

# ALARIS EQUITY PARTNERS INCOME TRUST

## GOVERNANCE POLICY

The board of trustees (or Trustees of an administration of the Trust) (**Board**) of Alaris Equity Partners Income Trust (**Trust**) is responsible for managing, or supervising the management of, the business and affairs of the Trust. The executive officers (**Executive Officers**) of the Trust are responsible for the management of the business and affairs of the Trust within the strategic direction approved by the Board.

Nothing in this Policy or the other policies, mandates or charters adopted by the Trust, the Board or any committee thereof is intended to expand the legal obligations or duties of the Board, any member of the Board or any Executive Officer.

### POLICY

The Trust is committed to transparency and responsible and effective governance practices. The Governance Policy is a framework for the way in which governance is carried out by the Trust. The Trust believes that these practices benefit all of the Trust's stakeholders and must be maintained as an essential part of its operations. The Trust will review this policy annually.

### THE BOARD

#### Duties and Responsibilities

The Board is responsible for the stewardship of the Trust, providing independent, effective leadership to supervise the management of the business and affairs of the Trust.

The Board annually reviews and confirms or updates its Mandate, which sets out the duties and responsibilities of the Board.

#### Independence from Management

The Board meets without management at every regularly scheduled meeting.

#### Overall Independence

The Board meets without management and without non-independent Trustees at every regularly scheduled meeting.

#### Size of Board and Selection Process

The Board consists of between three (3) and twelve (12) Trustees (or Trustees of any administration) (**Trustees**) at all times. Subject to the Trust's articles and by-laws, the Trust's shareholders elect Trustees each year at the annual meeting (**AGM**). The Board may from time to time and subject to the limits in the Articles appoint additional Trustees between AGMs, who will serve until the next AGM.

All candidates for election or appointment to the Board will initially be reviewed and recommended by the Governance Committee (**Governance Committee**).

## **TRUSTEES**

### **Duties and Responsibilities**

Each individual Trustee will contribute actively and collectively to the effective governance of the Trust. The Board annually reviews and confirms or updates the Individual Trustee Mandate, which sets out the duties and responsibilities of individual Trustees.

### **Independence**

The Board annually, and when circumstances require, reviews and makes a determination on the independence of each Trustee in light of applicable law. The independence determinations will be disclosed publicly.

### **Attendance**

Trustees will strive for attendance at all Board and Board Committee meetings. The Trust will publicly disclose the Trustee attendance record annually.

### **Orientation**

The Trust will establish and maintain an orientation program for new Trustees which will include: information on the role of the Board and each of its Committees; Trust and industry information; and the contribution individual Trustees are expected to make. Each new Trustee receives a binder (or access to an electronic equivalent) with up-to-date information on the Trust's organizational structure, recent filings and financial information, governance documents and important policies and procedures. Each new Trustee will attend an orientation session detailing the values and strategy of the Trust and reviewing its operations, internal structure and processes. As well, regardless of which Committees a new Trustee is on or will be appointed to, each new Trustee will be invited to attend a full set of Committee meetings.

### **Continuing Education**

Presentations are made regularly to the Board and Committees to educate and keep them informed of changes within the Trust and in legal, regulatory and industry requirements and standards. Special presentations on operations and issues relating to particular investments are provided to all Trustees from time to time. The Governance Committee reviews information on available external educational opportunities and ensures Trustees are aware of the opportunities. The Trust pays tuition and expenses for Trustees to attend relevant external education sessions. The Trust will pay for membership dues for each of the Trustees in an appropriate organization that provides relevant publications and educational opportunities.

### **Performance Evaluation**

Every Trustee will participate in an annual performance evaluation review directed by the Governance Committee, which will explore the performance of the Board as a whole, all Board Committees, and the performance and skills of individual Trustees. The Governance Committee will report to the Board and recommend any changes or further actions to address issues that were identified.

## **Compensation**

The Trust reviews the compensation of Trustees, the Board Chair and the Committee Chairs regularly. The Compensation Committee of the Board makes recommendations to the Board with respect to compensation of Trustees, the Board Chair and Committee Chairs. All compensation paid to Trustees will be publicly disclosed.

## **Equity-Based Compensation**

Trustees receive equity-based compensation, currently in the form of restricted unit compensation. All equity-based compensation granted to Trustees will be publicly disclosed.

## **Retirement**

The Trust has not set a retirement age for Trustees. As an alternative to a strict retirement policy, annual performance evaluations are conducted.

## **Term Limits**

The Trust has not set a term limit for its Trustees. While term limits ensure fresh viewpoints on the Board, they also cause a Trust to lose the valuable contributions of those Trustees who best understand the business of the Trust and the challenges it faces. As an alternative to strict term limits, annual performance evaluations are conducted.

## **BOARD COMMITTEES**

### **Independence from Management**

Board Committees meet without management at each regularly scheduled meeting.

A Trustee who is an Officer of the Trust (other than the Chair of the Board) will not be a member of any Board Committee.

### **Committees**

The Trust will have an audit committee, a compensation committee, and a nominating/governance committee. The Trust has an Audit Committee, Compensation Committee and Governance Committee to meet these requirements. The Board may also authorize other committees from time to time, as it feels are appropriate.

The **Audit Committee** assists the Board in overseeing (i) the integrity of annual and quarterly financial statements to be provided to the Trust's shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that Management has established; and (v) performance of the external audit process and of the external auditor. The Committee will also have the responsibility to assist the Board in fulfilling its financial oversight responsibilities with respect to (i) financial policies and strategies including capital structure; (ii) financial risk management practices; and, (iii) transactions or circumstances which could materially affect the financial profile of the Trust.

The **Governance Committee** assists the Board in overseeing (i) the development and implementation of principles and systems for the management of governance; (ii) identifying qualified candidates and recommending nominees for Trustee and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual Trustees, the Board Chair and Committee Chairs; (iv) implementation and effectiveness of the Code of Business Conduct and the compliance programs under the Code of Business Conduct; (v) provide oversight on ESG policies, reporting, strategy, risk management, and overall ESG performance, including having an ESG Committee consisting of management/employees.

The Compensation Committee assists the Board in overseeing: (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) Executive Officer compensation; (iv) Executive Officer succession and development; and, (v) reviewing executive compensation disclosure before its release.

### **Mandates**

Each current Board Committee has developed a Mandate setting out its duties and responsibilities that has been approved by the Board. All Board Committee Mandates are reviewed annually by the Governance Committee and the relevant Board Committee. Any changes to Board Committee Mandates will be approved by the Board.

### **Member Independence**

All members of the Audit Committee and a majority of the members of the Governance and Compensation Committee will be independent pursuant to applicable law. The Board annually reviews and makes a determination on the independence of each of the members of the Committees in light of applicable law. Independence of all Committee members will be publicly disclosed.

### **Audit Committee Financial Literacy**

All members of the Audit Committee will be financially literate as defined under applicable law. The Board annually reviews financial literacy.

### **Reporting**

The Board receives reports from the Board Committees at each regular meeting. The Board Committees also report to other Board Committees from time to time, as required.

## **BOARD, BOARD COMMITTEES AND INDIVIDUAL TRUSTEES**

### **Advisors**

The Board and all Board Committees will have the authority to engage independent advisors, at the Trust's expense, to assist them in carrying out their responsibilities. Individual Trustees may engage independent advisors at the Trust's expense in appropriate circumstances and with the approval of the Governance Committee.

## **CHAIRS**

### **Duties and Responsibilities of the Chairs**

The Board has adopted and maintains and annually reviews and updates or confirms the Position Descriptions for the Board Chair and the Committee Chairs, which set out the duties and responsibilities of the Chairs.

### **Term Guidelines for Chairs**

The Board has determined that the Board Chair and Committee Chairs will serve for a term of no more than five years unless, after review by the Governance Committee, it is decided that circumstances exist that make continuity of leadership desirable at the time.

## **OFFICERS**

### **Duties and Responsibilities of the Chief Executive Officer (CEO)**

The Board has adopted and regularly reviews and updates or confirms the CEO Position Description, which sets out the duties and responsibilities of the CEO.

The Board also reviews and approves Annual Objectives for the CEO. The independent Trustees, with recommendations from the Governance Committee, annually approve CEO compensation.

### **Duties and Responsibilities of Other Officers**

The Board has adopted and regularly reviews and updates or confirms Position Descriptions, which set out the duties and responsibilities for each of the Chief Financial Officer (CFO) and the Secretary.

### **Succession Planning**

The Governance Committee reviews and reports to the Board annually on the succession plan for the Trust's CEO and senior management.

## **TRUSTEES AND OFFICERS**

### **Equity Ownership**

The Board regularly reviews its guidelines for equity holdings of Trustees and Officers.

### **Loans**

The Trust will not make any loans to its Trustees or Officers unless it relates to short term loans to assist with the payment of taxes for equity based compensation or as otherwise approved by the Board.

## **POLICIES**

### **Code of Business Conduct**

The Governance Committee, the Audit Committee and the Board annually review and update or confirm the Code of Business Conduct applicable to all Trustees, officers and employees. The Board, through the Governance Committee, receives regular reports on compliance with the Code of Business Conduct. The

Code of Business Conduct will be publicly disclosed on SEDAR and the Trust's website. Any waivers of or changes to the Code of Business Conduct will be approved by the Board and will be appropriately disclosed.

The Whistleblower Policy contains provisions for the submission of complaints by employees and others with respect to financial reporting, internal accounting and audit matters. The Whistleblower Policy includes protection from retaliation for employees who submit complaints in good faith.

### **Trading and Blackout Policy**

To prevent insider trading, the Trust has developed and regularly reviews and updates the procedures under its Trading and Blackout Policy applicable to all trustees, directors, officers and employees.

### **External Communications Policy**

The Trust has developed and annually reviews and updates or confirms its External Communications Policy.

### **ESG and Responsible Investing Policy & Report**

The ESG and Responsible Investing Policy & Report outlines our overall approach to ESG, where the board has oversight over the Trust's ESG policies, reporting, strategy, risk management, and overall ESG performance and the management thereof, and is reviewed annually.

## **DISCLOSURE**

### **Compensation Consultant/Advisor**

If a compensation consultant or advisor has been retained to assist in determining compensation for any of the Trustees or Officers, the Trust will disclose: the identity of the consultant or advisor; the mandate for which they were retained; and the nature of any other work the consultant or advisor was retained by the Trust to perform.

### **Annual Governance Reporting**

The Trust will annually publicly disclose its governance practices in compliance with relevant Canadian laws and rules.

### **Access to Disclosures**

As required by law, certain information is included in the Trust's annual Proxy Circular or its Annual Information Form.

**Approved:** March 9, 2023

On Behalf of the Board:

(signed) "*John Ripley*"

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John Ripley  
Chairman