March 15, 2021

Mr. Matthew Barger
Chair, Nominating and Governance Committee
Artisan Partners Asset Management, Inc.
c/o Corporate Secretary
875 East Wisconsin Avenue, Suite 800
Milwaukee, WI 53202

Dear Mr. Barger:

Over the past several years, Artisan Partners Asset Management has faced repeated criticism over its compensation practices. We are particularly concerned about the substantial discretionary cash bonuses executives receive. At the same time, Artisan suffers from broader governance weaknesses, the presence of which are perplexing, given Artisan's engagement with Danone S.A., the multinational food products company. Artisan's call for an independent chair at Danone while maintaining the positions of CEO and chair combined on its own board is inconsistent with best governance practices one would expect from an asset manager committed to sustainability principles in the stewardship of its clients' assets.

Accordingly, we call on you, as the Chair of the Nominating and Governance Committee, to take the following steps to improve the board's accountability to shareholders:

- overhaul the Compensation Committee: Directors Tench Coxe, Stephanie DiMarco, and Jeffrey Joerres, who are responsible for approval and oversight of the company's executive compensation program, should not be re-nominated for the next term; and
- permanently separate the CEO and chairman of the board positions.

The CtW Investment Group works with union-sponsored pension funds to enhance long-term stockholder value through active ownership. These funds have over $250 billion in assets under management and are substantial shareholders of Artisan Partners Asset Management.

Repeated substantial discretionary cash bonuses to executives raise serious concerns.

The Compensation Committee members should not be re-nominated for election at the upcoming annual meeting because they have repeatedly approved large discretionary cash bonuses to executives as opposed to bonuses linked to pre-set performance criteria that carries with it a reasonable risk of forfeiture. At Artisan Partners, the largest component of executive pay over the past several years has been an annual bonus with no pre-determined performance goals. Instead, the company discloses vague achievements that were factored into the bonus decision; for example, to explain its 2020 bonus decisions the company's most recent 10-K states: "The 2020 cash bonuses reflect the strong performance of the firm's management team as they continued to execute on the firm's strategic initiatives and maintain the firm's high value added, investments-first culture." While the company's performance may be commendable, the lack of pre-set performance goals in determining annual cash bonuses is nevertheless problematic. In particular, CEO Eric Colson has received a discretionary cash bonus approximating $5 million each year as far back as 2012, and that cash bonus, combined with his

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base salary, has amounted to the bulk of his pay in most years (2013 being an exception due to a substantial stock award granted that year).

Shareholders and proxy advisors alike have criticized the company's practice of awarding outsized discretionary cash bonuses. In recent years, shareholders have voiced resounding criticism of Artisan Partners' compensation practices: at the 2019 annual meeting the Say-on-Pay proposal received 35% opposition and in 2020 compensation committee members received below 80% support.[i] Further, Institutional Shareholder Services, a leading proxy advisory firm, has issued adverse vote recommendations against either the company's Say-on-Pay proposal and/or Compensation Committee members when the Say-on-Pay proposal is not on ballot every year since 2016.[ii]

Artisan should appoint an independent chair; former CEO serving as lead independent director adds to our concerns.

The company's compensation problems and its failure to heed investor concerns over these practices, serve to highlight more fundamental weaknesses in the board's governance: the CEO and chairman are combined; the lead independent director, Andrew Zeigler, is the company's former CEO; and two other directors – Coxe and yourself – have an association with the company dating back over a quarter of century. These circumstances make it difficult to detect a credible independent nucleus on this board and urgently warrant changes in board leadership.

In fact, the differences between Artisan's own practices and its public efforts at Danone, raise questions over Artisan's commitment to good governance. Artisan has recently criticized Danone for its board structure and called for an independent chair. Moreover, Artisan was of one of few shareholders to oppose Danone's conversion last year to an "Enterprise à Mission," a move supported by 99.4% of shareholders. Danone's conversion has been widely heralded as a significant step towards more responsible and sustainable business strategy that should be supported by asset managers concerned with environmental, social and governance issues.

Please contact my colleague Michael Varner, Director of Executive Compensation Research, at michael.varner@ctwinvestmentgroup.com to arrange a time to discuss these concerns before April 1, 2021.

Sincerely,

Dieter Waizenegger
Executive Director
CtW Investment Group

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[i] Proxy Insight Report – Artisan Partners Asset Management 2016-2020
[ii] Ibid.