholders or regulatory authorities and promptly report any such gift

Disclosure of Conflicts of Interest

Each Director shall inform the entire Board of conflicts of interest as they arise. This disclosure shall include all material facts in the case of a contract or transaction involving the Director or officer.

PRINCIPLE 3: THE BOARD WILL HAVE RIGOROUS CONTROLS FOR FINANCIAL AUDIT AND REPORTING, INTERNAL CONTROL AND COMPLIANCE WITH LAW.

PRINCIPLE 3: The Board will have rigorous controls for financial audit and reporting, internal control and compliance with law.

The Board has established an Audit and Risk Committee and adopted an Audit and Risk Committee Charter.

A majority of the members of the Audit and Risk Committee will be independent non-executive Directors and financially qualified.

The Board has adopted a whistleblower policy (the "Whistleblower Policy") to encourage the disclosure of complaints and concerns regarding AGHL's financial statements and accounting, auditing, internal control and reporting practices and to ensure that any potential issues are immediately and properly investigated and addressed.

PRINCIPLE 4: AGHL WILL HAVE RIGOROUS AND TRANSPARENT PROCEDURES FOR APPOINTMENT, TRAINING, AND EVALUATION OF THE BOARD.

PRINCIPLE 4: AGHL will have rigorous and transparent procedures for appointment, training, and evaluation of the Board.

Nominating Committee

The Board has delegated to the EAC the authority to act as a nominating committee. The details regarding EAC's responsibilities in acting as a nominating committee are set forth in the EAC Charter.

Induction and Training of Directors

Each new Director will be provided with a formal and tailored induction which shall include, meetings with senior management and presentations regarding strategic plans and significant financial, accounting and risk management issues among other items. All other Directors will be invited to attend induction meetings for new Directors. The EAC in discharging its nominating duties shall also oversee Directors' corporate governance educational activities.

PRINCIPLE 5: AGHL WILL REMUNERATE APPROVED PERSONS FAIRLY AND RESPONSIBLY.

PRINCIPLE 5: AGHL will remunerate Approved Persons fairly and responsibly.

Remuneration Committee

The Board has delegated to the EAC the authority to act as a remuneration committee to (i) make recommendations regarding remuneration policies and amounts for the Board and members of senior management and (ii) recommend Director remuneration based upon attendance and performance.

Remuneration Standards

Remuneration for directors and senior management will be sufficient enough to attract, retain and motivate persons of the quality required to operate AGHL's business without being excessive. Remuneration for non-executive Directors will not include performance-based elements such as grants of shares, share options or other deferred share-related incentive schemes. Senior management remuneration is designed to ensure that the interests of senior managers are aligned with the interests of AGHL's shareholders. If a senior manager is a Director his remuneration will take into account his capacity as Director.

PRINCIPLE 6: THE BOARD WILL ESTABLISH A CLEAR AND EFFICIENT MANAGEMENT STRUCTURE.

PRINCIPLE 6: The Board will establish a clear and efficient management structure.

The Board will establish a clear management structure and appoint and/or approve at a minimum the following senior managers: a Chief Executive Officer, Chief Financial Officer and a Corporate Secretary, as well as other senior managers as the Board considers appropriate.

PRINCIPLE 7: AGHL WILL COMMUNICATE WITH SHAREHOLDERS, ENCOURAGE THEIR PARTICIPATION AND RESPECT THEIR RIGHTS.

PRINCIPLE 7: AGHL will communicate with shareholders, encourage their participation and respect their rights.

AGHL will observe and comply with the following rules:

- Notices of meetings will be honest, accurate and not misleading. They will clearly state and, where necessary, explain the nature of the business of the meeting.
- Meetings will be held during normal business hours and at a place convenient for the greatest number of shareholders to attend.
- Notices of meetings will encourage shareholders to attend shareholder meetings and, if not possible, to participate by proxy and will refer to procedures for appointing a proxy and for directing the proxy how to vote on a particular resolution. The proxy will list the agenda items and will specify the vote (such as “yes,” “no” or “abstain”).
- Notices will ensure that all material information and documentation is provided to shareholders on each agenda item for any shareholder meeting, including but not limited to any recommendations or dissents of Directors.
- The Board will propose a separate resolution at any meeting on each substantially separate issue, so that unrelated issues are not “bundled” together.
- In meetings where Directors are to be elected or removed the Board will ensure that each person is voted on separately, so that the shareholders can evaluate each person individually.
- The Chairman of the meeting will encourage questions from shareholders, including questions regarding the AGHL’s corporate governance guidelines.
- The minutes of the meeting will be made available to shareholders upon their request as soon as possible but not later than 30 days after the meeting.
- Disclosure of all material facts will be made to the shareholders by the Chairman prior to any vote by the shareholders.
- The Chairman (and other Directors as appropriate) will maintain continuing personal contact with shareholders to solicit their views and understand their concerns.

AGHL shall have a dedicated section in its website relating to shareholders and use the section to describe the shareholders’ rights to participate and vote at shareholders’ meetings and shall post significant documents pertaining to meetings including the full text of notices and minutes. It shall also encourage electronic means of communication with its shareholders.

PRINCIPLE 8: DISCLOSURE OF CORPORATE GOVERNANCE GUIDELINES.

PRINCIPLE 8: Disclosure of Corporate Governance Guidelines.

Disclosure

These Guidelines will be published on the AGHL website.

Board's Responsibility for Disclosure

The Board is responsible for overseeing the process of disclosure and communication with AGHL's internal and external stakeholders. The Board is responsible to ensure that the disclosures made by AGHL are fair, transparent, comprehensive and timely and reflect the character of AGHL and the nature, complexity and risks inherent in AGHL's business activities. The EAC shall be responsible for developing and recommending changes from time to time in the company's corporate governance framework.

PRINCIPLE 9: AS AN ISLAMIC INVESTMENT BUSINESS, AGHL WILL FOLLOW THE PRINCIPLES OF ISLAMIC SHARI'AH.

PRINCIPLE 9: As an Islamic Investment Business, AGHL will follow the principles of Islamic Shari'ah.

AGHL will be at all times Shari'ah compliant. AGHL has a Shari'ah Supervisory Board comprised of at least three Shari'ah scholars. AGHL complies with International Financial Reporting Standards, consistent with and as interpreted by the rulings of AGHL's Shari'ah Supervisory Board.