



# Engagement

at

ARISTOTLE  
CAPITAL MANAGEMENT

## General Approach & Philosophy

Engagement with management teams is an important component of Aristotle Capital'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, financial strength, and ability to endure (and potentially rise above) during times of adversity. Our firm's investment team conducts hundreds of company meetings per year, including onsite visits to companies' facilities, as well as meetings with customers, suppliers and competitors.

Aristotle Capital's Sustainability Team, which is composed of members of the Investment Team (including portfolio managers) as well as individuals from the client portfolio management and marketing communications teams, also directly engages the companies in which we invest. These engagements focus on addressing specific issues related to sustainability. We aim to promote appropriate disclosure on material ESG issues, encourage the implementation of a sustainability framework (if one doesn't already exist), follow the company's progress on setting and reaching environmental goals and establish dialogue around notable controversies. We also incorporate the SASB materiality framework to help guide our analysis and discussions of sustainability-related risks and opportunities.

Through our long-term investment approach, we seek to foster congenial relationships with company management, which can help provide a sounding board if we believe the company has taken fundamental missteps or has failed to create value for its shareholders. We believe this provides an effective means in providing better dialogue between us and the companies in which we invest.

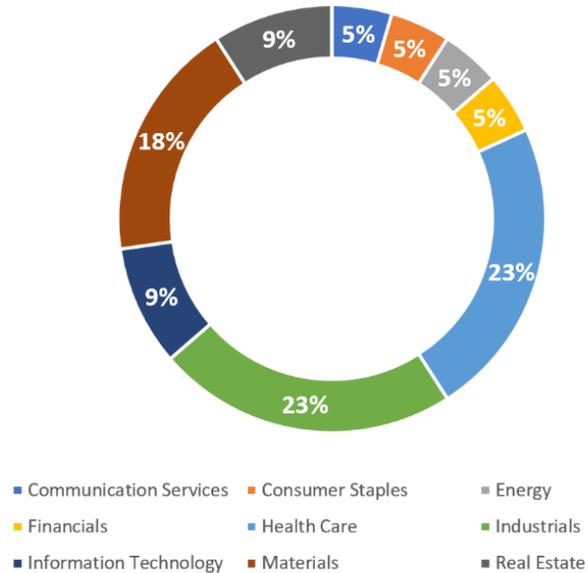
## Procedure

Our team meets prior to each engagement to establish priorities for discussion and prepare questions. We seek to identify any outstanding controversies, review items that required follow-up from past engagements and if appropriate, incorporate additional resources (including the Value Reporting Foundation's SASB engagement guides and company-specific materials) to ensure we cover topics that are pertinent to each particular company. The team maintains clear records of each meeting in a centralized database outlining our engagement activity. Engagement notes contain the purpose of the meeting, attendees, topics discussed, outcomes, and items for future follow-up. These records are shared with members of the investment team and help us monitor companies' progress over time.

## Engagement Summary

Throughout 2021, we conducted both first-time and follow-up engagements with executive management teams. Areas we covered include: transparent reporting, sustainability initiatives, environmental and social goals set and/or progress towards achieving them, as well as material risks/opportunities. In addition, individual members of the research team continued to engage with companies on a number of different matters, including sustainability-related risks and opportunities.

% of Engagement by Sector in 2021



While reviewing a company’s sustainability initiatives and reporting framework, we seek to identify and discuss what we consider to be key risks and opportunities across different areas that may be relevant to the particular business. Sample topics include:

ENVIRONMENTAL	SOCIAL CAPITAL	HUMAN CAPITAL	BUSINESS MODEL & INNOVATION	GOVERNANCE
Greenhouse Gas Emissions	Access to Medicines	Employee Health & Safety	Product Lifecycle Management	Sustainable Leadership Structure & Accountability
Water Management & Efficiency	Ethical Marketing	Employee Retention & Development	Automation (i.e., for hazardous jobs)	Board Composition
Climate Change Risks & Opportunities	Data Security & Privacy	Diversity & Inclusion	R&D of technologies that help clients achieve Sustainability goals	Business Ethics
Ecological & Biodiversity Impacts	Network Health/ Freedom of Speech			Executive Compensation
Hazardous/Toxic Materials	Product Safety			Supply Chain Management

*Disclosures:*

*The opinions expressed herein are those of Aristotle Capital and are subject to change without notice. This material is not financial advice or an offer to purchase or sell any product. Aristotle Capital reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs.*

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