

Artisan Partners Growth Team Responsible Investing Policy

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Our Fiduciary Duty

As an investment adviser, Artisan Partners Limited Partnership (APLP) has a fiduciary duty with respect to its clients, including the Artisan funds that it manages. The decisions APLP makes on behalf of its clients are made in their best interests, including any consideration of ESG factors in the investment process.

As stewards of our clients' capital, we as the Artisan Partners Growth Team believe our duty is growing our portfolios' value while limiting the occurrence of permanent capital impairment. We believe the consideration of environmental, social and governance (ESG) factors plays an important role in fulfilling this obligation. We believe stakeholder balance can help companies grow sustainably and avoid the consequences—reputational damage, regulatory action, etc.—of running afoul of stakeholder interests. We think more often than not, long-term investors will be wise to align their portfolios with companies and management teams committed to stakeholder balance.

ESG Philosophy

We believe integrating ESG into our security selection and portfolio construction processes improves the risk/reward assessment for each of our portfolio holdings. Our investment objective is generating high value-added investment returns for our clients over the long term. As active managers who conduct fundamental research, we believe the consideration of a wide variety of factors, including those related to ESG, is critical to that objective and an inherent part of being an active manager.

We seek to be long-term shareholders, and direction of travel is core to our ESG philosophy. We seek to engage with management on ESG issues to gain clarity on a company's direction of travel and to influence positive change. These discussions usually start with our clarifying and validating what we uncover in our Issues That Matter Assessments (ITMAs). We then identify areas where we would like to see better disclosure, increased attention or necessary improvements.

We believe our analysts and portfolio managers are best positioned to contextualize ESG risks and opportunities with a company's profit cycle dynamics. Our team of sector analysts and portfolio managers—rather than a separate ESG team—spearheads our ESG efforts. The mosaic of factors to consider when conducting bottom-up, fundamental analysis is evolving, with additional complex and nuanced business and societal considerations becoming increasingly important. We believe our analysts, who possess deep, global knowledge of the industries they cover, are best equipped to assess these factors.

Our bespoke ESG analyses are cross-checked with third-party ESG research and ratings. We use external ESG reports and ratings similarly to sell-side research—to compare and cross-check, rather

than lead, our ESG assessments. We believe these can be helpful tools in understanding ESG outlier areas to focus on and make relative comparisons between companies. In addition, while a rating can be useful to gauge a company's ESG risks and opportunities at a point in time, ratings are static and do not provide perspective on the path ahead, which we believe is more important than a backward-looking assessment.

ESG Integration

In our view, a process-led approach is the most effective way to integrate ESG factors into our bottom-up fundamental stock analyses. We believe this approach brings stability, consistency and repeatability to an investment world where uncertainty and cyclicality are the norm and linear outcomes are rare.

Of the UNPRI's three approaches to incorporate ESG issues into existing investment practices (integration, screening, thematic), our two-stage framework falls within the integration category. Our framework guides the assessment of ESG risks and opportunities as we evaluate prospective and existing portfolio holdings and appraise and influence management's approach to handling said matters over time.

- **Stage 1: Issues That Matter Assessment (ITMA):** Our ITMAs are aligned with the stock selection portion of our investment process. As we work to vet a company's franchise strength and profit cycle catalysts, we also explicitly identify key ESG risks and opportunities facing the business. These evaluations are guided by SASB's Sustainable Industry Classification System® and the SASB Materiality Map.® This qualitative assessment helps us identify any controversies or concerns that could prevent us from adding a name to our portfolios, ESG topics where engagement may be needed once a company is in one of our portfolios (Stage 2), and in some cases, the assessment may impact our risk ratings—affecting our estimate of private market value (positively or negatively), which is used to help guide our valuation discipline.
- **Stage 2: Stewardship Check:** This stage begins once an idea is research-qualified and becomes a GardenSM position in one of our portfolios. It is an ongoing, iterative evaluation that progresses concurrently with the tracking of the company's profit-cycle dynamics. We are seeking to understand management's ESG awareness and intention, gain clarity on the risks and opportunities identified in our ITMAs, assess the company's direction of travel on ESG matters and influence positive change. Paired with tracking a company's profit cycle progression, the Stewardship Check is used to guide our capital allocation as we learn more about outstanding ESG issues over time. As our outlook on the company evolves, our risk ratings may be adjusted positively or negatively to account for any additional insights.



Issues That Matter Assessment (ITMA)

Identify and Understand Key ESG Risks and Opportunities

- Governance and Leadership
- Business Model and Innovation
- Environment
- Social Capital
- Human Capital

Stewardship Check

Assess Progression of Company Stewardship Activity

- Management Awareness and Philosophy
- Commitment to Mitigating ESG Risks
- Ability to Capitalize on ESG Opportunities



*This material represents a simplified presentation of a complex process and is subject to change. Source: Artisan Partners

The outcome of our assessments and engagements—management’s historical and future mitigation of the risks, responsiveness to our concerns—are considered alongside the company’s profit cycle dynamics.

Active Ownership

Engagement

We seek to be long-term shareholders and active owners of our portfolio holdings, which requires proactive engagement and proxy voting activities. With direction of travel core to our ESG philosophy, our engagement activities are conducted with the understanding change is often gradual, and we encourage and expect our portfolio holdings to incrementally improve their management of ESG risks and opportunities over time.

While ESG may be touched upon during any of the team’s interactions with a company, we believe it is important to conduct standalone ESG engagements. These engagements often begin during Stage 2 of our two-stage framework and are driven by topics identified in our ITMAs. Responsibility for leading ESG-specific engagements is shared

by the sector analysts, portfolio managers and the ESG associates on the team.

Proxy Voting

As a fiduciary, we vote shares held in client accounts in the manner we believe is in our clients’ economic best interests as shareholders. We believe voting shares is important. We vote all shares held in the portfolios we manage unless our clients have specifically directed us not to vote or the costs or consequences of voting shares outweighs the benefits of voting. When making voting decisions, we review each proxy and pair these reviews with selective engagements when necessary. [View Artisan Partners Proxy Voting Policy.](#)

Exclusions and Negative Screening

We do not incorporate exclusionary or negative screening tools to filter securities from our universe. We want to have a seat at the table to influence a company’s direction of travel on ESG issues over time, and negative screening tools would inhibit this objective. However, our process does follow the firm’s limited exclusion criteria where applicable for our various investment vehicles.

Principles for Responsible Investment

Artisan Partners is a signatory of the Principles for Responsible Investment (PRI). The firm supports the PRI framework as an effective means, through annual reporting, to be more transparent about how each Artisan Partners' investment team incorporates responsible investing practices and ESG factors into its processes. As a signatory, the firm is committed to making progress towards implementing the six Principles.

Artisan Partners Responsible Investing

Information on Artisan Partners' firm-wide Environmental, Social and Governance practices and policies can be found here: [Artisan Partners Sustainability/ESG](#).

For more information: Visit www.artisanpartners.com

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Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: GardenSM, CropSM and HarvestSM. GardenSM investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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