



ARISTOTLE
CREDIT PARTNERS

Engagement Policy Aristotle Credit Partners, LLC

Specialist in ESG Corporate Credit
December 31, 2020



Engagement Policy

Executive Summary

At Aristotle Credit Partners, LLC (Aristotle Credit), we believe that integrating environmental, social and governance (ESG) factors into our investment analysis, engagement, and impact monitoring practices can positively influence corporate sustainability while enhancing our credit selection process and risk-adjusted performance. To this end, we invest in companies we deem to have positive practices for the advancement of ESG factors within their organizations and industries. Similarly, our ESG analysis also seeks to minimize exposure to companies whose ESG characteristics may be harmful to underlying creditworthiness and stakeholder interests. Through our stewardship and engagement activities, we seek to broadly improve corporate ESG disclosure and performance.



General Approach and Philosophy

Engagement with senior management teams of corporate bond issuers is an important component of Aristotle Credit's investment process. Our meetings give us insight into management's strategic priorities, risks and opportunities, the sustainability of a company's business model, stewardship practices and financial strength.

Aristotle Credit's investment team engages with companies on a regular basis with our ESG questionnaire and a follow-up discussion to further probe pertinent issues. We aim to promote appropriate disclosure on material ESG issues, encourage the implementation of a sustainability framework and establish dialogue around existing controversies related to alleged violations of the UN Global Compact. We also seek to understand how the company thinks about risks and opportunities related to climate change, as well as their environmental goals.

Outcomes of these engagement efforts are shared internally as they occur. Additionally, we discuss company policies, practices and concerns related to ESG issues over the course of our due diligence process, with a particular emphasis on discussing future goals and plans with company management teams. Through our long-term investment approach, we seek to foster congenial relationships with company management. We believe this provides an effective means in providing better dialogue between us and the companies in which we invest.

Procedure

We believe that a more holistic approach, incorporating analysis of financial data as well as environmental, social and governance factors, results in an enhanced understanding of a company, and therefore, can lead to better investment decision making. As such, we believe engaging in dialogue with companies on their ESG practices can provide important insights and seek to further improve returns. Likewise, as a source of liquidity and capital to companies, we are uniquely positioned to communicate the importance investors place on their sustainability practices.

While reviewing a company's sustainability initiatives and reporting framework, we seek to identify and discuss key risks and opportunities across different areas that may be relevant to the particular business and the industry that it is in. Sample topics for certain industries include:

APPAREL	AUTOS	BANKS	EXPLORATION & PRODUCTION	TECHNOLOGY
Management of Chemicals in Products	Product Safety	Data Security	Greenhouse Gas Emissions	Environmental Footprint of Infrastructure
Environmental Impact of Supply Chain	Labor Practices	Financial Inclusion	Air Quality	Data Privacy
Labor Conditions	Fuel Economy & Emissions	Business Ethics	Water Management	Data Security
Raw Material Sourcing	Materials Sourcing	Systemic Risk Management	Worker Safety	Workforce Diversity & Inclusion



To maximize the impact of our ESG engagement activity, we directly engage management teams on ESG issues while also participating in investor engagement pools managed by third-party service providers.

Direct Engagement

- At Aristotle Credit, we engage directly with senior management teams of corporate bond issuers to not only improve our understanding of the overall credit risk of an opportunity, but also to understand the unique environmental, social and governance risks to which the company may be exposed.
- Our targeted and thoughtful written and verbal engagement with corporations, which includes calls and/or questionnaires sent out selectively on a quarterly basis, allows us to make more informed investment decisions while promoting the advancement and adoption of sound ESG business practices within the industries we cover.
- We typically reach out to company management teams first with our engagement questionnaire. We follow up with these companies to further discuss issues identified in the questionnaire or through our due diligence process.

Third-Party Engagement

- To supplement the direct engagement undertaken in our investment process, we also participate in investor pools managed by a number of third-party service providers.
- Within these pools, we engage with companies on a variety of environmental, social and governance issues.
- On a quarterly basis, we review progress reports on engagement activity.

Moving forward, as part of our overall engagement and networking efforts, we aim to increase active participation in collaborative engagements. Through involvement in organizations with fellow asset managers, asset owners and other industry experts, we intend to continue to stay current with the latest responsible investment standards and engagement best practices.

Portfolio Monitoring and Ongoing Engagement

When identifying holdings that conflict with our ESG philosophy, we will engage with company management to assess whether their strategy to address an ESG issue is trending positively or negatively, and if an appropriate policy is in place to address the issue. With this assessment, position sizes may be grown or reduced based on anticipated ESG performance, as well as other factors that can drive investment performance.



Disclosures:

This information is for one-on-one use only and in response to a specific request. Past performance is not indicative of future results. The opinions expressed herein are those of Aristotle Credit Partners, LLC (Aristotle Credit) and are subject to change without notice. This material is not financial advice or an offer to purchase or sell any product. Aristotle Credit reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs.

Aristotle Credit Partners, LLC is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Aristotle Credit including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request. ACP-2104-1