



# ESG Report

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Our Approach to ESG within the  
Firm and in our Investment Process

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# Message from Leadership

In recent years, there has been a surge in interest in Environmental, Social and Governance (“ESG”) issues among our unitholders and other stakeholders, catalyzed by the global impacts of the COVID-19 pandemic as well as other current and unforeseen geopolitical challenges/events, widespread movements for demanding progress on social and environmental issues, as well as growing concerns about the impacts of climate change on our environment. We are pleased to present Alaris’ inaugural ESG Report as part of our commitment to accountability and transparency on our approach to ESG. Through this report, we share our strategy, progress, and ambition in addressing ESG risks and opportunities – both at the Trust level and within our investments, underscoring ESG as a strategic priority for Alaris.

We believe that the integration of material ESG issues into our investment process can help mitigate risks and identify strong investment opportunities. As a long-term partner to the companies in which we invest, we recognize the importance of understanding ESG risks and opportunities as a means of fostering our partners’ continued growth and supporting our core commitment to creating long-term value for our unitholders. To this end, in 2021, Alaris published an ESG Policy that outlines our approach to ESG, and that will guide our continued commitment to integrating ESG into our investment processes and our own business and operations. Likewise, we recognize the importance of ESG at the Trust level. Building on this momentum, in 2022, we published our Diversity Policy and advanced our commitment to supporting our communities through our long-standing community giving programs and initiatives. We have also formalized our ESG Committee, updated our Governance Committee mandate and Governance Policy to integrate ESG considerations, and adopted a Professional Development Policy to ensure that we foster a strong culture of learning and continuous development.

Although we already consider ESG issues in our existing due diligence practices, in the year ahead our focus will be on further integrating ESG into our investment due diligence process to better identify ESG risks and related opportunities in potential partners. We will also continue to develop a framework to assess material ESG risks and opportunities for our existing partners. The ESG factors identified and assessed through these efforts will sharpen the focus of our ESG priorities as we continue to advance our approach to ESG over time.

We acknowledge the instrumental role of the global financial industry in addressing the challenges and opportunities related to ESG, and in driving real-world improvements in environmental and social well-being. Similarly, we recognize the obstacles that exist in this area, particularly within the private markets in which we deploy our capital, such as the availability and quality of ESG data and the challenges that companies face in allocating scarce resources while navigating the rippling impacts of the COVID-19 pandemic as well as other current and unforeseen geopolitical challenges and events. Against this backdrop, we will continue to improve our capacity and resilience to address challenges related to ESG to support our commitment to creating long-term value for our unitholders and to action our philosophy of long-term partnership with the companies in which we invest.

We recognize that the Sustainability Accounting Standards Board (“SASB”) standards and the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) are the leading investor-preferred standards and frameworks for ESG and climate-related disclosure. We are committed to improving alignment with these standards and frameworks where possible as our approach to ESG progresses.



**Steve King**  
President & Chief Executive Officer



**E. Mitchell Shier**  
Governance Committee Chair

# About this Report

The ESG Report (“the report”) outlines ESG topics identified as important to Alaris and its unitholders and other stakeholders, in addition to our approach, performance, and achievements related to our ESG priorities.

The report covers our ESG performance for the reporting period of January 1, 2021 to December 31, 2021. All facts and figures are as of December 31, 2021, unless stated otherwise. While we have tailored this report to meet the needs of many of our stakeholder groups, our primary focus is on investors and analysts interested in our ESG policies, practices, and performance.

Financial data is stated in Canadian dollars (“CAD”), unless stated otherwise. ESG data is reported according to select metrics from the SASB Asset Management & Custody Activities Sustainability Accounting Standard. The report also includes climate-related disclosure informed by the TCFD recommendations.

## Additional information and relevant policies and disclosures:

→ [ESG Policy](#)

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→ [Diversity Policy](#)

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→ Corporate Governance at Alaris

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→ [2021 Information Circular](#)

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→ [ESG Committee Mandate](#)

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→ [Governance Committee Mandate](#)

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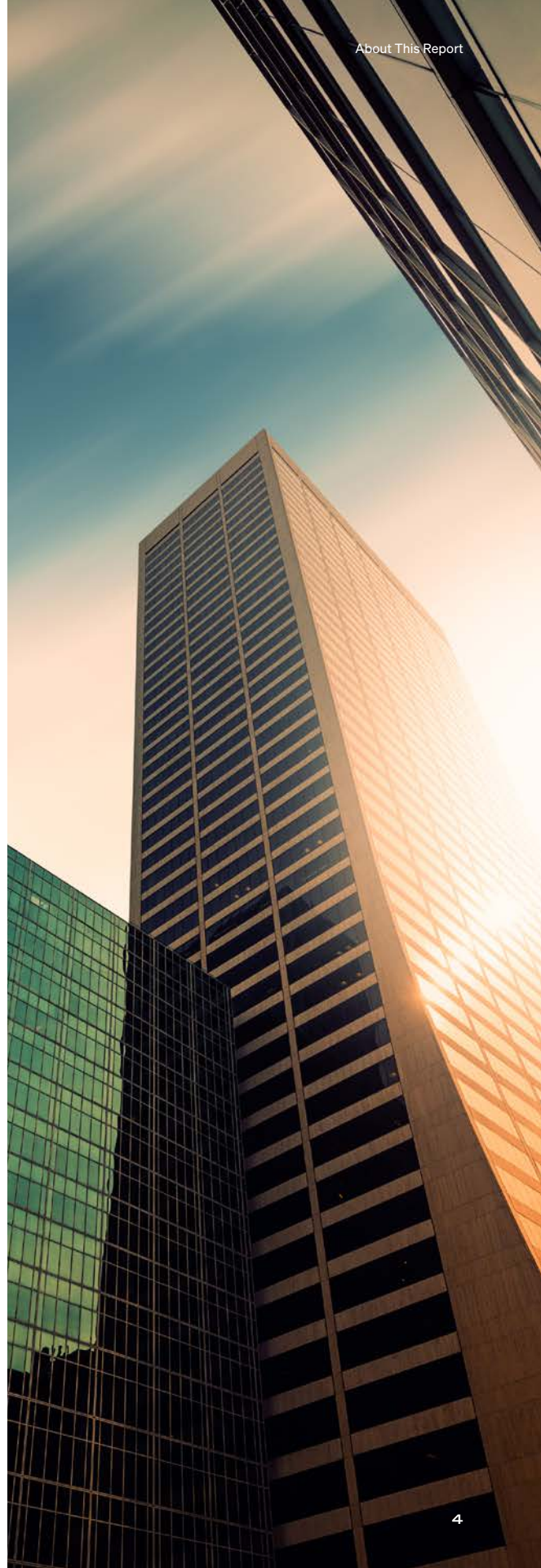
→ [Governance Policy](#)

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→ [Code of Business Conduct](#)

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→ [Whistleblower Policy](#)



# About Alaris Equity Partners Income Trust

Alaris, through its subsidiaries, provides alternative financing to a diversified range of private businesses (“Private Company Partners”) throughout North America in exchange for distributions from the Private Company Partners, with the principal objective of generating stable and predictable cash flows for distribution payments to our unitholders.

## Objective & Strategy

Alaris is dedicated to creating long-term value for its unitholders, driven by a philosophy of long-term partnership with the companies in which we invest. Alaris creates long-term partnerships with companies that have a proven track record of stability and profitability in varying economic conditions. We believe business decisions are best made by the people who have built the successful companies that we have financed.

Alaris’ purpose, through its subsidiaries, is to provide non-control permanent equity to private companies to meet their business and capital objectives. Alaris achieves this by investing capital through its subsidiaries in Private Company Partners, primarily through preferred equity in addition to common equity, subordinated debt, and promissory notes. In exchange for this capital, Alaris earns distributions, dividends, and interest received in regular monthly or quarterly payments. These payments to Alaris are set 12 months in advance and are adjusted annually based on the “top-line” results (e.g., gross revenue, gross profit, same store sales) of our Private Company Partners, resulting in a predictable distribution-revenue stream with low volatility.

Through our innovative financing structure, Private Company Partner ownership is empowered to focus on long-term objectives rather than the short-term objectives it may otherwise have had to focus on with financing from a traditional equity sponsor. Our structure allows us to monitor our Private Company Partners without needing to be involved in their day-to-day business decisions. Through Alaris, private companies are able to access ongoing capital, remain private, and maintain direct control of the common voting equity and management decisions. By supporting management teams that remain fully motivated to run their business profitably through their ownership position, Alaris is able to provide stable distributions to our unitholders.

## Figures at a Glance:

- Revenue (year ended December 31, 2021): \$147.6 million

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- Revenue from Private Company Partners per unit: \$3.36

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- Net Cash from operating activities by employee: \$6.5 million

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- Net Cash from operating activities: \$104.2 million

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- Net Cash from operating activities per unit: \$2.37

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- Annual Trust Distribution per unit: \$1.28

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- Annualized Total Returns since listing date (Nov 2008): \$486.3 million

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- Number of Employees: 16

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- Capital Deployed (year ended December 31, 2021): \$357 million

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- Investment by Country:
  - Canada: 12%
  - United States: 88%

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- Investment by Industry Segment:
  - Consumer Products/Services: 20%
  - Consumer Financial Services: 20%
  - Business Services: 31%
  - Industrials: 29%

# 2021 Performance Highlights

## Key Trust and ESG Highlights for 2021:

### Events



Published our  
ESG Policy



Developed an ESG Questionnaire  
for investment due diligence



Engaged in educational sessions  
on ESG and ESG Reporting

### Gender Diversity



**42%**

of the Board of  
Trustees are women

**38%**

of the total workforce  
are women

**27%**

of all management  
positions held by women

### Community



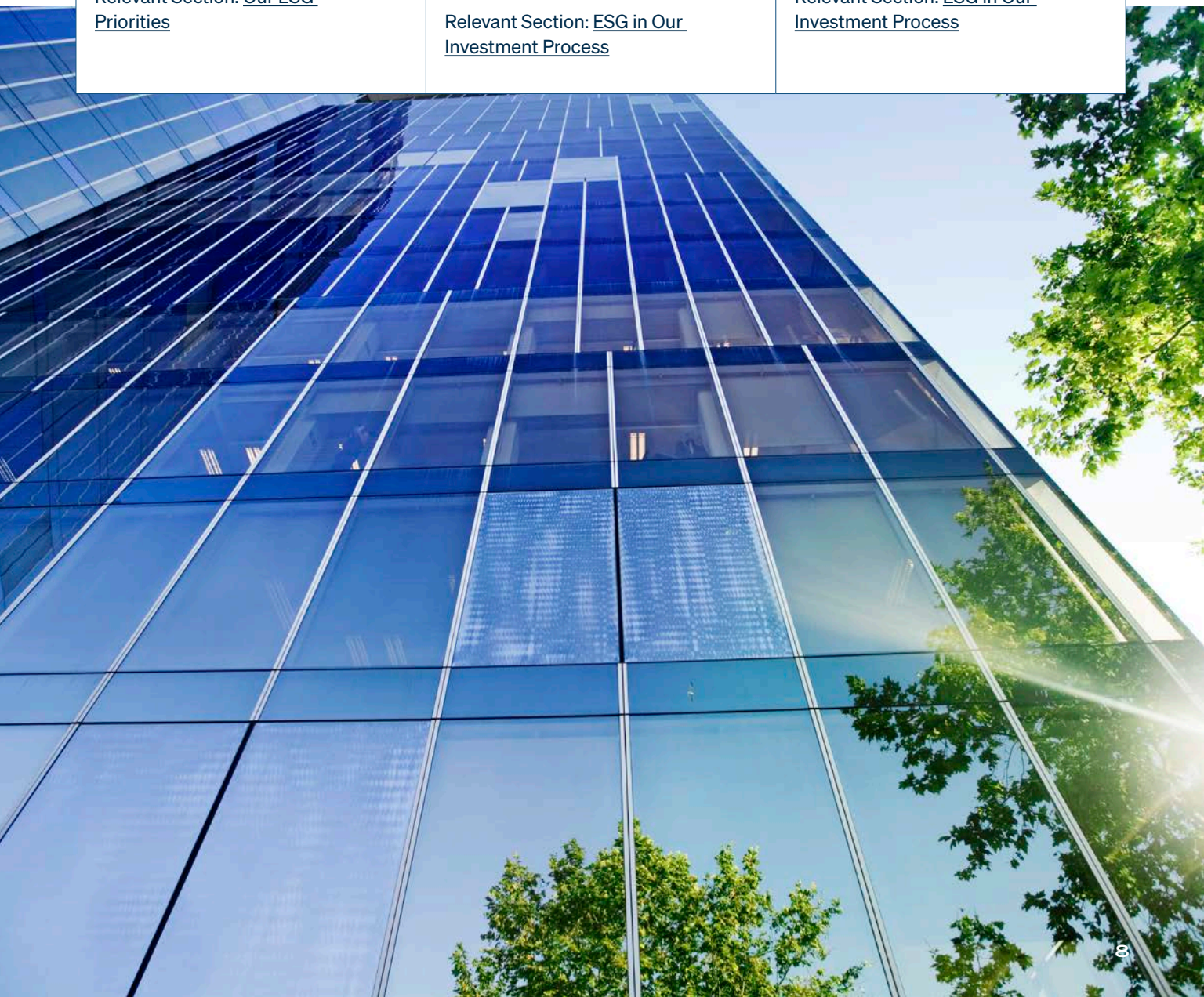
**Over \$110,000** donated to the community  
through Alaris' charity programs

# Our Approach to ESG

**For Alaris, ESG involves all environmental, social, and governance factors that have the potential to impact our firm, our unitholders, and other stakeholders. These factors may affect Alaris through Trust-level impacts, as well as through our investments.**

# As an investment firm, we employ an integrated approach to ESG that is comprised of three key elements:

ESG at the Trust Level	ESG in Our Investment Process	ESG in Our Portfolio
<p>Embedding ESG considerations at Alaris</p> <p>Relevant Section: <a href="#">Our ESG Priorities</a></p>	<p>Integrating ESG factors into our investment process, including within our due diligence practices</p> <p>Relevant Section: <a href="#">ESG in Our Investment Process</a></p>	<p>Monitoring the ESG performance of our investment portfolio</p> <p>Relevant Section: <a href="#">ESG in Our Investment Process</a></p>





# Governance

At Alaris, we are committed to responsible and effective corporate governance practices. We aspire to uphold high standards of corporate governance which not only adhere to applicable legal and regulatory requirements, but also reflect emerging best practices, including for the governance of environmental and social factors. We will continue to work to implement and maintain leading practices for effective oversight and management of ESG factors, underpinned by a robust overall corporate governance framework.

## Board Oversight of ESG

The Governance Committee of the Board is responsible for oversight of all ESG factors at Alaris, including overall ESG management and performance. The Governance Committee receives bi-annual reporting on ESG-related matters and reports to the Board as needed, providing recommendations for approval by the Board. For more information on the Governance Committee's oversight of ESG, see our [Governance Committee Mandate](#).

The Chair of the Governance Committee is a member of the ESG Committee of another public issuer and has over 36 years of experience in the legal industry, both in house as general counsel and in private practice, with an extensive background in overseeing and advising on mergers and acquisitions and on matters related to energy and the environment, regulation, and corporate governance. Another Board member has been directly involved in establishing an ESG proxy policy for both Glass Lewis and the Ontario Teachers' Pension Plan ("OTPP"), and sits on another board for an independent investment management organization, which is currently in the process of establishing long term ESG policies and objectives.

Several members of the Board have attended ESG conferences, seminars, and information sessions and completed ESG related courses throughout 2021 (including, without limitation, the 2021 Responsible Investment Association ("RIA") Conference and the 2021 Fundamentals of Climate Governance). In addition, Alaris' management team, led by the ESG Committee, provides regular updates on changes in policies, rules, and general ESG trends to ensure that the Board of Trustees is fully up to speed on prevailing ESG trends and policies.

## Management Accountability for ESG

The Governance Committee of the Board is supported in its responsibility for oversight of ESG by our management-level ESG Committee. The ESG Committee has the highest level

of accountability for ESG at Alaris and is responsible for the identification, assessment, and management of ESG factors, as well as enhancing ESG-related disclosure in alignment with the SASB Standards and TCFD recommendations. The ESG Committee assists the management team and Board in:

- Setting general strategy relating to ESG matters in consultation with the Governance Committee;
- Developing, implementing, and monitoring initiatives and policies based on that strategy;
- Overseeing communications with employees and investors with respect to ESG matters; and
- Monitoring and assessing ESG developments to improve Alaris' understanding of ESG matters.

### The ESG Committee consists of:

- Chief Legal Officer & Corporate Secretary;
- Chief Financial Officer;
- Senior Vice President, Investments;
- Manager, Corporate Communications; and
- Other ad hoc members that we deem necessary from time to time.

The ESG Committee brings together various disciplines from across the organization, including from our corporate governance, operations, legal, finance, investor relations, and communications teams. The ESG Committee meets monthly at a minimum to review and discuss developments related to ESG. Analysis and recommendations, if any, are provided to the CEO monthly to ensure a proactive approach to ESG. For more information on our ESG Committee, see our [ESG Committee Mandate](#).

Members of the ESG Committee, in an effort to ensure it has the proper tools and knowledge base to execute on its mandate, regularly attend seminars, webinars, conferences, and information sessions available from industry experts, including, without limitation the following:

- Canadian Securities Administrators ("CSA") Roundtable on ESG-Related Regulatory Issues in Asset Management
- S&P Global's Webinar: The Future of ESG Scores
- RBC's 2022 Global ESG Conference
- Glass Lewis' session on 2022 Proxy Season Preview Series - United States; Canada & ESG
- Canadian Coalition for Good Governance ("CCGG")'s Webinar: Discussion on Say on Climate.

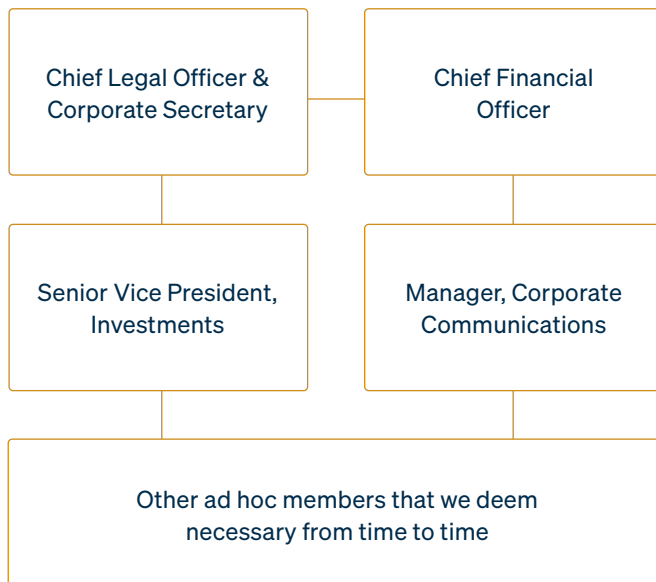
## ESG Governance at Alaris

Alaris' approach to ESG governance is summarized below.

### Governance Committee

Provides oversight on ESG policies, strategy, risk management, and overall performance.

### ESG Committee



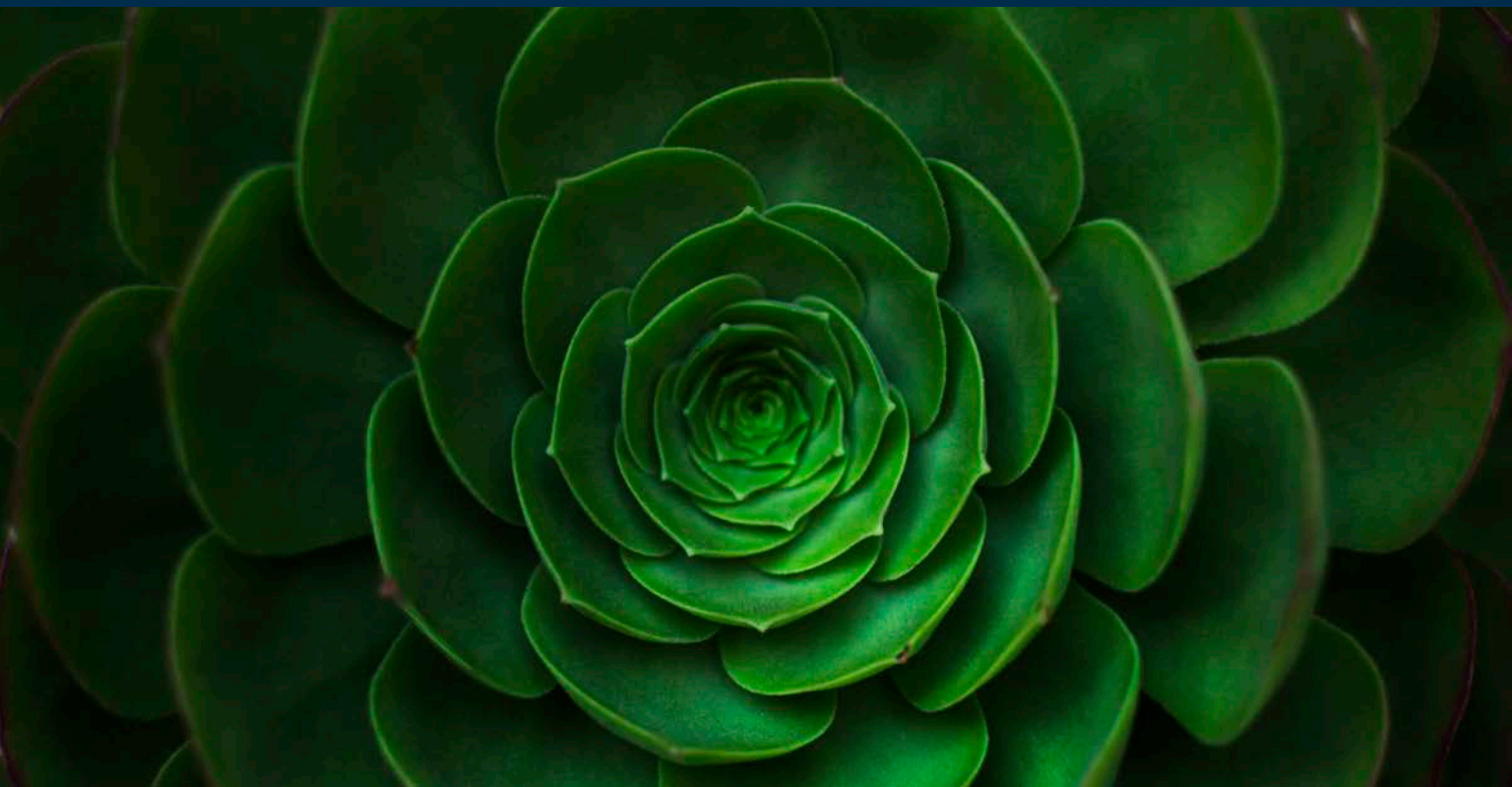
Accountable for identifying, assessing, and managing key ESG issues.

**As part of its responsibility for oversight of ESG factors, the Governance Committee of the Board is responsible for oversight of climate-related risks and opportunities. Alaris' ESG Committee has the highest level of accountability for climate change and is responsible for identifying, assessing, and managing climate-related risks and opportunities.**

## ESG-related Policies

We have established a range of ESG-related policies to guide our ESG approach across our firm and within our investment activities.

<b>Policy</b>	<b>Date of Board Approval &amp; Last Update</b>
<a href="#"><u>ESG Policy</u></a>	March 2022
<a href="#"><u>Code of Business Conduct</u></a>	March 2022
<a href="#"><u>Governance Policy</u></a>	March 2022
<a href="#"><u>Whistleblower Policy</u></a>	March 2022
<a href="#"><u>Diversity Policy</u></a>	March 2022
Professional Development Policy	March 2022



# ESG Strategy

**Our unique business model drives our ESG approach.**

Alaris' long-term goal is to create the optimal income stream for its investors. As a public entity and investor, we recognize that ESG factors represent both a risk and opportunity for our business, unitholders, and other stakeholders. We recognize that the way we manage ESG issues has a direct link to the success of our business.

**We see ourselves as a long-term partner with the companies in which we invest.**

Unlike the traditional private equity model, we primarily provide capital to Private Company Partners through non-control preferred equity. Our approach allows entrepreneurs to control their businesses while obtaining investment capital for growth, generational transfers, partial liquidity, or management or private equity sponsor buyouts. Because we neither control our Private Company Partners nor participate in management decisions (unless they request our input), our involvement in our Private Company Partners' ESG policies and practices is necessarily more limited than a traditional private equity firm. This limited involvement means we must determine which ESG factors are financially material for a potential Private Company Partner, considering its unique circumstances and the sector in which it operates, before making our investment. Doing so enables us to monitor how these factors represent business risks for Alaris and our Private Company Partners and to identify potential business opportunities that could help fuel a Partner's continued growth.

**As we continue to develop and execute on our ESG strategy, we aim to enhance our ability to identify and prioritize climate-related risks and opportunities over various time horizons. Over time, we are committed to improving the integration of climate-related risks and opportunities into our business, strategy, and financial planning.**

# Strategic ESG Goals

Building on the foundation we established in 2021, we seek to sharpen the focus of our ESG priorities based on the ESG factors that are important to us as a firm, in addition to those that represent material risks and opportunities for the sectors and companies in which we deploy our capital. For 2022, our ESG goals are as follows:

ESG Goals	Trust	Investment
Assess potential impacts of ESG factors, including climate-related risks and opportunities, that can impact Alaris	●	●
Continue to enhance ESG integration in our pre-investment due diligence processes		●
Improve our ability to track and report Trust-level ESG metrics	●	
Provide annual ESG reporting for our unitholders and stakeholders	●	●
Improve ESG- and climate-related reporting aligned with the SASB Standards and TCFD recommendations	●	●
Continue and enhance our community-focused programs and initiatives	●	
Continue incorporating ESG into our governance processes and risk management systems	●	

## Integrating ESG at the Portfolio Level

- At Alaris, we make an effort at the portfolio level to build a long term ESG strategy that involves ongoing ESG dialogue with our Private Company Partners, as well as all follow-on investments.
- We aim to increase ESG awareness, education, and training for our Private Company Partners and seek to support them on the development of more formalized ESG policies and procedures.

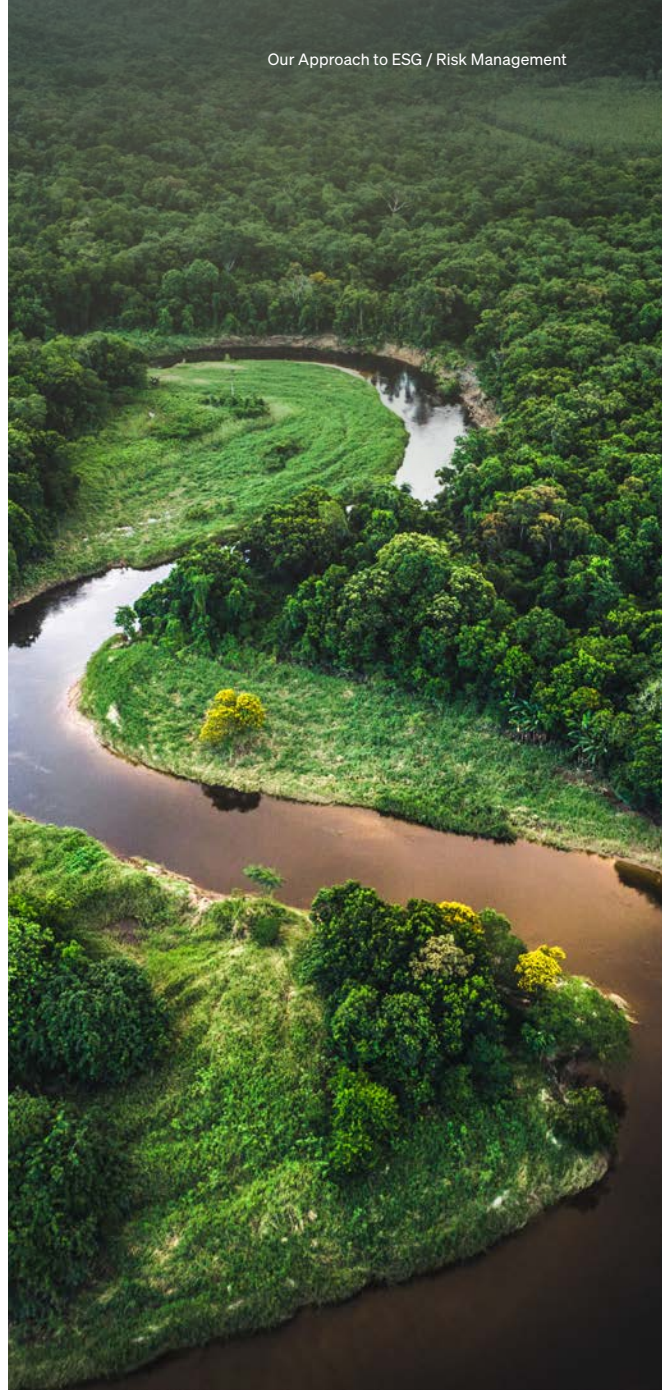
# Risk Management

At Alaris, enhancing the integration of ESG factors into our risk management processes is a strategic priority. The ESG factors that will be incorporated into our risk management processes are those with the highest potential to impact our long-term value and which are material to our business. These ESG factors will be identified by the assessments we will complete over time and through enhanced integration of ESG into our investment processes. We will continue to monitor the evolution of ESG compliance and oversight expectations, including ESG and/or climate-related disclosure requirements, which could materially impact our firm.

We conduct in-depth reviews of our risk management processes bi-annually and make modifications to our model, based on general risk management research, recommendations of the Institute of Corporate Directors (“ICD”) on Board oversight of risk management, as well as recommendations from our Audit Committee of the Board. Alaris’ Enterprise Risk Assessment & Management (“ERM”) team continues to enhance our strategic, due diligence, and monitoring efforts and discipline with respect to our Private Company Partners, and engages in regular risk assessment discussions to improve our ability to minimize the impacts of key risks, including those related to ESG.

The Board of Trustees has overall responsibility for the establishment and oversight of Alaris’ risk management framework. Together with the Audit Committee of the Board, the Board of Trustees reviews our risks quarterly. Our Chief Legal Officer & Corporate Secretary, with assistance from the Chief Financial Officer and Department leads, is responsible for developing and monitoring Alaris’ risk management policies and reports quarterly to the Board of Trustees on its activities. We strive to identify, assess, and manage ESG risks in the same manner in which we approach all other business risks and to regularly update our risk management processes to ensure that the unique and evolving nature of ESG risks is adequately taken into account.

**Identifying, assessing, and managing climate-related risks is a strategic priority for Alaris. We will continue to assess the materiality of climate-related risks and opportunities for us as a firm and within our investments, aiming to improve the integration of climate-related factors into our overall risk management and due diligence framework over time.**



# Metrics & Targets

We are committed to collecting, monitoring, and disclosing key ESG metrics to track our ESG performance and progression, and to providing decision-useful information to our unitholders. As part of our strategy to improve our capacity to collect and monitor ESG metrics, we intend to progressively integrate ESG-related reporting requirements into the agreements governing our investments for new Private Company Partners. As we continue to enhance the integration of ESG into our business, we will work to identify material ESG risks and opportunities for our existing investments, including the identification of metrics for which we will aim to seek ongoing reporting, as appropriate. We will also enhance our efforts to provide key ESG metrics at the Trust level as our ability to collect and report ESG data improves.

Appendix A – SASB Index summarizes our disclosure on ESG metrics from the SASB Asset Management & Custody Activities Sustainability Accounting Standard. Appendix B – TCFD Index includes climate-related disclosure informed by the TCFD recommendations. Where data is not reported, we have explained why it is not relevant to Alaris or noted if we intend to report it in the future.

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**Our efforts to strengthen our ESG data collection capabilities will include an initial focus on climate change and climate-related metrics at the Trust level.**

# Our ESG Priorities

**As a public company, we recognize the need to manage our internal ESG issues and the importance of being a good corporate citizen to benefit our communities and engage our employees. The Trust-level ESG priorities highlighted in this section are informed by the SASB Asset Management & Custody Activities Sustainability Accounting Standard. We will review these priorities annually at a minimum as our ESG strategy and approach develops.**



# ESG Governance

## Why is this important to Alaris?

Traditional governance considerations are evolving to include ESG, catalyzing a review of the role of the Board, including its skills, behaviours, and composition. Over the last several years there has been increasing market pressure for businesses to adopt better disclosure and oversight of ESG factors that are material to a firm's operations and the wider community's long-term sustainability. We believe that governance is fundamental in integrating ESG into our business given the inherent link to oversight and risk management. Our culture of openness, honesty, and accountability across our firm is reflected in our commitment to and communication of ESG factors.

## Our Approach

On an ongoing basis, we monitor regulatory changes and emerging best practices in corporate governance, in relation to environmental and social factors, such as business ethics, cybersecurity, and human capital management. To this end, we have formalized an ESG Committee to enhance ESG integration within our operations that reports to the CEO on a monthly basis. The Governance Committee of the Board oversees ESG at Alaris and is further committed to enhancing its skills and expertise on the ESG factors that have the greatest potential to impact our long-term value. For more information, see [Our Approach to ESG](#).

Our [Governance Policy](#) outlines our approach to ensuring responsible and effective corporate governance practices in all aspects of our strategy and operations, including for matters related to ESG. We are also committed to ensuring we relay consistent, accurate, and reliable information to our stakeholders, as formalized in our [External Communications Policy](#).

Our [ESG Policy](#) outlines our overall approach to ESG, is overseen by the Board of Trustees, and is reviewed annually at a minimum. As we continue to develop our ESG strategy, we will actively seek opportunities to enhance ESG governance at all levels of our firm, including within relevant policies and processes.



# Business Ethics & Transparency

## Why is this important to Alaris?

As a public income trust, we hold ourselves to the highest standards of business ethics and integrity in all aspects of our business and operations. We place a high level of importance on our standards for personal and professional conduct to facilitate the creation of long-term value for our unitholders and other stakeholders.

## Our Approach

We have implemented policies and procedures to formalize our commitment to responsible business conduct and transparency. Our [Code of Business Conduct](#) (“Code”) sets forth our overarching commitment to adhere to responsible ethical standards in all of our activities and applies to Alaris’ trustees, officers, employees, and consultants (“Personnel”). The Code is regularly reviewed by the Board, through its Governance Committee, to ensure alignment with best practices and legal requirements and outlines our commitment to:

- Mitigate conflicts of interest;
- Maintain the integrity of our dealings with public officials and our direct or indirect contributions to political parties or campaigns;
- Maintain appropriate internal controls to safeguard Alaris’ assets against loss from unauthorized use or disposition;
- Provide guidance on acceptable gifts, benefits, and entertainment provided to or by Alaris Personnel;
- Provide guidance on the safe guarding of confidential information, insider trading, and disclosure; and
- Provide clear procedures for receiving and investigating complaints.

Alaris is subject to stringent securities rules on insider trading and tipping. Through our [External Communications Policy](#) and [Trading and Blackout Policy](#), we have implemented rigorous insider trading policies, including for the handling of material non-public information, and have regular communication with our insiders regarding the trading of Alaris units. We also send letters to all new Private Company Partners advising them of their insider obligations, as well as reminder letters to existing Private Company Partners.

Ongoing regulatory compliance requires Alaris to properly monitor its income trust structure and follow rigorous procedures to ensure adherence with the tax laws of each country in which Alaris operates. We have employed a tax director, a Vice President (“VP”) Legal with a tax law

background, and a tax associate, to ensure we maintain robust tax monitoring and compliance procedures with respect to our international structure. Our Legal Department works closely with internal and external tax and legal advisors and U.S. directors to ensure that management procedures are adhered to. We receive monthly monitoring reports from U.S. Private Company Partners to ensure all required tests are met for Canadian tax purposes and have regular conversations with U.S. Private Company Partners on this topic.

Our [Whistleblower Policy](#) establishes a mechanism by which Alaris Personnel can confidentially and anonymously raise concerns and report complaints, without fear of reprisal. All Alaris Personnel are encouraged to report any incidents that may constitute questionable business or employment practices. We provide various forums for Alaris Personnel to report incidents in violation of the Code: reports can be submitted to a supervisor, a senior officer, the Chair of the Audit Committee of the Board, or the Chair of the Governance Committee of the Board. We also accept anonymous written or telephone communications. All complaints are investigated, and any information disclosed during the investigation remains confidential, to the extent permitted by law.

Alaris, through its subsidiaries, is required to follow a variety of laws, regulations, and guidelines in the jurisdictions in which we operate, which are subject to change. We may also become subject to additional laws, regulations, and guidelines as our business evolves and grows. As such, we work closely with external advisors and regularly monitor all laws that may be applicable to Alaris, and their impact on our firm. We continue to implement and refine our internal control procedures and work with our auditors to regularly review such systems. We also routinely review all of our current policies and procedures, to ensure they remain up to date, and are being followed.

## 2021 Highlights

- Zero complaints through the Code of Business Conduct or Whistleblower Policy
- Zero losses as a result of legal proceedings associated with fraud, insider trading, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations [SASB FN-AC-510a.1]
- As part of Alaris’ ongoing risk management processes, we engaged a third party to help in a review of our internal controls to ensure Alaris continues to employ best practice

# Data Privacy & Security

## Why is this important to Alaris?

Globally, the COVID-19 pandemic drastically changed the way firms work – accelerating digital transformation and increasing work-from-home operating models. In this increasingly virtual environment, cybersecurity risks and data protection have become top of mind at Alaris and for our unitholders and other stakeholders. Further, as an investment firm, running our business efficiently depends largely upon the adequate operation and security of our information technology (“IT”) systems to safeguard our data.

## Our Approach

Recognizing the significant repercussions cybersecurity risks could pose to Alaris’ operations and compliance with regulations, we are committed to applying best practices to protect the data of our firm, Private Company Partners, and stakeholders. We apply proactive data security measures and work closely with third-party IT service providers to ensure back-up and security procedures are robust. Our data is secured with offsite storage for our systems, and we ensure appropriate firewalls are in place at all times. We also have systematic escalation processes and procedures to defend and protect our data in the event of a breach.

Alaris’ approach to IT Management is broken down into three key categories: Best Practice, Policy, and Compliance. Best practice is provided by vendors and experts, then balanced through experience and budget. Policies are created based on best practice and enforced through management, as well as capabilities within software platforms. Compliance is enforced through software platforms that have been selected based on their ability to implement company policy, as well as meet or exceed industry best practice standards. Alaris provides employees with commercial class hardware with the primary considerations of performance, reliability, and support.

## 2021 Highlights

- Zero incidents related to data privacy and security
- Engaged in quarterly meetings at a minimum with our IT provider to review our cybersecurity systems and determine if any updates are needed or required
- Received daily system monitoring and quarterly reporting from our IT provider
- Employee phishing/cybersecurity awareness and training provided through staff meetings and updates from our IT provider



# Community Engagement

## Why is this important to Alaris?

We place high importance on being a good corporate citizen to benefit our communities and engage our employees. We believe community engagement drives shared value – our outreach aims to help the communities in which we operate and inspire our firm culture of collaboration, trust, and respect.

## Our Approach

Alaris has established a community giving program to support the local communities in which we operate. Each year we donate to and participate as a team in several charitable organizations, many located in Calgary. In particular, we:

- Established an annual program under which we donate up to \$1,000 per employee to a charity of the employee's choice;
- Support local nonprofit and charitable events and Private Company Partner-led initiatives; and
- Provide Athletic, Women In Business and Entrepreneurship & Innovation scholarships to three University of Calgary students every year.

## 2021 Highlights

- Alaris had six partnerships with community organizations in 2021 and supported 20 different charitable organizations in total
- Total contributions in 2021: \$110,150.00

## Case Study: Community Engagement

### Closer to Home's Adopt-A-Family

Closer to Home's "Adopt-a-Family" program connects families in need with donors who want to make a difference. As a team, Alaris contributes to this initiative annually by donating items that families need most.

### Put the Boots to Hunger

Alaris proudly supports the "Put the Boots to Hunger" campaign – a partnership between the Calgary Food Bank and Burnet, Duckworth & Palmer LLP, a Calgary-based law firm, to raise funds and encourage the donation of food.

### Hockey Helps the Homeless

Hockey Helps the Homeless is an organization that helps to raise funds and awareness for four local homeless support agencies in Calgary: Inn from the Cold, YWCA Calgary, the Trellis Society for Community Impact (formerly The Boys and Girls Clubs of Calgary), and Habitat for Humanity Southern Alberta. In 2021, Alaris raised \$20,000, in support of these initiatives and partner organizations.



# Human Capital Management

## Why is this important to Alaris?

We take a people-first approach in our efforts to uphold our culture of inclusion, respect, and empowerment. Our people are our greatest strength and drive Alaris' success. As a firm with 16 employees, we rely heavily on the abilities, experience, efforts, and knowledge of our team members. In particular, we focus on the following aspects of human capital management:

- Diversity, equity, and inclusion;
- Employee health and well-being; and
- Recruitment and retention.

## Our Approach

### Diversity, Equity, and Inclusion

Formalized through Alaris' Diversity Policy, we make diversity, equity, and inclusion a priority in our recruitment and employee initiatives. We recognize the value of diversity, including gender diversity, which provides a range of perspectives that enhances our operations. We also acknowledge inequalities that have led to the underrepresentation of women and minorities. Management provides the leadership framework and direction, and it is the responsibility of everyone within Alaris to maintain a culture that promotes and supports principles of diversity, equity, and inclusion.

Alaris is an equal opportunity employer. All decisions regarding recruitment, hiring, promotion, compensation, employee development, and all other conditions of employment are made without discrimination by reason of race, national or ethnic origin, colour, religion, age, sex, sexual orientation, matrimonial status, civil status, or physical or mental ability, as set out in our Code of Business Conduct.

Diversity, equity, and inclusion is incorporated throughout Alaris' approach to human capital management, including:

- **Recruitment Processes:** We strive to create a diverse team and inclusive culture by making diversity, equity, and inclusion a priority in our recruitment and employee initiatives, by ensuring diverse candidates are aware of job opportunities at Alaris through outreach and candidate search requirements.

- **Retention/Return Practices:** Alaris promotes a strong team culture that offers a flexible work environment, including remote access to address specific employee needs. In addition, Alaris offers paid parental leave.
- **Advancement Practices:** Alaris is committed to offering its employees a stimulating work environment where their entrepreneurship, initiative, professionalism, leadership, and commitment are recognized and encouraged. In doing so, Alaris endorses an organizational structure which enables internal promotion opportunities. In addition, we pride ourselves on developing our employees internally and providing them with opportunities to advance in their careers. For more, see the discussion on *Recruitment and Retention* below.

Alaris is committed to providing transparency on diversity data and will continue to provide diversity disclosures, including racial and ethnic group representation across our firm, as we advance our ESG practices.

All employees attend an annual strategy session and annual conference with the whole Board to ensure all employees have a chance to interact with and provide insight to the Board.

### Employee Diversity [SASB FN-AC-330a.1]

Parameter <sup>1</sup>	2021
Female representation - executive management <sup>2</sup>	25%
Female representation - non-executive management <sup>3</sup>	25%
Female representation - professionals <sup>4</sup>	38%
Female representation - all other employees	N/A
Racial/ethnic group representation - executive management	0%
Racial/ethnic group representation - non-executive management	0%
Racial/ethnic group representation - professionals	6%
Racial/ethnic group representation - all other employees	N/A

### 2021 Highlights: Gender Diversity

- 42% of the Board of Trustees are women
- 38% of the total workforce are women
- 27% of all management positions held by women

## Employee Health and Wellbeing

The COVID-19 pandemic showed us, more than ever, the importance of employee health and wellbeing. We are committed to employing the highest standards of employee health and safety and have formalized our commitment in our [Code Of Business Conduct](#).

### Employee Health and Wellbeing

To support employee health and wellbeing, Alaris:

- Provides a health spending account as part of team members' benefits packages, which includes access to mental health support and services, in addition to physical health services;
- Promotes flexible work hours, work schedules, and remote access to address specific employee needs, as well as a paid parental leave;
- Promotes team building through team lunches, birthday celebrations, and related activities;
- Supports ergonomic assessments for employees; and
- Offers and maintains an in-office gym for team member use.

## Recruitment and Retention

As our firm continues to grow, we are committed to implementing best practices to recruit, retain, and develop our employees and investing in their professional development. In this regard, we have adopted a Professional Development Policy to ensure that Alaris fosters a strong culture of learning, and that we remain committed to providing excellent professional development opportunities for our staff. The objectives of this Policy are to ensure that:

- Employees have the necessary skills and knowledge to perform their current jobs;
- Employees will have opportunities to develop and grow skills and knowledge beyond their current role, which will increase motivation and enhance staff retention; and
- The professional development budget is allocated fairly and equitably and administered using a tiered system for all employees according to their position.

We support and encourage our team members to attend training and development programs, as part of their annual goal setting and performance review.

Funds are made available to ensure that all employees' certifications, designations, and other legal or legislative requirements are being met. The professional development budget will be used to support the ongoing development

of employees' skills and knowledge beyond their current position for the purpose of succession planning and advancement.

Alaris is committed to ensuring equality of learning opportunity, as set out in our [Code of Business Conduct](#).

### 2021 Highlights: Recruitment and Retention

- Total professional development hours taken and/or provided: 365.3 hours
- Average of 30 hours of professional development hours per Alaris team member



<sup>1</sup> Alaris does not have employees in the "all other employees" category. All Alaris employees are accounted for in either "executive management," "non-executive management," or "professionals".

<sup>2</sup> Executive management includes executives/senior level officials and managers.

<sup>3</sup> Non-executive management includes first/mid-level officials and managers.

<sup>4</sup> "Professionals" is defined as the following: most jobs in this category require bachelor and graduate degrees, and/or professional certification.

# ESG in Our Investment Process

**At Alaris, we believe that the integration of material ESG issues into the investment process can help mitigate risks and identify investment opportunities, enabling us to deliver our long-term goal of creating an optimal income stream for investors.**

**We take a unique approach to our investments, which requires a unique approach to managing our ESG factors.**

Given that Alaris primarily provides capital to Private Company Partners through non-control preferred equity, we have limited involvement in Private Company Partners' ESG policies and practices compared to a traditional private equity firm. As such, our approach to ESG integration is primarily focused on pre-investment analysis and due diligence, which is where we have the greatest potential to influence the ESG performance of our investments. This includes identifying company-specific and macro-level ESG risks and opportunities, such as climate change and the transition to a low carbon economy, diversity, equity, and inclusion, and changing demographics, that may be material across multiple sectors that we invest in.

# Implementation

## Pre-Investment Due Diligence

Each member of our investment team identifies and assesses a potential Private Company Partner's material ESG factors and determines how those factors could impact its ability to grow over time and pay distributions. To assess the financial materiality of pre-investment ESG risks and opportunities, we determine which ESG factors might impact a company's financial condition, operational performance, business model, reputation, or social license to operate to the degree that its future growth or ability to pay distributions could be affected.

In 2021, we created a due diligence list based on the Invest Europe ESG Diligence Questionnaire for Private Equity Investors and their Portfolio Companies that will be used for all new investments. We also provided a copy to all existing Private Company Partners as a means of starting a meaningful dialogue on ESG matters. We are currently revising our pre-investment due diligence procedures to better identify sector-specific ESG topics and issues given the breadth of sectors represented in our portfolio.

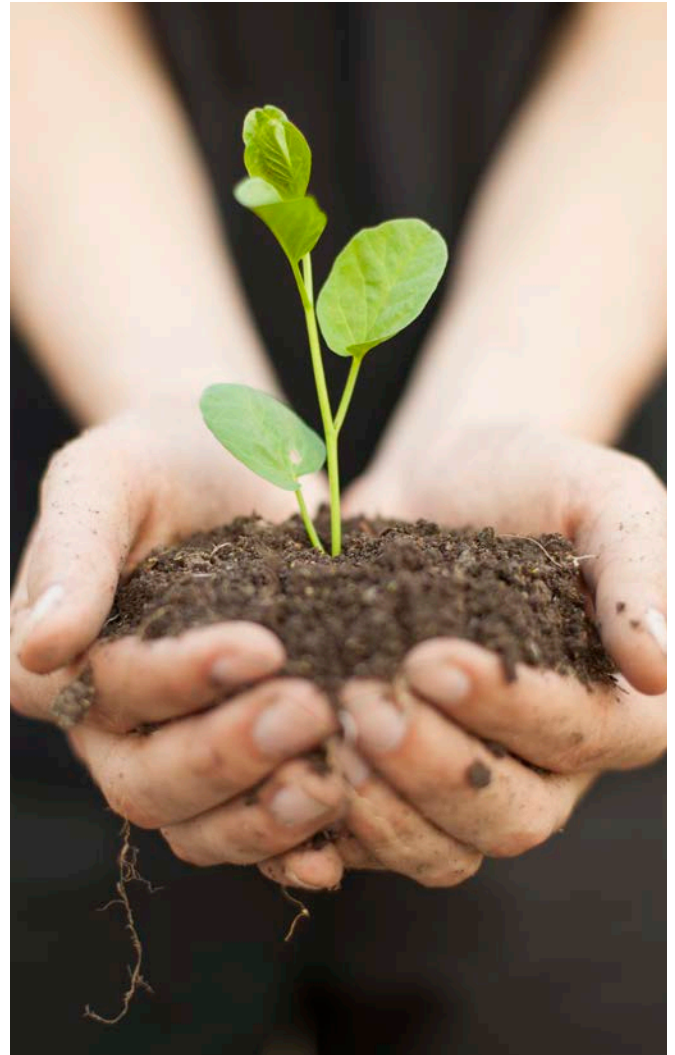
While we do not exclude specific investments or sectors based solely on ESG factors, Alaris does not invest in natural resource producers or firearms and munitions manufacturers and distributors. We may choose not to invest in a potential Private Company Partner if our due diligence identifies heightened ESG-related risks from past or present ESG controversies, poor ESG policies or practices, or uncertainty over the viability of its business model. For example, we have traditionally stayed away from industries with heightened "social" concerns, such as the gaming and gambling industry.

## Post-Investment Monitoring

It is our goal to enhance the integration of ESG reporting from our Private Company Partners into regular reporting requirements. As part of this goal, in our agreements with new Private Company Partners, we aim to increasingly embed reporting on the material ESG factors identified during our pre-investment due diligence. Enhanced ESG reporting will allow us to monitor how these ESG factors represent business risks for Alaris or our Private Company Partners and identify potential business opportunities that could fuel their continued growth. We intend to encourage Private Company Partners to mitigate their ESG risks, minimize any adverse ESG-related impacts, and fully capitalize on their ESG opportunities to ensure continued success. Over time, we will aim to work with our Private Company Partners to set

ESG-related targets for improvement and track progress against those targets.

Our approach to ESG and responsible investment is formalized through our [ESG Policy](#). For investments made before this policy was initially established (April 2021), we are developing a framework to assess material ESG risks and opportunities for those Private Company Partners. We intend to bring any material ESG risks that we identify to our Private Company Partners' attention. Over time, we seek to implement ongoing reporting to us on those ESG risks and opportunities to help our Private Company Partners better understand how these ESG factors could impact their businesses.

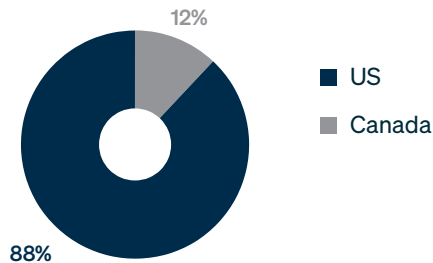




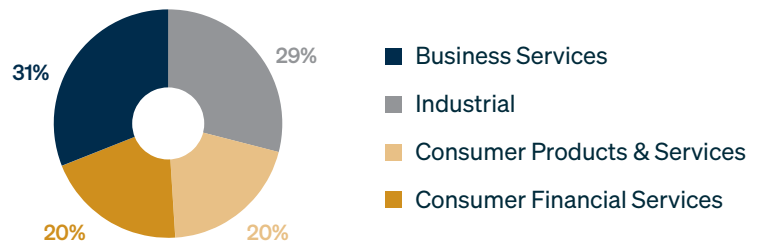
# Our Partners

Our philosophy of long-term partnership is the foundation on which we approach our investments. Our goal is to form true win-win partnerships. As at the date of this report, Alaris has 18 Private Company Partners that operate in divergent industries and serve different markets. Alaris currently has approximately 88% of our fair value of investments in U.S.-based companies, with 29% of invested dollars exposed to industrials, 31% to business services, 20% to consumer financial services, and 20% to consumer products and services.

### Investment by Country



### Investment by Industry Segment



**Seven out of 18 (~39%) of Alaris' Private Company Partners are women/minority-owned businesses.**



## Private Company Partner Summaries (all dollar values in this table U.S.\$ millions, unless noted)

Partner	Industry	Partner Since	Capital Invested	Book Value (%)
<b>3E</b>	Industrials: Utility Services	February 2021	\$39.50m	4.5%
<b>Accscient</b>	Business Services: IT Consulting and Staffing	June 2017	\$46.00m (5 tranches)	5.5%
<b>Amur</b>	Financial Services: Mortgage Origination (Home Equity)	June 2019	CAD\$50.00m (preferred units) CAD\$20.00m (common equity)	6.4%
<b>Body Contour Centers</b>	Consumer Discretionary: Cosmetic Surgery	September 2018	\$91.00m (3 tranches)	10.2%
<b>Brown &amp; Settle</b>	Industrials: Site Preparation	February 2021	\$53.70m (preferred & debt) \$12.30m (common equity)	7.3%
<b>Carey Electric</b>	Industrials: Electrical Contractor Services	June 2020	\$15.10m (preferred units) \$0.90m (common equity)	1.8%
<b>DNT</b>	Industrials: Civil Construction Services	June 2015	\$62.80m	7.0%
<b>Edgewater</b>	Business Services: Professional and Technical Services to the Nuclear Energy Industry	December 2020	\$30.60m (preferred units) \$3.40m (common equity)	3.5%
<b>FNC</b>	Business Services: Title Services to Reverse Mortgage Lenders	January 2021	\$32.15m (preferred units) \$7.85m (common equity)	5.3%
<b>Fleet</b>	Business Services: Fleet Management	June 2018	\$27.00m (preferred units) \$8.00m (common equity)	3.9%
<b>GWM</b>	Business Services: Digital Marketing Solutions	November 2018	\$76.00m (preferred units) \$30.00m (common equity)	11.9%
<b>Heritage</b>	Industrials: Masonry Restoration, Waterproofing, and Coating Repair	January 2018	\$15.00m	1.7%
<b>LMS</b>	Industrials: Rebar Fabrication and Installation	April 2007	CAD\$59.80m (4 tranches)	4.2%
<b>PFGP</b>	Consumer Discretionary: Health and Fitness Clubs	November 2014	\$75.20m (preferred units) \$17.30m (common equity)	11.2%
<b>SCR</b>	Industrials: Mining Services	May 2013	CAD\$40.00m	3.0%
<b>Stride</b>	Business Services: IT Consulting	November 2019	\$6.00m	0.6%
<b>Unify</b>	Business Services: IT Consulting	October 2016	\$25.00m	3.2%
<b>D&amp;M</b>	Financial Services: Auto Leasing	June 2021	\$67.00m (preferred units) \$7.50m (common equity)	8.7%

## Assessing Materiality for Private Company Partners

We use the SASB Standards, the TCFD recommendations, and our own research and investment expertise to help identify material ESG risks and opportunities for both current and potential future Private Company Partners. The private companies in which we invest are varied in terms of industry, size, and maturity. Our utilization of the SASB Standards (which are intended to help companies disclose financially-material and decision-useful ESG information to investors) allows us to not only Alaris to identify potential material ESG factors in a comparable manner, but will enable our Private Company Partners to provide material ESG information cost-effectively.

As an initial step to identifying priority ESG factors for our investment portfolio, we have mapped our current Private Company Partners to the most relevant SASB Standards applicable to the nature of their businesses. Certain Private Company Partners have been assigned more than one SASB Standard to ensure that the nuances of their unique business models are adequately captured and that their ESG risks are comprehensively identified and assessed.

The table below provides a mapping of our priority SASB industries, determined by the composition of our investment portfolio, to key sustainability-related issues (“General Issue Categories”) identified by SASB. Priority ESG issues across our portfolio are indicated with a circle. These General Issue Categories encompass a range of Disclosure Topics and include associated Accounting Metrics that vary by industry, helping Alaris identify the most relevant environmental, social and governance issues to which we are currently exposed. While the SASB Standards provide a helpful starting point for identifying material ESG factors, Private Company Partners’ ESG exposures may not be limited to those identified below.

## Case Study: ESG and Stride Consulting LLC

For Stride, ESG-related issues are aligned to corporate and business strategy and are inextricably linked to its purpose, vision, and core values.

**Purpose:** “We unlock human potential by engineering better systems.”

**Vision:** “We will help build a brighter future for our planet and generations to come.”

### Core Values:

- Make it better than you found it
- Collaborate like the work depends on it
- Challenge systems

### ESG at Stride:

- Accountability for executing individual priorities in ESG fall within senior leadership: COO/CFO, CPO, GM for Consulting. The highest management accountability for ESG is the CEO.
- Stride has signed onto [The SME Climate Commitment](#), and has committed to:
  - Halve its greenhouse gas (“GHG”) emissions before 2030
  - Achieve net zero emissions before 2050
  - Disclose progress on a yearly basis
- Stride plans to make ESG-related commitments over the next two years, including but not limited to commitments to diversity, equity, inclusion, belonging, civic action, and anti-racism.

As part of our approach to responsible investment, we seek to collaborate with our Private Company Partners to understand how ESG factors can impact its business. At Alaris, one of the ways we engage in dialogue with our Private Company Partners is through our ESG Questionnaire for investment due diligence. Stride’s progress and achievements on ESG were understood through this process.

## Materiality Mapping: Priority SASB Industries and SASB General Issue Categories

The priority SASB industries identified in this table are determined by the composition of Alaris' investment portfolio. The General Issue Categories listed in this table do not apply to each industry listed in the columns. Those General Issue Categories that we consider to have a material impact on each industry are indicated with a circle.

Dimension	General Issue Category	Priority SASB Industries										
		Advertising & Marketing	Car Rental & Leasing	Engineering & Leasing	Engineering & Construction Services	Health Care Delivery	Iron & Steel Producers	Leisure Facilities	Metals & Mining	Mortgage Finance	Professional & Commercial Services	Software & IT Services
Environment	GHG Emissions					●		●				
	Air Quality					●		●				
	Energy Management				●	●	●	●				●
	Water & Wastewater Management					●		●				
	Waste & Hazardous Materials Management				●	●		●				
	Ecological Impacts			●				●				
Social Capital	Human Rights & Community Relations							●				
	Customer Privacy	●										●
	Data Security				●					●		●
	Access & Affordability				●							
	Product Quality & Safety		●	●	●		●					
	Customer Welfare				●							
	Selling Practices & Product Labeling	●			●					●		
Human Capital	Labor Practices							●				
	Employee Health & Safety			●	●	●	●	●				
	Employee Engagement, Diversity & Inclusion	●			●					●		●
	Physical Impacts of Climate Change		●	●						●		
Business Model & Innovation	Product Design & Lifecycle Management		●	●								
	Business Model Resilience											
	Supply Chain Management					●						
	Materials Sourcing & Efficiency											
	Physical Impacts of Climate Change				●					●		
Leadership & Governance	Business Ethics			●	●			●		●		
	Competitive Behavior											●
	Management of the Legal & Regulatory Environment											
	Critical Incident Risk Management							●				
	Systemic Risk Management											●

# ESG Priorities in Our Investment Process

The ESG factors highlighted in this section reflect our overall ESG priorities for current and future investments, informed by the relevant SASB Standards.

These ESG priorities inform our investment process in two key ways:

- Investments made before the formalization of our ESG Policy: The ESG priorities outlined in this section capture Alaris' current exposure to ESG-related risks and opportunities, in our current portfolio (see Assessing Materiality for Private Company Partners). These ESG priorities will be used to inform our framework (currently in development) to assess material ESG risks and opportunities for our investments made before the formalization of our ESG Policy.
- New investments: Integrating our ESG priorities into pre-investment due diligence processes and the agreements governing our partnerships moving forward will allow Alaris to identify strong investment opportunities aligned with our approach to responsible investment. As noted in ESG Strategy, the ESG priorities listed in this section will largely inform the lens through which we assess potential Private Company Partners moving forward.

## Portfolio-level ESG Priorities

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Climate Change &amp; GHG Emissions</li> <li>• Environmental Impact</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety</li> <li>• Human Capital Management</li> <li>• Diversity, Equity, and Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• ESG Governance</li> <li>• Business Ethics &amp; Transparency</li> <li>• Data Security &amp; Privacy</li> </ul>

## Portfolio-level ESG Metrics

As we work to better understand Private Company Partners' ESG strategies and performance, we are committed to enhancing the integration of ESG reporting into new agreements to identify and collect metrics for the ESG priorities identified in this section. For investments made before the formalization of our ESG Policy, we will aim to encourage ongoing reporting on ESG factors over time. These metrics will be informed by relevant SASB Standards and the TCFD recommendations, allowing us to monitor how these ESG factors represent business risks for Alaris.

# Governance

## Why Does This Matter For Our Investments?

We believe that robust governance is not only of critical importance in its own right, but provides the necessary foundation for the effective management of environmental and social risks and opportunities. To this end, we seek to partner and invest with companies with governance philosophies like ours – those that demonstrate a commitment to transparency and responsible and effective corporate governance practices.

## Our Approach to Investments and Partnership

We actively seek a deep understanding of Private Company Partners' governance structures and how they facilitate effective oversight of environmental and social issues. Our Private Company Partners have a diverse range of governance processes and practices, since they are private companies. We are committed to supporting Private Company Partners in developing their ability to embed ESG into their governance practices. For some Private Company Partners, our investment helps them strengthen their governance structure through required reporting, Board structure formalization, and diligence procedures. Given the longer-term nature of our investments and our limited involvement in Private Company Partners' day-to-day business operations, identifying companies with strong governance structures is a priority for Alaris.



# Environmental

## Why Does This Matter For Our Investments?

We recognize that risks related to the environment are pervasive ones that can impact the long-term resilience and growth of companies across sectors and geographies. We understand that climate-related impacts – both risks and opportunities – are systemic and can evolve and emerge over various time horizons. Given that Alaris has 29% of our invested dollars within industrials, we believe that taking a proactive approach to identifying and managing environmental risks across our portfolio, and within prospective investments, will help us fulfill our commitment to create long-term value for our unitholders.

## Our Approach to Investments and Partnership

We understand the importance of a robust climate change strategy to support the transition to a low carbon global economy. Over time, we are intent on improving our ability to identify and monitor climate-related risks and related opportunities that can materially impact current and prospective Private Company Partners' financial performance. As a long-term partner, we intend to provide our Private Company Partners with the guidance and support they need to address these risks and opportunities.



### Strengthening Our Approach to Climate Change

**We are committed to further developing our approach to identifying the impacts of climate change on our firm and enhancing the identification and assessment of climate-related risks and opportunities at the portfolio level. As we continue to develop our approach to climate change, we intend to integrate the assessment of physical and transition climate risks, as outlined by the TCFD recommendations, into our due diligence activities. We will work to identify climate-related risks and opportunities for our current and potential future Private Company Partners and embed relevant climate change considerations into the way we do business, including the way we structure and approach our partnerships and investment strategies.**

# Social

## Why Does This Matter For Our Investments?

We recognize the impact that our capital can have on the communities we reach, the economy, and society-at-large. ESG factors related to human capital and social capital, are issues for Private Company Partners across our entire portfolio, as many of them require significant inputs of skilled labour and professional and technical expertise to conduct their business effectively. Partners with strong social practices not only reflect our own business philosophy but are, we believe also well-positioned to address emerging social risks and opportunities across different time horizons. We also recognize that our success depends on the health and prosperity of the communities where we and our Private Company Partners live and work, which includes the impact of the companies in which we invest our capital.

Diversity is a cornerstone of our culture, and we endeavour to promote diversity at all levels of our organization and within our investments. We take pride in partnering with the best management teams which allows us to foster an environment of teamwork, collaboration, and long-term success. We believe that having Private Company Partners whose employees have diverse backgrounds, perspectives, skills, and experiences helps us to strengthen our partnership, decisions, and investments.

## Our Approach to Investments and Partnership

We seek to understand the practices of existing and prospective Private Company Partners related to their social practices, driven by the belief that the way they manage their relationships with communities and stakeholders has the potential to impact their performance over the long term. To this end, in making our investment decisions, Alaris reviews Private Company Partners' diversity within ownership and management, as well as their community involvement. We also integrate cybersecurity and IT considerations in our initial due diligence of Private Company Partners.





# Appendix A - SASB Index

In reporting our ESG performance, we selected the SASB Standards as our primary reporting framework as it is preferred by institutional investors globally. Adopting the SASB Standards will allow us to improve year-over-year ESG performance analysis and undertake more consistent industry benchmarking in future reporting periods.

## SASB Asset Management & Custody Activities Standard Metrics (as at December 31, 2021)

ESG Topic	SASB Code	Accounting Metric	Units	2020	2021
Activity Metrics	FN-AC-000.A	Total registered assets under management  Total unregistered assets under management ("AUM")	Reporting currency	Not applicable to Alaris. Alaris has not and will not be registered under the Investment Company Act of 1940. We do not employ an AUM model and are not governed by any legislation that tracks AUM. Alaris does not have any registered assets under management and therefore this metric is not applicable.  Alaris' book value as at December 31, 2021 was \$788.9 million or \$17.47 per unit.  For financial reporting purposes, reports are provided in Canadian dollars, using IFRS.	
	FN-AC-000.B	Total assets under custody and supervision	Reporting currency	Not applicable to Alaris. We do not employ an AUM model and are not governed by any legislation that tracks AUM.  Alaris' book value as at December 31, 2021 was \$788.9 million or \$17.47 per unit.	
Transparent Information & Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	Zero (0). In 2020, Alaris did have one employee named as a defendant in a civil lawsuit, but such employee was removed upon a successful motion to dismiss.	
	FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Reporting currency	Zero (0). Alaris has not suffered any losses as a result of legal proceedings associated with fraud, insider trading, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.  In late 2020, Alaris was named as a defendant in a lawsuit alleging fraud in connection with the sale of one of the former Private Company Partners it had invested in. The case is ongoing, and Alaris believes the case against it is without merit and is vigorously defending the case.	
	FN-AC-270a.3	Description of approach to informing customers about products and services	N/A	Alaris' Quarterly Management's Discussion and Analysis, Annual Information Form, and Information Circular can be found on our <a href="#">website</a> and on <a href="http://www.sedar.com">www.sedar.com</a> . Alaris also provides business updates to our unitholders throughout the year, as deemed necessary by senior management, by way of news releases that are publicly disseminated, and filed on SEDAR and Alaris' website. Alaris' CEO and CFO also meet with both institutional and retail investors throughout the year to discuss Alaris' business and operations.	

ESG Topic	SASB Code	Accounting Metric	Units	2020	2021
<b>Employee Diversity &amp; Inclusion</b>	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	See section <a href="#">Human Capital Management</a> (p. 21).	
<b>Incorporation of ESG Factors in Investment Management &amp; Advisory</b>	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Reporting currency	Not applicable to Alaris. Alaris is not an investment fund or investment manager. See sections <a href="#">ESG Strategy</a> (p. 12-13) and <a href="#">ESG in Our Investment Process</a> (p. 23-24, 29-32) for our approach to integrating ESG into our investment processes. Additional information can be found in the following documents: <a href="#">ESG Policy</a> , <a href="#">ESG Committee Mandate</a> .	
	FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	N/A		
	FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	N/A	See sections <a href="#">ESG in Our Investment Process</a> (p. 23-24) and <a href="#">Business Ethics &amp; Transparency</a> (p. 18). Additional information can be found in the following documents: <a href="#">External Communications Policy</a> , <a href="#">Trading and Blackout Policy</a> .	
<b>Business Ethics</b>	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	Zero (0). Alaris has not suffered any losses as a result of legal proceedings associated with fraud, insider trading, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.  In late 2020, Alaris was named as a defendant in a lawsuit alleging fraud in connection with the sale of one of its former Private Company Partners it had invested in. The case is ongoing, and Alaris believes the case against it is without merit and is vigorously defending the case.	
	FN-AC-510a.2	Description of whistleblower policies and procedures	N/A	See section <a href="#">Business Ethics &amp; Transparency</a> (p. 18).	

# Appendix B - TCFD Index

Alaris is taking a phased approach to implementing the TCFD recommendations, intending to enhance our alignment as our approach to climate change evolves over time.

Category	Recommendation	Supporting Recommended Disclosures	2021 Performance
<b>Governance</b>	Disclose the organization's governance around climate-related risks and opportunities.	(a) Describe the board's oversight of climate-related risks and opportunities.	See section <a href="#">Governance</a> (p. 10).
		(b) Describe management's role in assessing and managing climate-related risks and opportunities.	
<b>Strategy</b>	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	(a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	See sections <a href="#">ESG Strategy</a> (p. 12) and <a href="#">ESG Priorities in Our Investment Process</a> (p. 31).  Alaris is currently identifying and assessing the impacts of climate-related risks and opportunities on our business and will address them in future disclosure.
		(b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
		(c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
<b>Risk Management</b>	Disclose how the organization identifies, assesses, and manages climate-related risks.	(a) Describe the organization's processes for identifying and assessing climate-related risks.	See section <a href="#">Risk Management</a> (p. 14).  Alaris is currently identifying and assessing climate-related risks across our operations and portfolio and will address them in future disclosure.
		(b) Describe the organization's processes for managing climate-related risks.	
		(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
<b>Metrics &amp; Targets</b>	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	See section <a href="#">Metrics &amp; Targets</a> (p. 15).  Alaris is currently identifying and assessing climate-related metrics and targets and will address them in future disclosure.
		(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
		(c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	



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