



ARISTOTLE  
ATLANTIC PARTNERS

Proxy Voting

# Aristotle Atlantic Partners, LLC

Policies and Procedures

December 31, 2020



## Proxy Voting Policy

### Executive Summary

Aristotle Atlantic Management, LLC (“Aristotle Atlantic”), in compliance with the principles of Rule 204-2 of the Advisers Act, has adopted and implemented policies and procedures for voting proxies in the best interest of clients, to describe the procedures to clients, and to tell clients how they may obtain information about how Aristotle Atlantic has actually voted their proxies. While decisions about how to vote must be determined on a case-by-case basis, Aristotle Atlantic’s general policies and procedures for voting proxies are set forth below.



## Specific Proxy Voting Policies and Procedures

Aristotle Atlantic believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. Unless otherwise directed by the client, Aristotle Atlantic will vote proxies and will vote such proxies in the manner that, in its opinion, serves the best interests of the clients in accordance with this policy. When voting proxies for non-model holdings, Aristotle Atlantic can vote in accordance with Institutional Shareholder Services (“ISS”) recommendation. (Non-model holdings refers to securities where the client has provided instruction to Aristotle Atlantic to restrict trading the securities.) Otherwise, the following policies and procedures are implemented.

Aristotle Atlantic has contracted with Institutional Shareholder Services (“ISS”) to provide proxy voting support. Under the terms of its arrangement with ISS, Aristotle Atlantic directs each custodian to forward proxy ballots to ISS for processing. Aristotle Atlantic has access to the ballots through the ISS website and may provide ISS with instructions on how to vote the ballots or Aristotle Atlantic may vote the ballots through the website. ISS records the votes and provides proxy voting accounting and reporting. Case-by-case proxy voting decisions are generally made by the Chief Investment Officer (“CIO”) or his designee. All voting records are maintained by ISS, except that Aristotle Atlantic will maintain copies of any document created by Aristotle Atlantic that was material in making a determination of how to vote a “case-by-case” proxy or that memorializes the basis for that decision.

The following details Aristotle Atlantic’s philosophy and practice regarding the voting of proxies.

### Voting Guidelines

Aristotle Atlantic has adopted guidelines for certain types of matters to assist the CIO or designee in the review and voting of proxies on a case-by-case basis. These guidelines are set forth below:

#### 1. Corporate Governance

##### a. Election of Directors and Similar Matters

In an uncontested election, Aristotle Atlantic will generally vote in favor of management’s proposed directors. In a contested election, Aristotle Atlantic will evaluate proposed directors on a case-by-case basis. With respect to proposals regarding the structure of a company’s Board of Directors, Aristotle Atlantic will review any contested proposal on its merits.

Notwithstanding the foregoing, Aristotle Atlantic expects to support proposals to:

- Limit directors’ liability and broaden directors’ indemnification rights;
- And expects to generally vote against proposals to:
- Adopt or continue the use of a classified Board structure; and
- Add special interest directors to the board of directors ( e.g., efforts to expand the board of directors to control the outcome of a particular decision).



### b. Audit Committee Approvals

Aristotle Atlantic generally supports proposals that help ensure that a company's auditors are independent and capable of delivering a fair and accurate opinion of a company's finances. Aristotle Atlantic will generally vote to ratify management's recommendation and selection of auditors.

### c. Shareholder Rights

Aristotle Atlantic may consider all proposals that will have a material effect on shareholder rights on a case-by-case basis. Notwithstanding the foregoing, Aristotle Atlantic expects to generally support proposals to:

- Adopt confidential voting and independent tabulation of voting results; and
- Require shareholder approval of poison pills;

And expects to generally vote **against** proposals to:

- Adopt super-majority voting requirements; and
- Restrict the rights of shareholders to call special meetings, amend the bylaws or act by written consent.

## 2. Anti-Takeover Measures, Corporate Restructurings and Similar Matters

Aristotle Atlantic may review any proposal to adopt an anti-takeover measure, to undergo a corporate restructuring (e.g., change of entity form or state of incorporation, mergers or acquisitions) or to take similar action by reviewing the potential short and long-term effects of the proposal on the company. These effects may include, without limitation, the economic and financial impact the proposal may have on the company, and the market impact that the proposal may have on the company's stock.

Notwithstanding the foregoing, Aristotle Atlantic expects to generally **support** proposals to:

- Prohibit the payment of greenmail (i.e., the purchase by the company of its own shares to prevent a hostile takeover);
- Adopt fair price requirements (i.e., requirements that all shareholders be paid the same price in a tender offer or takeover context), unless the CIO deems them sufficiently limited in scope; and
- Require shareholder approval of "poison pills."

And expects to generally vote **against** proposals to:

- Adopt classified boards of directors;
- Reincorporate a company where the primary purpose appears to the CIO to be the creation of takeover defenses; and
- Require a company to consider the non-financial effects of mergers or acquisitions.

## 3. Capital Structure Proposals

Aristotle Atlantic will seek to evaluate capital structure proposals on their own merits on a



case-by-case basis. Notwithstanding the foregoing, Aristotle Atlantic expects to generally support proposals to:

- Eliminate preemptive rights.

#### **4. Compensation**

Aristotle Atlantic generally supports proposals that encourage the disclosure of a company's compensation policies. In addition, Aristotle Atlantic generally supports proposals that fairly compensate executives, particularly those proposals that link executive compensation to performance. Aristotle Atlantic may consider any contested proposal related to a company's compensation policies on a case-by-case basis.

Notwithstanding the foregoing, Aristotle Atlantic expects to generally **support** proposals to:

- Require shareholders' approval of golden parachutes; and
- Adopt golden parachutes that do not exceed 1 to 3 times the base compensation of the applicable executives.

And expects to generally vote against proposals to:

- Adopt measures that appear to the CIO to arbitrarily limit executive or employee benefits.

#### **5. Stock Option Plans and Share Issuances**

Aristotle Atlantic evaluates proposed stock option plans and share issuances on a case-by-case basis. In reviewing proposals regarding stock option plans and issuances, Aristotle Atlantic may consider, without limitation, the potential dilutive effect on shareholders and the potential short and long-term economic effects on the company. We believe that stock option plans do not necessarily align the interest of executives and outside directors with those of shareholders. We believe that well thought out cash compensation plans can achieve these objectives without diluting shareholders' ownership. Therefore, we generally will vote against stock option plans. However, we will review these proposals on a case-by-case basis to determine that shareholders' interests are being represented. We certainly are in favor of management, directors and employees owning stock, but prefer that the shares are purchased in the open market.

Notwithstanding the foregoing, Aristotle Atlantic expects to generally vote **against** proposals to:

- Establish or continue stock option plans and share issuances that are not in the best interest of the shareholders

#### **6. Corporate Responsibility and Social Issues**

Aristotle Atlantic generally believes that ordinary business matters (including, without limitation, positions on corporate responsibility and social issues) are primarily the responsibility of a company's management that should be



addressed solely by the company's management. These types of proposals, often initiated by shareholders, may request that the company disclose or amend certain business practices.

Aristotle Atlantic will consider proposals involving corporate responsibility and social issues on a case-by-case basis.

## **7. Conflicts**

In cases where Aristotle Atlantic is aware of a conflict between the interests of a client(s) and the interests of Aristotle Atlantic or an affiliated person of Aristotle Atlantic (e.g., a portfolio holding is a client or an affiliate of a client of Aristotle Atlantic), Aristotle Atlantic will take the following steps:

- (a) vote matters that are specifically covered by this Proxy Voting Policy (e.g., matters where the Aristotle Atlantic's vote is strictly in accordance with this Policy and not in its discretion) in accordance with this Policy; and
- (b) for other matters, contact the client for instructions with respect to how to vote the proxy.

## **8. Disclosure of Proxy Voting Policy**

Upon receiving a written request from a client, Aristotle Atlantic will provide a copy of this policy within a reasonable amount of time. If approved by the client, this policy and any requested records may be provided electronically.

## **9. Recordkeeping**

Aristotle Atlantic shall keep the following records for a period of at least five years, the first two in an easily accessible place:

- (i) A copy of this Policy;
- (ii) Proxy Statements received regarding client securities;
- (iii) Records of votes cast on behalf of clients;
- (iv) Any documents prepared by Aristotle Atlantic that were material to making a decision how to vote, or that memorialized the basis for the decision; and
- (v) Records of client requests for proxy voting information.

Aristotle Atlantic may rely on proxy statements filed on the SEC EDGAR system instead of keeping its own copies, and may rely on proxy statements and records of proxy votes cast by Aristotle Atlantic that are maintained with a third party such as a proxy voting service, provided that Aristotle Atlantic has obtained an undertaking from the third party to provide a copy of the documents promptly upon request.



*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 Atlantic Partners, LLC (Aristotle Atlantic) and are subject to change without notice. This material is not financial advice or an offer to purchase or sell any product. Aristotle Atlantic reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs.*

*Aristotle Atlantic 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 Atlantic including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request.*

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