



Accelerating Our Impact

SUSTAINABILITY REPORT | 2021



As highlighted in this second annual Sustainability Report, Ares accelerated its ESG strategy and commitments in 2021, energized by our progress to identify and execute on new opportunities for impact through both our Corporate Sustainability and Responsible Investment programs.

We remain dedicated to leading by example in our Corporate Sustainability practices to catalyze an even greater impact through our relationships with over 3,150 portfolio companies, more than 1,820 institutional investors and various other stakeholders.

This year's report demonstrates how we have accelerated our ESG impact through measurable results for our Corporate Sustainability and Responsible Investment efforts, and deeper integration into the cultural fiber of our organization given alignment with our purpose and core values.

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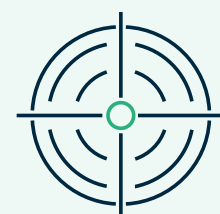
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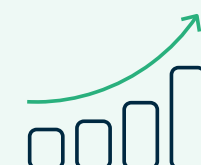
PURPOSE

We aim to be a catalyst for shared prosperity and a better future.



MISSION

Reinvest to help businesses flourish and create enduring value for our stakeholders.



VISION

We seek to lead our industry to generate attractive returns and make lasting positive impact





Corporate Sustainability

TALENT

Implemented a multi-year strategic plan to support the transition to a hybrid work environment and prepare for the firm's anticipated growth.



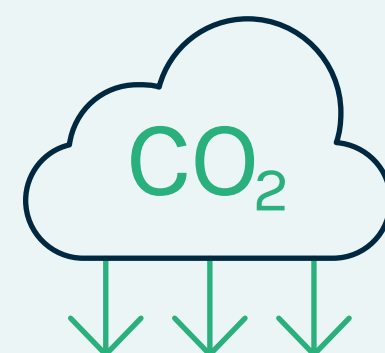
DIVERSITY, EQUITY & INCLUSION

11

Partnered with 11 management teams of Corporate Private Equity portfolio companies to deploy a three-part assessment of DEI practices through our AmpliFY DEI initiative.

CLIMATE CHANGE

Held our inaugural climate change offsite, bringing together representatives from each line of business, climate-related corporate functions and members of our executive team. The event was a key milestone in Ares' climate journey, as we mobilized a broad set of employees to drive climate change integration across the firm.



CORPORATE PHILANTHROPY

Launched a \$30 million grant to AltFinance: Investing in Black Futures,¹ a program intended to diversify the alternative investment industry by attracting, training and providing career opportunities for college students attending HBCUs.



CYBERSECURITY

78%

Reduced year-over-year users who interact with simulated 'phish' tests by 78% through an enhanced cyber-awareness program.

Responsible Investment

CORPORATE PRIVATE EQUITY

Improved the employee health and safety performance of 12 companies through external expert support and best practice sharing. Maturity assessments found that 80% of the total in-scope companies either performed better than the industry benchmark or improved performance year-over-year.

REAL ESTATE



Piloted an energy measurement and management program, which included installing physical hardware in select buildings to create data-driven carbon reduction interventions.

DIRECT LENDING

1B

Led £1 billion of available debt facilities to RSK Group, which included an annual margin review based on the achievement of certain sustainability targets. At the time of announcement, the transaction marked the largest private credit-backed sustainability-linked financing.



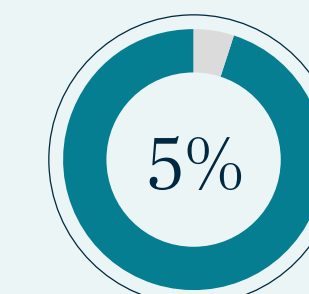
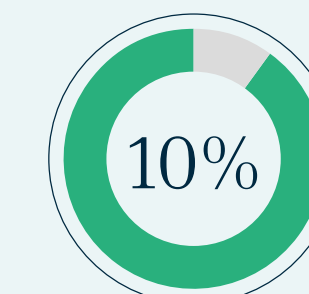
INFRASTRUCTURE OPPORTUNITIES

Raised \$2.2 billion of dedicated climate infrastructure capital for the inaugural Ares Climate Infrastructure Partners strategy (ACIP). The strategy invests in assets and companies that, among other characteristics, are contributing to the transition to a low-carbon economy.



ALTERNATIVE CREDIT

Drove direct social impact through charitable ties to our flagship Alt-Credit Funds. At least 10% of Ares Pathfinder Fund's carried interest and 5% of Ares open-end core alternative fund's incentive fees will be donated to support health and education charities.





After articulating our ESG vision last year we are now laser focused on accelerating our impact.

Clarity of purpose, firm-wide engagement, and enhanced measurement and reporting on ESG will be even more critical to scale.

IMPACT AT ARES: A BETTER ALTERNATIVE

Driven by our purpose and core values, we strive to catalyze shared prosperity for society while providing attractive financial returns for investors. We believe that through our efforts, and those of other alternative investment managers, private capital markets can help create a more inclusive and lower-carbon economy, delivering 'A Better Alternative' for people, communities and companies relative to existing systems.

Our approach to impact today prioritizes two animating themes:

AN INCLUSIVE AND EQUITABLE ECONOMY

We aim to support businesses that serve communities where everyone can thrive — because expanding economic inclusion and mobility is how we'll tackle inequality.

A JUST TRANSITION

We seek to drive an energy transition that cuts carbon while enabling jobs and skills are increased, not lost — because investing in low-carbon innovation and workforces is how we'll accelerate climate action.

As commitments to improved ESG performance become more mainstream, we are focused on defining, delivering and measuring the impact we want to achieve.

Building on the momentum generated in 2020 when Ares re-imagined its ESG vision and ambition, we used 2021 to accelerate our impact. Throughout this report you will see progress across a range of initiatives designed to amplify DEI across our business and portfolio, double down on our commitment to combat climate change, further scale our ESG efforts across our investment platform and use strategic philanthropy to address systemic social challenges.

We have made demonstrable progress in transitioning from vision-setting to execution, emphasizing ESG data as a means to evaluate and manage change over time, integrating ESG into the culture of our teams and collaborating with like-minded partners across our industry to multiply our impact.

Further enhancing this foundation is even more critical at our stage of growth.

The past year was transformational for our firm, with tremendous growth across our global platform both organically and through the strategic acquisitions of Landmark Partners and the Black Creek Group.

Looking ahead, we believe that our growth prospects for the business remain bright, heightening the need to implement with scale in mind. Amidst this anticipated growth we recognize that our success must come with a goal to drive sustainable, positive impact while keeping our stakeholders informed of progress along the way.

We are deeply proud of our advancements over the last year and we hope you share our enthusiasm as you explore our 2021 sustainability report: Accelerating Our Impact.



Michael Arougheti Co-Founder, CEO and President

Impact at Ares: A Better Alternative

As a leading alternative investment manager, Ares Management strives to be a catalyst for shared prosperity for its stakeholders and communities.

Our ambition is to help make alternative investing in the private markets an engine for an inclusive and lower-carbon economy by engaging across our spheres of influence.

INCLUSIVE AND EQUITABLE ECONOMY

Support businesses that serve communities where everyone can thrive — because expanding economic inclusion and mobility is how we'll tackle inequality.



A JUST TRANSITION

Drive an energy transition that cuts carbon while enabling jobs and skills are increased, not lost — because investing in low-carbon innovation and climate-resilient workforces is how we'll accelerate climate action.

CHANNELS THAT DRIVE CHANGE



Enablers of success

Accelerating impact across our Corporate Sustainability and Responsible Investment activities requires a multi-year focus on the foundational elements of a robust and vibrant ESG program: 1) Embedding ESG into our culture by activating our global employee base to shape our priorities

and drive implementation, 2) Increasing transparency through data by translating our qualitative objectives into more quantitative goals, and 3) Expanding our spheres of influence through external partnerships and collaborative cross-industry problem solving.

While the specific activities under these headings may change from year to year their role as key enablers of sustained impact will not.



EMBEDDING ESG INTO OUR CULTURE

After creating a distributed resource model of 120+ ESG champions across our investment strategies and corporate functions in 2020, we began to add dedicated ESG specialists by line of business. We believe a combination of the two – ESG specialists partnering with homegrown ESG champions – is the best way to integrate ESG within each team’s culture.

INCREASING TRANSPARENCY THROUGH DATA

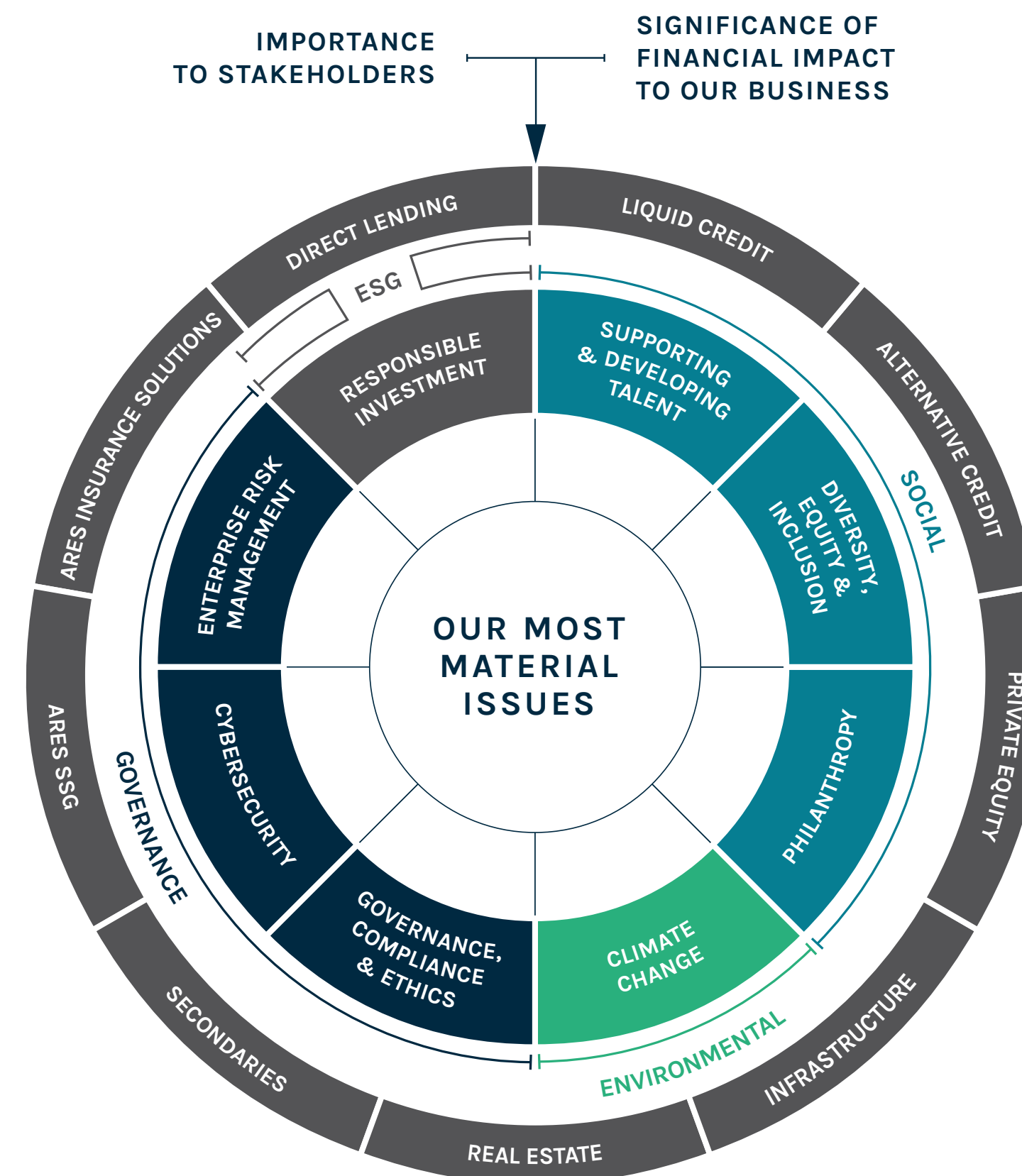
While 2020 was a year for defining the data collection needs for each ESG integration plan, 2021 was the year of more systematic collection and analysis of that data. Throughout this report you will see more data across both our Corporate Sustainability and Responsible Investment sections, an effort that we plan to expand in future reports.

ENGAGING WITH LIKE-MINDED PARTNERS TO MOVE OUR INDUSTRY FORWARD

Just as we focus on accelerating the impact we can achieve directly, we know that longer-lasting systemic change will only happen through partnering with other like-minded firms, shareholders, limited partners, industry associations, and non-profits, among others. In 2021 we launched industry initiatives with traditional competitors and supported other programs that we feel have the potential to transform ESG practices across private markets.

THE ISSUES THAT MATTER MOST

Our material issues are based on what we deem most important to our stakeholders and most significant to our long-term performance. We intend to perform a materiality assessment with our senior leadership annually, with the next assessment to be completed in 2022. We have eight material topics, seven of which relate to corporate sustainability. The eighth topic, Responsible Investment, spans across all of our investment strategies. These topics form the basis of our sustainability strategy and structure of our report herein.





Corporate Sustainability



We are committed to leading by example in our corporate sustainability practices.

We have great reach through our investment portfolios across thousands of assets and companies, as well as hundreds of financial sponsor partners. We have an opportunity to engage with many organizations on sustainability given these relationships and partnerships. To most effectively engage, we must be humble in acknowledging that we are on an ESG journey within our own operations while simultaneously setting a high standard for leading sustainability practices.

OUR APPROACH

We aim to first implement leading sustainability practices within our own operations. As our firm continues to scale, we are expanding our Corporate Sustainability initiatives across a larger employee base and operational footprint. This requires us to prioritize against and within our seven material corporate sustainability ESG topics and to have clear ownership, goal setting, and accountability. We have dedicated Corporate Sustainability champions across the relevant internal functions, who are responsible for objective setting and execution, in partnership and with guidance from our ESG team. We then seek to share what we've learned across our growing sphere of influence within the investment platform.

DELIVERING ON OUR CORPORATE SUSTAINABILITY STRATEGY IN 2021

As we pivoted from vision-setting to actioning our strategy in 2021, these themes emerged from across our corporate sustainability activities:



EXECUTING AT SCALE

Our firm grew AUM from \$197 billion at the end of 2020 to \$306 billion at the end of 2021. We made two transformational acquisitions and expanded our employee base from approximately 1,450 to more than 2,100 professionals. The significant growth makes our distributed ownership model for corporate sustainability even more critical. It is now an imperative to systematically and intentionally bring together different voices from across the firm on our sustainability initiatives.



GOAL SETTING

In late 2021, corporate sustainability champions set 2022 goals, which were incorporated into our firm-wide budgeting and strategic planning process in February 2022. This is a subtle but important leap forward for our sustainability program – ensuring clarity of focus, action, accountability, and transparency for the year ahead.



LEADING BY EXAMPLE – FROM THEORY TO PRACTICE

Drawing on our established corporate sustainability best practices, we have sought to activate our stakeholders to amplify our impact. For example, within our corporate private equity portfolio, our DEI team engaged with 11 management teams on DEI assessments and multi-year strategies through our AmpliFY DEI initiative. Within the community, the Ares Charitable Foundation collaborated in an industry-first initiative to help attract, develop and provide professional opportunities for Historically Black College & University students to increase diversity in the alternatives industry.

2021 HIGHLIGHTS

A YEAR OF REMARKABLE PROGRESS

The past year was a test of resilience – our firm and employees navigated a world in flux given the unpredictable nature of the COVID-19 pandemic. We collaborated to drive forward our business and our sustainability initiatives while adapting to changing work environments and guidelines. We are proud that we continued to advance priority corporate sustainability areas:

- DIVERSITY, EQUITY & INCLUSION**
 With the arrival of our new Global Chief DEI Officer, Indhira Arrington, we solidified our DEI framework and strategy to harness the power of difference to be a force for good and contribute to the long-term success of Ares, the companies in which we invest, and the communities in which we operate. [Learn more on page 8](#)
- PHILANTHROPY**
 After Michelle Armstrong, our new Global Head of Philanthropy, joined the firm, we launched the Ares Foundation with the goal of accelerating equality of economic opportunity through grants to nonprofit organizations. [Learn more on page 10](#)
- CLIMATE CHANGE**
 We held our inaugural climate change offsite with 30+ colleagues to lay the foundation for a Climate Action Report in 2022. [Learn more on page 12](#)



Ares is a “people first” firm

Being in the alternative asset management business is synonymous with being in the people business, and our ability to hire and retain great talent is at the heart of our success. We invest in our people and seek to make them feel valued and empowered. We strive to create an inclusive and values-driven culture where everyone has a voice, the best ideas flourish and meaningful careers are built.

OUR APPROACH

We closed 2021 with over 2,100 employees (a 44.6% increase in headcount from 2020). Headcount has grown by 133.1% over the last five years, and the firm’s strategic plan contemplates future growth. We are focused on scaling and elevating talent services to meet the organization’s needs today and tomorrow. The mission of the HR team is to enable the growth, success and well-being of the people of Ares while creating a culture and employee experience that makes us the employer of choice in the alternative asset management industry. To this end, we are increasingly receiving external accolades related to our work environment.



ACTION AND PROGRESS

CULTURE

In anticipation of our planned growth and the need to integrate a significant number of employees into the firm in connection with the Black Creek and Landmark acquisitions, we seized the opportunity to refresh our purpose, vision, mission and values, understanding that organizational alignment around these constructs would be critical to our success.

FLEXIBILITY

We defined the flexibility model at Ares, seeking to capitalize on the power of togetherness and the enhanced flexibility that our team members have grown to value over the past two years. We adopted a principles-based approach and set

firm-wide expectations regarding time spent in-office vs. remote, while also empowering employees to make everyday decisions to best balance personal and work life at the individual level. We piloted several best practices for working in a hybrid environment and will continue to leverage this “pilot” and “learn” approach going forward.

TALENT DEVELOPMENT

The firm invested in setting up a formal talent development function, staffed with three experienced professionals. An employee listening tour was conducted and served as the basis for creating a multi-year strategic plan. First programs were delivered, including one to help leaders manage effectively in a hybrid work environment.

437 + 449 = 886

New Hires (Organic) New Hires (Acquisition) Total New Hires

OUR FUTURE

We will seek to effectively manage the firm’s continued growth while also taking steps to further elevate the employee experience. We will specifically look to:

- **Enhance** our suite of talent development offerings and examine opportunities to elevate the employee onboarding experience.

- **Refine** key talent management processes and tools, including the 360 degree feedback process and our approach to talent assessment and succession planning.
- **Evaluate** the effectiveness of our flexibility model and modify as needed.

SPOTLIGHT

We closed two acquisitions in 2021, through which we onboarded a total of 449 employees. With one of the acquisitions, we secured an external integration support partner to help us think through the relevant talent and strategic issues to ensure a successful path forward. During this year of incredible growth as an organization (where our headcount increased by 44.6% from 2020), we achieved a voluntary regrettable turnover rate of 6.0%. Additionally, we were certified as a Great Place to Work in the US, India and the UK, achieved a 100% score on the HRC Corporate Equality Index and were recognized as a Best Place to Work in Money Management by Pensions & Investments.

2021 HIGHLIGHTS

	2021	2022 + TARGET
I WOULD DESIGNATE ARES AS A GREAT PLACE TO WORK (GREAT PLACE TO WORK “GPTW”)²	88%	>90%
REGRETTABLE VOLUNTARY TURNOVER PERCENTAGE³	6.0%	<10%
PERCENTAGE OF WOMEN AND HISTORICALLY UNDERREPRESENTED GROUPS (“HUGS”) IN THE CURRENT INTERN CLASS⁴	45% Women and 23% HUGs	50% Women and 25% HUGs

Diversity, Equity & Inclusion



Our DEI framework and strategy harness the power of difference to be a force for good and contribute to the long-term success of Ares, the companies in which we invest and the communities in which we operate. Our achievements and goals are organized across the three pillars of our framework: People & Culture, Business & Investment Process and Communities.

DATA DRIVEN, ACCOUNTABILITY-BASED APPROACH



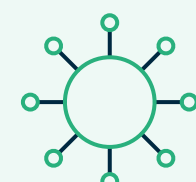
PEOPLE & CULTURE

Attract, develop, engage, advance



BUSINESS & INVESTMENT PROCESS

DEI management, investment portfolio, vendors



COMMUNITIES

Industry partnerships, corporate partnerships, philanthropy

OUR APPROACH

2021 was a transformational year for DEI at Ares. Building on several years of foundational work, Ares appointed Indhira Arrington as Chief DEI Officer and relaunched the DEI Council, comprising global representatives from across the organization. Under their leadership and with broad support, Ares has accelerated its efforts to build a leading DEI program.

In spring 2021, we completed a rigorous three-part assessment to measure the firm's DEI maturity, talent pipeline and company-wide inclusion, the last of which included a survey of over 800 employees and has enabled us to

understand our team members' experience by diversity dimension. As a result, we developed a data-backed, accountability-based three-year strategic plan with measurable milestones and KPIs to ensure we are making progress.

OUR PROGRESS

PEOPLE & CULTURE

Ares is committed to increasing the representation of women and Historically Underrepresented Groups and creating a more inclusive experience for all employees. To that end, we set aspirational goals for incoming junior employees, launched Exploring Ares

for women and ethnically diverse talent and implemented diverse candidate slates for lateral positions in the US. We launched the Mindr Mentorship Exchange firm-wide mentoring program and formal development initiatives for top diverse talent. We also onboarded Mindr Connect, our belonging platform, to empower our communities with the proper tools to connect, organize events and manage Employee Resource Groups ("ERGs") leading to a 46% increase in ERG participation. Our ERGs had a successful year highlighted by 48 member-only, 12 firm-wide and 9 joint ERG events.

We are honored to be recognized for our efforts, receiving a 100% HRC 2021 Corporate Equality Index Rating, Great Place to Work Certifications in three countries (India, UK and USA), Best Workplaces in New York, Seramount Best Company for Dads, Pensions & Investments Best Places to Work in Money Management and DEI Plan Approved certification from MLT Black Equity at Work.

BUSINESS & INVESTMENT PROCESS

We continue to embed DEI across our business processes and investment platform in order to drive innovation and add value. In addition to helping to increase board diversity at our public vehicles and portfolio companies, we launched "Amplify DEI" across our Private Equity portfolio (spotlight on [page 9](#)).

As described earlier, we partnered with a leading consultant, we performed a rigorous review of our procurement processes and current spend, allowing Ares to establish baseline values for KPIs. In 2022, we will implement Procurement Guidelines, inclusive of a formal Diversity Program.

COMMUNITIES

Beyond our business and investments, Ares is focused on extending our impact through

our global communities. We are a founding member of ILPA's Diversity in Action Initiative and part of the inaugural cohort of MLT Black Equity at Work. Additional partners include: Girls who Invest, Operation Hope, PREA Foundation, Toigo, the Hispanic Scholarship Fund, Level20, Out Investors, Out for Undergrad, SEO and #1000 Black Interns.

Notably, in partnership with two other alternative investment managers, we founded AltFinance: Investing in Black Futures.™ The industry-first initiative was created to help attract, develop and provide professional opportunities for students attending Historically Black Colleges & Universities. ([Learn more about AltFinance on page 10](#))

2021 GENDER AND DIVERSITY REPRESENTATION⁵



Our Board of Directors

■ 30% Female
■ 10% Ethnically Diverse (of which all 10% are underrepresented ethnic minorities)



Our Investment & Non-Investment Professionals

■ 33% Female
■ 33% Ethnically Diverse (19% Asian, 14% underrepresented ethnic minorities)



Our Partners

■ 12% Female
■ 17% Ethnically Diverse (13% Asian, 4% underrepresented ethnic minorities)



Our Senior Professionals

■ 25% Female
■ 23% Ethnically Diverse (16% Asian, 7% underrepresented ethnic minorities)



Our 2021 Hires

■ 38% Female
■ 26% Ethnically Diverse (13% Asian, 13% underrepresented ethnic minorities)



"We are deeply proud of what we have achieved thus far as an organization and as a partner to our portfolio companies. At the same time, we are humble in acknowledging that there is significant opportunity to drive further progress."

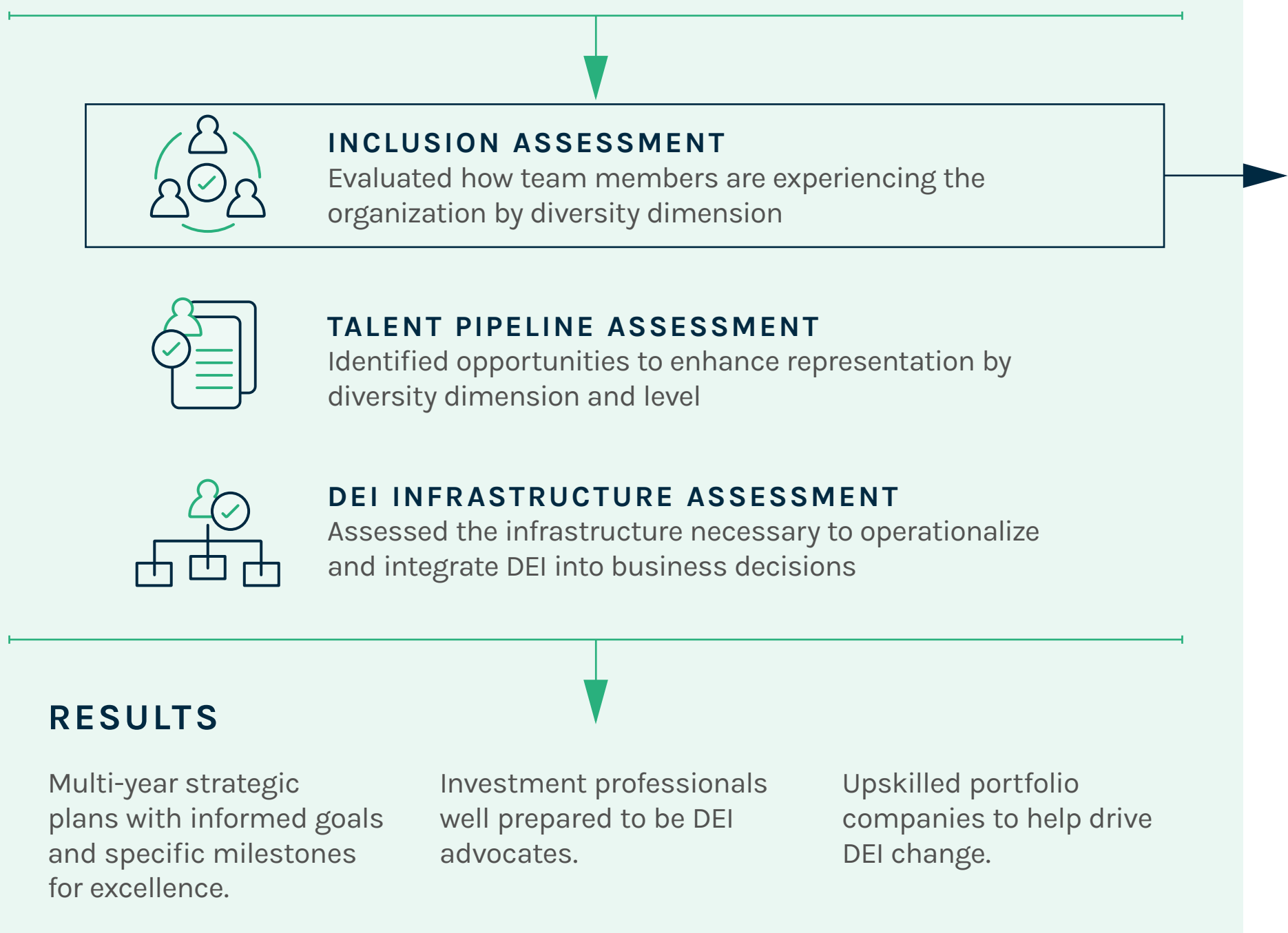
Indhira Arrington
Global Chief DEI Officer

SPOTLIGHT

AMPLIFY DEI INITIATIVE

Our differentiated approach is one in which we are not only leading by example, but also bringing along a core group of portfolio companies in the assessment and development of DEI strategic plans.

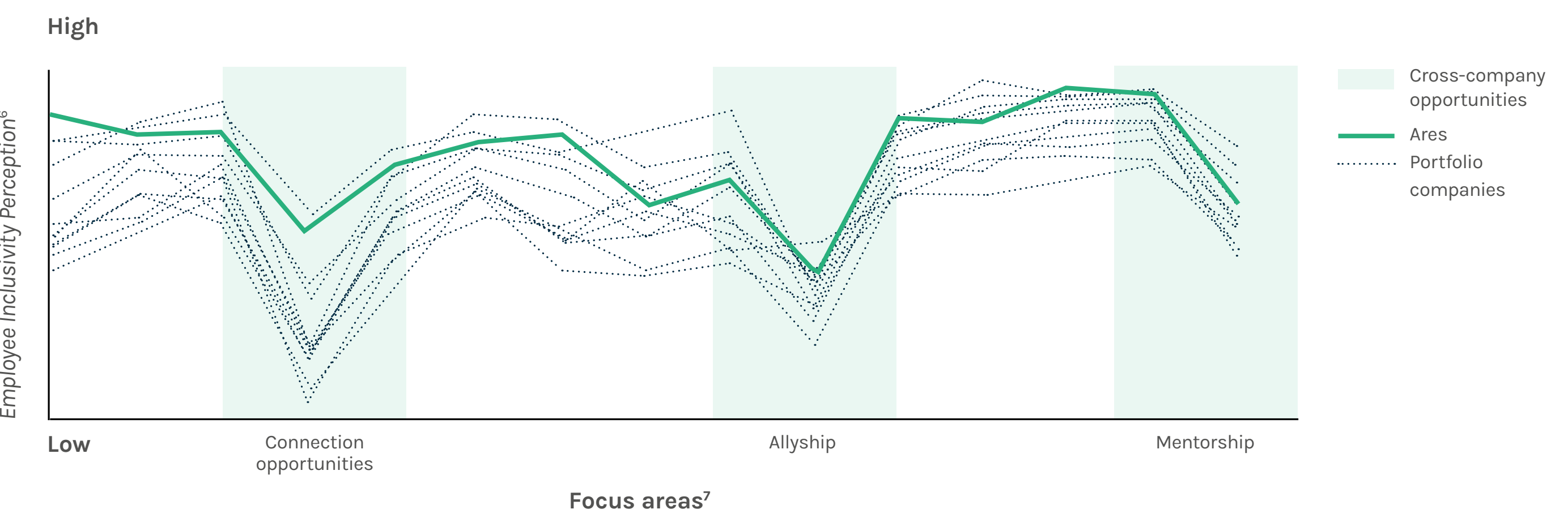
- Partnered with 11 management teams of Corporate Private Equity portfolio companies to deploy a three-part assessment of DEI practices
- Created a framework to support our portfolio companies in implementing DEI initiatives
- Established accountability at the Board level to help deliver progress on DEI strategic plans



SPOTLIGHT CONT.

DRIVING PORTFOLIO-WIDE CHANGE: AMPLIFY DEI INCLUSION ASSESSMENT

We ran an inclusion assessment to understand how portfolio company employees experience inclusion on a day-to-day basis. As a result, we identified three areas where our portfolio companies consistently have opportunities for improvement: connection opportunities, allyship and mentorship. The below graph demonstrates the similarity in (low) scores we saw across each organization, which were also consistently low across diverse demographics (including race/ethnicity, gender and LGBTQ+ status).



OUR FUTURE

We are proud of our accomplishments in 2021 and will look to build on our momentum in 2022. We plan to:

PEOPLE & CULTURE

- Expand diverse slate mandate and diverse interview panel globally
- Launch targeted development programs for diverse talent

- Launch and examine results of Pay Equity Study

BUSINESS & INVESTMENT PROCESS

- Implement Procurement Guidelines, inclusive of a formal Supplier Diversity Program
- Develop approach for Portfolio Company Supplier Diversity Program

COMMUNITIES

- Implement newly launched ERG Charitable Giving Program
- Continue to build meaningful partnerships to advance DEI in our industry and communities



Our grantmaking, employee engagement and corporate contributions collectively exemplify our commitment to deliver positive societal impact.

We identify strategic opportunities to help problem-solve challenges faced by communities where we do business and take the lead to put visionary ideas into action. Our financial, human and material resources allow us to partner with some of the world’s leading nonprofits to help better people’s lives in meaningful, measurable ways.

CASE STUDY

ALTFINANCE HELPS DIVERSIFY THE ALTERNATIVES INDUSTRY

The Ares Foundation’s 10-year, \$30 million commitment to ALT Finance Corporation helps fund AltFinance: Investing in Black Futures, a program intended to diversify the alternative investment industry. Incubated within the firm’s Ares Black Alliance ERG and aligned with the Ares Foundation’s focus on Career Preparation & Reskilling, AltFinance will create opportunities for Historically Black College and University (“HBCU”) students to learn about careers in the industry through a mentored fellowship program in partnership with Management Leadership for Tomorrow and select institutions, and will also provide scholarships. In addition, the Wharton School of the University of Pennsylvania will design and facilitate a virtual institute for all interested students who attend any one of the 107 HBCUs. Moreover, AltFinance intends to provide internships and full-time career opportunities at alternative investment firms.

ALT Finance Corporation strives to address a pervasive challenge of the alternatives industry: a lack of diversity among its professional ranks. Furthermore, the support will not only help eradicate impediments that might otherwise preclude these young people’s awareness of – and professional pursuits in – the alternatives industry, but will also help cultivate a more diverse talent pipeline within the industry to the benefit of HBCU students, firms like Ares and their portfolio companies, and society at large.

PILLARS FOR ALIGNED GIVING AND INVOLVEMENT



ARES CHARITABLE FOUNDATION
Funded by Ares’ investment profits and employee donations to accelerate equality of economic opportunity for people globally



ARES CORPORATE CONTRIBUTIONS
Sponsorships and support for charitable purposes in communities where Ares does business globally



ARES IN MOTION
Volunteer opportunities and charitable matches to augment team members’ donations for causes that matter most to them

OUR APPROACH

ACCESS FOR EQUITABLE INCLUSION

Philanthropy allows us to better ensure people’s access to the knowledge and support necessary for equitable inclusion in today’s world. We continuously build our understanding of demographics, culture and

global affairs to address individuals’ needs as best possible. One way we promote access is through the Ares Charitable Foundation (“Ares Foundation”), which we announced in June 2021. Over the past decade, Ares in Motion (“AIM”), our employee engagement program, has connected team members to communities and nonprofits as volunteers and donors. Our

corporate contributions allow us to support organizations that address some of society’s most important issues, including those that our team members bring to our attention.

\$30 million Career Preparation & Reskilling Commitment

Virtual institute by the Wharton School of the University of Pennsylvania

Diverse and skilled talent pipeline for alternatives industry

Fellowship program and scholarships

Internship and career opportunities at partner firms



ACTION AND PROGRESS

STRATEGIC GRANTMAKING DEMONSTRATED INNOVATION

We announced the Ares Foundation in June, with a focus on Career Preparation & Reskilling, Entrepreneurship and Personal Finance through mission-aligned grants so that people can pursue a better future. Ares’ intent to donate an amount of up to five percent of annual realized net performance income from certain funds make these grants possible as do employee pledges, which initially total more than \$30 million over the next five years. We also established regional employee-led grantmaking committees around the world that will help decide much of what we fund and why, and act as strategy overseers to ensure that our grants align with the Ares Foundation’s mission.

VOLUNTEERISM OVERCAME SPACE AND TIME

In July and August, our first-ever summer virtual volunteering initiative engaged employees in nearly 200 hours of service while employees worked mostly offsite. Team members collaborated across geographies

and time zones to volunteer for organizations that promote positive mental health, economic empowerment and disability inclusion in the workplace. In the fall, we offered myriad ways for team members to give and get involved. This included our global “stuffing” parties during which team members stuffed over 150 fabric turtles for seriously ill children who attend camp at The Painted Turtle. In total, we engaged team members in more than 1,300 service hours through virtual and in-person volunteer activities.

SPONSORSHIPS ADVANCED SOCIAL IMPACT

Throughout the year, we committed nearly \$300,000 in corporate contributions to organizations like the American Heart Association and First Generation Investors for important and timely causes such as gender-based health equity and wealth inequality reduction. We also became the first and only firm in our industry to date to support The Memorial Foundation, the nonprofit that maintains the Martin Luther King, Jr. Memorial and delivers programming for all ages that exemplifies Dr. King’s values.



“You cannot measure impact simply in dollars and cents. Instead, impact is the extent to which you change people’s lives for the better by making a lasting, positive difference in them.”

Michelle Armstrong
Global Head of Philanthropy
Executive Director, Ares Charitable Foundation

2021 HIGHLIGHTS

	2021	2022 TARGET	
ARES FOUNDATION	TOTAL AWARDED IN GRANTS (USD)	\$3M	\$30M
	# OF PEOPLE ANTICIPATED TO BE REACHED THROUGH GRANTS^s	100+	12M
ARES CORPORATE CONTRIBUTIONS	TOTAL SPONSORSHIPS (USD)	\$296,000	\$500,000
AIM	TOTAL MATCHING DONATIONS FOR EMPLOYEE GIVING (USD)	\$531,000	\$700,000+

OUR FUTURE

Our impact on communities should be long-lasting so that future generations reap the benefits of our support. This requires that we identify the most critical barriers to people’s success and ideate scalable, sustainable solutions to help solve them. It also motivates us to innovate the kinds of answers to questions that others may not consider, which is in keeping with our entrepreneurial spirit and desire to continuously think outside of the box. We do this because we strive to support systemic change rather than devise piecemeal fixes.

DISTINCTIVE GRANTMAKING

A rigorous examination of the regions in which we award grants will help us more deeply understand their specific challenges relative to our funding priorities. It will allow us to craft regional theories of change so that we can be highly responsive to communities’ needs and effectively tell the story of how we address them. In addition, these efforts will enable us to develop a global philanthropic strategy that includes success measures and indicators so that we prudently assess our grantmaking strategy ongoing.

We will also launch a multiyear, multimillion-dollar signature grant initiative in 2022 to prepare people to enter climate-resilient jobs in the US and India.

REIMAGINED EMPLOYEE ENGAGEMENT

AIM will empower local champions to curate increased skills-based volunteerism opportunities that result in high-impact nonprofit service. We will also launch a Board training and placement program in the second half of 2022 to build individuals’ nonprofit leadership skills.

PURPOSEFUL CORPORATE CONTRIBUTIONS

We will continue to sponsor organizations whose mission-oriented programming reflects our core values and helps improve people’s quality of life. Much of our support will help raise visibility of youth education, social justice and programs that strengthen civil society to ensure that people can thrive.



We believe that climate change is one of the most significant challenges of our time, defining an emerging tectonic shift in the global economy.

Recognizing this, we seek to build a resilient institution and respond to a changing climate by looking both within our operations and to our portfolio.

OUR APPROACH

Ares considers the impacts of climate change across two spheres of influence: our own operations and our investment platform. We believe in taking action ourselves, then engaging and supporting our portfolio companies to consider their impacts and ensure they are well-positioned for the risks and opportunities inherent in the energy transition. As such, Ares' operations have been carbon neutral since 2020, by taking steps to reduce our emissions then offsetting using high-quality credits. This year, we expanded our Scope 3 calculations to include commuting and remote working. We also are purchasing offsets that sequester emissions and have social co-benefits.

Recognizing that the highest exposures and greatest opportunities are within our investment portfolio, we are working to embed climate change goals and approaches across our strategies, focusing first on those where we have more ability to exert control or influence. Our approach is further detailed in our inaugural Task Force on Climate-Related Financial Disclosures (TCFD) Climate Action Report.

CLIMATE ACTION ACROSS THE PORTFOLIO

Throughout 2021, we saw bottom-up action across our investment strategies. As an example, Ares Real Estate has begun an energy management trial, where we're piloting a system for energy efficiency. In our Direct Lending strategy, we issued the largest sustainability-linked loan to RSK at the time, which includes an interest rate discount for achieving an emissions-related target (see our Sustainability Linked Loan [case study](#) in the Credit section). The Climate Infrastructure strategy targets opportunities such as clean energy, resource efficiency, battery storage and other technologies core to decarbonizing the economy.

EXTERNAL ENGAGEMENT

As we build momentum and take more systematic action, we believe that we can both contribute to and benefit from partnership. This includes industry collaboration, enabling research, and wider engagement which over 2021 included contributing to studies by the Official Monetary and Financial Institutions Forum (OMFIF) and the Alternative Credit Council (ACC); participating in working groups

like the Ceres Private Equity Climate Change Working Group, and speaking at a COP26-related event hosted by RSK.

OUR FUTURE

We have an exciting suite of climate-related activities ramping up across the platform. This includes engagement on sustainable living with our own employees and programming to reduce waste. We are also redoubling our commitment to climate through our philanthropic efforts with an Ares Foundation program focusing on the Just Transition. This program is focused on reskilling workers to prepare them for a decarbonizing economy and the necessary shift in job training more aligned with future sources of energy.

Our biggest efforts going forward draw from the momentum generated by our climate change offsite to build climate into the investment considerations. We'll aim to build our leadership's command of climate change topics and how they affect Ares, helping to drive climate action top down.

SPOTLIGHT

CLIMATE CHANGE OFFSITE



In December 2021, Ares held its inaugural climate change offsite, which brought together more than 30 representatives from across each line of business, climate-related corporate functions and members of the executive team. The event was a key milestone in Ares' climate journey, as we mobilized a broad set of employees to drive climate change action. In order to improve climate change literacy, we invited external experts to educate the group on the impacts of climate change on our business. The afternoon was focused on specific tools that investment strategies can use to chart climate-related goals for 2022. The offsite had three main objectives:

- **Mobilize a broad set of Ares employees to drive climate change integration:** attendees represented each line of business, climate-related corporate functions and members of the executive team.
- **Build climate change literacy:** Climate change training built everyone's confidence in understanding climate change, how it affects our business and how we can position Ares to thrive
- **Turn theory into practice:** Part of the day focused on tools, and each investment strategy was tasked to chart climate-related goals for 2022

LEADING BY EXAMPLE AT AREAS

Leading by example is a foundational element of our approach to climate change across our broader portfolio. We believe it is critically important to demonstrate best practices internally, from both a values and operationalization standpoint, to enhance our engagements with portfolio companies.

We are focused on reducing our per person CO₂e footprint by expanding our corporate environmental initiatives. We prioritize areas we more directly control or influence (such as waste from operations, within-office energy savings, travel and employee commuting) and we are identifying new ways to support climate change goals where we have less direct control given our leased office spaces (such as energy sources). We also seek

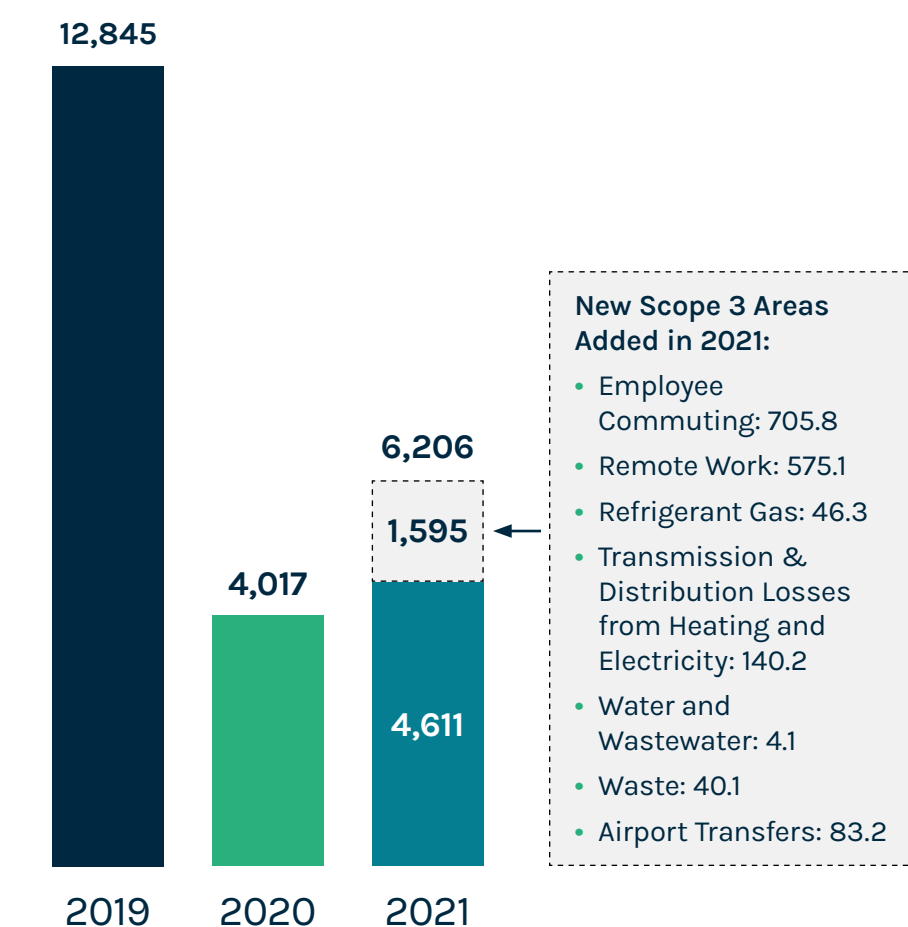
to activate our employees to be better citizens through awareness education, environmental volunteerism opportunities, and benefits, such as our public transit pre-tax incentive program. For 2021, we are offsetting twice the amount of our Scope 1, Scope 2 and measured Scope 3 operational emissions.

Through past measurement and offsetting efforts, we have developed an internal knowledge base on best practices, in partnership with external consultants. We can now take and apply this knowledge set to help our portfolio companies when possible and investment partners as they embark on their measuring and their offsetting journeys. We look to continually improve our CO₂e footprinting approach, taking into account the changing nature of our business over time –

for example, the increase in remote work associated with our approach of providing employees more flexibility. We are also deepening our general environmental initiatives across our offices, as we believe that driving climate change improvements is fundamentally linked to a broader environmental mindset.

possible, into our office suite buildouts, such as smart meters that help to identify energy drains, automatic light shut-offs and HVAC system best practices.

YOY TOTAL CORE EMISSIONS (METRIC TONS OF CO₂e)



EMISSIONS/ACHIEVING CARBON NEUTRALITY

Following on from our inaugural baselining CO₂e emissions measurement for 2020 (Scope 1, Scope 2 and business travel with respect to Scope 3), for 2021, we layered in several new Scope 3 categories and estimated our associated CO₂e footprint.

Overall, our 2021 emissions are 64% lower than our 2019 emissions (pre-COVID era), not taking into account the new Scope 3 areas we included for 2021 (which are shaded grey in the charts). Our 2021 emissions are 15% higher than our 2020 emissions (not including the new Scope 3 areas measured).

Scope 1: 2021 is the first year where we have Scope 1 emissions, as we now own one of our office buildings. The rest of our office spaces are leased. Scope 1 represents only .8% of our emissions profile.

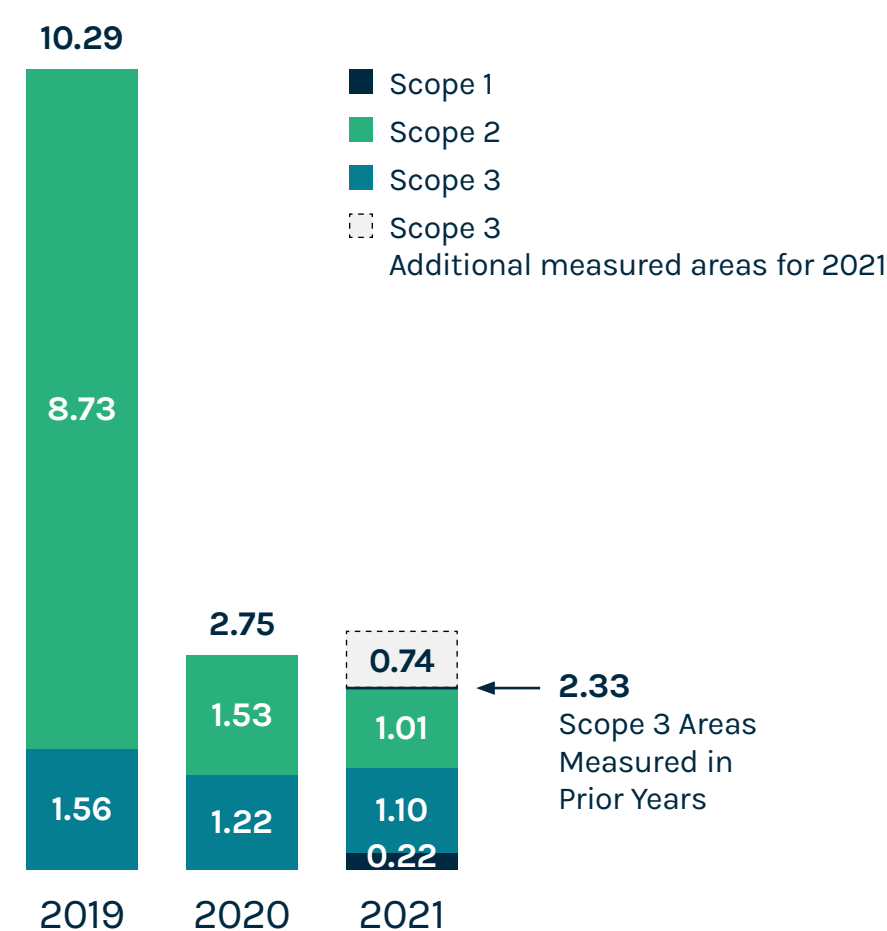
Scope 2: On an absolute basis, our Scope 2 emissions have increased year over year, driven by an expanding office footprint associated with firm growth. In 2019, we had 18 offices, growing to 27 offices in 2020 and 47 offices in 2021. On a per headcount basis, our Scope 2 levels decreased slightly year over year, which is directionally consistent with our efforts to drive more in-suite energy efficiencies.

Scope 3: This year, we added several additional Scope 3 areas, the total impact of which is captured in the grey shaded chart area. Our Scope 3 emissions decreased 80% vs 2019 and 2% vs 2020 (not including the added scope areas). This is almost entirely driven by lower rates of business travel on account of pandemic and post-pandemic travel practices. We anticipate that future years will see an uptick in business travel, though we expect there will be some permanent diminution of long-term travel emissions on a per headcount basis (compared to 2019 levels) due to availability and acceptance of virtual alternatives.

FUTURE INITIATIVES

In line with our broader environmental and climate change efforts, we commit to continuing to measure and report on ongoing Scope 1, 2 and 3 categories (as noted in the chart) on an absolute and per headcount basis, offsetting our footprint with attention to high-impact, high-quality offsets. We will also look to opportunistically incorporate in-suite energy savings mechanisms, where

YOY EMISSIONS PER EMPLOYEE (METRIC TONS OF CO₂e)



SPOTLIGHT

LEED BUILDINGS

The majority of our larger offices are LEED (Leadership in Energy and Environmental Design) or BREEAM (Building Research Establishments Environmental Assessment Method) certified, including New York, Los Angeles (Century City), London, and Denver, as well as six other smaller locations. We seek to increase our number and percentage of BREEAM and LEED certified properties as we select future spaces.



67%

Percentage of major offices (over 200 employees) that are LEED or BREEAM certified.

Ares is guided by shared values and a commitment to creating a culture where we hold ourselves to the highest ethical standards.

Ethical corporate governance is fundamental to safeguarding our business and ensuring alignment of interest with our stakeholders. Our Board of Directors and senior management have implemented policies and practices that are designed to support sustained value creation, with a focus on our fiduciary responsibilities and our role as trustworthy stewards of capital.

Ares' dedication to a firm-wide culture of compliance and our robust compliance program provide employees with the tools and resources to adhere to our regulatory requirements while instilling the importance of integrity, ownership and professionalism in our business dealings.



“We value and depend on the trust our clients place in us, and that trust remains our priority through our daily decision-making and transparent business actions.”

Naseem Sagati Aghili
General Counsel and Secretary

OUR APPROACH

Maintaining client trust is core to our business approach, which is why Ares stresses high ethical standards and corresponding behavior. Our multi-pronged approach is principles-based: honest and ethical conduct, compliance with laws and regulations, adherence to policies and procedures and attention to circumstances that may give rise to conflicts of interest.

This tone is set by our most senior management, while legal and compliance teams are responsible for incorporating and promoting awareness of legal, regulatory and ethical standards across our investment and non-investment groups. This distinctive culture — a shared commitment to the core values of responsibility and principled behavior — is one of our best assets, and this is paramount when contemplating adding a new business group, considering expansion or selecting new employees to join Ares.

ACTION AND PROGRESS

CORPORATE GOVERNANCE EVOLUTION

In 2021, our Board of Directors moved toward a majority-independent board by forming the Nominating and Governance Committee. The committee is responsible for developing and recommending policies regarding qualifications for director nominees, director selection and evaluation to ensure representation from diverse and independent backgrounds. The Committee also has a duty to periodically review our corporate governance guidelines, policies relating to corporate governance, and to recommend any changes in such policies to our Board of Directors.

CORPORATE ACQUISITIONS AND EMPLOYEE INTEGRATION

Onboarding new businesses requires training and integration procedures both at the time

of acquisition and as recurring quarterly certifications for all employees. In 2021, 99.99% of the almost 9,000 certifications were administered and completed in a timely manner by our employees, including 499 who joined from acquired businesses.

PORTFOLIO COMPANY GOVERNANCE

In 2021, Ares undertook a review of the controlled portfolio companies of two core business groups, Ares SSG and Private Equity, evaluating such companies for compliance with the Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws.

OUR FUTURE

With the proliferation of new regulations proposed by the SEC in 2021 and 2022, we are actively monitoring the proposals and ensuring appropriate training, implementation and compliance across our firm of the final rules. In-depth reviews of our controlled portfolio companies' compliance with FCPA and other anti-corruption laws are an important part of our governance procedures. In 2022, we plan to continue our review of our Real Estate and Credit portfolios to ensure continued compliance with such laws. These reviews will supplement our existing processes for compliance with US Department of Treasury regulations and sanctions programs.

EVERGREEN GLOBAL COMPLIANCE

Policies and procedures will continue to be refreshed to incorporate changes to regulations and introduction of new laws. We combine required changes with an earnest evaluation of new or expanded business activities to determine if enhancements to our policies or procedures are required. This is vital to sustaining the culture of compliance and ensuring appropriate and ethical business activities.

CASE STUDY

ARES, A PUBLIC COMPANY WITH AN INDEPENDENT BOARD OF DIRECTORS

In 2021, we took a key step in our governance journey toward achieving a majority independent Board of Directors. Eileen Naughton joined our Board of Directors, establishing a 50/50 independent Board structure. We believe that her significant business management experience navigating international markets while building and preserving a diverse and inclusive culture will prove a valuable asset to Ares. Our Board of Directors has been expanded to 11 members, including five independent directors and one vacancy, which the Board will seek to fill in 2022 with an additional independent director, resulting in our Board being majority independent. The change supplements our existing, well-developed governance framework and builds on the success of our expansion in 2021 of the Executive Management Committee to a total of 17 members, representing senior leaders with different backgrounds and experiences from across our businesses and geographies, spanning the investment and non-investment functions of our platform.



Our holistic, cross-organizational approach to protecting investor and business data, as well as resiliency of our information systems, is paramount to our success.

With the ever increasing incidence of cyber threats such as ransomware attacks, large scale data theft, and supply chain associated attacks, it is imperative that we continue to build-out and improve our cyber governance, security engineering, operations, and education programs to effectively manage the continuously changing threat landscape.

OUR APPROACH

Our comprehensive risk-based program, aligned to the NIST Cybersecurity Framework, and operated by our global cybersecurity team, is designed to identify and manage data security and privacy-related risk through a combination of technology and robust governance. We foster strategic approaches to cyber risk management and operational resiliency through strong collaboration with the IT, Enterprise Risk, Legal, and Compliance teams; and promote accountability and transparency through a number of reporting lines including regular Audit Committee reporting, and further oversight through independent third-party reviews of the program.

ACTION AND PROGRESS

LEADERSHIP AND GOVERNANCE

Over the past year we have bolstered the leadership, transparency, and governance of the cybersecurity program. We welcomed a new CISO who brings over two decades of information security experience, to the

program, is a member of, and reports to the Enterprise Risk Committee; co-chairs the subcommittee for Operational Resiliency and Cyber Risk with the firm’s Head of Enterprise Risk; and reports regularly to the Board’s Audit Committee.

EDUCATION AND AWARENESS

We significantly enhanced our cybersecurity education and awareness program this past year through the use of revamped annual interactive video training sessions, live line-of-business cyber-briefings, and monthly randomized simulated malicious email (or ‘phish’) testing.

PORTFOLIO COMPANY OUTREACH

An undetected cyber incident can have significant negative reputational, operational, or financial impacts on a business. Accordingly, this past year we started outreach efforts to increase cyber-awareness amongst our private equity portfolio to ensure companies are appropriately prepared to manage cyber threats and related risk.

OUR FUTURE

CONTINUOUS IMPROVEMENT

In the year ahead we will be making significant investments in our foundational platforms and associated controls, as well as event management systems, and control validation platforms. This will allow us to further expand our detection and response capabilities and provide actionable data.

REDUCTIONS IN PORTFOLIO CYBER RISK

Efforts around the portfolio outreach program will continue with educational events, incident response tabletop exercises, as well as a private equity portfolio wide cyber risk assessment. Data gleaned from the risk assessment will be leveraged to improve upon cyber maturity while reducing the risk of a cyber-related event negatively impacting our portfolio companies.

SPOTLIGHT

REDUCING CYBER RISK THROUGH INCREASED AWARENESS WITHIN THE PORTFOLIO

Last year we launched our Cyber Portfolio Outreach efforts with a threat briefing and panel discussion for our Chief Information Officer (CIO) Council, which consists of over 35 technology leaders from across our Private Equity portfolio. The hour-long event was moderated by the firm’s Technology Portfolio Advisor, with briefing and discussion presented by two Partners from the Cybersecurity Practice of Mayer Brown, Facebook’s CIO, and our own CISO. Council members left with a greater awareness of the current cyber threat and regulatory landscape, as well as key strategic and tactical initiatives to consider.

CASE STUDY

STRENGTHENING THE FRONT LINES OF CYBERSECURITY

While a comprehensive, risk-based cybersecurity program is a necessity to properly manage cyber risk, cyber attacks begin and end with people. As such, in 2021 we revamped our employee cyber-awareness program and increased the number of simulated phishing emails sent to test our employee base. Monthly randomized simulated attacks included point-in-time training for those who ‘fail’ the test. All told, we delivered over 1,300 hours of training and more than 6,700 simulated phishing attacks, which by the end of 2021 resulted in a 78% year-over-year reduction in employees who failed the tests.

2021 HIGHLIGHTS	2021	2022 + TARGET
YOY REDUCTION IN SIMULATED PHISH “FAILURE” RATE	78%	30%
SIMULATED PHISHING E-MAILS DELIVERED	>6,700	>18,000
CYBER EVENTS INVESTIGATED	3,455	>6,000



Against a backdrop of an evolving operational, regulatory, and increasingly interconnected risk environment, we continue to actively manage the spectrum of risks that we confront.

Through our integrated Enterprise Risk Management framework, reinforced by our culture, governance structure and digital capabilities, we remain equipped to advance risk management strategies related to our operations.

OUR APPROACH

ELEVATING OUR APPROACH TO BUILD BETTER SAFEGUARDS

Our established risk management practices center on an integrated approach to identify, assess, and prioritize risks at the direction of our Enterprise Risk Committee “ERC”. We categorize risks across operational, human resources, legal, regulatory & compliance, financial & liquidity, and strategic & reputational. As we navigate interdependencies and relationships between risks, collaboration is imperative. Moreover, with our partners in compliance, legal, audit and cybersecurity, we coordinate through an assurance forum to gain efficiencies and insights across risk areas. Further, as we integrate with acquisitions, select risks are absorbed into our framework and re-assessed through an established cadence.

ACTION AND PROGRESS

SHARPENING OUR FOCUS THROUGH STANDARDIZATION

A major focus for 2021 was enhancing our Enterprise Risk Management framework with risks and controls assessed across our defined taxonomy. We standardized assessment criteria, including likelihood, velocity, and impact scales for operational, reputational, regulatory, and financial categories for each enterprise risk. We transformed our control framework to convert disparate control data into integrated information views across 7 control areas and 46 control categories. As a result of this standardization, we were able to better inform our mitigation strategies and apply a risk-based approach to strengthen controls for residual business risks scoring inherently higher.

RESPONDING ACROSS THE RISK LANDSCAPE

Our program construct includes establishing dedicated working groups to address new areas of risk. In 2021, we executed on working

group milestones associated with LIBOR transition planning related to the benchmark’s cessation and completed governance and operational enhancements associated with our corporate records management framework. We continued to manage risks associated with the ongoing COVID-19 pandemic, including impacts of returning to the office, leading to progressive changes to our location contingency and disaster recovery approach.

OUR FUTURE

MEASURING WHAT MATTERS

As we look ahead to 2022, the main objective of our program will be to develop metrics and key indicators for top level business risks to achieve greater visibility into our risk profile and sharpen our risk management strategies. As our risk profile changes, so must our approach. Shifting from assessing risks annually to establishing capabilities to track early signals of increasing exposure informs our response and enables us to react more rapidly to changing levels.

CASE STUDY

A RISK-BASED APPROACH TO RESILIENCY

Driven in part by the global pandemic and pace of disruptive events, we need to ensure we can protect against downside risks and limit impact to deliver on our commitments. From what we have learned through the pandemic, weather, geopolitical and cyber disruptions, we aspire to be nimble and able to adapt and react quickly to changing circumstances. As the firm grows, it becomes increasingly important to have established governance and escalation protocols in place, as well as insight into critical operating processes and dependencies, making us better prepared to rapidly uncover and remediate key risks and inefficiencies. At the heart of our resiliency program is the information collected from our Business Impact Analysis “BIA” that provides visibility into our operating ecosystem and critical dependencies, allowing us to better predict the consequences of disruption. Bolstered by digital capabilities in 2021 we updated the firm-wide BIA, encompassing roughly 140 global investment operations and control processes, a 70% increase in assessments from 2020. As a result, we were able to identify and prioritize recovery strategies for the top 15% of the most immediately required processes and visibility into 6% of potential single points of failure areas.

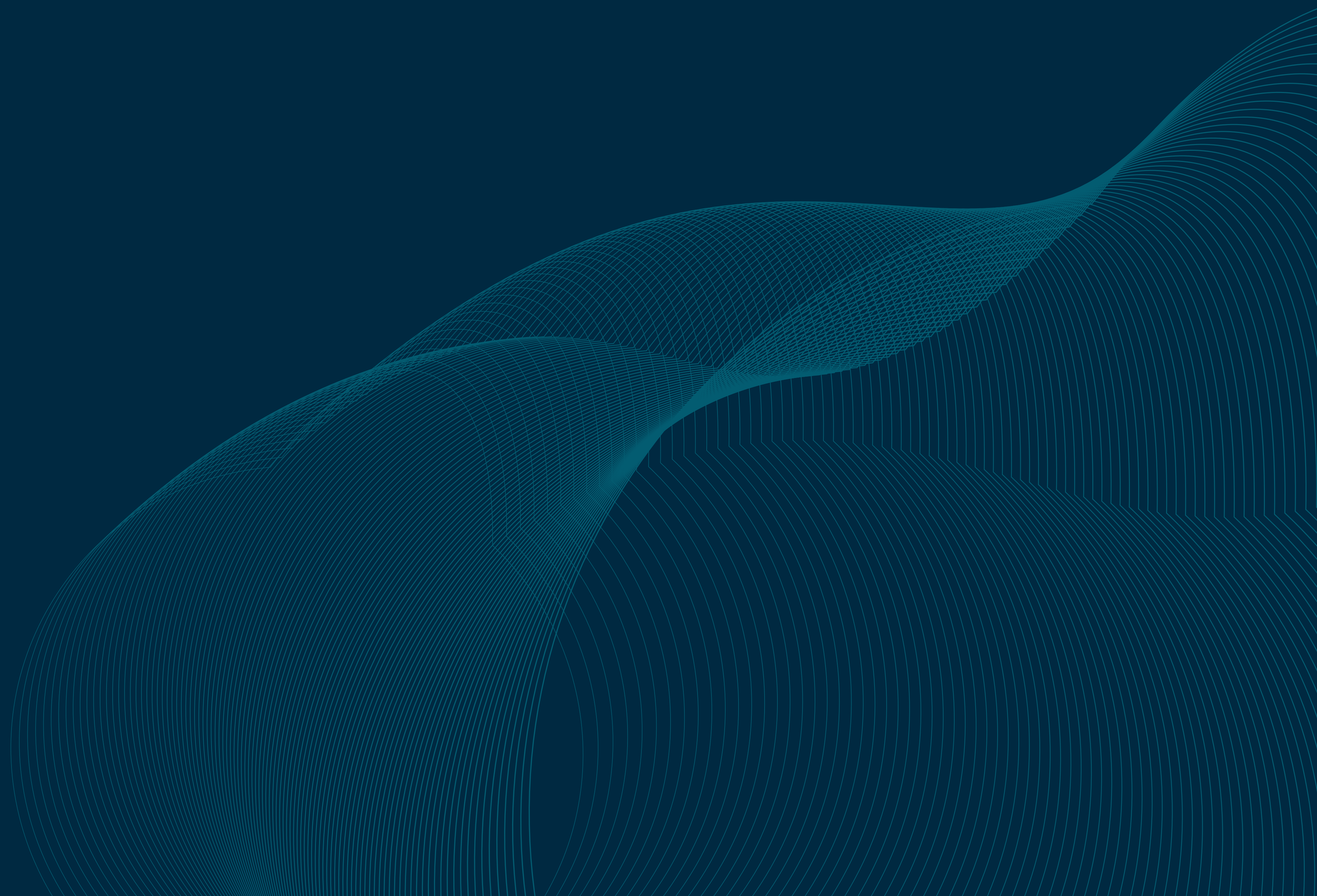


“The range of disruptive events that we have seen over the past few years, including global pandemic, geopolitical and localized disruptions, have demonstrated the importance of proactively preparing for emerging risks, ensuring we can react quickly and remain resilient.”

Kelly Young
Head of Enterprise Risk Management



Responsible Investment





In 2021, more than 100 ESG champions embedded throughout our investment platform pivoted from re-imagining their ESG integration plans to implementing through front-line investment and portfolio management professionals.

After a series of ESG teach-ins consistent with the refreshed global Responsible Investment Program for each strategy, the broader investment platform began to operate with ESG integration plans that were both decentralized and consistent in design.

OUR APPROACH

In 2021, we took a platform-wide approach to developing consistent practices that our various investment strategies could implement, as calibrated to their level of influence and access to information. For example, our DEI Council identified ways to apply key learnings from our corporate DEI program to our investment strategies. For climate change, we gathered representatives across our investment strategies for the climate change offsite in December, outlining best practices for integration at sourcing, diligence, ongoing monitoring, and exit.

In addition to convening ESG champions for emerging topics, we strengthened our capacity with dedicated full-time hires for private equity and direct lending. Adding these resources prompted a re-evaluation of the governance model for ESG strategy-setting and augmented implementation within each team.

DELIVERING ON OUR CORPORATE SUSTAINABILITY STRATEGY IN 2021

While advances in ESG integration across our asset classes took different forms, a few common themes emerged across investment strategies.



STRIKING A BALANCE BETWEEN A CENTRALIZED AND DE-CENTRALIZED RESOURCE MODEL

We believe that establishing ESG champions within each investment strategy is one of the most critical ingredients of our approach. Not only does this create a sense of ownership and accountability, it prevents a “top-down” dynamic that front-line employees can experience as an inflexible mandate, rather than a driver of value creation, risk mitigation, and culture. To achieve our full potential impact, ESG champions benefit greatly from the technical knowledge and guidance of ESG specialists.



BUILDING FOR SCALE

Over 2021, we experienced transformational growth while anticipating future expansion. This means that teams need to focus on the scalability of their approach. In practice this impacts how a team develops its network of ESG-related service providers, collects, validates, analyzes and reports ESG data, and builds the capacity of front-line investment and portfolio management professionals to carry out the work at the company and asset level.



BUILDING FLEXIBLE SYSTEMS THAT ADAPT TO EMERGING ESG THEMES

The ESG integration plans within each strategy seek to implement a systematic process for considering environmental, social, and governance issues at various stages of an investment. These systems are “hardware” in the sense that they seek to offer a delivery mechanism for thematic priorities for Ares, our clients, and our broader set of stakeholders. With this hardware in place we believe we are in a better position to advance our goals on a specific issue like DEI or climate change, “software” at scale.

2021 HIGHLIGHTS

Building from longstanding core values at Ares, ESG work with our portfolio companies accelerated rapidly in 2021. With support from the dedicated ESG team, our teams across our asset classes took ownership for a clear and embedded approach to ESG strategy and integration at various stages of the investment process. We are proud that we continued to advance priority responsible investment areas:

- **DIRECT LENDING**
Advances in data capture and sustainability-linked loans.
[Learn more on page 20](#)
- **LIQUID CREDIT**
ESG engagement strategy.
[Learn more on page 22](#)
- **CORPORATE PRIVATE EQUITY**
Cross-portfolio initiatives on shared prosperity, DEI and Health & Safety.
[Learn more on page 25](#)
- **REAL ESTATE**
Approach to decarbonization
[Learn more on page 29](#)
- **INFRASTRUCTURE OPPORTUNITIES**
Investments in the low-carbon transition.
[Learn more on page 28](#)



2021 was a year of incredible progress for ESG in private credit. We deployed an ambitious program that moved the needle from simple screening practices to integration in various stages of the investment lifecycle. We tested new grounds pushing leverage on ESG and closed the largest Sustainability Linked Loan at that time (£1 billion).

Credit at Ares includes \$192.7 billions of assets under management⁹ across 222 funds investing in the US and in Europe. We are building upon our strong foundations to scale up and reach further in new geographies and sectors. As Ares is rooted in our credit business, we believe we are better able to draw on a long history and experience to find, and partner with, better opportunities.

OUR APPROACH

Seeking to understand ESG risks and opportunities is a part of our investment strategy and is integrated into our investment approach. We believe that ESG factors help deliver downside protection, while building value and better companies for people and the planet.

As a large credit investor, we see the value of including ESG in credit analysis and work at scale to increasingly systematize this integration. This includes our own diligence process, as well as broader engagement with sponsors where possible to understand the profile of ESG in more detail and highlight opportunities. Over the long term, we maintain regular communication, and augment this with software-based early warning tools to stay abreast of emerging ESG issues and topics.

DELIVERING ON OUR ESG STRATEGY IN 2021

Over 2021, we have taken steps to build the maturity of our program, and to draw on areas of real leverage.

CULTURAL INTEGRATION

We expanded the ESG Champion group, embedding ESG deeper in our processes. Our Champions play a critical role in translating emerging ESG topics into actionable integration processes, with guidance from the central ESG team, setting objectives, and interacting with investors. In US Direct Lending, ESG responsibilities rotated across senior colleagues to grow ESG leadership.

DATA DRIVEN

Over 2021, we established notable improvements in ESG data, reporting metrics out of European Direct Lending for the first time, and conducting a retrospective portfolio review in US Direct Lending to establish ESG ratings.

ACTIONING APPROACH

An increased focus on engagement leads to tangible outcomes, for example our £1 billion Sustainability Linked Loan with RSK, and launching a large-scale engagement program in Liquid Credit that worked with over 100 companies.

CREDIT OVERVIEW

Ares Credit Group comprises **\$192.7 billion of AUM⁹** and **325 investment professionals** across strategies.

	DIRECT LENDING	LIQUID CREDIT	ALTERNATIVE CREDIT
AUM	\$135 billion	\$40.3 billion	\$19.2 billion¹⁰
TARGETED INVESTMENTS	Cashflow Loans, Project Finance	Leveraged Loans, High Yield Bonds	Illiquid Alternative Credit (private directly-originated investments) and Liquid Alternative Credit (CLOs, real estate debt securities, rated private ABS)
NUMBER OF INVESTMENT PROFESSIONALS	238	43	44
NUMBER OF OFFICES	12	3	4

Note: As of December 31, 2021.



“This year we focused on building an embedded knowledge base to execute effectively on ESG. Our 45 credit ESG champions created the infrastructure, guidance and training to set a high standard for assessing and addressing ESG.”

Michael Smith
Co-Head of Credit Group



As one of the largest non-bank lenders to middle-market and large cap companies in the world, we are strongly positioned to catalyze positive change through the integration of ESG in our investment process.

While 2020 was dedicated to codifying our ESG principles into a formalized structure, we have focused our efforts in 2021 on implementing our ESG strategy in a systematic fashion across the direct lending platform and embedding ESG culture into our professionals, while aiming to make key improvements along the way.

ACTION AND PROGRESS

After creating our Global Direct Lending team of ESG Champions representing ~20 investment, portfolio management, investor relations and technology professionals, our goals for 2021 included a focus on creating more robust reporting and data capture capabilities, as well as providing group-wide tools and training to enable all our investment professionals to act as our “first line of defense” as well as support the execution of initiatives above and beyond our stated goals:

- We upgraded our deal tracking system to include negative screens due to ESG concerns, to collect additional metrics at the “top of the funnel”.

FURTHER EMBEDDING OUR ESG CULTURE

- We have expanded our number of ESG Champions within the investment professionals across a range of seniority level and have regular discussions between our US and European teams to exchange on best practices and new market developments.
- The firm has continued to invest in ESG integration across the Credit Group, including hiring Salma Moolji to lead ESG in Europe, and supporting deal teams when conducting primary ESG diligence as well as providing subject-matter expertise when engaging with our portfolio companies on ESG topics.

REPORTING/DATA CAPTURE

- We undertook a significant project to retroactively screen our existing portfolio investments to arrive at an ESG conclusion score for each company, to assess the overall ESG risk level in our portfolios across Europe and the US.
- Updated our portfolio management practice to review the ESG conclusion score for our portfolio companies on a quarterly basis as part of our overall portfolio valuation exercise to ensure ESG risk is evaluated alongside other credit risks.

SUSTAINABILITY-LINKED LOANS

- Structuring our first investments with an incentive for borrowers to improve their ESG performance by linking their performance against sustainability performance targets that are impactful to their respective businesses.

UPDATES TO OUR APPROACH TO ESG IN DIRECT LENDING



SOURCING

- In 2020 we rolled out formal training across the investment teams on how to evaluate ESG considerations when evaluating new deals. 2021 built on these initiatives, including growth in escalations of deals to our ESG Champions to collaborate on ESG-related diligence considerations on new deals.

DILIGENCE

- Continued to stress the importance of using ESG diligence tools like industry standard frameworks (e.g. SASB), third-party reports furnished by financial sponsors and AI-enabled web search tools to the investment teams (e.g. Reprisk).

FINAL INVESTMENT DECISION AND DOCUMENTATION

- In 2021, we instituted a policy where an ESG conclusion score must be provided before new deals were approved by final Investment Committee.

POST-INVESTMENT ENGAGEMENT AND MONITORING

- In 2021 we enhanced monitoring of ESG ratings on borrowers on a quarterly basis, including building in functionality into our proprietary portfolio monitoring software, Wolverine, around this initiative to enhance consistency and to ensure 100% compliance



“We see opportunities to amplify the frameworks set by our ESG champion predecessors, for example deepening reporting and employee training, in order to make better and more responsible investment decisions.”

Jason Park
Partner, Credit Group



OUR FUTURE

OUR FOCUS AREAS FOR 2022

As we turn to 2022, we are focusing our efforts in the following areas to further refine our approach:

CONTINUE ENHANCING DATA CAPTURE & REPORTING

- Complement our process-related metrics and ESG conclusion scores with additional ESG data that we can collect from our portfolio companies to create a more robust reporting standard to our stakeholders.
- Create an “Escalations” database that can further log “grey area” investment opportunities and document key concerns and areas of diligence follow up.

PURSUE INVESTMENT PRODUCTS THAT MAKE AN IMPACT

- Enhancing our framework for sustainability-linked loans with the aim to reduce credit risk through creating tangible incentives for borrowers to improve ESG performance against pre-defined categories that are material to the individual company or sector in which it operates.
- Being a thought-leader in the Global Direct Lending market, converging the standards between the US and Europe to maximize impact globally.

THINKING BIGGER ON CLIMATE CHANGE

- While lenders have a narrower sphere of influence on company operations vs. equity holders, we will explore ways we can positively impact climate change across our investments and portfolio companies. This can include sharing knowledge from across the Ares platform to ensure a consistent and impactful application of ESG to our investing strategies.

ONGOING TRAINING & EMPLOYEE EDUCATION

- Continuous focus on keeping investment professionals abreast of ESG developments.
- Additional teach-in sessions led by internal ESG Champions for both new hires regarding our ESG implementation process as well as topical sessions related to e.g., climate change to build further awareness of additional ESG investment risks in the world to catalyze positive change while seeking to deliver top-tier risk-adjusted returns for our stakeholders. Our entire Direct Lending organization is energized around ESG and it will be exciting to be at the forefront of shaping this important initiative in our markets moving forward.



“As responsible ESG investment and rigor around ESG underwriting rapidly becomes table stakes within the Direct Lending market, it is critical that we build upon the great work completed during 2020–2021 and further embed ESG within our business into 2022 and beyond. We are in a position of influence as one of the largest direct lenders.”

Carl Helander
Partner, Credit Group

SPOTLIGHT

BREAKING NEW GROUNDS WITH SUSTAINABILITY-LINKED LOANS

New ground was broken this year as funds managed by our Direct Lending strategy served as the sole lenders of £1 billion of available debt facilities to RSK Group, the UK’s largest privately-owned, multi-disciplinary environmental business. At the time of announcement, the transaction marked the largest private credit-backed sustainability-linked financing to date. The debt facility includes an annual margin review based on the achievement of sustainability targets, which are broadly focused on carbon intensity reduction and continual improvement to health and safety management and ethics. These targets are aligned to RSK’s Corporate Responsibility and Sustainability Route Map, which forms the basis of its sustainability strategy, based on RSK’s sustainability pillars and the United Nation’s Sustainable Development Goals. RSK could achieve interest savings in excess of £500,000 per year based on its performance against these targets, and it has committed to donate a minimum of 50% of this margin benefit toward sustainability-related initiatives or charitable causes.

“We are excited to continue to grow our longstanding relationship with RSK through this significant financing that is a first for both of our businesses and further connects us to a shared sustainability commitment. With demand for sustainability-linked loans continuing to grow, Ares is proud to be at the forefront of this landmark transaction which we expect to serve as a model example of how we can help our clients achieve their ESG goals and objectives.”

Michael Dennis
Co-Head of Ares European Direct Lending





The global reach and scope of Liquid Credit enables Ares to extend its emphasis on sustainable business practices to a broad range of businesses and industries.

Global Liquid Credit's investment solutions enable fixed income investors to capitalize on opportunities across the universe of US and European syndicated bank loans and high yield bonds. As a market leader with approximately \$40.3 billion in assets under management as of December 31, 2021, we believe integrating ESG in our investment decisions can enhance performance and promote more sustainable business practices.

environmental, social, and governance issues. Understanding ESG issues is a vital tool for accelerating our impact beyond the binary decision to buy or sell a credit instrument.

ACTION AND PROGRESS

In 2021, we expanded our responsible investing toolkit. We formalized an ESG integration plan, more fully embraced these themes in our daily conversations on credit and incorporated incremental ESG-based exclusionary screens within new CLO (collateralized loan obligation) fund documentation. We codified our ESG scoring framework as well as a quarterly review process and reporting for internal purposes and for clients upon request. We also achieved our goal of engaging with 10-15% of our over 900 portfolio companies on ESG topics.

OUR FUTURE

Our goal for 2022 is to build upon our existing ESG framework to further our impact and better track outcomes on sustainable business practices through the following key objectives:

INSTITUTIONALIZE MORE RIGOR AND METRICS TO OUR SCREENING AND MONITORING PROCESS

- Tighten screening to incorporate additional exclusions and better identify "best in class" sustainable investment opportunities across our portfolios.
- Investigate additional sources of ESG data, particularly on environmental metrics.

PERFORMANCE MEASUREMENT ON ESG METRICS

- Initiate attribution and performance reporting on ESG metrics in addition to other credit factors.

RAISE ENGAGEMENT TARGET AND REFINE ENGAGEMENT OBJECTIVES

- Increase engagement goal to over 20% of our portfolio companies and develop a more detailed template for tracking KPIs.

OUR APPROACH

EMBEDDING ESG IN THE INVESTMENT PROCESS

Sound ESG practices are an investment strength; credit is about the long-term sustainability and durability of a business and its management. Following an initial screening of investment opportunities using our exclusion criteria, our research team undertakes proprietary due diligence, supported by third-party research, to assign companies an ESG rating. ESG risks and opportunities are highlighted and discussed at investment committee, monitored regularly and reviewed quarterly through a process led by our Quantitative Risk & Research team. ESG-specific reporting enables portfolio managers and investors to better understand ESG risks and opportunities within their portfolios.

USING OUR VOICE

We believe debt holders have an important role to play in encouraging responsible business practices. Our tenured team of over 40 investment professionals is well-positioned to engage with management teams on

SPOTLIGHT

ESG SPECIFIC ENGAGEMENTS BY THEME

In 2021, Ares' Global Liquid Credit Team achieved its objective of engaging with approximately 15% of its portfolio companies on environmental, social and governance issues helping promote positive change and transparency. Our goal for 2022 is to expand our effort to use our influence as debt holders to encourage sustainable business practices among leveraged finance issuers.



E

~70 ENGAGEMENTS FOCUSED ON ENVIRONMENTAL ISSUES

- Climate Change
- Natural Capital
- Pollution & Waste
- Environmental Opportunities



S

~60 ENGAGEMENTS FOCUSED ON SOCIAL ISSUES

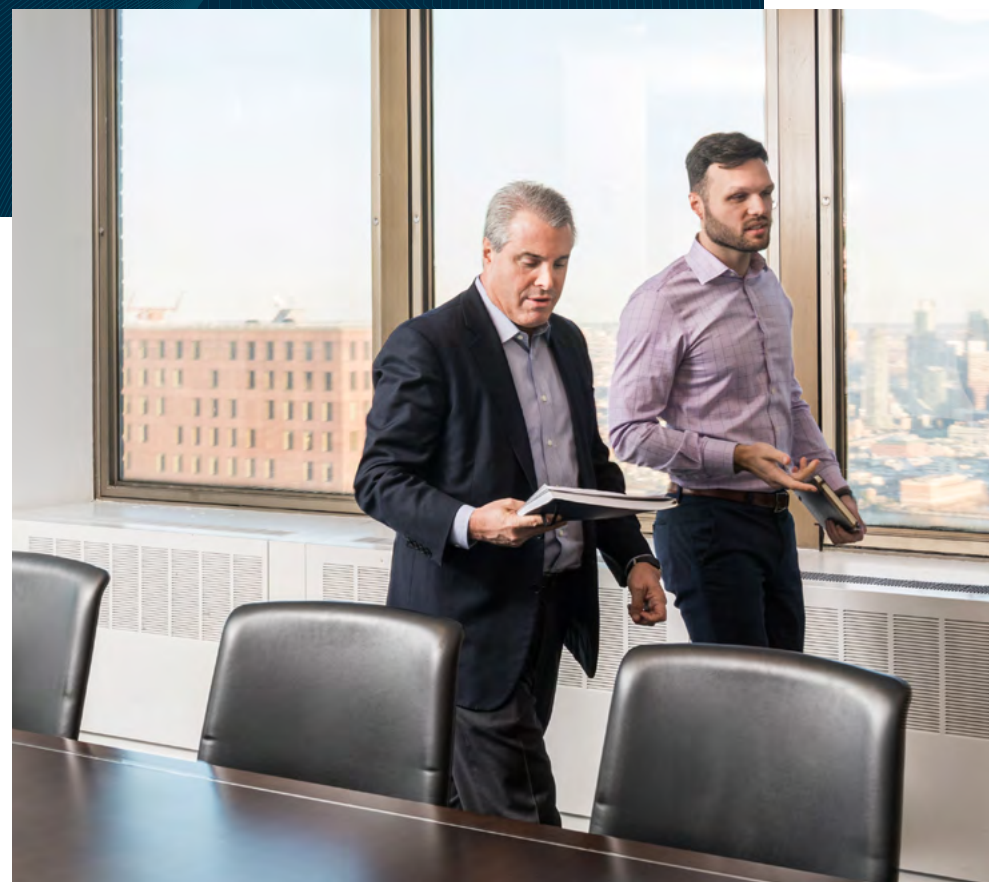
- Product Liability
- Human Capital
- Social Opportunities
- Stakeholder Opposition



G

~60 ENGAGEMENTS FOCUSED ON GOVERNANCE ISSUES

- Ownership & Control
- Business Ethics
- Board
- Accounting



Alternative Credit investments are characterized by diverse pools of assets which may be either purchased or financed through a variety of different financial instruments across both public and private markets.

Our Alternative Credit platform manages ~\$19.2 billion across liquid (tradeable) and illiquid (directly originated) alternative credit investments. Collectively, we believe an enhanced focus on ESG supports our ability to invest in high-quality assets with favorable risk-adjusted returns, promoting the team’s ethos of “Kaizen investing with purpose,” which is embedded into our culture via our funds’ charitable tie-ins.

OUR APPROACH

Our strategy pursues investments across a diverse range of asset profiles, and the team has established specific ESG considerations to identify risks and benefits. An ESG risk assessment is conducted for potential investments at the initial screening phase, which is then refined during our due diligence phase, with ESG findings presented to investment committees prior to execution. Transactions may be declined for ESG reasons throughout the deal process with borderline cases typically discussed with the team’s ESG Champions and senior leaders.

ACTION AND PROGRESS

Throughout 2021, we saw continued progress in our markets toward improved ESG standards. Specific areas of ongoing progress include (i) working with existing counterparties to receive robust ESG data related to the underlying assets, (ii) standardizing methodologies to account for ESG-specific criteria and objectives, and (iii) improved tracking and reporting of ESG data for both new and legacy investments.

Culturally, we believe a strong investing with purpose ethos has developed within Alternative Credit, driven in large part by the charitable

tie-in within our flagship commingled funds, Ares Pathfinder Fund and alternative credit open-end core fund. At least 10% of Ares Pathfinder Fund’s carried interest and at least 5% of alternative credit open-end core fund incentive fees will be donated to support health and education charities. This construct allows every individual investment in the Alt-Credit Funds the potential to have a meaningful and direct social impact.

OUR FUTURE

We see the need for further development of our existing tools, data and processes to remain forward-thinking regarding ESG evaluation and reporting. To that end, we have the following goals:

- **To agree upon ESG KPIs to be measured and reported to investors** which are readily obtainable from transparent data.
- **Continuous improvement and increased awareness** through ESG training and communication.
- **To evaluate green, social or sustainability-linked investments** that fit our broader investment criteria.

ESG INTEGRATION — DIRECT ORIENTATION INVESTMENT PROCESS



SOURCING

- Apply the Ares Responsible Investment screening framework
- Negative screen for companies and assets that we do not invest in due to potential significant harm to the environment or society

DILIGENCE

- Prepare ESG assessment page to score the “E”, the “S” and the “G” elements of the opportunity
- Utilize third-party reports (regulatory counsel, background checks, AUP audits) to further assess ESG considerations as needed

FINAL INVESTMENT DECISION AND DOCUMENTATION

- Capture ESG assessment conclusion score

POST-INVESTMENT ENGAGEMENT AND MONITORING

- Perform “check-up” diligence, including periodic regulatory reviews and ongoing monitoring of any identified ESG topics
- Capture key changes related to an investment’s ESG assessment



“Our ESG efforts hold us equally accountable to each other as a team of investors with diverse backgrounds from different communities, as much as to our diverse client base.”

Lisa Trolson
Managing Director, Alternative Credit

We focus on value creation and impact potential of ESG integration by combining a tailored company-specific approach with systematic and scaled implementation across our private equity platform.

OUR PRIVATE EQUITY GROUP

Our Private Equity Group invests in a variety of market environments through control and non-control transactions across three strategies: Corporate Private Equity, Special Opportunities, and Infrastructure Opportunities. We seek to be a catalyst for positive change across strategies which range from credit-like non-control investments to equity control investments. In control situations with significant board rights and influence, we take a hands-on approach to implementing our ESG playbook.

PRIVATE EQUITY APPROACH TO ESG

We seek to be a catalyst for positive change, paving the way for a better future for the companies we invest in and in the communities in which we operate. Our Private Equity Group's success with ESG hinges on a process of embedding ESG in team culture and investment processes through both dedicated subject-matter expertise and distributed "ownership". Across private equity, our colleagues have a sense of accountability and purpose regarding ESG.

Our approach to ESG is tailored specifically to each investment strategy. For Corporate Private Equity, we often have majority ownership or majority board appointment rights and as such



"We have a great opportunity and responsibility to be a catalyst for positive change across our investments. We shifted from setting a new ESG vision in 2020 to a year of action and implementation in 2021."

Matt Cwiertnia
Co-Head of Private Equity Group

we partner with management teams of our portfolio companies enabling the most direct engagement on ESG practices. As a result, our Corporate Private Equity team is also well positioned to pilot approaches which can then be leveraged across Ares' broader platform. For Special Opportunities, we typically make non-control investments, and therefore our tools for driving ESG are more indirect – e.g., offering guidance on best practices through our ESG team.

closely with our ESG steering committee and our working group of 20+ Private Equity ESG champions. We also launched Private Equity Group-related ESG updates and ESG training for new joiners.

DELIVERING ON OUR ESG STRATEGY IN 2021

In 2021, we made significant progress embedding ESG into our culture and integrating it across our investment process.

EMBEDDING ESG DEEPER INTO OUR CULTURE

To most effectively drive our ESG program, we believe in having dedicated ESG subject-matter experts and distributed ownership. We therefore hired a Private Equity ESG lead, Kate Macauley, in February 2021, and a DEI investment platform lead, Jamie Dunchick, in July 2021. Our ESG and DEI leads work

FURTHER INTEGRATING ESG INTO OUR INVESTMENT PROCESS

We improved the robustness of our ESG deal team-led diligence process across our Private Equity Group. Our Investment Committee memos seek to have a dedicated page on ESG diligence findings to appropriately flag relevant ESG risks and opportunities for further discussion. Within Corporate Private Equity, we also piloted a new approach to ESG onboarding and engagement and built out initiatives on Diversity, Equity and Inclusion and Employee Health and Safety.

PRIVATE EQUITY OVERVIEW

Ares Private Equity Group comprises **\$38.2 billion of AUM** and **114 investment professionals** across strategies.

	CORPORATE PRIVATE EQUITY	SPECIAL OPPORTUNITIES	INFRASTRUCTURE OPPORTUNITIES
AUM	\$21.6 billion	\$11.8 billion	\$4.8 billion
TARGETED INVESTMENTS	Control Oriented Corporate Investments with a Focus on Growth Buyouts	Non-Control Oriented Corporate Investments Including Credit-Like Investments in Companies Undergoing Transformational Change	Equity and Debt Investments in Essential Assets and Companies
NUMBER OF INVESTMENT PROFESSIONALS	70	17	27
NUMBER OF OFFICES	3	2	2

Note: As of December 31, 2021.



OUR CORPORATE PRIVATE EQUITY STRATEGY

Our Corporate Private Equity strategy, with \$21.6 billion of assets under management, is focused on pursuing buyout investments in middle market, high-quality, growth-oriented businesses in North America and Europe, with the ability to invest in distressed during periods of market volatility.

Given the level of influence we typically have over our portfolio companies, we have a meaningful opportunity to be a catalyst for good and help build better businesses, while seeking attractive returns, by driving material progress on ESG issues that matter most to our portfolio company employees and stakeholders.

OUR APPROACH

In addition to evaluating ESG risks and opportunities during sourcing and diligence, within our Corporate Private Equity strategy, we aim to:

- **Drive progress on ESG post-investment:** During our ownership, we seek to drive progress on the issues that matter most at our companies through our board seats and close partnerships with management teams.
- **Be a catalyst for diverse, inclusive cultures and shared prosperity:** We believe diverse cultures where employees feel included and motivated are critical to a business's success. We have three inter-related thematic initiatives related to this goal: (i) diversity, equity and inclusion, (ii) employee engagement and shared prosperity and (iii) employee health and safety.
- **Be data-driven:** We believe transparency through data is critical. Given ESG can often feel abstract to management teams, we seek to simplify ESG by encouraging ourselves and our companies to set tangible, measurable goals which can be tracked over time and we can be held accountable to.

ACTION AND PROGRESS

In 2021 we made significant progress implementing our ESG strategy:

PILOTED ENHANCED ENGAGEMENT APPROACH

We developed and piloted a process to support companies in prioritizing ESG issues via an ESG materiality mapping exercise and executive debrief. We then created ESG dashboards with KPIs to track and drive progress. The ESG dashboards will help ensure that companies continue to (i) prioritize ESG issues, (ii) track KPIs in order to improve upon them over time and (iii) be held accountable by the board.

ACCELERATED DIVERSE, INCLUSIVE CULTURES AND SHARED PROSPERITY Diversity, equity, and inclusion

We seek to be a strategic partner on DEI as our companies build more inclusive environments and diverse teams, which we believe will help them deliver attractive performance. Our DEI strategy has two pillars:

- **Board diversity:** We set an aspirational objective to increase board diversity at companies where we have majority board-appointment rights and majority equity ownership (“qualifying investments”). Our goal is to have at least two diverse board members for each qualifying investment after one year of ownership by Q2 2022.¹¹ Since setting our goal in H1 2021, our qualifying investments have added over ten diverse directors through December 2021.
- **Holistic DEI strategies:** We developed and executed on our DEI program “AmpliFY DEI”. In early 2021, we partnered with 11 management teams of ACOF portfolio companies to perform in-depth reviews of DEI progress and to develop three-year strategic plans with tailored KPIs at each company. With the help of a premier consulting firm, we assessed each of these company’s DEI infrastructure, analyzed diversity across seniority levels and evaluated how employees experience inclusion with regard to diversity. This process helped our portfolio companies (i) establish a baseline view of DEI maturity, representation and inclusion and (ii) develop data-driven, accountability-based strategies to measure progress.

CORPORATE PRIVATE EQUITY ESG THEMES OF FOCUS



Employee Health & Safety



Diversity, Equity & Inclusion



Climate Change



Shared Prosperity



Company-Specific ESG Themes

Shared prosperity

Corporate Private Equity has a history of partnering with management teams to develop shared prosperity plans which provide monetary incentives to employees beyond just the senior management teams. We believe this helps to increase the productivity and stability of businesses and decrease income inequality. Since Q4 2019, for fully and partially realized portfolio companies, Corporate Private Equity portfolio companies collectively distributed \$1 billion+ in value to portfolio company senior/non-senior employees since Q4'19 through broader employee profit sharing and ownership initiatives.¹²

Employee health and safety

We engaged with 19 companies on employee health and safety through safety program maturity assessments and evaluated performance on standard Occupational Safety and Health Administration (“OSHA”) metrics versus industry benchmarks.

INCREASED TRANSPARENCY THROUGH DATA

We completed a self-identification survey on board diversity data, gathered and assessed data on health and safety KPIs as well as detailed DEI metrics and defined cross-portfolio metrics for select portfolio companies in order to start systematically tracking data in Q1 2022.



“Our ESG initiatives strengthen the businesses in which we invest and our partnerships with management teams – they are both a driver of value and a competitive differentiator.”

Natasha Li
Partner, Private Equity Group



OUR FUTURE

As we look ahead to 2022, we are excited to continue to make progress on our ESG strategy. Specifically, we are focused on the following for select portfolio companies:

ENCOURAGING QUARTERLY BOARD UPDATES AND ANNUAL STRATEGIC BOARD DISCUSSIONS ON ESG

We believe this will ensure that ESG remains top of mind and is factored into the company's business decisions.

COLLECTING AND ANALYZING ESG DATA

We believe this will provide data-driven accountability and is in-line with our commitment to converging on a set of standardizes ESG metrics.

CROSS-PORTFOLIO THEMES:

- Continue to support companies in the first AmpliFY DEI cohort to make progress against their DEI strategies, onboard a second cohort of portfolio companies and achieve our diversity goal.
- Expand our program on employee engagement and shared prosperity by encouraging more companies to develop incentive plans for employees beyond just the management teams, which builds on our commitment to generating inclusive value creation. In February 2022, we participated in the launch of Ownership Works, a non-profit dedicated to supporting the implementation of broad employee ownership programs.

- Enhance our approach to climate change, first by estimating the portfolio carbon footprint for our latest fund and thereby identifying our most carbon intensive companies for further engagement. We will be building on work completed in 2021 in which we participated in the Ceres PE Working Group on Climate Change.

CASE STUDY

CONVERGINT TECHNOLOGIES – ADVANCING SHARED PROSPERITY AND DEI

Convergent Technologies (“Convergent”), a global, industry-leading systems integrator that designs, installs, and services security, fire alarm, life safety, audio-visual and building automation solutions for enterprise customers, is focused on fostering a diverse, inclusive, and socially responsible culture. Convergent has an ambitious DEI vision to become one of the most equitable and inclusive global service providers by leveraging diverse talent and creating a culture where all colleagues can achieve their maximum potential.

Convergent also participated in the first cohort of the [AmpliFY DEI Initiative](#), receiving an in-depth DEI assessment that enabled data-driven decision-making and goal setting, and effectively integrating DEI into its core business processes.

Additionally, Convergent is committed to the goals of shared prosperity and as such has implemented programs focused on the expansion of stock ownership beyond the C-suite.



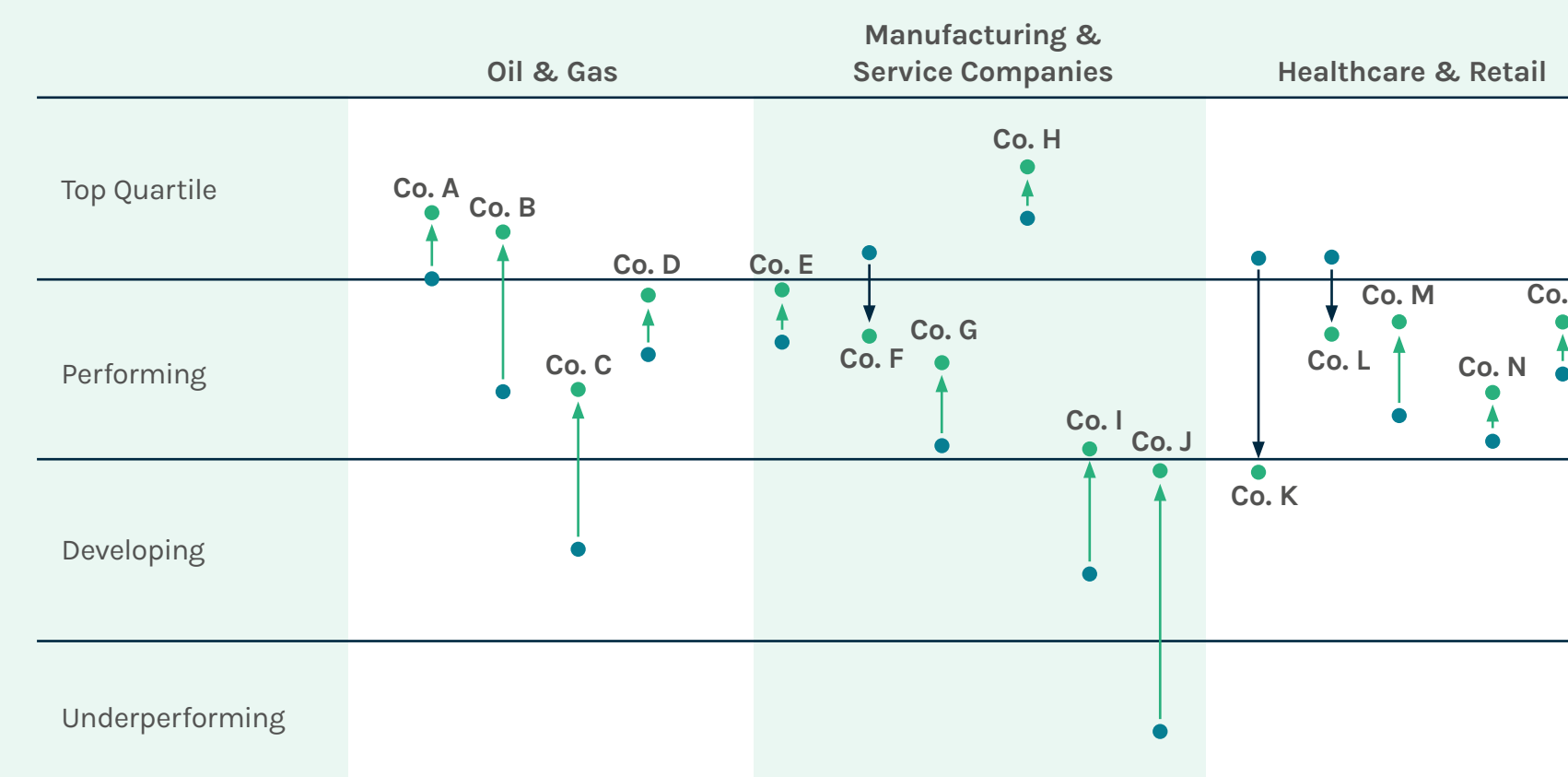
SPOTLIGHT

EMPLOYEE HEALTH & SAFETY INITIATIVE

Our employee health and safety initiative, which was launched following the onset of COVID-19, aims to ensure safe work environments at our control portfolio companies. We made significant progress on our initiative in 2021, including completing an assessment that evaluates the maturity of safety programs of the company, launching quarterly reviews of key safety metrics for companies in the initiative, and comparing performance to industry benchmarks. 12 out of the 15 in-scope companies either performed better than the industry benchmark or improved performance year-over-year; we are focused on driving improvement at the remaining company and onboarding new companies in 2022.

Additionally, we launched industry-specific quarterly calls to share best practices and engaged an external expert to provide additional support and guidance on our health and safety initiative. For instance, the external expert supported several companies in the Consumer and Healthcare industries to track employee safety metrics, such as workplace employee injuries, for the first time. Given these companies were exempt from OSHA regulations based on their business models, this was a new and important step in order to increase transparency and ensure safe workplace environments.

2021 SAFETY MATURITY GAP ANALYSIS



- 2021 Safety Maturity Score
- 2022 Safety Maturity Score

Safety Maturity
2022 Average Maturity Score for overall portfolio: 2.71. 80% of companies have improved 2022 vs 2021 (12/15). Does not include companies that did not have data for both 2020 and 2021.



OUR SPECIAL OPPORTUNITIES STRATEGY

Our Special Opportunities strategy, with \$11.8 billion of assets under management, is focused on pursuing debt and non-control equity solutions in middle market companies undergoing transformational change, stress or distress.

For our control investments, we seek to actively engage portfolio companies both pre- and post-investment on ESG-related matters to potentially mitigate any material ESG-related risk and/or explore potential value creation opportunities. For our non-control investments, we focus on integrating ESG into pre-investment diligence and active post-investment monitoring whenever possible. In 2021, we made significant progress in both our control and non-control investments with regard to systematizing our approach.

OUR APPROACH

A majority of our Special Opportunities investments are in non-control situations. Given we do not have the same level of influence relative to our Corporate Private Equity Opportunities strategy (see previous pages), our approach is more focused on identifying ESG risks and opportunities during diligence and monitoring for ESG incidents post-initial investment. We are excited to explore the potential for sustainability-linked loans in our strategy as a way to expand our ability to drive measurable progress through

contractual agreements. For select companies where we have more influence, we offer additional resources and guidance on ESG.

ACTION AND PROGRESS

In 2021, Special Opportunities made progress integrating ESG into the investment process and team culture, including (when applicable):

- **Creating an ESG scorecard** to systematically summarize key diligence findings for our investment committee.
- Introducing third-party ESG monitoring software, which **screens public sources to systematically identify ESG-related incidents** at existing portfolio companies.
- **Designating a climate change champion** to (i) find ways to enhance the strategy's approach and (ii) align with Ares' firm-wide climate change efforts.

OUR FUTURE

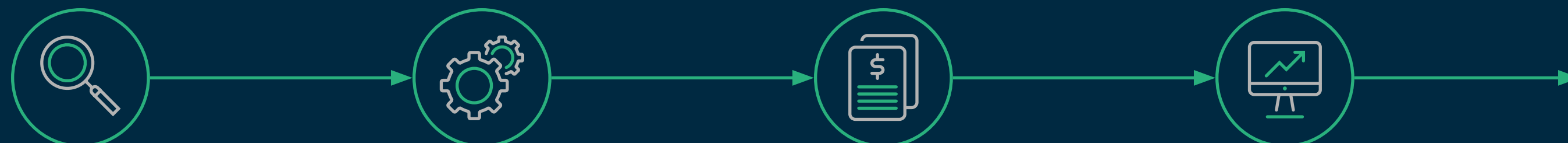
In 2022, we will focus on continuing to systematically incorporate ESG considerations into our investment process and team culture, including the following:

- **Continue to enhance diligence** by completing an ESG scorecard for new core investments and providing training for new team members regarding our ESG principles and process.
- Enhance and innovate by exploring **the use of sustainability-linked loans**.
- Develop a plan to enhance DEI and climate change approaches and leverage learnings from Corporate Private Equity.

“Our team made great strides in 2021 to systematically integrate ESG into our diligence and post-investment monitoring process. We’re focused on continual improvement and are excited to explore new, innovative ways of incorporating ESG into investment structuring.”

Scott Graves
Partner, Co-Head of Private Equity Group

ESG INTEGRATION IN THE SPECIAL OPPORTUNITIES INVESTMENT PROCESS



SOURCING

- Apply Ares responsible investment strategy screening framework.
- Negative screen for opportunities involving harmful products/services.
- Escalate potential investments in industries that have a possible adverse ESG impact. Decide whether to further pursue an investment using objective data and analysis of key ESG-related diligence items.

DILIGENCE

- Highlight key ESG considerations during initial discussion with the Investment Committee.
- Assess key ESG risks and opportunities.

FINAL INVESTMENT DECISION AND DOCUMENTATION

- Final Investment Committee memo includes an ESG scorecard of key findings from diligence (when applicable).
- Active discussion of ESG considerations as part of the final Investment Committee meeting (when applicable).

POST-INVESTMENT ENGAGEMENT AND MONITORING

- Offer ESG guidance and resources in situations of influence.
- Monitor for ESG incidents using a third-party software solution.

CASE STUDY

In 2021, we partnered with Vmo's employees to help them narrow and prioritize the ESG topics that matter most to them. Vmo employees completed a materiality survey, ranking eight topics based on (i) what was deemed most important to stakeholders and (ii) the significance of the financial impact on the business. Through this survey, we found that Vmo identified climate change, business ethics, and employee engagement (e.g., philanthropy and DEI) as the highest priority topics to address. The next step will be to develop KPIs and objectives for each topic. Vmo has formed an internal working group — led by Bob Brown, Executive Chairman — to drive this next phase.



We are committed to investing in the kind of high-quality, long-life infrastructure assets that form the backbone of a sustainable global economy.

The AIO team has been at the forefront of investing in the low-carbon transition, having deployed more than \$4.0 billion in climate infrastructure since 2015. As we look ahead, we are well positioned to continue leveraging our experience and capabilities to invest in assets and companies that help combat climate change and further decarbonization across the economy.

Through our current flagship fund, Ares Climate Infrastructure Partners (“ACIP”), our team is focused on supporting the development of assets and companies driving the energy transition, including the renewable sources of power generation and the broader decarbonization of the economy. Our strategy targets traditional renewables sectors such as utility-scale wind and solar, as well as emerging sectors of climate infrastructure including battery storage, electric vehicle infrastructure, energy efficiency, and forms of distributed generation including community solar, C&I solar and storage, and microgrids.

OUR APPROACH

We approach ESG not as a point in time assessment, but through a full lifecycle analysis for each investment. Our differentiated approach places equal focus on ESG monitoring and the full lifecycle ESG assessment, which allows us to stay up to date on the evolving market and focused on promoting tangible impact and mitigating risks over the long-term. Our lifecycle analysis is broad, from how materials are sourced (i.e. from conflict zones or politically unstable countries) and GHG emissions impact (i.e. tons of CO₂ avoided) to how the assets are ultimately discarded (costs of deconstruction, recycling, repurposing, etc.) When ESG issues arise, we work with the underlying assets and investments to solve and mitigate risks. Additionally, over the past year, we remained focused on improving our approach to ESG, with an emphasis on

highlighting ESG risks and merits even earlier in the deal screening process.

ACTION AND PROGRESS

Throughout the 2021 calendar year, the AIO team continued to make strides in our ESG initiatives. A few notable goals accomplished throughout the year include:

- **Published the first annual Ares Climate Infrastructure Partners ESG and Impact Report.** This report will be published on a go-forward basis with the goal of highlighting the positive impact generated by the strategy through the portfolio of investments.
- **Performed an in-depth analysis as a response to the macro ESG issues surrounding the solar panel supply chain** that arose in 2021. We evaluated

the impact this had on the AIO portfolio and recommended that relevant portfolio companies sign the Solar Industry Forced Labor Prevention Pledge.

- Reviewed 260+ deals in climate infrastructure sector and deployed **~\$430 million across 7 closed deals, leading to ~919 million MT** of GHG avoided. While the AIO team has a long track record of investing within the traditional power sector, the team currently dedicates the majority of its time to evaluating climate infrastructure opportunities, including but not limited to renewables such as wind and solar, electric vehicles and smart grids, and battery storage.

OUR FUTURE

We hope to use the 2022 calendar year to continue strengthening our ESG initiative and internal processes. We have laid out specific goals for the upcoming year to ensure we meet internal targets while striving to be at the industry forefront. These include:

- **Hiring a dedicated team member** to manage the various facets of ESG within AIO.
- **Continuing to integrate and standardize ESG measurement and monitoring across the portfolio of legacy power investments and the investments managed by AIO.** In 2022, we plan to focus on improving ESG monitoring across legacy investments in natural gas power plants and midstream assets.
- **Expanding the use of ESG KPIs in transaction documents to incentivize action by portfolio companies.** We intend to enhance our ESG influence in our investments in corporate entities and plan to focus on utilizing ESG KPIs and terms in transaction documents to increase monitoring positive ESG impact.

CASE STUDY

APEX CLEAN ENERGY

In Q4 2021, funds managed by Ares acquired a controlling stake in Apex Clean Energy. Apex Clean Energy is one of the largest privately owned clean energy companies in the United States. Apex owns one of the largest and most mature portfolios of clean energy reserves in the United States with over 40 GW of wind, solar, storage and distributed energy resources in development. The company has a fully integrated platform with the ability to advance assets from origination, through development and construction, and into operations. As part of our acquisition, we intend to augment and enhance the company’s business strategy in order to transition the firm from developing and selling utility-scale assets as projects approach construction to owning assets long-term

as an independent power producer. Under Ares ownership, Apex is anticipated to build a significant amount of renewable assets, which will have a positive impact on climate change, decarbonization, and energy security.



“We believe early engagement is key. Community relations and stakeholder management are important ESG considerations that are identified early in the investment process and carefully monitored.”

Keith Derman
Co-Head of Infrastructure Opportunities



Real Estate stands out amongst asset classes in that it is simultaneously about people, about place and about the planet. As custodians of the built environment we can create economic value, which necessitates improving communities and building and managing for a sustainable future.

2021 was a milestone year for the Ares Real Estate Group and with the acquisition of the US business of Black Creek in July. We ended the year with \$41.2 billion of assets under management. With strong cultural alignment Ares and Black Creek have combined with a shared ambition to be a leader in advancing ESG priorities across our industry.

REAL ESTATE OVERVIEW

Ares Real Estate Group comprises **\$41.2 billion of AUM** and **205 investment professionals** across strategies.

	REAL ESTATE EQUITY	REAL ESTATE DEBT
AUM	\$31.5 billion	\$9.7 billion
TARGETED INVESTMENTS	US and European Core/Core-Plus, Value-Add, and Opportunistic Real Estate	US and European Commercial Real Estate Lending
NUMBER OF INVESTMENT PROFESSIONALS	173	32
NUMBER OF OFFICES (PRIMARY LOCATIONS)	18	6

Note: As of December 31, 2021.

REAL ESTATE GROUP APPROACH TO ESG

Our ESG integration efforts are directed as follows.

- **An embedded culture.** ESG considerations cannot sit adjacent to what we do so our Core Team is drawn from debt and equity investment teams. They are supplemented by a Stakeholder Group drawn from specialist areas of our business and Senior Leadership are fully engaged with quarterly updates, bridging Real Estate into the firm-wide ESG priorities.
- **A focus on high impact areas.** Real Estate has significant potential to contribute positively toward overall Ares carbon reduction efforts, and designing a robust data collection and energy management program is a major ongoing focus as we develop a detailed climate strategy.
- **An adherence to our guiding principles.** This is a key driver of our efforts, particularly the alignment with our goal to improve the ESG aspects of assets that we hold.

DELIVERING ON OUR ESG STRATEGY IN 2021

We made significant strides toward integrating ESG in our Investment Strategies. Three noteworthy achievements have been:

- **Enhancing ESG due diligence.** Whether in equity or debt, we have become a more inquisitive manager to better understand risks and opportunities across our investments and proactively developing an early plan to deal with them.
- **Engaging with our financial partners.** Like many of our stakeholders we are focused on ESG and want to share our own successes while learning from those ahead of us. We have engaged with our JV partners, borrowers, tenants, and service providers, and have presented them with our ESG guidelines and our DEI learnings.
- **Capturing risk and opportunities from climate change.** On the equity side we've started trialing energy management technology and our debt teams are engaged with borrowers on their own decarbonization plans.



“ESG is one of the key considerations as we seek sustainable value for our investors. Our achievements in 2021 included advancing our decarbonization plan via energy management pilot tests and expanded data collection, and enhancing ESG screening in due diligence.”

Bill Benjamin
Head of Real Estate Group



In the Ares Real Estate Group we adopt a systematic approach which embeds ESG considerations into our investment process.

We assess ESG risks and opportunities before we acquire and identify areas we can improve as we manage each asset. We believe integrating these factors into our day-to-day work is critical to preserving value and driving investment performance for our investors.

OUR APPROACH

In Real Estate Equity our approach to ESG integration has two defining elements. The first is that effective delivery needs the right team. The second is a realization that meaningful changes require both a short- and long-term time horizon.

- **Our ESG Champions are a collection of team members from all major functions of the investment process, providing a thoughtful approach to ESG integration.** This team understands how to assess risk and develop a management plan, and it interacts with colleagues and Senior Leadership regularly. ESG is fully embedded, not adjacent, to what we do each day and this culture is in the fabric of our investment teams.
- **Our Core ESG Team understands where our group can have most impact.** We ranked topics like climate change, DEI and transparency in terms of their materiality and by how swiftly or otherwise we could make changes. The result has been a near-term re-set of our investment process to include more formal ESG considerations now, while adopting a multi-year plan on broader issues like climate change.

ACTION AND PROGRESS

There are two significant changes that we made in 2021 which have allowed us to make further progress on our ESG journey: the rollout of our ESG Integration Plan and the evolution of our decarbonization plan.

- **An integrated ESG approach.** Our ESG framework was formally adopted in July 2021, codifying new processes which our investment teams follow when assessing and reporting on new acquisitions.
- **Our Decarbonization Plan.** Given our size, decarbonization will take time and our journey starts with establishing an accurate measurement of the baseline carbon footprint of our portfolio. Knowing this will help us establish appropriate long-term decarbonization targets, and track and report on our progress. As you see opposite this plan is taking shape and consumption data collection is being trialed across a section of our portfolio, something we will expand if the initial trials are successful. Part of this plan includes enhancing data collection across a section of our portfolio, using a combination of software solutions, hardware and enhanced data analysis to support KPI reporting in the future.

INVESTMENT STRATEGIES WILL ADHERE TO THE FOLLOWING PROCESS



OUR DECARBONIZATION ROADMAP





OUR FUTURE

ESG is an ever-growing field and our goals for the year ahead reflect this increasing focus across our business.

EXPANDING THE TEAM

In Q1 2022 we hired an ESG specialist, Daren Moss, to lead coordination between our corporate ESG team and the ESG Champions within our real estate investment teams.

INCREASING DISCLOSURE AND TRANSPARENCY

With the acquisition of the Black Creek business and the shared ambition around ESG, the number of our real estate funds participating with the Global Real Estate Sustainability Benchmark (GRESB) grew from two to five, with more to follow in 2022.

ADVANCE OUR DECARBONIZATION PLAN

Perhaps the heaviest lift of the team this coming year will be making progress on our climate change approach.

Our Decarbonization Plan starts with an accurate measurement of the carbon footprint across our portfolios and using this data to establish short- and long-term targets. This includes data obtained directly from utility providers, and information from meters and new sub-meters installed at our assets. In the near term we will act quickly on anomalies that are identified in energy usage and target improvements to reduce outliers. Long term this baseline consumption data will equip us to make a broader carbon reduction commitment in line with an Ares corporate commitment.

SPOTLIGHT

On July 1, 2021, Ares acquired Black Creek Group, a leading US real estate investment platform.



Over its more than 25-year history, Black Creek established a longstanding track record in real estate investment, with a specialty in the industrial sector. Since inception, Black Creek's vertically integrated national platform had bought or built over \$23.3 billion of warehouse and logistics assets, bringing local expertise and complementary capabilities to Ares including on ESG-related pursuits.

We recognized multiple opportunities for collaboration on ESG initiatives. Both Ares and Black Creek participate in the Global Real Estate Sustainability Benchmark (GRESB), providing standardized comparison and transparency to investors. With the teams combined, we are leveraging each other's experience to improve our real estate operations and ESG progress. Also, both Ares and Black Creek were running parallel paths toward improving collection of property-level utility consumption data. This has been especially difficult in the warehouse sector due to the prevalence of triple net leases and tenant-procured utilities. With firm-wide support, we have lined up a pilot program in 2022 on a select group of US and European assets where we will install sub-metering infrastructure allowing us to collect accurate and timely energy and water usage data. With expanded rollout, we will be able to more precisely calculate our carbon footprint, providing the ability to target and measure improvements.

It will also allow us to define and provide transparency to our stakeholders on the appropriate metrics for tracking progress against targets. In line with our goal to be transparent in our ESG activities we will disclose the processes and controls we will use to demonstrate effective measurement and continuous improvement.

“As we position for 2022 and beyond, we are backing our words with actions, committing time and investment toward being a leader in ESG and real estate. We look forward to sharing our learnings with you in the years ahead.”

Scott Recknor
Co-Head of US Investment Operations in Real Estate

REAL ESTATE DEBT

Our approach to providing financing solutions includes driving ESG integration in our industry. We achieve this by encouraging borrowers to establish or improve their ESG practices and look to lend against real estate collateral with positive ESG characteristics.

OUR APPROACH

Our process begins by screening new lending opportunities.

- We provide an initial assessment of the transaction's ESG qualities before issuing a term sheet.
- Following term sheet execution, due diligence includes a questionnaire to help understand our borrowers' ESG acumen, policies and procedures. We then establish an ESG score on a scale of 1 (highest risk) to 3 (lowest risk).
- The results from the due diligence are included in the Investment Committee Memo for loan approval.

ACTION AND PROGRESS

In 2021 we integrated ESG analysis as part of our overall loan approval process.

- As of Q3 2021 our fully-integrated ESG process included enhanced screening, diligence, and monitoring.
- Since implementing this process we have scored 180 transactions including the 145 outstanding loans in our portfolio, representing \$5.5 billion of loan volume.

OUR FUTURE

The inclusion of ESG considerations in the real estate debt industry is growing and our goals for 2022 reflect our desire to be a leader in this important area of focus.

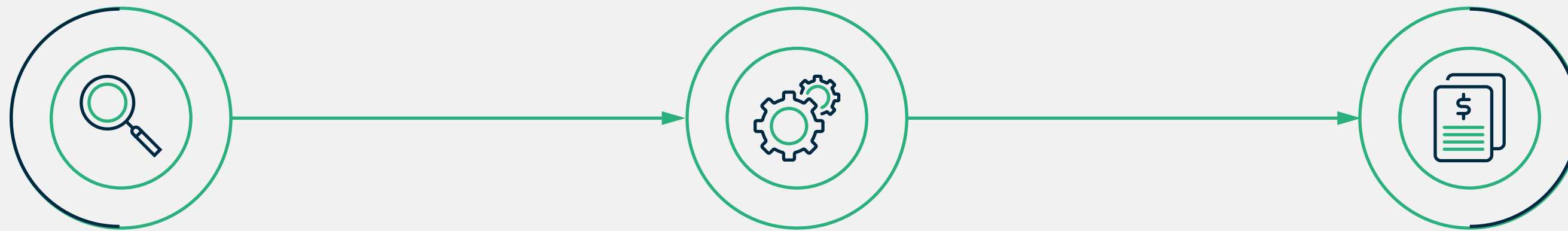
- We aim to grow the percentage of our borrowers who have a formal ESG policy in place. Through active engagement with our borrowers we will inquire about existing and planned ESG practices and share Ares' ESG resources.
- We are updating our ESG analysis to remove subjectivity, providing a more consistent review of transactions to be implemented in Q2 2022.
- We will be partnering with vendors to enhance our standard Property Condition Assessments with sections focused on carbon metrics and climate and sustainability considerations.



Secondary Solutions provides liquidity to limited partners and general partners across private equity, real estate, and infrastructure partnerships.

As a pioneer in secondaries, Landmark has invested in over 2,460 partnership interests with 840+ general partners and manages \$20.7 billion of AUM giving us broad reach across private markets. We use our position as a respected capital source to encourage our general partners not only to adopt their own ESG policies but to embrace it across their respective platforms.

OUR IMPLEMENTATION ROADMAP



PHASE 1

Develop systems and train team

- Identify 1-2 ESG champions per vertical
- Develop scorecards for ESG maturity assessment
- Train investment teams on new ESG process and expectations

PHASE 2

Initial implementation and capacity building

- Roll out investment consideration on priority portfolio
- Assess need for dedicated capacity

PHASE 3

Consistent implementation and build engagement strategy

- Integrate ESG into diligence and monitoring for new deals
- Track YoY changes to maturity assessments
- Determine forward-looking engagement strategies

OUR APPROACH

SYSTEMATIC IMPLEMENTATION

The process begins with pre-acquisition diligence and runs through the investment lifecycle with regular monitoring and active management if ESG issues arise.

EMBEDDED IN CULTURE

The Secondary Solutions Group has an ESG committee internal to the business line with leadership from the co-heads of secondaries, compliance and with representation across the investment teams.

PARTNERSHIP-LED APPROACH

Consistent with our approach to secondaries investing, we work to maintain a relationship with our GP sponsors as “thought partners,” as well as investors, to share best practices.

ACTION AND PROGRESS

In January 2021, the Secondary Solutions Group engaged an external consultant to build on our existing ESG practices and develop a long-term strategic roadmap. The project was completed and approved in November 2021 with the objective of implementing the new framework and roadmap in 2022.

OUR FUTURE

Our goal for 2022 is to implement Phase 1 of the three-phase ESG roadmap we designed in 2021.

ENHANCED GP EVALUATION

We are focused on enhancing our GP ESG Survey to include asset-class specific questions and develop our own GP ESG Maturity assessment and scorecard system.

TRAINING, CAPACITY-BUILDING, AND CULTURAL EMBEDDEDNESS

To ensure the long-term strategic roadmap is implemented across the platform, investment, operations, and finance teams will receive training on the new ESG processes and expectations. To ensure the success of Phase 2 and Phase 3, each investment vertical will identify 1-2 ESG champions to drive the ESG implementation.

GP ENGAGEMENT

Phases 2 and 3 of the ESG roadmap are centered around engagement with partner GPs to influence their ESG adoption whenever possible to meet growing LP and PRI expectations, and preserve our reputation as a thought-leading secondary partner of choice.



“ESG is an integral part of our commitment to our investors to be good investors and fiduciaries on their behalf.”

Francisco Borges
Co-Head of Secondaries



Strategic Initiatives focus on incubating future growth engines of Ares.

As we develop and scale these relatively newer platforms we have the opportunity to transfer and adapt ESG best practices and implementation plans from our more established businesses. Ultimately, our ESG integration activities in these areas reflect our conviction that sustainability is a critical component of a successful investment platform, even at a relatively early stage of growth.



“When positioning emerging businesses for accelerated growth we aim to ingrain strong ESG fundamentals at an early stage. We do this both to enable growth and to ensure operational embeddedness before these platforms scale.”

Peter Ogilvie
Head of Ares Corporate Strategy

Ares Insurance Solutions

Ares Insurance Solutions (AIS) is dedicated to supporting the growth of Aspida, Ares’ Life & Annuity portfolio company, through asset management, capital optimization and corporate development. These services support, among other things, the asset allocation, governance and risk management, and strategic growth functions of Aspida, which is itself singularly focused on providing its customers’ long-term financial security. We believe that for AIS to effectively support Aspida’s growth, it’s critical to actively manage ESG risks associated with the business.

OUR APPROACH

AIS takes a risk-based approach to integrating ESG concepts into its business activities. We view our ability to quantify and mitigate the exogenous risks associated with environmental, social and governance impacts as critical to the success of Aspida and the financial security of its policyholders. AIS took a highly selective approach to investing in and establishing the Aspida platform, ensuring the business would be closely aligned with Ares’ values around social responsibility and sustainability. AIS has put a great deal of focus on establishing Aspida’s strong corporate governance function which is bolstered by AIS’s risk management capabilities.

ACTION AND PROGRESS

As part of its asset allocation and multi-jurisdictional capital and liability management responsibilities, AIS provides oversight of multiple enterprise risk factors which dovetails with Aspida’s broader corporate governance framework. In support of Aspida’s corporate development function, AIS has developed a robust ESG screening process for potential investments and reinsurance transactions. At multiple decision points during the investment and reinsurance evaluation process, the AIS investment team reviews ESG-related risks to ensure counterparties are aligned with Ares’ ESG objectives.

OUR FUTURE

- In 2022, AIS intends to integrate ESG evaluation into our manager selection process and explore ESG-oriented asset allocation opportunities. Additionally, AIS is in the process of developing a next generation risk management framework to further enhance Aspida’s risk management and corporate governance functions.
- AIS is working with Aspida to establish its climate goals, including measuring and offsetting the environmental impact of operations. ESG will be a key focus area in Aspida’s product development efforts, with AIS supporting the launch of Aspida’s first ESG-linked indexed annuity.

Ares SSG

As a highly differentiated Investment Manager with broad Pan-Asian presence in credit, special situations and private equity investments in emerging markets, Ares SSG aims to put increased emphasis on its ESG footprint over the medium to long term.

With growing expectation on ESG from our LPs and our regulators in Singapore, Hong Kong and globally, we aim to look at ways to enhance our ESG disclosures and integration process.

OUR APPROACH

We recognize our fundamental fiduciary duty to act in the best interests of our clients to ensure assets under our mandate are managed in a way which maximizes stakeholder value. ESG considerations form a key part of our investment process, starting with opportunity screening and selection.

Our investment teams regularly consider ESG risks and where relevant engage external consultants to develop mitigation strategies. During the life of an investment, we aim to influence our investee companies to improve their ESG position, e.g. by creating ESG target-specific pricing ratchets. The extent of our influence ultimately depends on our position in the capital structure. We

believe transparent ESG reporting will become an increasingly important value consideration and we are actively promoting implementation of international reporting standards.

ACTION AND PROGRESS

ADVANCING ARES’ CLIMATE CHANGE STRATEGY

In Q3 2021 we nominated a Managing Director from the Investment Team to help develop the firm’s climate change strategy, with a focus on how climate change risks and opportunities play out in emerging markets.

OUR FUTURE

- Ares SSG plans to hire an ESG specialist to further advance and embed an ESG strategy into the firm’s operations and investment platform.
- Ares SSG will implement regulatory requirements on environmental and climate risks guidelines issued by the Securities and Futures Commission of Hong Kong and the Monetary Authority of Singapore from 2022, which introduces standards comparable to TCFD reporting.
- Continue to work with the ESG Team to refine our investment process to incorporate global ESG objectives and collaborate to identify ESG-related investment opportunities.



Conclusion & Further Information



Our second annual sustainability report highlights both what we have achieved and what new challenges lie ahead.

Like many of our stakeholders we sense that something fundamental is changing. We celebrate both the mainstreaming of ESG integration across our industry and the intensification of efforts to implement with integrity and transparency. We remain grateful to our range of stakeholders helping to shape our path.

In 2021, teams across Ares made a synchronized pivot from reimagining their ESG vision to implementing with greater clarity and focus, all driven by a shared desire to accelerate impact. Building on the momentum generated through publishing our inaugural sustainability report, colleagues representing a broad cross-section of Ares produced the achievements recorded throughout this report while reinforcing key enablers that will be critical to long-term sustainable impact. These include cementing cultural embeddedness across our teams through a network of 120+ ESG champions and enhancing our conversations about whether we're achieving the impact we seek through more systematic data collection and analysis.

As we look ahead to 2022, we want to build on our experience achieving impact to scale these efforts throughout our fast-growing platform. In practical terms this means (a) integrating ESG into Ares' core business processes so that as the firm grows, ESG considerations are seamlessly integrated and (b) ensuring that as individual teams find novel approaches to ESG challenges, these are shared efficiently across our expanding footprint. We know that increased scale comes with increased complexity and that our culture of collaboration will be critical to our success.

As articulated in our 2020 sustainability vision, we aim to mobilize the Ares platform to act with a single voice and purpose on large-scale, complex, systemic issues. Even as we advance our ESG practices against a range of material topics, both within our corporate sustainability program and through the investment platform, we are highly focused on two issues where we feel especially well-positioned to make an impact. The first is to help catalyze a more inclusive and equitable economy by supporting businesses that serve communities where everyone can thrive. The

second is to drive an energy transition that cuts carbon while ensuring jobs and skills are increased, not lost. If we can manage scalable and measurable progress against these issues within our span of control, in partnership with our full range of stakeholders and partners, we believe we can help create a better alternative to existing systems.



"I am inspired by the efforts across the Ares platform to act on our refreshed ESG agenda. Even as we celebrate the notable achievements of 2021 we remain humble and focused on the work ahead."

Adam Heltzer
Head of ESG

NEXT STEPS

CORPORATE SUSTAINABILITY

Selected Issues	2022 Focus Areas
Supporting & Developing Talent	<ul style="list-style-type: none"> Refine key talent management processes and tools, as well as our approach to talent assessment and succession planning. Enhance our suite of talent development offerings and examine opportunities to evaluate the employee onboarding experience.
DEI	<ul style="list-style-type: none"> Set aspirational representation and inclusion goals. Launch talent diversity development programs. Develop approach for Portfolio Company Supplier Diversity Program.
Philanthropy	<ul style="list-style-type: none"> Establish a multiyear, multimillion-dollar signature grant initiative to prepare people to enter climate-resilient jobs in the US and India. Launch a Board training and placement program to build individuals' nonprofit leadership skills.
Climate Change	<ul style="list-style-type: none"> Publish our inaugural TCFD-aligned report. Initiate a platform-wide approach to measuring Scope 3 financed emissions. Enhance our leadership's command of climate change topics and how they affect Ares.

RESPONSIBLE INVESTMENT

Selected Groups	2022 Focus Areas
Credit	<ul style="list-style-type: none"> Initiate attribution and performance reporting on ESG metrics, in addition to other credit factors across Direct Lending. Create an "Escalations" database for Direct Lending that can further enhance ESG-investment due diligence. Increase ESG engagement goal to over 20% of Liquid Credit's portfolio companies and develop more detailed KPI tracking.
Private Equity	<ul style="list-style-type: none"> Measure portfolio carbon footprints for selected funds and identify companies for further engagement. Onboard a second AmpliFY DEI cohort of portfolio companies. Enhance ESG data collection and standardization efforts.
Real Assets	<ul style="list-style-type: none"> Increase GRESB participation by our real estate funds. Advance our decarbonization plan through establishing a portfolio carbon footprint. Grow the percentage of our borrowers who have a formal ESG policy in place across our debt platform.



GRI Content Index

DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 102: GENERAL DISCLOSURES			
ORGANIZATIONAL PROFILE			
102-1	Name of organization		Ares Management Corporation.
102-2	Activities, brands, products and services	<i>The reporting organization shall report the following information:</i> a. A description of the organization’s activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	a. See pages 9–14 and 18–25 in Ares Management’s Form 10-K report . b. To our knowledge, we do not have any primary products or services that are banned in certain markets.
102-3	Location of headquarters	Location of headquarters.	a. 2000 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067
102-4	Location of operations	<i>The reporting organization shall report the following information:</i> a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	a. Please visit our website: Our Global Reach .
102-5	Ownership and legal form	<i>The reporting organization shall report the following information:</i> a. Nature of ownership and legal form.	a. See pages 28–30 in Ares Management’s Form 10-K report .
102-6	Markets Served	<i>The reporting organization shall report the following information:</i> a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	a. See pages 9–14 and 18–25 in Ares Management’s Form 10-K report .
102-7	Scale of organization	<i>The reporting organization shall report the following information:</i> a. Scale of the organization, including: i. total number of employees; ii. total number of operations; iii. net sales (for private sector organizations) or net revenues (for public sector organizations); iv. total capitalization (for private sector organizations) broken down in terms of debt and equity; v. quantity of products or services provided.	a. See pages 14–27 in Ares Management’s Form 10-K report .



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-8	Information on employees and other workers	<p><i>The reporting organization shall report the following information:</i></p> <ul style="list-style-type: none"> a. Total number of employees by employment contract (permanent and temporary), by gender. b. Total number of employees by employment contract (permanent and temporary), by region. c. Total number of employees by employment type (full-time and part-time), by gender. d. Whether a significant portion of the organization’s activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees. e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries). f. An explanation of how the data have been compiled, including any assumptions made. 	<ul style="list-style-type: none"> a. Permanent: Females: 179 Males: 398 Temporary: Females: 3 Males: 0 b. Permanent: EMEA: 272 APAC: 321 Temporary: EMEA: 3 APAC: 1 c. Full-time: Females: 769 Males: 1,320 Part-time: Females: 10 Males: 1 d. The vast majority of the firm’s activities are performed by employees. We contract with temporary workers for interim needs on occasion (for instance, to cover a leave) and engage with external consultants where we believe it is beneficial to draw on third-party expertise for an initiative. In addition, like other firms in our industry, we work with independent auditors. e. No, we do not experience significant variations in our permanent vs. temporary workforce composition. f. Employees in the U.S. are generally not under employment contracts but are at-will employees with initial terms and conditions of employment detailed in an offer letter with the firm. International employees (including investment and support professionals) are under employment contracts in alignment with country-specific legal requirements and best practices. As such, the numbers in (a) and (b) represent counts of non-U.S. employees.
102-9	Supply chain	<p><i>The reporting organization shall report the following information:</i></p> <ul style="list-style-type: none"> a. A description of the organization’s supply chain, including its main elements as they relate to the organization’s activities, primary brands, products, and services. 	<ul style="list-style-type: none"> a. As a global alternative investment manager, Ares Management works with a number of third-party service providers that support its day-to-day business operations. In all dealings with any third parties, Ares Management applies the principles and policies summarized in its Ethics and Compliance Manual.
102-11	Precautionary Principle or approach	<p><i>The reporting organization shall report the following information:</i></p> <p>Whether and how the organization applies the Precautionary Principle or approach.</p> <p>Disclosure 102-11 can include an organization’s approach to risk management in operational planning, or when developing and introducing new products.</p>	<ul style="list-style-type: none"> a. Ares Management enterprise risk framework is an ongoing process under the leadership and governance of the Enterprise Risk Committee.
102-12	External initiatives	<p><i>The reporting organization shall report the following information:</i></p> <ul style="list-style-type: none"> a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses. 	<ul style="list-style-type: none"> a. See page 1 in Ares’ Responsible Investment Program.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-13	Membership of associations	<p>The reporting organization shall report the following information:</p> <p>a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.</p>	<ul style="list-style-type: none"> • AIF GLOBAL LLC • ALTERNATIVE INVESTMENT MANAGEMENT ASSOCIATION • ASCRI (Spanish Association of Private Equity and Venture Capital) • ASSOCIATION FOR CORPORATE GROWTH • BCIU (Business Council for International Understanding) • BEYOND BOARD LLC • BRITISH PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION (the BVCA) • CALLAN INSTITUTE • CENTER FOR INTERNET SECURITY INC • COALITION TO PRESERVE CALIFORNIA BUSINESS • CONFEDERATION OF BRITISH INDUSTRY • CRE FINANCE COUNCIL • G100 INC. • HEALTHCARE PRIVATE EQUITY ASSOCIATION • INREV (European Association for Investors in Non-Listed Real Estate Vehicles) • INSTITUTIONAL INVESTOR LLC • INSTITUTIONAL LIMITED PARTNERS ASSOCIATION • INSTITUTIONAL REAL ESTATE INC • INSTITUTE FOR PORTFOLIO ALTERNATIVES • MERCER GLOBAL MEMBERSHIP • OWNERSHIP WORKS • PENSION REAL ESTATE ASSOCIATION • POINTS OF LIGHT • PREA FOUNDATION, INC. (Pension Real Estate Association) • PRI ASSOCIATION (Principles for Responsible Investment) • SECURITIES INDUSTRY & FINANCIAL MARKETS ASSOCIATION • THE BRITISH MUSEUM GREAT COURT • THE INSTITUTE FOR APPLIED NETWORK SECURITY LLC • WORLD RESOURCES INSTITUTE’S CORPORATE CONSULTATIVE GROUP
STRATEGY			
102-14	Statement from senior decision-maker	<p>The reporting organization shall report the following information:</p> <p>a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.</p>	<p>a. See page 3 in 2021 Sustainability Report, CEO Letter.</p>
102-15	Key impacts, risks and opportunities	<p>The reporting organization shall report the following information:</p> <p>a. A description of key impacts, risks, and opportunities.</p>	<p>a. See page 4 in 2021 Sustainability Report, What We're Focused On. Additional risk factors can be found on pages 35–92 in Ares Management’s Form 10-K report.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behavior	<i>The reporting organization shall report the following information:</i> a. A description of the organization's values, principles, standards, and norms of behavior.	a. Please see page 1 in 2021 Sustainability Report, About Us. For additional information, please reference Ares' Code of Business Conduct and Ethics .
102-17	Mechanisms for advice and concerns about ethics	<i>The reporting organization shall report the following information:</i> a. A description of internal and external mechanisms for: i. seeking advice about ethical and lawful behavior, and organizational integrity; ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.	a. The mechanisms for reporting concerns can be found in our Complaint Procedures for Accounting and Auditing Matters. We are committed to doing business with integrity and upholding the highest standards of ethical and legal conduct. We have adopted a Whistleblower policy and established an ethics hotline (also called a Whistleblower Hotline) hosted by an independent third party that allows for open reporting or anonymous and confidential reporting, which is available to all our people globally. This supports our employees in coming forward with potential concerns about unethical or unlawful behavior by the firm or other employees. Reporting through the hotline can be done anonymously 24/7 via web-based form or via dedicated local phone numbers for our offices globally (in local languages). If an employee becomes aware of information regarding an actual or potential violation of Ares' policies, the Whistleblower policy has an obligation to promptly transmit that information to the Global Chief Compliance Officer or General Counsel. All incidents are reviewed by the Global Chief Compliance Officer and escalated appropriately depending on the nature of the complaint. On an annual basis, all employees certify their understanding of policies and code of conduct, which includes the Ethics Hotline. Through this annual certification, we seek to clearly communicate that any employee who comes forward with a complaint will not be subject to retaliation as a result of their reporting violations through the hotline. In addition, our external auditors review our Whistleblower logs at least annually.
GOVERNANCE			
102-18	Governance structure	<i>The reporting organization shall report the following information:</i> a. Governance structure of the organization, including committees of the highest governance body. b. Committees responsible for decision-making on economic, environmental, and social topics.	a./b. See page 14 in 2021 Sustainability Report, Governance, Compliance & Ethics. For additional information on corporate governance, please see pages 13-20 of Ares Management Corporation's Annual Proxy Statement for fiscal year 2021, filed in April 2022.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION												
102-19	Delegating authority	<p>The reporting organization shall report the following information:</p> <p>a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.</p>	<p>a. In 2020, we explicitly laid out our thinking on ESG governance by clarifying the respective roles of our Board of Directors, Executive Management Committee, ESG Team, the groups of ESG Champions in the investment strategies as well as the frontline investment and portfolio management professionals. Through this model, we collaborate firm-wide to tailor our ESG strategy to each asset class and drive ownership and accountability across the platform.</p> <table border="1"> <thead> <tr> <th></th> <th>ROLES AND RESPONSIBILITIES</th> <th>ACCOUNTABILITY</th> </tr> </thead> <tbody> <tr> <td>OVERSIGHT RESPONSIBILITIES Board of Directors and Executive Management Committee + ESG Team</td> <td> <ul style="list-style-type: none"> Subject to the control and supervision of Ares' Board of Directors, the Executive Management Committee holds oversight responsibility for Ares' ESG strategy. The Executive Management Committee conducts an annual review of ESG business plan as prepared by the ESG Team. </td> <td> <ul style="list-style-type: none"> The Executive Management Committee ensures that we maintain a platform-wide, strategic, long-term ESG business plan. The ESG Team executes on a business plan designed to deliver value to Ares and our stakeholders. </td> </tr> <tr> <td>DEFINE IMPLEMENTATION ESG Team + ESG Champions</td> <td> <ul style="list-style-type: none"> The ESG Team defines the ESG objectives, implementation steps and processes for our investment platform. The ESG Team partners with designated ESG Champions to adapt the platform-wide approach to the unique dynamics inherent to their investment strategy. </td> <td> <ul style="list-style-type: none"> The ESG Team ensures that a strategy develops a tailored ESG implementation plan. The ESG Champions author an ESG integration approach that is practical and unique to the underlying strategy. ESG Champions refine the approach over time. </td> </tr> <tr> <td>DRIVE IMPLEMENTATION ESG Champions + Investment Committees + Investment and Portfolio Management Teams</td> <td> <ul style="list-style-type: none"> With technical support from the ESG Team, ESG Champions serve as a local resource within each strategy and review the ESG integration plan annually for priority improvements. Investment Committees review the outputs of ESG integration steps throughout the investment lifecycle. Frontline investment and portfolio management professionals execute ESG-related tasks on a deal-by-deal basis. </td> <td> <ul style="list-style-type: none"> ESG Champions ensure quality and adherence of ESG integration outputs. Investment Committees ensure implementation at the fund level. Investment and portfolio management professionals ensure implementation at the individual deal level. </td> </tr> </tbody> </table>		ROLES AND RESPONSIBILITIES	ACCOUNTABILITY	OVERSIGHT RESPONSIBILITIES Board of Directors and Executive Management Committee + ESG Team	<ul style="list-style-type: none"> Subject to the control and supervision of Ares' Board of Directors, the Executive Management Committee holds oversight responsibility for Ares' ESG strategy. The Executive Management Committee conducts an annual review of ESG business plan as prepared by the ESG Team. 	<ul style="list-style-type: none"> The Executive Management Committee ensures that we maintain a platform-wide, strategic, long-term ESG business plan. The ESG Team executes on a business plan designed to deliver value to Ares and our stakeholders. 	DEFINE IMPLEMENTATION ESG Team + ESG Champions	<ul style="list-style-type: none"> The ESG Team defines the ESG objectives, implementation steps and processes for our investment platform. The ESG Team partners with designated ESG Champions to adapt the platform-wide approach to the unique dynamics inherent to their investment strategy. 	<ul style="list-style-type: none"> The ESG Team ensures that a strategy develops a tailored ESG implementation plan. The ESG Champions author an ESG integration approach that is practical and unique to the underlying strategy. ESG Champions refine the approach over time. 	DRIVE IMPLEMENTATION ESG Champions + Investment Committees + Investment and Portfolio Management Teams	<ul style="list-style-type: none"> With technical support from the ESG Team, ESG Champions serve as a local resource within each strategy and review the ESG integration plan annually for priority improvements. Investment Committees review the outputs of ESG integration steps throughout the investment lifecycle. Frontline investment and portfolio management professionals execute ESG-related tasks on a deal-by-deal basis. 	<ul style="list-style-type: none"> ESG Champions ensure quality and adherence of ESG integration outputs. Investment Committees ensure implementation at the fund level. Investment and portfolio management professionals ensure implementation at the individual deal level.
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102-20	Executive-level responsibility for economic, environmental, and social topics	<p>The reporting organization shall report the following information:</p> <p>a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.</p> <p>b. Whether post holders report directly to the highest governance body.</p>	<p>a./b.</p> <p>Ares Management's Global Head of ESG reports directly to the Chief Executive Officer and provides regular updates on the firm's ESG work. In addition, he provides updates to Ares' Board of Directors at least annually. Ares Management's Head of Philanthropy reports directly to the Chief Executive Officer and provides regular updates on the firm's Philanthropic work. In addition, she provides updates to Ares' Board of Directors at least annually. Ares Management's Global Chief Diversity, Equity and Inclusion officer reports directly to the Chief Executive Officer and provides regular updates on the firm's DE&I work. In addition, she provides updates to Ares' Board of Directors at least annually.</p>												
102-21	Consulting stakeholders on economic, environmental, and social topics	<p>The reporting organization shall report the following information:</p> <p>a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics.</p> <p>b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.</p>	<p>a./b.</p> <p>Ares Management's Board of Directors receives information about material ESG issues for the firm. For information on our Directors, see section entitled "Proposal 1: Election of Directors" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022. Ares Management's Global Head of ESG, who oversees our ESG team and collaboration with ESG champions across the firm, reports directly to the firm's Chief Executive Officer and provides updates to Ares' Board of Directors at least annually.</p>												



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-22	Composition of the highest governance body and its committees	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation. 	<p>a. See sections entitled "Proposal 1: Election of Directors," "Corporate Governance and Other Board Information – Composition of the Board of Directors," "Corporate Governance and Other Board Information – Committees of the Board," and "Corporate Governance and Other Board Information – Board Diversity" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>
102-23	Chair of the highest governance body	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Whether the chair of the highest governance body is also an executive officer in the organization.</p> <p>b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.</p>	<p>a./b. See section entitled "Proposal 1: Election of Directors" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>
102-24	Nominating and selecting the highest governance body	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Nomination and selection processes for the highest governance body and its committees.</p> <p>b. Criteria used for nominating and selecting highest governance body members, including whether and how:</p> <ul style="list-style-type: none"> i. stakeholders (including shareholders) are involved; ii. diversity is considered; iii. independence is considered; iv. expertise and experience relating to economic, environmental, and social topics are considered. 	<p>a./b. See section entitled "Corporate Governance and Other Board Information – Committees of the Board" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>
102-25	Conflicts of interest	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</p> <p>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> i. Cross-board membership; ii. Cross-shareholding with suppliers and other stakeholders; iii. Existence of controlling shareholder; iv. Related party disclosures. 	<p>a. See section entitled "Corporate Governance and Other Board Information – Committees of the Board – Conflicts Committee" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p> <p>b. See sections entitled "Proposal 1: Election of Directors," "Security Ownership of Certain Beneficial Owners and Management" and "Certain Relationships and Related Transactions" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>
102-26	Role of highest governance body in setting purpose, values, and strategy	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</p>	<p>a. Ares Management's Board of Directors and its senior executives, including Chief Executive Officer, Michael Arougheti, are responsible for the approval of the organization's purpose, value or mission statements, strategies, policies and goals related to economic, environmental and social topics. Our Core Values can be found on page 1 of Ares' 2021 Sustainability Report, About Us.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-27	Collective knowledge of highest governance body	<i>The reporting organization shall report the following information:</i> a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.	a. Ares' Board of Directors receives updates on material issues for the firm and education on emerging topics, including on certain economic, environmental and social issues such as DEI, cybersecurity, amongst others. The Board of Directors also receives regular business updates and educational sessions on new and existing business strategies.
102-28	Evaluating the highest governance body's performance	<i>The reporting organization shall report the following information:</i> a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics. b. Whether such evaluation is independent or not, and its frequency. c. Whether such evaluation is a self-assessment. d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.	a./b./c./d. Ares Management's Board of Directors and Committees conduct an annual self assessment of performance against the objectives and goals that they set for themselves as well as the requirements of their charter documents. As part of this assessment, the Board considers its strengths and areas for improvement. Among other topics, the Board considers whether it has the right mix of skills and experience on the Board. In 2021, we took a key step in our governance journey toward achieving a majority independent Board of Directors. Eileen Naughton joined our Board of Directors, establishing a 50/50 independent board structure. The Board has also been expanded to 11 members, including five independent directors and one vacancy, which the Board will seek to fill in 2022 with an additional independent director. In addition, in 2021, our Board formed the Nominating and Governance Committee. The Committee is responsible for developing and recommending policies regarding qualifications for director nominees, as well as director selection and evaluation. The Committee is tasked with reviewing the membership of the Board of Directors, to ensure representation across diverse and independent backgrounds. The Committee also has a duty to periodically review our corporate governance guidelines, policies relating to corporate governance, and to recommend any changes in such policies to our Board of Directors.
102-29	Identifying and managing economic, environmental, and social impacts	<i>The reporting organization shall report the following information:</i> a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities—including its role in the implementation of due diligence processes. b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.	a./b. See page 14 in 2021 Sustainability Report, Governance, Compliance & Ethics. Also see above responses to 102-18 and 102-19.
102-30	Effectiveness of risk management processes	<i>The reporting organization shall report the following information:</i> a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.	a. The Board of Directors and its committees collectively share oversight of ESG factors, with each committee overseeing matters most applicable to its charter responsibilities. For information on the committees of our Board of Directors, see sections entitled "Corporate Governance and Other Board Information—Committees of the Board" in Ares Management Corporation's Annual Proxy Statement , filed in April 2022. Also see above response to 102-28.
102-31	Review of economic, environmental, and social topics	<i>The reporting organization shall report the following information:</i> a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.	a. At least annually.
102-32	Highest governance body's role in sustainability reporting	<i>The reporting organization shall report the following information:</i> a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.	a. Ares' Board of Directors has oversight for the firm's approach to ESG. It receives regular updates on the firm's approach to ESG issues.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-33	Communicating critical concerns	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Process for communicating critical concerns to the highest governance body.</p>	<p>a. Any person may report directly to the Audit Committee and/or the management by contacting the Global Chief Compliance Officer, the General Counsel and/or the Chairperson of the Audit Committee in relation to any accounting concerns regarding accounting practices by addressing such report in writing. In addition, we have adopted a Whistleblower policy and established an ethics hotline (also called a Whistleblower Hotline) hosted by an independent third party that allows for open reporting or anonymous and confidential reporting, which is available to all our people globally. This supports our employees in coming forward with potential concerns about unethical or unlawful behavior by the firm or other employees. Reporting through the hotline can be done anonymously 24/7 via web-based form or via dedicated local phone numbers for our offices globally (in local languages). If an employee becomes aware of information regarding an actual or potential violation of Ares' policies, the Whistleblower policy has an obligation to promptly transmit that information to the Global Chief Compliance Officer or General Counsel. All incidents are reviewed by the Global Chief Compliance Officer and escalated appropriately depending on the nature of the complaint. On an annual basis, all employees certify their understanding of policies and code of conduct, which includes the Ethics Hotline. Through this annual certification, we seek to clearly communicate that any employee who comes forward with a complaint will not be subject to retaliation as a result of their reporting violations through the hotline. In addition, our external auditors review our Whistleblower logs at least annually.</p>
102-35	Remuneration policies	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:</p> <ul style="list-style-type: none"> i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; ii. Sign-on bonuses or recruitment incentive payments; iii. Termination payments; iv. Clawbacks; v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. <p>b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</p>	<p>a./b. See sections entitled "Compensation Discussion and Analysis," "Compensation of Our Executive Officers," "Pay Ratio," "Compensation of Our Directors" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>
102-36	Process for determining remuneration	<p><i>The reporting organization shall report the following information:</i></p> <p>a. Process for determining remuneration.</p> <p>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</p> <p>c. Any other relationships that the remuneration consultants have with the organization.</p>	<p>a./b./c. See sections entitled, ""Corporate Governance and Other Board Information—Compensation Committee Interlocks and Insider Participation," ""Corporate Governance and Other Board Information – Role of Compensation Consultant," "Corporate Governance and Other Board Information – Committees of the Board – Conflicts Committee," "Corporate Governance and Other Board Information – Committees of the Board – Equity Incentive Committee" in Ares Management Corporation's Annual Proxy Statement, filed in April 2022.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-37	Stakeholders' involvement in remuneration	<i>The reporting organization shall report the following information:</i> a. How stakeholders' views are sought and taken into account regarding remuneration. b. If applicable, the results of votes on remuneration policies and proposals.	a./b. See sections entitled "Compensation Discussion and Analysis—Say-on-Pay Vote" in Ares Management Corporation's Annual Proxy Statement , filed in April 2022.
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	<i>The reporting organization shall report the following information:</i> a. A list of stakeholder groups engaged by the organization.	a. See page 4 in 2021 Sustainability Report, What We Are Focused On.
102-41	Collective bargaining agreements	<i>The reporting organization shall report the following information:</i> a. Percentage of total employees covered by collective bargaining agreements.	a. There is a de minimis number of employees covered by collective bargaining agreements outside of the U.S.
102-42	Identifying and selecting stakeholders	<i>The reporting organization shall report the following information:</i> a. The basis for identifying and selecting stakeholders with whom to engage.	a. See page 4 in 2021 Sustainability Report, What We Are Focused On.
102-43	Approach to stakeholder engagement	<i>The reporting organization shall report the following information:</i> a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	a. See page 4 in 2021 Sustainability Report, What We Are Focused On.
102-44	Key topics and concerns raised	<i>The reporting organization shall report the following information:</i> a. Key topics and concerns that have been raised through stakeholder engagement, including: i. how the organization has responded to those key topics and concerns, including through its reporting; ii. the stakeholder groups that raised each of the key topics and concerns.	a. See page 4 in 2021 Sustainability Report, What We Are Focused On.
REPORTING PRACTICES			
102-45	Entities included in the consolidated financial statements	<i>The reporting organization shall report the following information:</i> a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	a./b. See page 3-4 in Ares Management's Form 10-K report .
102-46	Defining report content and topic Boundaries	<i>The reporting organization shall report the following information:</i> a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	a./b. See page 4 in 2021 Sustainability Report, What We Are Focused On.
102-47	List of material topics	<i>The reporting organization shall report the following information:</i> a. A list of the material topics identified in the process for defining report content.	a. See page 4 in 2021 Sustainability Report, What We Are Focused On.
102-50	Reporting period	<i>The reporting organization shall report the following information:</i> a. Reporting period for the information provided.	a. Calendar year 2021.
102-51	Date of most recent report	<i>The reporting organization shall report the following information:</i> a. If applicable, the date of the most recent previous report.	a. Ares' 2021 Sustainability Report was published in June 2022.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
102-52	Reporting cycle	<i>The reporting organization shall report the following information:</i> a. Reporting cycle.	a. Annual.
102-53	Contact point for questions regarding the report	<i>The reporting organization shall report the following information:</i> a. The contact point for questions regarding the report or its contents.	a. Adam Heltzer: aheltzer@aresmgmt.com .
102-54	Claims of reporting in accordance with the GRI Standards	<i>The reporting organization shall report the following information:</i> a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: i. 'This report has been prepared in accordance with the GRI Standards: Core option'; ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.	a. Throughout the report, we align with leading industry reporting standards, including GRI.
102-55	GRI content index	<i>The reporting organization shall report the following information:</i> a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report. b. For each disclosure, the content index shall include: i. the number of the disclosure (for disclosures covered by the GRI Standards); ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials; iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.	a./b. The GRI content index (this document) is in accordance with the GRI Standards.
102-56	External assurance	<i>The reporting organization shall report the following information:</i> a. A description of the organization's policy and current practice with regard to seeking external assurance for the report. b. If the report has been externally assured: i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process; ii. The relationship between the organization and the assurance provider; iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.	a./b. At this time, Ares Management does not seek external assurance for its sustainability report. Ares Management's consolidated financial statements are externally audited by Ernst and Young LLP.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 103: MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its Boundary	<p>For each material topic, the reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary. 	<p>a./b./c. See page 4 in 2021 Sustainability Report, What We Are Focused On.</p>
103-2	The management approach and its components	<p>For each material topic, the reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives. 	<p>a./b./c. See page 4 in 2021 Sustainability Report, What We Are Focused On.</p>
103-3	Evaluation of the management approach	<p>For each material topic, the reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. An explanation of how the organization evaluates the management approach, including: <ul style="list-style-type: none"> i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach. 	<p>a. See page 4 in 2021 Sustainability Report, What We Are Focused On.</p>
GRI 201: ECONOMIC PERFORMANCE			
201-1	Direct economic value generated and distributed	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components: <ul style="list-style-type: none"> i. Direct economic value generated: revenues; ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments; iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'. b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance. 	<p>a./b. See pages F-58-F-65 in Ares Management's Form 10-K report.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
201-2	Financial implications and other risks and opportunities due to climate change	The reporting organization shall report the following information: a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including: <ul style="list-style-type: none"> i. a description of the risk or opportunity and its classification as either physical, regulatory, or other; ii. a description of the impact associated with the risk or opportunity; iii. the financial implications of the risk or opportunity before action is taken; iv. the methods used to manage the risk or opportunity; v. the costs of actions taken to manage the risk or opportunity. 	We believe that climate change poses one of the most significant challenges of our time, and that the wide-ranging physical and transition impacts will generate numerous risks and opportunities that Ares should account for in both its operations and investment strategies. In 2022 we are publishing our Task Force on Climate-related Financial Disclosures (TCFD) aligned Climate Action Report, which details our approach for navigating both climate risks and opportunities. Highlights for the past year include: holding our inaugural Climate Offsite to mobilize stakeholders across Ares on climate change, raising \$2.2 billion of capital within our climate infrastructure strategy, achieving corporate carbon neutrality for the second consecutive year while also expanding on the operational emissions that were measured, launching a \$25 million philanthropic initiative to promote a just transition, deploying new climate-related employee benefits, and creating a roadmap for a portfolio-wide investment footprint by 2024.
GRI 203: INDIRECT ECONOMIC IMPACTS			
203-1	Infrastructure investments and services supported	<i>The reporting organization shall report the following information:</i> <ul style="list-style-type: none"> a. Extent of development of significant infrastructure investments and services supported. b. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. c. Whether these investments and services are commercial, in-kind, or pro bono engagements. 	a./b./c. See Ares' Infrastructure Opportunities and Infrastructure Debt sections of the website.
GRI 205: ANTI-CORRUPTION			
205-2	Communication and training about anti-corruption policies and procedures	<i>The reporting organization shall report the following information:</i> <ul style="list-style-type: none"> a. Total number and percentage of governance body members that the organization's anticorruption policies and procedures have been communicated to, broken down by region. b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region. c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region. e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region. 	We are dedicated to ensuring compliance with the array of anti-corruption laws and regulations that apply to our business and have adopted a global Anti-Corruption policy which is embedded within our Code of Conduct. The Anti-Corruption policy is focused on ensuring compliance with applicable anti-corruption laws and regulations including US Foreign Corrupt Practices Act and the UK Bribery Act 2010, among other similar regulations. Our Code of Conduct requires that employees are trained on the policy upon joining the firm and periodically thereafter. Periodic certifications include an attestation to compliance with the policy or report any exceptions during the period. The policy includes pre-clearance requirements for expenses to be incurred on behalf of any government officials, employees or any intermediaries acting on their behalf at certain thresholds. The Compliance team periodically monitors and reviews expenses to ensure compliance with applicable rules and regulations. Political contributions to state or local officials are prohibited and pre-clearance is required for federal candidates or office holders. All Ares employees certify to the code quarterly across the various regions in which Ares operates.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 302: ENERGY			
302-1	Energy consumption within the organization	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> i. electricity consumption ii. heating consumption iii. cooling consumption iv. steam consumption d. In joules, watt-hours or multiples, the total: <ul style="list-style-type: none"> i. electricity sold ii. heating sold iii. cooling sold iv. steam sold e. Total energy consumption within the organization, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used. 	<ul style="list-style-type: none"> a. 824.5 GJ (Natural Gas, scope 1) b. n/a c. i. Total electricity consumption 17,532.2 GJ. ii. Total estimated heating consumption (inc. district heating) 15,513.1 GJ. d. Zero energy sold. e. 33,045.3 GJ. f./g. This inventory is prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard and the WRI GHG Protocol Scope 2 Guidance.
302-3	Energy intensity	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Energy intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organization, outside of it, or both. 	<ul style="list-style-type: none"> a. 4.36 MWh of energy use per employee. b. Employee headcount. c. All energy types included (electricity and heating of all sites). d. The ratio uses energy consumption within the organization (owned and leased spaces).
GRI 303: WATER AND EFFLUENTS			
303-5	Water consumption	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total water consumption from all areas in megaliters. b. Total water consumption from all areas with water stress in megaliters. c. Change in water storage in megaliters, if water storage has been identified as having a significant water-related impact. d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors. 	<p>Across all Ares sites, NY 245 Park and Denver provided water meter data (1,885.4 m³ and 2,374.8 m³ respectively). The rest were benchmarked based on the following assumption: 45 litres/FTE/day (240). Wastewater generation is assumed to equal waste production. Benchmarked use/generation is reduced in line with office occupancy (no water use/wastewater generation at 0% occupancy). Total estimated consumption was 8,302.3 m³.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 305: EMISSIONS			
305-1	Direct (Scope 1) GHG emissions	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent. b. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. 	<ul style="list-style-type: none"> a. 46.9 tCO₂e b. CO₂, CH₄, N₂O, CO₂e. HFCs. c. n/a d. 2021 is the first year with scope 1 emissions. e. Defra 2021 emissions factors were applied (appendix A). This inventory estimates carbon dioxide equivalents (CO₂e) using global warming potentials from the AR4 Assessment Report. f. Operational control approach applied. g. Detailed methodology and list of assumptions applied are in section 3 of the RSK report.
305-2	Energy indirect (Scope 2) GHG emissions	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent. c. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. d. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. f. Consolidation approach for emissions; whether equity share, financial control, or operational control. g. Standards, methodologies, assumptions, and/or calculation tools used. 	<ul style="list-style-type: none"> a. 2,329.5 tCO₂e. b. 2,362.8 tCO₂e. c. CO₂, CH₄, N₂O, CO₂e. d. Reporting shows most current calculations for 2021. e. Defra 2021 emissions factors were applied (appendix A). This inventory estimates carbon dioxide equivalents (CO₂e) using global warming potentials from the AR4 Assessment Report. f. Operational control. g. Detailed methodology and list of assumptions applied are in section 3 of this report.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
305-3	Other indirect (Scope 3) GHG emissions	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO₂ equivalent. b. If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. c. Biogenic CO₂ emissions in metric tons of CO₂ equivalent. d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation. e. Base year for the calculation, if applicable, including: <ul style="list-style-type: none"> i. the rationale for choosing it; ii. emissions in the base year; iii. the context for any significant changes in emissions that triggered recalculations of base year emissions. f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source. g. Standards, methodologies, assumptions, and/or calculation tools used. 	<ul style="list-style-type: none"> a. 3,783.3 CO₂e. b. CO₂, CH₄, N₂O, CO₂e. c. N/A. d. Scope 3— <ul style="list-style-type: none"> Category 1: Purchased goods and services (water supplied) Category 3: Fuel and energy related activities (T&D losses) Category 5: Waste Generated Category 6: Business Travel Category 7: employee commuting (includes homeworking) Category 8: upstream leased assets (fugitive emissions) e. Scope expanded for current reporting 2021. f. Defra 2021 emissions factors were applied (appendix A). This inventory estimates carbon dioxide equivalents (CO₂e) using global warming potentials from the AR4 Assessment Report. g. Detailed methodology and list of assumptions applied are in section 3 of this report.
305-4	GHG emissions intensity	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all. 	<ul style="list-style-type: none"> a. 2.87a. 2.87 metric tons (MT) of carbon dioxide equivalent (CO₂e) per employee. b. Employee headcount. c. Scope 1, Scope 2, and limited Scope 3 as per above. d. CO₂, CH₄, N₂O, CO₂e. HFCs (b) Number of employees (c) Scope 2 and Scope 3 (d) All included.
GRI 306: WASTE			
306-3	Significant spills	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total number and total volume of recorded significant spills. b. The following additional information for each spill that was reported in the organization's financial statements: <ul style="list-style-type: none"> i. Location of spill; ii. Volume of spill; iii. Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization). c. Impacts of significant spills. 	<p>As a financial services firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of properly and recycle. We partner with Ewaste companies to dispose of and recycle equipment in an environmentally safe way.</p>
306-4	Transport of hazardous waste	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total weight for each of the following: <ul style="list-style-type: none"> i. Hazardous waste transported ii. Hazardous waste imported iii. Hazardous waste exported iv. Hazardous waste treated b. Percentage of hazardous waste shipped internationally. c. Standards, methodologies, and assumptions used. 	<p>As a financial services firm, we do not generate hazardous waste directly beyond the disposal of computing systems, which we strive to dispose of properly and recycle. We partner with Ewaste companies to dispose of and recycle equipment in an environmentally safe way.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 307: ENVIRONMENTAL COMPLIANCE			
307-1	Non-compliance with environmental laws and regulations	<p>The reporting organization shall report the following information:</p> <p>a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:</p> <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. <p>b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.</p>	<p>a./b.</p> <p>We are not aware of any material fines for noncompliance with environmental laws or regulations within our operations.</p>
GRI 401: EMPLOYMENT			
401-1	New employee hires and employee turnover	<p>The reporting organization shall report the following information:</p> <p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	<p>a./b.</p> <ul style="list-style-type: none"> • 886 new joiners in 2021. Of our new joiners, 42% were female. • 2021 turnover (voluntary/involuntary/total): 9.7%/3.0%/12.7%. 5 year average total turnover rate: 14.7%. • 233 separations • Average years employed at Ares: 3.31 years for females, 3.49 years for males.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>The reporting organization shall report the following information</p> <p>a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ul style="list-style-type: none"> i. life insurance; ii. health care; iii. disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others. <p>b. The definition used for 'significant locations of operation.</p>	<p>a. All benefits provided to full-time and full-time fixed term benefits are also provided to part-time and part-time fixed-term employees working 20 or more hours. Benefits are not provided to temporary employees. Our benefits include the following:</p> <ul style="list-style-type: none"> • Medical • Dental • Vision • Life insurance • Disability insurance • Retirement benefits • Medical advisory team • 20 weeks paid primary caregiver leave • 4 weeks paid non-primary caregiver leave • Adoption and reproductive assistance • Breast milk shipping benefits • Back-up care benefits for childcare and eldercare • Mental health benefits including a clinical component • Paid lunch benefit • Virtual fitness benefits.



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
401-3	Parental leave	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total number of employees that were entitled to parental leave, by gender. b. Total number of employees that took parental leave, by gender. c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender. d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender. e. Return to work and retention rates of employees that took parental leave, by gender. 	<ul style="list-style-type: none"> a. All employees are eligible for parental leave to the extent they become parents (biologically or via adoption). The firm becomes aware of when employees become parents based upon voluntary employee notification to Human Resources. b. <ul style="list-style-type: none"> • Women Leave in 2021: 34 employees • Men Leave in 2021: 24 employees c. <ul style="list-style-type: none"> • Women Returned in 2021: 34 employees • Men Returned in 2021: 24 employees d. Out of all the employees who took parental leave in 2021, only 2 female employees left the firm. e. Return to work rate: 100% retention for both males and females. Retention rate: 100% for males and 94% for females.
GRI 404: TRAINING AND EDUCATION			
404-1	Average hours of training per employee	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Average hours of training that the organization’s employees have undertaken during the reporting period, by: <ul style="list-style-type: none"> i. gender; ii. employee category. 	<p>In 2021, Ares invested in creating a Talent Development function that will be providing employees with training and development and implementing a Learning Management Site ("LMS") available to all employees. The Talent Development team will provide training and development offerings to compliment and support employees development as well as rolling out a LMS where employees can find Self Directed Resources that can be taken at any time from any place and customized live training which employees can sign up for. The LMS will also assist Ares in tracking learning interest and metrics and improving our training offerings for employees. In 2021 we piloted “Managing Transitions” for all managers to provide tools for managers as they navigate the transition of the new way to work for Ares employees. 50% of our managers attended the optional workshops and 97% reported that they would put the content into practice.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
404-2	Programs for upgrading employee skills and transition assistance programs	<p><i>The reporting organization shall report the following information:</i></p> <ul style="list-style-type: none"> a. Type and scope of programs implemented and assistance provided to upgrade employee skills. b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment. 	<p>At Ares we offer a wide range of development for our employees to enhance their skills in their current roles and invest in their future potential, including:</p> <ol style="list-style-type: none"> 1. A formal Tuition Reimbursement Program: employees have the ability to apply and receive up to 12,000 per calendar year and 48,000 per lifetime. 2. Self-Directed Resources: LinkedIn learning is available for our Corporate Services function and in 2022 Self Directed Resources will be available globally to all businesses. 3. Onboarding: Ares welcomes new team members with onboarding training, peer advisor programs and networking. 4. Intern Training Program (ITP) and Analyst and Associate Training Program (AATP): Ares hosts rising seniors from top universities each summer for a 10-week internship program, which focuses on training, developing, and evaluating undergraduate students for a potential full-time role. The program includes upfront technical training (led and facilitated by Wall Street Prep), an internal speaker series, social and networking events, and a formal mentor program. The internship program operates as a pipeline for strong junior talent for the firm, as each intern is eligible and considered for a full-time Analyst role upon graduation the following year—where they would participate in the Analyst and Associate Training Program (AATP). Upon hire, Analysts and Associates participate in a multi-week upfront orientation training, comprised of technical training (led and facilitated by Wall Street Prep), internally led business-specific training led by Ares employees, Professional Development Training, and a formal mentor program. In 2021, 86% of our interns converted to full-time employment, 25% of them are part of historically under-represented groups. 5. Leadership Programs: Ares partnered with Beyond Barriers and a third-party provider to roll out two development programs focusing on promoting women at Ares. 42 women participated in the seven-month program starting in November 2021.
404-3	Percentage of employees receiving regular performance and career development reviews	<p><i>The reporting organization shall report the following information:</i></p> <ul style="list-style-type: none"> a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period. 	<p>Performance Management at Ares is supported by the Four Conversation Framework, which includes a process and system for the following conversations:</p> <ol style="list-style-type: none"> 1. Goal Setting, 2. Mid-Year check in, 3. 360 Feedback and 4. Year-End Review and Compensation and Promotion Discussion. <p>Conversations are supported by training that is delivered to all employees and managers to provide tools and prepare them for each conversation. Via-People is the system that we use to provide an easy-to-use template for each conversation and the ability for the organization to track the conversations.</p> <p>We believe that Performance Management is creating a culture of frequent and transparent feedback and establishing a strong connectivity between managers and employees with clear expectations that support the execution of our business. Our process creates a roadmap to success with a focus on career development for our employees and higher levels of engagement and retention of top talent and more equality by providing a consistent employee experience.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY			
405-1	Diversity of governance bodies and employees	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Percentage of individuals within the organization’s governance bodies in each of the following diversity categories: <ul style="list-style-type: none"> i. Gender; ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). b. Percentage of employees per employee category in each of the following diversity categories: <ul style="list-style-type: none"> i. Gender; ii. Age group: under 30 years old, 30–50 years old, over 50 years old; iii. Other indicators of diversity where relevant (such as minority or vulnerable groups). 	Please see page 8 in 2021 Sustainability Report, Diversity, Equity & Inclusion. For additional information, please see the Ares DEI 2021 Impact Report .
GRI 413: LOCAL COMMUNITIES			
413-1	Operations with local community engagement, impact assessments, and development programs	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs, including the use of: <ul style="list-style-type: none"> i. social impact assessments, including gender impact assessments, based on participatory processes; ii. environmental impact assessments and ongoing monitoring; iii. public disclosure of results of environmental and social impact assessments; iv. local community development programs based on local communities’ needs; v. stakeholder engagement plans based on stakeholder mapping; vi. broad-based local community consultation committees and processes that include vulnerable groups; vii. works councils, occupational health and safety committees and other worker representation bodies to deal with impacts; viii. formal local community grievance processes. 	Please see pages 10–11 in 2021 Sustainability Report, Philanthropy
GRI 417: MARKETING AND LABELING			
417-3	Incidents of non-compliance concerning marketing communications	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by: <ul style="list-style-type: none"> i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient. 	<p>a./b.</p> <p>We did not detect any instances of non-compliance with regulations and/or voluntary codes concerning marketing activities that resulted in fines or non-monetary sanctions from competent authorities.</p>



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
GRI 418: CUSTOMER PRIVACY			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: <ul style="list-style-type: none"> i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient. 	<ul style="list-style-type: none"> c. During the reporting period, no substantiated complaints regarding breaches of client privacy and losses of client data were identified.
419: SOCIOECONOMIC COMPLIANCE			
419-1	Non-compliance with laws and regulations in the social and economic area	<p>The reporting organization shall report the following information:</p> <ul style="list-style-type: none"> a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of: <ul style="list-style-type: none"> i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient. c. The context against which significant fines and non-monetary sanctions were incurred. 	<p>a./b./c.</p> <p>Ares did not incur any significant fine, nor non-monetary sanctions for non-compliance with applicable laws and regulations. Please see the Ares Management's Form 10-K report for additional information.</p>



SASB Content Index

DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
FN-AC-270a.1	Transparent information & fair advice for customers	(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.	There are no known covered employees with records of investment-related investigations, consumer-initiated complaints, private civil litigations or other regulatory proceedings.
FN-AC-270a.2	Transparent information & fair advice for customers	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.	There are no known monetary losses as a result of legal proceedings associated with marketing and communications of financial product related information to new and returning clients.
FN-AC-270a.3	Transparent information & fair advice for customers	Description of approach to informing customers about products and services.	Performance of the management company and significant funds are reported on a quarterly basis via 10-Q/10-K and 8-K and made publicly available to all investors. Consistent with our obligations to accurately calculate, report and retain documents supporting performance figures under Advisers Act Section 206 and Rule 206(4)-1, we calculate and report performance in a manner consistent with applicable regulatory guidance. Additionally, all marketing and advertising materials submitted to Compliance are reviewed to confirm that they are not fraudulent or misleading and that they comply with any applicable rules, regulations and Ares policies.
FN-AC-330a.1	Employee diversity & inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Please see page 8 in 2021 Sustainability Report, Diversity, Equity & Inclusion. For additional information, please see the Ares DEI 2021 Impact Report.
FN-AC-410a.1	Incorporation of ESG factors in Investment Management	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.	Ares' Responsible Investment Program conveys our objectives for integrating ESG issues, the principles behind our approach, the governance framework to ensure continuous improvement, and the implementation steps that bring our approach to life throughout the investment lifecycle. It also contains Ares' screening framework that guides investment professionals in top-of-funnel decision-making and this screening framework is individually tailored to an investment strategy as appropriate. More information can be found in Ares' Responsible Investment Program .
FN-AC-410a.2	Incorporation of ESG factors in Investment Management	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies.	In recognition of the importance of considering ESG factors in its investment process, in 2021, Ares Management adopted a Responsible Investment Program to guide its ESG integration activities across the investment platform and had updated its program as its practices evolved. Ares believes that integrating ESG factors into the investment and portfolio management processes across our platform not only enable us to seek to generate attractive and differentiated risk adjusted returns across our investment strategies but help drive positive change in our local communities and the world at large. Ares' Responsible Investment Program conveys our objectives for integrating ESG factors, the principles behind our approach, the governance framework to ensure continuous improvement, and the implementation steps that bring our approach to life throughout the investment lifecycle. Ares' Responsible Investment Program is publicly available on our website.
FN-AC-410a.3	Incorporation of ESG factors in Investment Management	Description of proxy voting and investee engagement policies and procedures.	See section entitled "Corporate Governance and Other Board Information – Committees of the Board – Ares Management Corporation's Responsible Investment, Philanthropy and Employee DEI" in Ares Management Corporation's Annual Proxy Statement for fiscal year 2021, filed in April 2022.

Continued on the next page →



DISCLOSURE #	DISCLOSURE TITLE	DESCRIPTION	INDEX & INFORMATION
FN-AC-510a.1	Business Ethics	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.	See pages 50–51 in Ares Management 10-K .
FN-AC-510a.2	Business Ethics	Description of whistleblower policies and procedures.	We are committed to doing business with integrity and upholding the highest standards of ethical and legal conduct. We have adopted a Whistleblower policy and established an ethics hotline (also called a Whistleblower Hotline) hosted by an independent third party that allows for open reporting or anonymous and confidential reporting, which is available to all our people globally. This supports our employees in coming forward with potential concerns about unethical or unlawful behavior by the firm or other employees. Reporting through the hotline can be done anonymously 24/7 via web-based form or via dedicated local phone numbers for our offices globally (in local languages). If an employee becomes aware of information regarding an actual or potential violation of Ares' policies, the Whistleblower policy has an obligation to promptly transmit that information to the Global Chief Compliance Officer or General Counsel. All incidents are reviewed by the Global Chief Compliance Officer and escalated appropriately depending on the nature of the complaint. On an annual basis, all employees certify their understanding of policies and code of conduct, which includes the Ethics Hotline. Through this annual certification, we seek to clearly communicate that any employee who comes forward with a complaint will not be subject to retaliation as a result of their reporting violations through the hotline. In addition, our external auditors review our Whistleblower logs at least annually.
FN-AC-550a.1	Systemic Risk Management	Percentage of open-end fund assets under management by category of liquidity classification.	See AUM by Type on page 7 of Ares Management's Fourth Quarter and Full Year 2021 Earnings Presentation, included as exhibit 99.2 to the 8-K filed on February 11, 2022.
FN-AC-550a.2	Systemic Risk Management	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management.	For a description of liquidity management for Ares Management, see Sources and Uses of Liquidity on pages 149 in the Ares Management 10-K . Redemption risk is managed by the duration of our AUM. See AUM by Type on page 7 of Ares Management's Fourth Quarter and Full Year 2021 Earnings Presentation, included as exhibit 99.2 to the 8-K filed on February 11, 2022.
FN-AC-000.A	Activity Metrics	(1) Total registered and (2) total unregistered assets under management (AUM).	Total assets under management of US\$306 billion as of December 31, 2021. See pages 98–99 in Ares Management's Form 10-K report for further detail.
FN-AC-000.B	Activity Metrics	Total assets under custody and supervision.	Total assets under management of US\$306 billion as of December 31, 2021. See pages 98–99 in Ares Management's Form 10-K report for further detail.



Additional Disclosures

ANTI-HARASSMENT/ ANTI-DISCRIMINATION POLICY

Our Anti-Harassment/Anti-Discrimination Policy applies to harassment or discrimination on Ares’ premises or any work-related setting and covers all employees and applicants for employment. Ares prohibits coworkers, third parties (such as clients, business associates or outside vendors), supervisors and managers from engaging in unlawful discriminatory, harassing or retaliatory conduct. We prohibit all forms of unlawful discrimination, including all forms of harassment such as sexual harassment and retaliation. Specifically, Ares prohibits and provides protection from harassment or discrimination in employment because of age, ancestry, color, citizenship status, religious creed (including religious dress and grooming practices), denial of family and medical care leave, disability (mental and physical) including HIV and AIDS, marital status, medical condition (cancer and genetic characteristics), genetic information, military and veteran status, national origin (including language use restrictions), race, sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation or any other basis prohibited by law. Additionally, Ares explicitly prohibits gender-, race- and ethnicity-based discrimination for substantially similar work in accordance with applicable state and federal law. We currently perform mandatory anti-harassment and discrimination training globally. This training is completed within 90 days of hire or promotion, and a refresher is given every two years for active employees. While the program’s primary focus is on anti-harassment and discrimination prevention, the program also addresses the importance of promoting an inclusive and diverse workforce.

ANTI-MONEY LAUNDERING POLICY

Ares’ Anti-Money Laundering policy (“AML”) and program employs a risk-based approach in accordance with U.S., European and Cayman regulations, which includes simplified, client/standard and enhanced due diligence. The initial risk rating is based on factors such as type of entity, business activities, jurisdictional footprint (the locations of the entities as well as the areas in which each does business), the complexity of structure, and the presence of any politically exposed persons or other adverse results. All simplified and standard due diligence cases are subject to review and supervisory review within the AML team and all enhanced due diligence cases are subject to increased documentation requirements and review and sign-off by the Anti-Money Laundering Compliance Officer and, when appropriate, senior management. The program also includes appropriate risk-based procedures for conducting ongoing monitoring to identify and report suspicious transaction and to maintain and update business partner information. Members of the Compliance Department conduct training to relevant employees on a periodic basis.

COMPLIANCE PROGRAM

Ares Management has a Global Compliance and Ethics Manual detailing policies. At least annually, all employees must certify that they have reviewed the Compliance Manual and understand the obligation to comply with the policies. All new employees are required to read the policies contained in the Compliance Manual and attest to understanding and agreeing to comply with the policies as part of the onboarding process. The Compliance Manual is reviewed on an ongoing basis by the compliance team and is revised throughout the year as deemed necessary due to regulatory, business or risk changes. The Global Chief Compliance Officer will notify all employees of material policy changes and provide the updated Compliance Manual via internal email and make it available on the firm’s intranet.

ENVIRONMENTAL POLICY

Ares’ environmental policy asserts our commitment to continuously evaluate the key environmental impacts of our operations and take steps to measure, manage and minimize those impacts. The policy, which has been reviewed by senior management, defines our firm-wide environmental principles, including our commitment to create environmental awareness among our employees by training them on our environmental impacts and providing resources to enable environmentally-friendly behavior. The policy also identifies topic-specific commitments we have made, including an annual commitment to report our carbon footprint, taking steps to reduce our emissions by using natural resources or energy more efficiently, and partnering with stakeholders to encourage the adoption of similar principles. Please see our [Environmental Policy](#) for more information.

POLITICAL CONTRIBUTIONS POLICY

Ares’ Political Contributions policy prohibits the giving of any gifts, making any political contributions or soliciting or coordinating any contributions or gifts or anything of value to: 1) any incumbent U.S. state or local officeholder (including one who is a candidate for federal office); 2) any candidate or election winner for U.S. state or local office; 3) any staff member or employee of a U.S. public pension fund, or any elected or appointed trustee, fiduciary or other official whose official duties involve responsibility for such a fund; or 4) the spouse of any of these persons. For all other individuals and parties including: 1) any incumbent US federal officeholder or a candidate (except an incumbent US president); 2) any candidate or election winner for U.S. federal office; 3) any political action committee, political party, political union organization or union official; 4) any non-U.S. government officials, preclearance approval from Compliance is required. In addition, certain political contributions by employees are disclosed on our website [here](#).



EMPLOYEE ENGAGEMENT SURVEYS

We conduct a fulsome employee engagement survey of our global employees at least annually. The topics range from engagement to career development, leadership, diversity, compensation, benefits, onboarding and culture. In response to this survey, we partner with business unit leads to increase effective communication, collaboration and benchmarking our benefits offerings. One of the changes we implemented in 2021 was a firm-wide week-long winter holiday in December to allow employees to disconnect that did not count toward our employees’ regularly allotted vacation days. In addition to our annual employee engagement survey, we administer a number of surveys throughout the year (e.g. for new joiners, at the 45 day mark, ad hoc pulse surveys for various groups, exit surveys). We typically report on all surveys conducted and work with business unit leads to come up with strategies for each group to address employee feedback received.

RESPONSIBLE MARKETING POLICY

As Ares is subject to global rules and regulations governing the promotion and sale of its products, strategies and investment management services, we have adopted a Marketing and Advertising Policy. Pursuant to this policy, when undertaking such promotional and selling activities and otherwise marketing and distributing Ares’ products and services, including using promotional materials and soliciting clients and investors, employees must act at all times in a fair, honest and transparent manner. Ares has adopted this policy to ensure it meets these obligations when conducting such activities and that it complies with applicable anti-fraud provisions, solicitation rules and jurisdictional requirements. All printed marketing, advertising and related promotional materials are required to be submitted to Compliance for pre-approval before such information may be disseminated.

INFORMATION SECURITY POLICIES

The firm recognizes the security and resiliency of our information systems, as well as the protection of investor and employee data stored within those systems has never been more critical. To that end, the firm has implemented a comprehensive and enterprise-wide cybersecurity program, which is aligned to the well recognized NIST Cybersecurity Framework (CSF). The program is underpinned by a set of periodically audited policies and procedures, which amongst others includes the Cybersecurity; Data Protection; and Data Privacy policies; and for which all employees are trained and certify to their compliance annually. The program is run by a dedicated internal cybersecurity team, which through augmentation by external partners provides 24x7 monitoring, investigation, and response to potential cybersecurity threats affecting the firm. The team is led by our Chief Information Security Officer, who sits on the firm’s Enterprise Risk Committee as well as Data Privacy Task Force, and regularly reports to the Audit Committee. As noted above, the firm maintains a Data Privacy Policy and provides Investors with a copy of the Data Privacy Notice, which summarizes what personal data the firm collects and how it is processed; as well as details how to report data privacy concerns or request erasure of such data. Should data be provided to a third party, such exchange is governed, and data privacy obligations outlined in a Data Processing Agreement; Data Protection Annex; or other similar agreement largely aligned to the firm’s policies.

CYBERSECURITY

The firm’s program is aligned with the NIST Cybersecurity Framework.



2021 HIGHLIGHTS

1. Ares expects to contribute up to \$30 million over 10 years. The actual amount contributed may be less than this amount.

SUPPORTING & DEVELOPING TALENT

2. Includes US, UK, and India. Scores indicate the percent of those that responded as “almost always true” or “often true”.
3. Regrettable Turnover = # Regrettable Terminations/average (starting and ending headcount).
4. US only.

DIVERSITY EQUITY AND INCLUSION

5. We define “ethnic minority” as Asian, Black or African American, Hispanic or Latino, American Indian or Native American, Alaska Native, Native Hawaiian or other Pacific Islander or two or more races. Underrepresented Ethnic Minority can be defined as a group whose percentage of the population in a given group is lower than their percentage of the population in the country. At Ares, “underrepresented ethnic minorities” refer to people who identify as Black or African American, Hispanic or Latino, American Indian or Native American, Alaska Native, Native Hawaiian or other Pacific Islander or two or more races. We track and report on ethnicity only for U.S. employees, due to different regulatory and privacy frameworks in other countries. So, the ethnicity data here represents U.S. employees only, while gender data provided below is on a global basis. Gender classification is limited based on employees who self-identify across the globe. Data is inclusive of Investment and

Non-Investment Professionals, excluding administrative roles. Not all employees may be represented. All statistics presented are as of December 31, 2021, with the exception of the partners and senior professionals metrics, which are as of January 1, 2022.

6. Employees ranked how well their organization performed against a set of inclusion metrics.
7. Focus areas are not inclusive of all metrics surveyed.

PHILANTHROPY

8. Anticipated total reach of grants awarded in 2022 over their grant period.

CREDIT OVERVIEW

9. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser.
10. AUM reflects USD amount. Includes ~\$17.6 billion invested across dedicated funds and ~\$1.5 billion invested across other strategies.

CORPORATE PRIVATE EQUITY

11. Goal and progress-to-date exclude companies expected to exit by Q2 2022. Dimensions of diversity include gender (female, transgender male/man, transgender female/woman), ethnicity/race (American Indian or Alaska Native; Asian, Black or African American; Hispanic or Latino/Latina/Latinx; Middle Eastern or North African; Native Hawaiian or Other Pacific Islander; two or more races), and sexual orientation (gay, lesbian, or homosexual; bisexual or pansexual).
12. Includes selected ACOF portfolio companies that engaged in a fully or partially realized sale or IPO transaction after Q4 2019. In those cases, the amount of value distributed includes all distributions (e.g., cash payments, dividends, bonuses, vested equity and option awards and other similar distributions) made during the life of those investments, including prior to Q4 2019.



Important Notice

The data and information in this report (together with any attachments, appendices, and related materials, the “Report”) are presented as of the date indicated and for informational purposes only. The information in the Report is only as current as the date indicated and may be superseded by subsequent market events or for other reasons. Ares Management Corporation and its subsidiaries, affiliated funds and their respective personnel and affiliates (collectively “Ares”) assumes no obligation to update the information therein.

This Report contains “forward looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties. Forward looking statements can be identified by the use of forward-looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or negative versions of those words, other comparable words or other statements that do not relate to historical or factual matters. Actual outcomes and results could differ materially from those suggested by this Report due to the impact of many factors beyond the control of Ares, including those described in the “Risk Factors” section of Ares Management Corporation’s filings with the Securities and Exchange Commission. These factors should not be construed as exhaustive and should be read in conjunction with other cautionary statements that are included in our periodic filings. Any such forward-looking statements are made pursuant to the safe harbor provisions available under applicable securities laws and speak only as of the date of this Report. Ares assumes no obligation to update or revise any such forward-looking statements except as required by law.

Certain information contained in this Report relating to any ESG initiatives, goals, targets, intentions, or expectations, including with respect to targets and related timelines, is subject to change, and no assurance or guarantee can be given that such initiatives, goals, targets, intentions, or expectations will be met, some of which are aspirational in nature. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including Ares’s internal standards and policies). There can be no assurance that Ares’s ESG policies and procedures as described in this Report, including policies and procedures related to responsible investment or the application of ESG-related criteria or reviews to the investment process, including certain metrics or frameworks, will continue. Such policies and procedures may change, even materially, or may not be applied certain investments. In addition, the act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized, or judgment exercised by Ares will reflect the beliefs or values, internal policies or preferred practices of investors, other managers or with market trends. Ares is permitted to determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives, policies, and procedures based on cost, timing, or other considerations.

Statements about ESG initiatives or practices related to portfolio companies and investments do not apply in every instance and depend on factors including, among others, (i) the relevance or implementation status of a particular initiative to or within the portfolio company, (ii) the nature and extent of Ares’ investment in, ownership of, or control with respect to the portfolio company, and (iii) other factors as determined across teams, companies, investments, and/or businesses on a case-by-case basis. ESG factors are only some of the many factors Ares considers in making an investment, and there is no guarantee that Ares will make investments that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for clients or investors. To the extent Ares engages with portfolio companies and other assets on ESG-related practices and potential related improvements, there is no guarantee that such engagements will improve the financial or ESG-related performance of the investment.

The selected investment examples, case studies and/or transaction summaries presented or referred to in this Report are for illustrative purposes only and may not be representative of all transactions of a given type or of investments generally and are intended to be illustrative of the types of investments that have been made or may be made by a fund in employing such fund’s investment strategies. It should not be assumed that comparable initiatives, investments or transactions will be made in the future or that the quality, performance and success of such initiatives implemented by Ares or its funds’ portfolio companies is guaranteed.

Certain information contained in this Report has been obtained from third parties, and in certain cases have not been updated through the date hereof. Ares makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. Actual results may differ materially from any forward-looking statements.

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This Report is not an offer to sell, or the solicitation of an offer to purchase, any security or management services, the offer and/or sale of which can only be made by definitive offering documentation, which will contain material information with respect to any such security, including risk factors relating to any such investment.

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