HARDING LOEVNER

Investment Stewardship Activities 2021

As a signatory to the UK Stewardship Code, Harding Loevner has committed to report on its activities and their effectiveness in relation to the Principles of Stewardship as outlined in The UK Stewardship Code 2020. The following report describes how Harding Loevner honors the Principles in its investment approach, organization and governance, business practices and engagement activities to create long-term value for clients and beneficiaries. This report covers the firm's activities for the calendar year 2021; unless otherwise noted, all the information in this report is current as of December 31, 2021.

Harding Loevner's stewardship statement is reviewed annually and is publicly available on Harding Loevner's website, www.hardingloevner.com. Harding Loevner also reviews its stewardship statement when the Financial Reporting Council (FRC) makes changes to the Code. This statement was last updated on October 31, 2022.

Harding Loevner's Chief Investment Officer, Ferrill Roll, is the contact for questions or comments regarding Harding Loevner's adherence to the UK Stewardship Code. Ferrill Roll can be reached at FRoll@hlmnet.com. Timothy Kubarych, Co-Deputy Director of Research, can also be reached for questions or comments at TKubarych@hlmnet.com.

Principle 1

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Purpose

Harding Loevner's purpose is to meet our clients' investment needs, both financially, by achieving superior risk-adjusted returns, and non-financially, by satisfying other goals they may hold.

Our sole business is managing (with or without discretion) portfolios of publicly traded equity securities for a fee. We offer a selection of investment strategies, focused on global and emerging market equities.

Investment Beliefs

Harding Loevner believes that the best approach to achieve superior risk-adjusted returns for our clients comes from long-term investment in quality companies capable of sustaining growth and compounding of earnings. We work to identify such companies through a bottom-up analysis of potential investee companies, rather than by trying to make top-down forecasts of macroeconomic conditions or disruptions. We also focus on the global competitive structure of the industries they occupy as a key component of our evaluation of those companies.

Our structured investment process relies on fundamental research, both qualitative and quantitative, to identify companies that meet four criteria:

- ☑ **Competitive Advantage:**
  A strong position within an industry that has a favorable global competitive structure; sustainable return on capital above the cost of capital
- ☑ **Quality Management:**
  A track record of successful management, especially regarding capital allocation, with a clearly articulated business strategy and a high regard for the company's shareholders
- ☑ **Financial Strength:**
  Business-appropriate balance sheet and borrowing capacity, with internal free cash flow generation capability
- ☑ **Sustainable Growth:**
  Prospective growth of revenues, earnings, and cash flows

We regard companies that meet these criteria as well positioned to take advantage of growth opportunities in both favorable and unfavorable business environments and therefore likely to outcompete their industry peers over the long term. Our focus on sustainable growth means that many of the companies in which we invest have positioned themselves to meet society's current and evolving sustainability goals, including those related to the environment.

Culture

The pillars of Harding Loevner's investment culture include:

- **Collaboration without consensus:** We seek to foster opposing viewpoints in our collaboration, not to achieve consensus. Individuals, not committees, make decisions and are solely accountable for the results. To enhance our culture, we seek to build cognitive diversity in our organization through the diversity of the professional and personal backgrounds of our employees.

- **Our long horizon:** Undistracted by high-frequency information, much of which we regard as noise, we focus on a few low-frequency, fundamental signals that reveal companies' progress in creating long-term value for their shareholders. The reason for our long-term investment horizon is described in Principle 6.

- **Replicability through a structured process:** Long-term investment success requires replicating good decisions, which can only be achieved through a well-structured decision-making process. Our approach attempts to mitigate the unconscious biases that plague human decision-making. To ensure consistency, we use our proprietary Quality Assessment (QA) framework to evaluate whether a company's quality and growth characteristics meet our investment criteria, using common language and metrics across industry or geographic location.

- **Transparency:** Requiring views to be written and shared broadly makes us commit to our viewpoints and lets other colleagues see and understand those views. This transparency facilitates objective appraisal of contributions and continuous self-improvement, at both the individual and organizational level.

- **Responsible investment:** As we analyze and invest in securities on behalf of our clients, we are constantly assessing companies' long-term business prospects in light of their plans and the future conditions we think they may face. Such assessment includes a close study of environmental, social, and governance (ESG) risks and opportunities. These risks and opportunities are explicitly considered at each stage of our fundamental investment process. We work to understand client goals and to incorporate, where possible, their specific ESG-related goals into our management of their accounts.

- **Active engagement:** Responsible ownership requires active engagement. Our analysts interact regularly with management of covered companies to understand the risks and opportunities they face and to share our views on material issues.

Assessment of Stewardship Effectiveness

Our stewardship activities are critical to our ability to assist clients in achieving their long-term investment goals. At the highest level, we assess our effectiveness by whether we helped our clients achieve their goals and whether they are satisfied with the service we provided. We review numerous indicators of the effectiveness of our stewardship, including:

- **Performance record:** We are an active manager; clients expect we will produce superior returns over the long term. As of December 31, 2021, all of our core investment strategies had outperformed their stated benchmarks over the trailing 3-, 5-, and 10-year periods and since inception, except for our Emerging Markets Equity strategy, which outperformed in the 3- and 10-year periods, but not in the 5-year period.[1]

- **Tenure of our clientele:** Among our separate account clients, the average client tenure is over seven years; our largest 20 accounts have an average tenure of over eight years. We have managed over 100 separate account portfolios for more than 10 years. Since 2011, we have had positive net inflows into our investment strategies in all but two calendar years.

- **Endorsements of our investment strategies:** Harding Loevner and its investment strategies are scrutinized and assessed by professional intermediaries and ratings services globally. Our investment products are recommended by many leading institutional consultants, global financial institutions, and professional advisers who utilize them in managing their institutional and private clients' assets.

- **Ability to provide tailored solutions:** As clients' needs and goals for their investment programs have evolved, so has our ability to tailor portfolios, reporting, and issuer engagement to meet those needs. Individualization of our investment management services is increasingly valued by our clients; we now provide it to more than 85 accounts, whose portfolios total over $17 billion.

- **Reputation:** We are committed to conducting our business and ourselves according to the highest ethical standards. We have never been the subject of legal or regulatory action since our establishment in 1989.

- **Contentment and well-being of employees:** Our strong employee retention rate enable continuity in the management of client portfolios. The annual turnover of our investment team has averaged under 2% over the past five years. The average Harding Loevner tenure of the portfolio managers on our core strategies is 13 years.

1. Core investment strategies include our Global Equity, International Equity, Emerging Markets Equity, Frontier Emerging Markets Equity, and International Small Companies strategies. Measured gross of fees.

Principle 2

Signatories' governance, resources and incentives support stewardship.

Harding Loevner's ownership and governance structure, resources, and incentives are designed to ensure the responsible stewardship of client capital.

Ownership

Harding Loevner is a limited partnership and affiliate of Affiliated Managers Group (NYSE: AMG). The legal structure of our partnership with AMG guarantees the perpetual independence of our firm by ensuring that our employees retain complete control over its operation and strategic direction. Our partnership with AMG also facilitates orderly succession of the firm's leadership by providing for the seamless transition of ownership from senior to junior employee partners over time. As of December 2021, 34 of Harding Loevner's employees were limited partners of the firm.

Governance Structure

Policy setting and oversight of all stewardship matters reside with Harding Loevner's Executive Committee, which consists of the firm's Chief Executive Officer, Vice Chairman, President, Chief Operating Officer, Chief Investment Officer, and Chief Administrative Officer. Each member of the committee has explicit oversight of specific stewardship-related initiatives, with David Loevner, our CEO and Chairman, determining our overall stewardship strategy. Our approach to responsible investment is outlined in the document How Harding Loevner Invests Responsibly.

We think that each company's primary analyst has the deepest understanding of the company and its industry and is best equipped to discern and evaluate possible environmental, social, and governance (ESG) effects, rather than relying on separate analysts for ESG risks and opportunities. Placing the responsibility for this evaluation with the company's primary analyst ensures it is embedded in our fundamental analysis, rather than addressed as an afterthought. Analysts are also responsible for engagement with their companies and for determining how to vote proxies.

Frontline analysts are supported by subject matter experts, who assist their colleagues by sharing their deep knowledge about ESG and other related issues. Those experts also develop analytic tools and checklists to aid in uncovering and evaluating climate-related and other risks and opportunities. At the portfolio level, portfolio managers are accountable for incorporating ESG factors into their assessment of a company's risk-adjusted return.

Adherence to our prescribed research process is enforced by our Director of Research and Deputy Director of Research. The firm's Chief Investment Officer (CIO) oversees the overall investment process, including the integration of ESG factors in securities research.

Profile: Key Employees with Stewardship Responsibilities

Executive Committee

David Loevner, CFA, CIC *Chief Executive Officer & Chairman*
43 years experience
Oversight of all stewardship activity

Ferrill Roll, CFA *Chief Investment Officer*
42 years experience
Stewardship in investment process

Simon Hallett, CFA *Vice Chairman*
43 years experience
Advises CIO on stewardship in investment process

Richard Reiter *President*
33 years experience
Custom ESG solutions for clients

Aaron Bellish, CPA *Chief Operating Officer*
20 years experience
Proxy voting execution and cybersecurity

Maura Karatz, SPHR, SHRM-SCP *Director, HR*
22 years experience
Charitable giving and DEI initiatives

Research & Portfolio Management
Yoko Sakai, CFA *Director of Research*
Tim Kubarych, CFA *Deputy Director of Research*

Maria Lernerman, CFA *ESG Analyst*

Finance & Operations
Lisa Togneri, CPA *Chief Financial Officer*

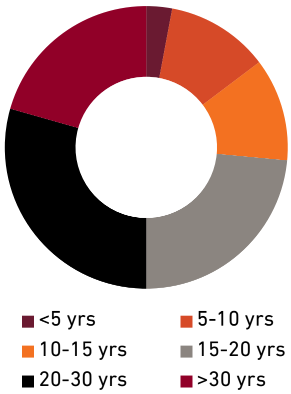
Client Management
Lindsey Andresen *Manager of Client Management*

Legal & Compliance
Brian Simon *General Counsel & CCO*

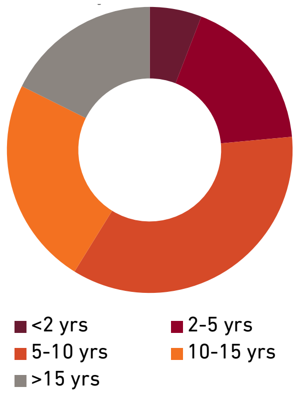
Investment Communications
Ray Vars, CFA *Director, Investment Communications*

Profile: Analyst & PM Team

Industry Experience



Analyst Tenure



34
Analysts

25
CFA Charterholders

24
Advanced Degrees

100%
of Analysts have ESG Responsibilities

100%
of PMs have Analyst Responsibilities

Diversity, Equity, and Inclusion

Harding Loevner believes that diversity, equity, and inclusion (DEI) strengthens its ability to serve its clients effectively. While we have achieved significant diversity, we continue to work to attract members of groups that have been underrepresented in investment management, including women and minorities. We wish to contribute to the expansion of professional opportunities for members of marginalized or disadvantaged groups for the sake of a brighter future for our industry.

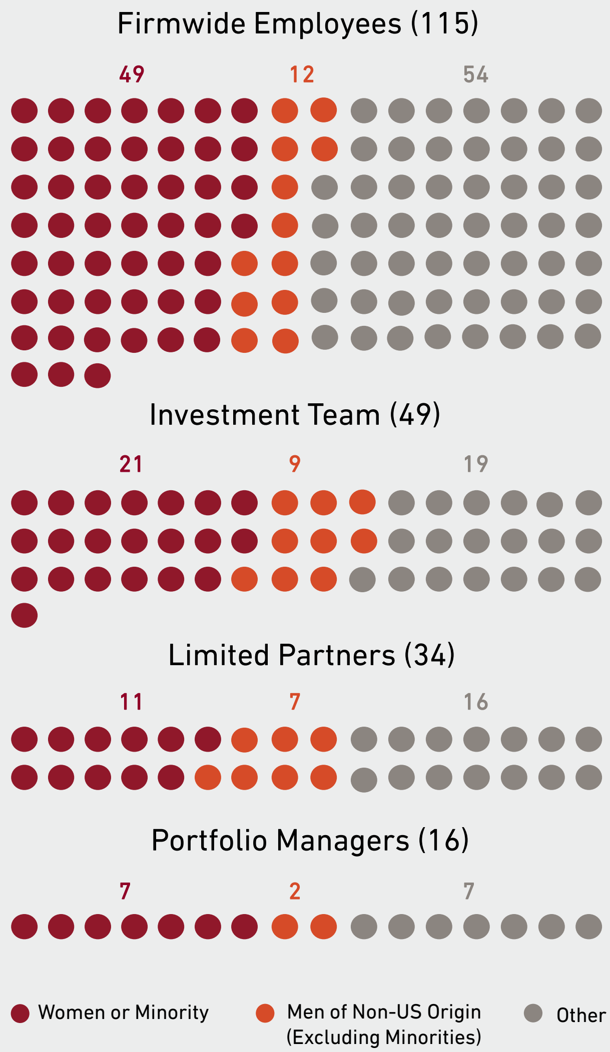
Harding Loevner also values cognitive diversity, resulting from variety in professional and personal backgrounds, and embraces and celebrates differences among employees in personal attributes and backgrounds. Such differences may include those of age, gender identity, sexual orientation, language, race, ethnicity, national and regional origin, family status, physical ability, religious and political affiliation, economic status, education, and military service.

Harding Loevner has significant women and minority representation at the firm as well as members of the team with different backgrounds and experiences, and we are committed to further progress in the years ahead. In 2021, we formed a DEI committee to lead these efforts.

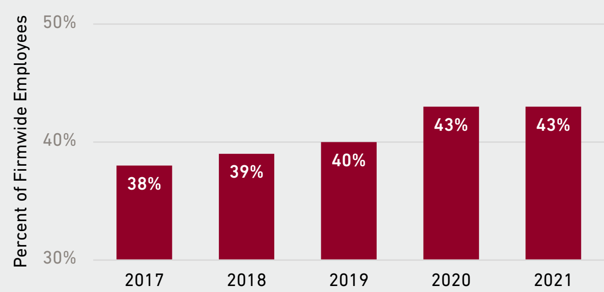
Profile: Diversity at Harding Loevner

58
Employees proficient in at least one foreign language

36
Employees with experience working in more than one country



Women or Minority Representation Over Time



Training

New members of Harding Loevner's investment team are trained in the use of our tools and procedures that help them integrate the evaluation of ESG risks and opportunities into their research on companies. Our analyst manual contains detailed explanations of our ESG integration process and the various tools that we have developed to support ESG integration.

In addition, our ESG analyst provides supplementary information, tools, and ongoing training to enhance our ESG assessment capabilities, including holding educational sessions dedicated to ESG topics. In 2021, for example, the firm hosted discussions with external experts in sustainability reporting and supply chain audits. We also have been involved in continuing education and certification programs for members of our investment team. In 2021, our ESG analyst earned the CFA's Certificate in ESG Investing and the Global Association of Risk Professionals Sustainability and Climate Risk Certificate, and we will continue to look at these programs and others such as the EFFAS Certified ESG Analyst program.

Resources

Internal fundamental research forms the basis of all investment decisions. To supplement their own research, analysts consult resources such as NGO reports and company CDP (Carbon Disclosure Project) reports and have access to several third-party data providers, including:

- **MSCI ESG:** Various ESG-related data modules, including ESG ratings reports, Governance Metrics reports, ESG indices, Business Involvement Screening Research and Controversies, and Climate Value at Risk.
- **Bloomberg:** ESG-related data, including metrics on company operations related to ESG issues.
- **Glass Lewis:** Corporate governance research and proxy vote recommendations.
- **Sustainability Accounting Standards Board (SASB):** Recommended disclosures and key ESG issues for specific industries.

The internal ESG research and due diligence each analyst is expected to perform on their covered companies can be supplemented by sell-side research, such as data and analysis compiled by brokers, boutique consultants, and other industry researchers. As a signatory to the UN-supported Principles for Responsible Investment (PRI), we also have access to the PRI's resources, content, and collaboration platform.

To support our analysts in their evaluation of ESG risks and opportunities, we have developed proprietary tools to guide and structure their analysis. These include initial screening tools to identify early in the investment process exposure to severe risks that could lead to a company's removal from consideration as well as an ESG Scorecard, in which the company is evaluated against a defined set of ESG risk factors and opportunities. This Scorecard provides a standardized framework for comparing risks and opportunities across industries and geographies to ensure a consistent approach. A company's overall ESG score is an input for our valuation model that helps determine projected future cash flows.

Incentives

Harding Loevner employees are rewarded for serving as responsible stewards of our clients' capital through participation in the long-term success of our business. All professional employees at Harding Loevner participate in long-term compensation plans, whether as limited partners or as participants in our equity-linked incentive plan.

In addition to long-term incentives, all employees receive an annual bonus based on their completion of goals established at the beginning of each year. Many employees' annual goals are related to stewardship. Research analysts have goals related to integration of ESG factors into their research, while employees in executive, client-facing, and business-development functions have goals to advance the firm's stewardship, including ESG integration; the promotion and provision of investment, reporting, and engagement solutions customized to clients' goals and requirements; reduction of the firm's environmental impact; and advancement of the firm's DEI goals.

Ongoing Improvement

We believe that our careful approach to the governance of our business and our stewardship initiatives has been effective to date. However, we strive constantly to enhance our stewardship capabilities. In 2021, we formalized our firm's preexisting DEI efforts by establishing a DEI committee. We also hired for a new position of ESG associate, and established resourcing plans to bring on other experts in 2022. Also in 2021, we established a working group on climate-related issues at the firm and released our first statement on modern slavery.

Principle 3

Signatories manage conflicts of interest to put the best interest of clients and beneficiaries first.

Our clients' interests always take priority over those of Harding Loevner and our employees. All employees are required to follow our Code of Ethics, which states that employees must always "act solely for the benefit of clients. The conduct of the Adviser [Harding Loevner] and its employees must recognize that the clients' interests always have priority over those of the Adviser and its employees (including with respect to employee personal trading) and is based upon fundamental principles of openness, integrity, honesty, and trust."

Harding Loevner has adopted comprehensive policies on managing conflicts of interest that may arise in connection with investee companies. These policies include:

- Employees must disclose to the Harding Loevner's Legal & Compliance team their involvement in any outside business activities;
- Employees must obtain preclearance with Harding Loevner's Legal & Compliance team prior to serving on the board of a publicly traded company;
- Employees must report on their personal holdings each quarter, including holdings of securities issued by companies with which Harding Loevner may invest on behalf of clients;
- Employees must obtain preclearance from Harding Loevner's Legal & Compliance team prior to transacting in certain securities, including securities in which Harding Loevner clients are invested; and
- Employees must report any gifts or entertainment received, including from any companies in which Harding Loevner may invest on behalf of its clients.

Stewardship-related examples of potential conflicts of interest include:

- Harding Loevner may serve as the investment adviser to a company as well as holding shares of that company in client accounts; or
- A Harding Loevner employee involved in the decision-making about a particular proposal could have a material relationship with the issuer.

If a material conflict is identified, our proxy voting policy dictates that the Portfolio Operations team recuse the covering analyst from the voting decision and instead rely on the voting recommendations of Glass Lewis, an independent third-party corporate governance research provider. The following examples show how the firm has handled actual or potential conflicts of interest.

Example of Potential Conflict: Holding is a Client of Harding Loevner

In March 2021, we received a proxy to vote on the board of directors for an investee company in the Energy sector whose pension fund is a client of Harding Loevner. In line with our proxy voting policy, we deferred to Glass Lewis for voting recommendations rather than have our analyst weigh in on the proposal.

Example of Potential Conflict: Harding Loevner is a Client of a Holding

Harding Loevner is an investor in a systems software company whose software the firm uses in its operations. We did not consider the fact that we were a customer of the software company to be a material conflict. We therefore voted in line with our covering analyst's recommendation on a proxy vote in November 2021 related to the election of a board member.

Oversight, Training, and Ongoing Maintenance

Our Legal & Compliance team conducts regular reviews of activities involving potential conflicts. Any issues identified during these reviews are addressed with Harding Loevner's general counsel & CCO and Compliance Committee, which oversees the firm's compliance program and makes determinations on compliance issues as they arise, including those related to conflicts of interest. The Compliance Committee is comprised of Harding Loevner's CEO, vice chairman, CIO, president, and general counsel & CCO.

Our Legal & Compliance team conducts annual compliance reviews that seek to enhance our firmwide policies. These reviews include the examination of our Code of Ethics and proxy voting policies, both of which address the management of potential conflicts of interest. During our 2021 review, we deemed these policies to be sufficient, and no changes were made.

Employees attest to their compliance with the Code of Ethics and fill out conflicts of interest questionnaires on an annual basis. We also inform all employees of the potential for conflicts of interest and the process for escalating them to the general counsel & CCO and, if necessary, the Compliance Committee. We also seek to follow the CFA Institute's Asset Manager Code.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

Harding Loevner assesses market-wide and systemic risk at the security, portfolio, and enterprise levels. We constantly evaluate new and emerging areas of risk, including those related to ESG issues, to ensure that they are reflected in the risk management and mitigation efforts we employ on behalf of our clients.

Approach to Risk Identification and Management

Our ability to respond to market-wide and systemic risks effectively is predicated on the evaluation of risks on multiple levels.

At the security level → We seek to invest only in financially strong, well-managed companies identified through in-depth research.

At the portfolio level → We manage risk by strictly enforcing portfolio guidelines for all investment strategies.

At the firm level → Enterprise risks are managed collaboratively by the senior professionals responsible for overseeing Harding Loevner's different functional areas (e.g., operational, legal and compliance, and financial risk).

Security Risk Management

Intense research into and monitoring of companies and their share prices guards against risk of permanent loss in an individual position. Our focus on financial strength allows us to avoid companies in financial distress, while our insistence on business quality ensures that our companies tend to do well during periods of economic stress.

Our analysts establish investment mileposts that are regularly monitored to confirm that covered companies are meeting expectations and the investment theses remain valid. We also pay careful attention to valuation. Based on the complexity of market events, we also may form a task force or designate a point person to focus on specific, elevated, or systemic risks that emerge.

Portfolio Risk Management

Portfolio managers are responsible for managing the risks and the returns of their portfolios. That said, risk analysis is also shared with the CIO, who urges portfolio managers to consider any unintended exposures. For each of our investment strategies, we have risk-control guidelines that emphasize diversification across holdings, sectors, and countries.

We believe that layered supervision is critical to monitoring risk. The risk limits are maintained in our order management system and are monitored frequently and rigorously to ensure that limit breaches do not occur. We also use Axioma's fundamental risk model as part of a broader quarterly risk review shared with the CIO and portfolio managers.

Enterprise Risk Management

Since our founding in 1989, we have managed our business conservatively and with a strong culture of compliance. We have never been the subject of legal or regulatory action. Our Executive Committee is responsible for ensuring the firm is positioned to address systemic and market-wide risks on behalf of Harding Loevner and the firm's clients, including our compliance with increasing regulatory disclosure requirements. Our general counsel & CCO leads the firm in our compliance-related activities and is supported by the members of our Legal & Compliance team. The Legal & Compliance team conducts targeted training sessions on existing and evolving regulatory risks, as we did in 2021 on topics including proxy voting, expert networks, marketing, cybersecurity, use of firm-approved devices and electronic communication systems, and personal trading.

Identifying New and Emerging Risks

Our investment professionals are constantly looking for, attempting to understand, and evaluating emerging market-wide and systemic risks and their potential impact on our investments and our clients. We as an asset manager—and our clients as investors in our strategies—are exposed to a wide variety of market-wide and systemic risks, such as environmental risks (including climate change), social risks (including worker health and safety, cybersecurity, and data protection), governance risks (including board diversity and remuneration risks), and geopolitical risks (including armed conflict, de-globalization, and supply chain risks).

Discussions about these and other risks occur on a regular basis and are captured in our research management system to insure transparent sharing of information across all members of the firm.

Responding to Systemic Risks

Below we detail our response to the systemic risks rising from climate change and regulatory risks in China.

Climate Change and Energy Transition

Climate change—along with efforts to mitigate its impact—has already led to a loss of value for some companies and substantial gains for others. While the climate-related impacts on individual companies are distributed across industries, sectors, geographies, and time, climate change will ultimately affect many companies' operating costs, cost of capital, growth, profitability, competitive situation and, in some cases, even their existence.

Accurate assessment of a company's climate-related risks and opportunities requires an understanding of the company's business model, as well as the characteristics of the industry in which it operates. Our analysts assess these risks and opportunities as part of the fundamental analysis that they perform on each company under investment consideration.

Harding Loevner seeks to invest in companies that have, and will continue to have, a competitive advantage in their industry, prospects for sustainable growth, financial strength, and capable management. We explicitly consider how climate change among other ESG factors might impact a company's performance against each of those criteria.

To support our analysts in their evaluation of these risks and opportunities, we have developed proprietary tools to guide their analysis. These include initial screening tools to aid in identifying exposure to severe climate risks that could lead to a company's removal from further consideration early in the investment process; as well as an ESG Scorecard, in which the company is evaluated against a defined set of ESG risk factors and opportunities (see more about these tools in Principle 7). In 2021, we sharpened our focus on climate risk assessment in our revisions to the ESG Scorecard and included questions on climate change and energy transition in our E&S checklist.

In 2021, we also carried out a risk review to help assess country-level climate risk, which can have both direct and indirect impacts on company operations. The results of this review lead to robust internal discussions, as well as engagement with Indonesian auto company Astra International concerning flooding (see Principle 9). We also had substantive internal discussions about two companies—TSMC and John Deere—focused on the potential risks of severe droughts and how it would affect their businesses.

We engage with our portfolio companies to help manage any identified risks (see Principle 9). We regularly meet with management teams and seek to understand the potential impact of climate-related risks and opportunities on long-term returns.

We encourage companies to identify, disclose, and regularly report on issues that are material to their businesses; establish clear short- and long-term targets for improvement where appropriate; and demonstrate their progress toward those targets. We seek to promote high standards of corporate behavior and transparency. In 2021, we engaged with more than 50 companies on climate-change and energy-transition issues or broader environmental strategy.

Our portfolio managers manage risk at the portfolio level. Portfolio managers use ESG dashboards that display climate-related risks at the portfolio level, allowing each portfolio manager to evaluate such risks holistically.

We are always looking to gain knowledge and perspective about climate-related matters. As a signatory to the PRI, we have access to materials that help guide our consideration of climate change and energy-transition risks, as well as to its collaborative engagement portal. We are exploring membership in other organizations where we could potentially collaborate with and learn from other firms.

In 2021, Harding Loevner began work on its own disclosures under TCFD guidelines, which will be published in 2022.

Regulatory Risks in China

In 2021, the Chinese government unveiled a slew of regulatory actions across multiple sectors and industries. They included antitrust regulations that affected large internet companies, regulations around financial services that resulted in the cancellation of IPOs, data security regulations, and regulations around social issues such as after-school tutoring and online gaming.

Several of our investment strategies hold shares in Chinese companies. Our approach to grappling with these risks is essentially the same no matter the country or industry involved. Rather than analyzing regulation as an independent factor, we integrate this analysis into our qualitative assessment of individual industries and businesses. Our analysts consider the impact of existing and potential future regulations on the competitive structure of each industry, on a business's growth potential, and on the ESG risks or opportunities it faces. We focus on regulations' and potential regulations' impact on each of Harvard Business School professor Michael Porter's "Five Forces," our workhorse template for understanding competitive strategy. We know, for instance, that the threat of new entrants can increase if the state nurtures or subsidizes them, or it can recede if regulation demands quality standards that only incumbents with large financial resources can sustain; bargaining power of buyers can be enhanced via price controls or regulations that strengthen consumer rights; and threat of substitution can be tilted either by subsidization of or restrictions upon alternative products.

Our consistent use of this framework facilitates collaborative debate among our colleagues that supports analysts in honing their independent insights about key foreseeable regulatory risks prior to investing in a company, and helps us anticipate, or, when necessary, react prudently and adapt our expectations, after policy "shocks" occur.

Regulation, especially in China, is a double-edged sword, as capable of turning the Porter forces for a company or industry benign as malignant. Moreover, this process is frequently an opaque one that may fully reveal itself only over time. Policy changes in China often reflect an intense interplay between the government's top-down agenda and the bottom-up forces driven by private firms moving quickly to explore new ideas. At one extreme, the government has shown a willingness to be remarkably hands-off, providing sufficient leeway for private firms to operate and innovate, and often proactively clearing red tape and tilling the soil for innovators. At the other, it has demonstrated a suddenness, and at times a level of caprice, that can be painful for investors who didn't see that one coming. We continue to view regulatory shifts with a long-term perspective and, in China especially, against the broader backdrop of growth and innovation taking place.

Participation in Industry Initiatives

Harding Loevner values the opportunity to collaborate with industry organizations, policymakers, and other stakeholders to discuss pertinent topics facing the financial services industry and to promote the improved functioning of financial markets. Our participation in many organizations is driven by our belief in the importance of Responsible Investment (RI) and active management in addressing systemic risks. Members of every area of our firm, including research, client service, and business development, participate in industry events and discussions on behalf of Harding Loevner to provide our perspective on the importance of RI. In 2021, we participated in many industry initiatives, including:

- **Active Manager Council (AMC), part of the Investment Adviser Association (IAA):** As a founding member of the AMC and a member of its Steering Committee, we participate in and encourage discussions related to embedding RI in active management and furthering RI awareness for association members. In 2021, we participated in ESG working groups.
- **Investment Company Institute (ICI):** As a member of the ICI, we participated in working groups on ESG issues in 2021.
- **PRI:** Harding Loevner has been a signatory to the UN-supported PRI since 2019 and has participated in each annual reporting and assessment period. A public version of our most recent Transparency Report is available on the PRI website.
- **CFA Institute:** As of December 2021, 34% of Harding Loevner employees were CFA charterholders. Our CFA charterholders have participated in educational events sponsored by various CFA societies as well as CFA-sponsored content.

Assessment of Effectiveness in Responding to Risks

Strong and functioning global markets enable our asset management business. As such, we work with the organizations identified above, as well as those mentioned in the other sections of this report, to safeguard and support the operation of those markets. Members of the firm in all functional areas commit meaningful time and resources to these organizations and their efforts. We also seek to make information about our views on these risks available to our clients and the broader market through our communications. For instance, during China's regulatory crack down in 2021, we hosted a conversation about the ramification of those changes among members of our investment team: From A to Xi: Regulatory Risk in China. The webinar was well-attended by clients and other interested parties who wished to gain our perspective on these issues and their effect on the functioning of markets.

We seek to invest in companies that have, and will continue to have, a competitive advantage in their industries, prospects for sustainable growth, financial strength, and capable management. A key part of our evaluation of such companies is an attempt to understand market-wide and systemic risks that may impact their businesses. As in the climate example above, such an evaluation may involve formal tools or processes. In other cases, it can take the form of detailed discussion among our firm's investment professionals about possible issues.

We believe that companies that meet our criteria have better chances of prospering and adding economic value over the long run. This is, of course, potentially good for our clients, but by allocating capital to such businesses after rigorous fundamental analysis, active managers such as us promote well-functioning markets.

Principle 5

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

We regularly review and enhance the policies that guide our investment decision-making and stewardship, including those related to conflicts of interest, proxy voting, engagement, and ESG integration.

Review & Assurance of Policies

Internal Assurance of Compliance Policies & Procedures

Harding Loevner conducts an annual review of the adequacy of the firm's compliance policies and procedures. We believe that this regular review is an important way to assess the implementation of these policies and identify areas for potential improvement. This review includes ongoing testing of the firm's policies and procedures, including those related to stewardship, including Proxy Voting, Client-Directed Brokerage Arrangements, Best Execution, and Code of Ethics.

The general counsel & CCO prepares a memorandum upon completion of the review that contains a balanced, understandable, and rigorous assessment of the adequacy of the policies as well as any suggested improvements. Our 2021 review did not identify any material deficiencies to our policies.

Stewardship-Specific Internal Assurances & Disclosures

In addition to the annual review of our policies, we undertook the following reviews specific to stewardship-related initiatives in 2021:

- Our responsible investment policy, entitled How Harding Loevner Invests Responsibly, was reviewed by our CIO and deputy director of research as part of an annual review process. The two are responsible for overseeing this policy and ensuring necessary tools to implement this policy are available and consistently applied. Our Proxy Voting Policy is reviewed annually by the general counsel & CCO.
- We published in 2021 a summary of the most significant proxy votes cast in 2020, in accordance with the requirements of the Shareholder Rights Directive (SRDII).

Third-Party Assurances

Each year an external auditor, Ashland Partners & Company, LLP, conducts an ISAE 3402/SOC 1 review of Harding Loevner's internal controls, including (but not limited to) stewardship-related policies, such as those related to proxy voting, trading, and execution.

For the Harding Loevner Funds plc ("HL UCITS"), KB Associates serves as the third-party management company. In this capacity, KB Associates reviews all the HL UCITS policies and procedures, including those related to stewardship, and offers critical feedback and suggestions for improvement.

Fair, Balanced, and Understandable Stewardship Reporting

In all our communications with clients, prospective clients, and intermediaries, we aim to provide fair, balanced, and understandable reporting, including on the progress of our stewardship initiatives. The information in this response to the UK Stewardship Code was reviewed by Harding Loevner's CIO, general counsel, deputy director of research, and ESG analyst to ensure that details were presented in a fair, balanced, and understandable way, and that all information presented is accurate as of December 31, 2021.
This report was constructed using the Financial Reporting Council's guidance and reporting manual as well as law firm reviews and analyses of the FRC's guidance and updates. We have incorporated feedback that we received from the FRC on our previous reporting.

Continuous Improvement

As part of our membership in industry organizations (see Principles 4 and 10), we engage with our peers to identify areas of future focus and improvement, as well as helping to develop best practices for the industry as a whole. We are also continuously working to improve our reporting capabilities to help us better serve clients, as well as improving our reporting to the FRC and our PRI Transparency Report.

Improvement to Processes: ESG Scorecard Enhancements

At the end of 2021 we enhanced our ESG Scorecard, which provides the analytical framework analysts use to assess ESG issues. The primary enhancements were 1) adding an Environmental and Social Red Flags section to ensure analysts pay close attention to any severe E or S risks and 2) adjusting the Scorecard itself to help analysts better evaluate both ESG risks and opportunities as part of their company research. For more on how the ESG Scorecard is used, see Principle 7.

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

Harding Loevner Client Base

Harding Loevner manages assets on behalf of a wide array of clients across multiple investment strategies, each of which adheres to our quality-growth investment philosophy. Our client assets are invested in publicly traded equities, across a range of geographies. As of December 31, 2021, Harding Loevner had $86 billion in total assets under management.

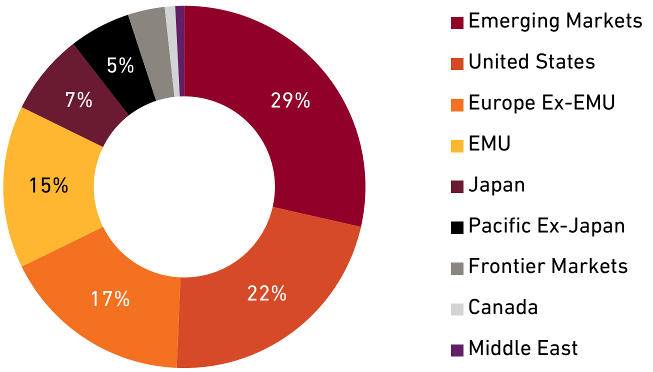
Harding Loevner AUM by Strategy

As of December 31, 2021

Strategy	AUM (US$)	% of Firm Assets
Global Equity	$24.7B	29%
International (non-US) Equity	$44.9B	52%
Emerging Markets Equity	$15.5B	18%
Chinese Equity	<$0.1B	<1%
Frontier Emerging Markets Equity	$0.2B	<1%
Global Small Companies Equity	<$0.1B	<1%
International Small Companies Equity	$0.7B	1%
Research Portfolios	<$0.1B	<1%
Total	$86.1B	100%

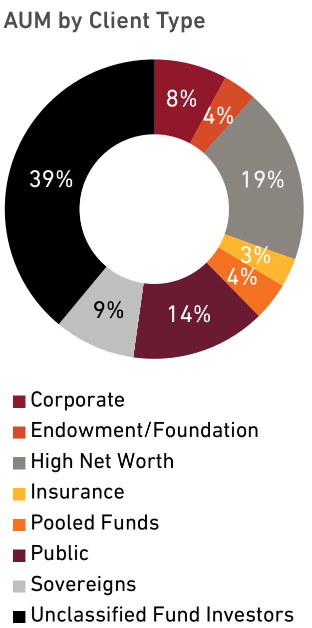
Harding Loevner AUM by Investment Geography

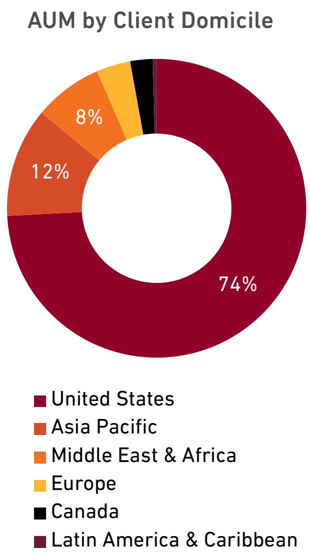
As of December 31, 2021



Harding Loevner AUM by Client Type and Domicile

As of December 31, 2021





Investment Time Horizon

We are long-term investors. The explicit growth period used in our valuation models is typically long, with ten years being most common; some companies are modeled over an even longer timeframe. The valuation time horizon is not determined by geography.

We believe that it can take three to five years (or even longer) for the superior quality and growth characteristics of our researched companies to become broadly recognized and reflected in their stock prices. Therefore, the average holding period across our investment strategies is between three and seven years. The low portfolio turnover results in lower frictional costs of trading, which benefits clients.

Our long-term approach also aids our engagement efforts and effectiveness. We find that company managements tend to be more receptive to engagement by long-term investors. Moreover, successful engagement can take time and our holding period allows us to pursue continued dialogue. In some cases, our long holding period also increases our voting power, as certain companies provide increased voting rights to longer term shareholders.

Taking Account of Client Needs

In recognition of the varying perspectives of our diverse client base, we intentionally do not promote a particular world view or set of values in the management of our portfolios. Instead, wherever possible, we support our clients in pursuing their specific investment goals, which for many includes implementing specific ESG-related solutions. Harding Loevner has an extensive history of partnering with clients to meet their specific investing needs:

Our in-depth research allows us to tailor portfolios to meet specific responsible investing goals of our clients. For some, this may include trying to better society or protect the environment; for others, it might mean avoiding investment in companies engaged in activities or practices at odds with their values, mission, or religious beliefs. We manage substantial client assets according to Catholic and other religious principles, with guidance provided by or developed in conjunction with the client. Our breadth of experience extends beyond exclusionary screening; we have partnered with clients to incorporate specific emissions targets, to adopt a best-in-class portfolio construction approach, and to conduct ESG-focused engagements on specific issues selected by the client.

1989 (founding)
Sustainability integrated in investment process

1994
First portfolios with Human Rights & Environmental exclusions

1995
First portfolios with Catholic Values & Public Health exclusions

2010
First portfolio with Islamic Values exclusions

2012
Incorporated Glass Lewis data to support proxy vote decisions

2013
Incorporated MSCI ESG data to improve screens

2017
First portfolio managed to ESG Index benchmark

2018
First portfolio with Best-in-Class mandate

2019
Global Equity ESG Composite established

2020
First portfolio managed to carbon targets

2021
First portfolio with ex-fossil fuels mandate

Solutions for Custom ESG-Related Mandates

Values-Based Screening → Exclude certain businesses, like tobacco, alcohol, gambling, or fossil fuels.

Best-in-Class Portfolios → Focus portfolios on companies with particularly strong environmental or social profiles.

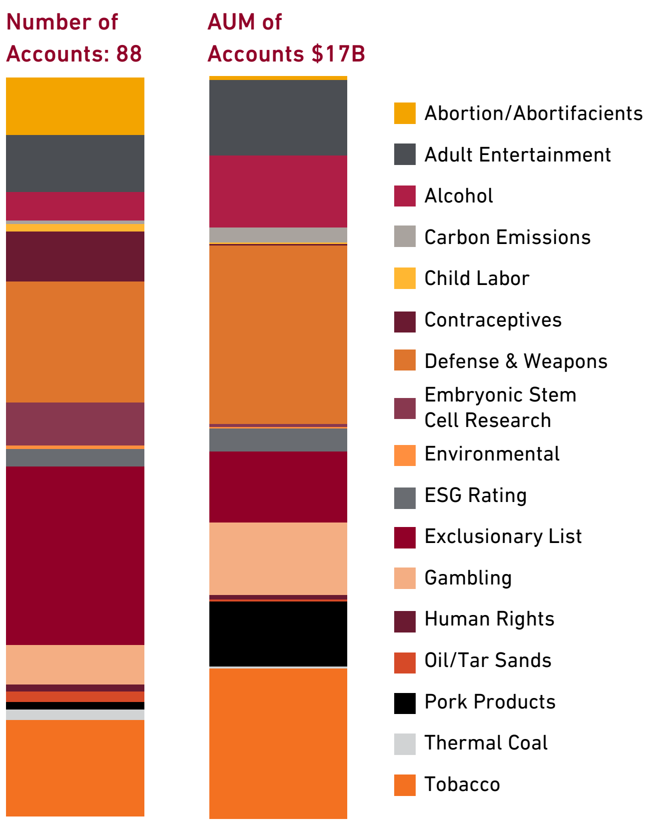
Environmental Targeting → Manage portfolios according to targets for carbon emissions.

Customized Engagement → Engage on clients' behalf according to specific values, including those around emissions, diversity, and labor relations. Report on engagement progress.

Directed Voting → Enable clients to cast proxy votes for shares according to clients' values and priorities.

ESG Reporting → Provide customized reporting based on third-party metrics to meet clients' ESG reporting requirements.

In order to implement these custom solutions, we manage separate account portfolios that closely follow our unconstrained strategy model portfolios. As of December 2021, we managed 88 client accounts totaling over $17 billion in assets with custom ESG-related mandates.



AUM as of December 31, 2021; ESG charts exclude accounts accessing Harding Loevner's investment strategies via a wrap or SMA platform and are presented as supplemental information. AUM data shown are in US dollar terms. Exclusionary List refers to a list of specific restricted securities provided by the client.

In addition to these ESG-related account customizations, Harding Loevner also has extensive experience customizing client portfolios to meet non-ESG-related goals, including restrictions around related entities or home country exposure.

Seeking Client Views

Our client service teams, totaling 22 individuals, work closely with our clients to seek and receive their views on their investment goals, and to try and ensure that their investment portfolios align with those goals. We believe that this direct communication is the most effective way to understand the diversity of views held by our clients.

Additionally, portfolio managers, analysts, portfolio specialists, and senior leadership often meet with clients, as well as their advisers or consultants, and assist in addressing client inquiries. Over the course of 2021, we conducted more than 500 meetings with clients that included senior leadership or investment professionals. During these meetings, we often receive questions about our stewardship efforts.

Each quarter, we provide clients and consultants with detailed reports on the portfolio's holdings, performance, and investment perspectives; we also provide a shorter report that contains the top 10 positions, performance attribution, and a brief commentary on a monthly basis. For some clients, we provide custom reporting as needed. The client service teams also respond directly to questions from clients regarding the strategy or the firm, in close coordination with portfolio managers.

We also offer a quarterly, web-based, interactive presentation for our largest strategies featuring discussions with a portfolio manager. The webcasts are archived on our website, which also contains other important documents for clients, including our prospectuses, annual shareholder letters, and the complete history of quarterly reports that the firm has published.

Actions Taken Based on Client Views

We routinely request feedback from our clients on the quality of the client service and account management that they receive from Harding Loevner. We integrate that feedback into our year-end reviews of employees on our client service teams and consider enhancements to our efforts based on that feedback. In 2021, we conducted a series of meetings with our clients to better understand their perspectives on stewardship and the ways in which we can incorporate them into the client's portfolio. In that effort, we spoke to over 50 clients. A key point of discussions was about reporting needs those clients anticipated in the future, including carbon metrics and detailed proxy and engagement reporting. We also tried to understand where these clients were in their own process of ESG integration into their investment goals, and also whether they are engaging directly with companies or are looking for help in doing so. As we move into 2022, this client feedback will be crucial in the development of new products and services to meet their needs.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfill their responsibilities.

Companies that operate with disregard for their environment, for the societies in which they pursue their business, or for the principles of governance by which they are supervised may compromise the growth and sustainability of their cash flows. We further believe that a deterioration of a company's ESG profile can manifest in higher costs (such as regulatory costs or penalties, higher capital expenditures, or higher R&D) or lower revenue (due to reduced customer appeal or even loss of license to operate or loss of access to resources). ESG risks can be particularly meaningful when they threaten a company's competitive advantage or when a company's ability to mitigate material risk is limited due to financial strength or poor governance. Conversely, environmental and social trends can offer growth opportunities or strengthen a company's competitive position. Ultimately, we believe that the impact of ESG exposures on share prices and investment returns depends on the extent to which the market understands and appropriately discounts those risks and opportunities.

Our Consistent Approach to Stewardship Integration and Investment

All members of the investment team consider ESG factors as part of the research process (see Principle 2). While the risks and opportunities differ across industries and countries, we utilize a common approach and set of tools; accordingly, our ESG integration and stewardship does not differ across strategies, geographies, or assets. We believe that this common approach results in higher-quality analysis, discussion, and decision-making.

While Harding Loevner's analysts have access to data from third-party service providers to facilitate their consideration of ESG issues, our analysts are responsible for integrating ESG or stewardship activities into our process.

Throughout our firm's history, we have made enhancements in integrating ESG factors and engagement practices into our investment process:

1989 (founding)
Integrated sustainability into investment process

2000
Added corporate governance to our qualitative assessment scores

2006
Introduced Corporate Governance Elimination Checklist

2016
Introduced ESG Scorecard into process

2020
Appointed ESG analyst

2020
Introduced Materiality Framework into process

2020
Introduced Engagement Manager to track engagements

2021
Updated ESG Scorecard

2021
Introduced E&S Red Flag Checklist

2021
Introduced ESG Dashboards

ESG in our Investment Process

Harding Loevner has systematically integrated the assessment of ESG risks and opportunities into each stage of our investment process:

- **Initial Qualification:** Analysts consider how ESG issues could impact a company's ability to meet our four key criteria of competitive advantage, sustainable growth, financial strength, and management quality.
- **In-Depth Research:** Analysts complete a company research report, in which they address notable differences between the ESG profile of the company and industry participants, as well as the impact of ESG risk on a company's financials and its ability to mitigate those risks. ESG issues of particular concern may affect the analyst's forecasts of a company's growth, margins, capital intensity, and competitive position.
- **Valuation & Rating:** ESG risks and opportunities are an input into our valuation model and can influence the projected future cash flow of the company.
- **Portfolio Construction:** Portfolio managers consider ESG risks and opportunities at the portfolio level, including customizing the portfolios of individual clients based on specific, client-defined ESG goals.
- **Continuous Evaluation:** Analysts continually monitor changes in ESG risks and opportunities over the investment time horizon of each company and engage with the company when necessary (see Principle 9).

Our analysts use several proprietary tools to guide their assessment of ESG-related risks and opportunities. These tools include:

Corporate Governance Elimination Checklist

Upon commencing research on a company, the analyst reviews its governance using a 14-point checklist to ensure companies with poor governance are eliminated from consideration.

Examples of governance issues addressed in the checklist include management nepotism, criminal history, or excessive compensation; a record of accounting changes or restatements; and a history of abuse toward minority shareholders.

Environmental and Social Red Flag Checklist

The analyst also completes our 15-point Environmental and Social Red Flag checklist to determine if the company faces any severe E and S risks that require closer analysis during the analyst's research on the company.

Examples of the risks addressed include acute or chronic impacts of climate change, poor compliance with environmental regulations, cybersecurity, relationships with local communities, and risk of corruption.

ESG Scorecard

The analyst's in-depth company research includes applying our ESG Scorecard to evaluate 29 distinct ESG factors, like climate change, treatment of customers, labor practices, community relations, cybersecurity, and management-shareholder alignment. For each factor, the analyst assesses the extent to which it represents a risk that could threaten, or an opportunity that could support, the sustainability of the company's profitable growth.

The Scorecard provides a consistent framework for comparing companies' ESG risks and opportunities across all industries and geographies. It also ensures that analysts systematically evaluate key areas of risk for all companies under coverage and fosters transparency in how analysts assess the potential impact of ESG on a business's future prospects.

ESG assessments may affect the analyst's long-term forecasts of growth, margins, capital intensity, or competitive position. The analyst also determines an overall ESG Risk Score for all companies; this Score is incorporated into our valuation model, where it affects projected cash flows.

ESG Materiality Framework

Our ESG Materiality Framework helps analysts communicate the environmental and social issues most relevant to a specific industry. To create the framework, we adapted the SASB Materiality Map through feedback from our sector analysts on the most material ESG exposures by industry, forming a customized tool.

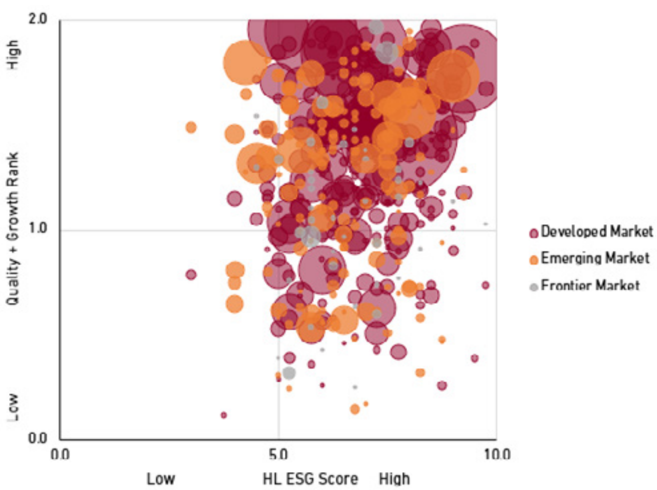
Examples of environmental and social exposures highlighted in the framework vary by sector. In the Materials sector, for example, key issues include energy transition management, air quality, greenhouse gas emissions, and waste management. In the Financials sector, key factors include lending practices, transparency, and the environmental risk to mortgaged properties. Harding Loevner's website contains an interactive excerpt of our Materiality Framework.

Assessment of Outcomes: Focus on Companies with Above-Average ESG Profiles

Our focus on high-quality, long-duration growth businesses and our systematic integration of ESG issues into the research process leads us to avoid companies whose growth and ability to generate sustainable cash flows is substantively threatened by ESG risks. Generally, the companies that we cover tend to exhibit both favorable quality-growth profiles and above-average ESG scores.

HL Analyst Quality-Growth Score vs. ESG Score

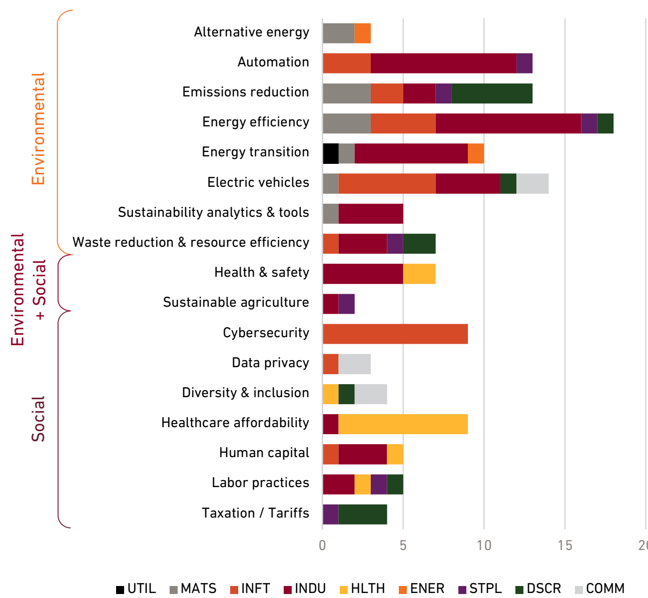
Researched & Rated Companies



X axis represents the HL analyst ESG score, ranging from 0 (low ESG score) to 10 (high ESG score). Y axis represents the combined quality and growth scores for the company, which are based on a series of quantitative, objective metrics. The higher the bubble on the Y axis, the more favorable the quality-growth metrics for the company.

In addition to avoiding companies with poor ESG profiles, our quality-growth focus and long-term horizon forces analysts to pay close attention to evolving ESG issues. A number of companies held in our strategies are net beneficiaries of sustainability trends, which should ultimately contribute to improved revenue growth or profitability.

Portfolio Holdings that Benefit from ESG Tailwinds



Portfolio Decisions Based on Information Gathered Through Stewardship

Over the course of 2021, our understanding of a company's ESG-related risks and opportunities contributed to several portfolio decisions.

For instance, the energy transition has implications not only for the firms in the energy/power sector, but also for the suppliers to those companies and companies participating in climate change solutions. Such opportunities led to several purchases:

- Sanhua Intelligent Controls is a Chinese manufacturer of thermal management components. Its automotive parts business is growing explosively by providing heating and cooling systems for electric vehicles.

Sanhua currently supplies Tesla and Volkswagen. We expect rising volumes to lead this division to achieve 30% annualized revenue growth for years to come.

- French energy systems manufacturer Schneider Electric offers a range of energy efficient products for its clients, and we believe it should benefit from trends of rising electrification, energy efficiency, and increasing carbon regulations. For example, Schneider's data-center cooling solutions business helps reduce energy waste and cooling costs in large data centers, an often-underestimated source of a company's carbon footprint.

- ENN Energy is a regulated, private sector company that distributes natural gas to residential, commercial, and industrial customers in over 120 cities across China. We believe that ENN Energy's long-term growth should be supported by China's ongoing efforts to reduce pollution by shifting from coal to cleaner alternatives, including natural gas.

We view cybersecurity as a key social issue; the protection of personal and company data has become even more critical in recent years with the rise of a booming digital economy and with it, data breaches. In 2021, we purchased shares of China-based Sangfor Technologies, a leading cybersecurity and cloud computing company that has developed a strong brand and a favorable customer stronghold serving small- and medium-sized enterprises.

We became concerned about Gree Electric Appliances, China's leading air conditioner manufacturer, after it announced in August 2021 it was acquiring Yinlong, a small, lossmaking EV company in which Gree's chairwoman owned an 18% stake. We didn't see any synergies or other competitive benefit from the acquisition. We also saw evidence of poor governance in the structure of Gree's new stock incentive plan, with its low performance hurdles and an outsized allocation to the same chairwoman. Though we shared our concerns on these issues with management, proposals relating to both the acquisition and the incentive plan passed at the general meeting. Subsequently, we sold our position, and the covering analyst removed the stock from our qualified universe.

Continuous Improvement

In 2022, we expect to hold training sessions with analysts on the use of new tools and implement the revised ESG Scorecard across our entire investment pool.

Principle 8

Signatories monitor and hold to account managers and/or service providers.

Harding Loevner closely monitors and holds to account the third-party service providers ("vendors") with which we have contracted. Harding Loevner generally engages vendors who supplement our internal processes; we do not outsource entire work streams to external parties. Our due diligence process is designed to ensure that we receive exceptional service. We hold all vendors to the same standards of professional behavior that we expect of our employees. Failure to meet these standards generally results in the identification of a replacement or alternate vendor.

Vendor Due Diligence

Our Vendor Management Committee, comprised of the president, COO, CFO, general counsel & CCO, and manager of client management, is responsible for establishing due diligence standards, approving all new service providers, and holding to account all vendors. In addition, each vendor is assigned a Harding Loevner employee, known as a "vendor owner," to provide day-to-day oversight, raise any issues with the vendor to the relevant member of management, and ensure completion of the scope of work.

We tailor our due diligence review of each vendor depending on how critical the vendor is to our operations and the degree to which the vendor has access to personally identifiable information. For all key vendors, our initial evaluation process typically involves:

- ☑ **Consulting** with other investment managers on their experiences with a particular service provider
- ☑ **Collecting** and reviewing comprehensive due diligence materials, including our standardized due diligence questionnaire (DDQ)
- ☑ **Conducting** onsite visits and/or calls and peer comparisons
- ☑ **Completing** reference checks of the potential service provider
- ☑ **Negotiating** and reviewing contracts

In addition, Harding Loevner's Information Technology team, Legal & Compliance team, and other areas of the firm review the vendor's processes where applicable. For example, if a vendor requires access to systems maintained or provided by another vendor, our IT team will conduct a review of the process required to link the systems to ensure the safety and security of our employee and client data.

Vendor Monitoring & Accountability

After hiring a key vendor, we monitor their performance through regular meetings, onsite due diligence, and reviews of external auditor reports (e.g., SOC 1/SSAE18). For certain vendors, specific service standards are outlined or key performance indicators are set and monitored through operational review procedures, annual stoplight reports, or other means. For example, we consider proxy voting service providers to be key vendors of our firm. For every company meeting in which Harding Loevner casts proxy votes, we reconcile the vendor's record date positions with the positions in our portfolio accounting system to ensure that the vendor has executed all votes according to our instructions.

In 2021, all our key vendors delivered services that met Harding Loevner's expectations. If a vendor issue arises and cannot be resolved in a timely manner, our Vendor Management Committee and the employee assigned as the vendor owner conduct a review of the issue and determine appropriate actions, which might include an examination of alternative providers. We will terminate our relationship with a vendor if service standards are not consistently met or if we find another provider that can more effectively meet Harding Loevner's needs.

Ongoing Review of Vendor Due Diligence Process

Each quarter, the Vendor Management Committee meets to discuss key issues. We also conduct an annual review of all vendors, during which all key vendors are asked to confirm to Harding Loevner if there were any material business or financial changes that have occurred since the last review.

The vendors are also asked to provide responses to any new questions that we have added to our DDQ to capture emerging risks related to vendors. The Committee reviews the vendor management process annually. In 2021, we introduced questions into the DDQ regarding cybersecurity and modern slavery risks.

Vendors that Support Responsible Investment at Harding Loevner

Harding Loevner uses several vendors to support our stewardship efforts, including MSCI ESG, Bloomberg, Glass Lewis, and SASB (see Principle 2 for more details). We also use vendors to facilitate our proxy voting, including:

- **Broadridge:** Allows Harding Loevner to vote shares on behalf of clients through ProxyEdge platform
- **ISS:** Provides custom proxy voting services for separate account clients with specific proxy voting guidelines

These vendors inform and supplement our stewardship efforts and our understanding of ESG issues; however, none of these resources are substitutes for the fundamental research and proxy vote determinations by each analyst.

We routinely review the services provided by these ESG-related vendors in accordance with the routine monitoring practices outlined above. In 2021, we were pleased to see that Broadridge's analytical and reporting capabilities improved and continued to ask them for further enhancements, including vote outcomes. We also subscribed to MSCI's Climate Value at Risk module, and we engage with MSCI when we see data discrepancies or inaccuracies. We also evaluated SFDR offerings from multiple providers.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets.

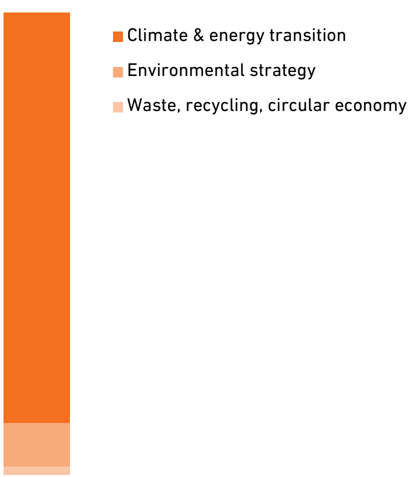
We regularly engage with company managements to discuss the potential impact of ESG risks and opportunities. Through our active engagement and strategic proxy voting, we seek to promote high standards of corporate behavior and to encourage companies to adopt the best business practices that foster sustainable growth, such as a company's approach to navigating climate change and energy transition, human capital management, and its investments in cybersecurity. We do so consistently across all our investment strategies (which are invested exclusively in public equities). Our approach to engagement does not vary by geography. However, our engagement practices may change to reflect local regulations and country cultural differences. We find, for example, that management teams and boards in emerging markets and certain countries such as Japan are more responsive to in-person dialogue or a combination of in-person and written communications and adjust our approach accordingly.

In 2021, we conducted over 1,000 meetings with company managements across 170 companies, with 258 distinct engagements, many of which covered multiple topics.

Below is a summary of our ESG-related engagements by topic and area of concern.

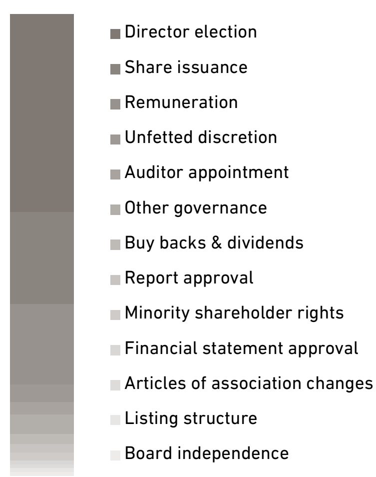
ESG Engagements in 2021

Environmental Engagements



Social Engagements

Governance Engagements



ESG Engagements include all letters sent following the proxy voting process as well as all written and documented oral communications where a primary purpose of engaging with company management was to discuss environmental, social, or corporate governance issues. "Company meetings" includes one-on-one meetings, group meetings, and a small number of meetings with industry experts and brokers.

Methods of Engagement

For all our holdings, across all strategies, geographies, and sectors, Harding Loevner engages with companies on ESG issues in several ways:

- During routine fundamental analysis: We discuss and seek to understand the potential impact of ESG risks and opportunities on long-term returns.

- Following a vote against management: We explain our rationale for voting against management and invite further discussion on the matter.

- Through annual structured engagement: We encourage portfolio holdings to improve ESG disclosure, water use, human rights, and board diversity as well as to better consider the impacts of climate change and energy transition.

Engagement Approach

As outlined in our response to Principle 1, Harding Loevner is focused on long-term investing, and one of the key criteria we look for in our investee companies is quality management. We know that responsible ownership requires active engagement. That engagement allows us to understand the risks and opportunities that companies face and to share our views. When we disagree with specific business strategies or practices, we encourage change through engagement, such as written and verbal communication and by strategic proxy voting.

Selected 2021 Engagements and Outcomes

Energy Transition

We engaged with US-based internet company Amazon.com to understand the steps the company is taking to reduce greenhouse gas emissions given its commitment to setting Science Based Targets initiative (SBTi)-aligned targets by 2022. The company noted that, like many firms, its targets were dependent on technology that is not yet available. Amazon has made progress towards achieving 100% renewable energy and decarbonizing the "the last mile," but that it has yet to find solutions for decarbonization of the middle mile (trucking and shipping) and its buildings.

We engaged with the CFO of Rubis, a French storage terminal and petroleum product distributor, to determine the company's progress on renewable energy initiatives. The company noted that it entered a partnership with Hydrogène de France (HDF) in June 2021 aimed at developing hydrogen-fueled power using renewable energy (solar and wind). The partnership allows Rubis to invest on a priority basis in HDF projects in Africa, the Indian Ocean, the Caribbean, and Europe. These direct investments in renewable energy projects can help Rubis prepare to meet the long-term energy consumption needs in Africa and the Caribbean.

We engaged with Japanese manufacturer of automation components and precise product equipment company Misumi. We encouraged the company to adopt TCFD reporting. Additionally, on behalf of a client, we encouraged the company to develop a decarbonization strategy and to adopt science-based emission reduction targets. The company has responded that it is considering expanding its disclosure of its environmental efforts and is evaluating various disclosure frameworks and sought additional information from Harding Loevner on the prevalence of TCFD reporting and target-setting, which we provided. The company subsequently notified us that they plan to provide TCFD and emission reduction targets disclosure starting next year.

We engaged with Chinese natural gas distributor ENN Energy to gain a better understanding of the company's stance on energy transition and renewables. Management stated that the company would prioritize existing (e.g. non-renewable) energy resources in its existing integrated energy projects, including fossil fuels. However, new integrated energy projects are likely to include some form of renewable energy resource such as solar, biomass, geothermal, and/or waste-to-energy. Management is particularly interested in hydrogen—as ENN is currently well-equipped to handle different gasses—but is still concerned about overall scale, demand volume, and project economics. Natural gas will still constitute a large part of revenue as demand in China is expected to continue growing for another 20-30 years, driven by the continuing transition away from coal. Ultimately, ENN's integrated energy business should grow faster than its traditional gas business, transforming ENN into a diversified energy (rather than mainly gas) company, with low carbon energy resources becoming more prominent.

Other Environmental Issues

We spoke with the investor relations team at Astra International, the largest automotive company in Indonesia, for a general business update. As part of the conversation, we sought to better understand the risk of flooding to Astra's manufacturing and production facilities. Flooding in

Indonesia, particularly Jakarta, has historically disrupted the company's supply chain and operations. Astra shared its progress on moving most of its manufacturing and production facilities toward Western Java, where the risk of flooding is lower. Astra's remaining facilities in Jakarta are, in management's view, fairly protected from flooding given their position on relatively higher ground.

Board Diversity and Independence

We believe that a diverse leadership team is a source of strength for a company. We have had discussions about the lack of gender diversity on the boards of directors with several Japanese companies, including Fanuc (provider of factory automation equity and machine tools), Kubota (an agriculture and construction equipment manufacturer), and Rinnai (a consumer appliance manufacturer). In April 2021, Fanuc announced that it added female members to its board.

Many Japanese companies including Makita, one of the world's leading manufacturers of electric power tools, also have limited board independence. We voted against the reelection of a member of Makita's board due to his lack of independence, which we believe hampers his objectivity and the board of director's ability to perform proper oversight. The resolution passed, leaving the board with less than a third of its members as independent. Our covering analyst again engaged with company management to reiterate our belief in the importance of board independence as well as board diversity, and to urge it to improve the company's governance in this regard. We were pleased to see a slight improvement in board independence in 2021, with five independent directors out of a total of 15 directors.

Labor Practices

We held several conversations with US apparel manufacturers regarding forced labor risk. One of those conversations was with Nike to ensure it managed the risk of exposure to labor transfer programs in Xinjiang. Under these programs, ethnic minorities in Xinjiang and Tibet may be forced to move from their homes to work in factories. Nike has indicated it has surveyed its suppliers and taken other steps to limit the risk of forced labor in the company's supply chains.

We engaged with textile manufacturer Shenzhou International to better understand its labor policies. In our discussion with Shenzhou, the company's management reported to us that it does not participate in labor transfer programs and ended a relationship with a yarn supplier that was flagged for exposure to labor transfer practices. For its factories in China, Shenzhou has also conducted calls with several clients to discuss cotton tracing and yarn suppliers and has allowed a client's auditor access to its yarn suppliers to assess compliance.

We engaged with the global food giant Nestlé on the adequacy of the company's efforts to prevent child labor in its supply chain. Nestlé has recently announced a significantly strengthened program to address child labor.

Continuous Improvement

In 2021, we identified new topics for structured engagements with companies, including risks related to the physical impacts of climate change, energy transition, water, human rights, board diversity and effectiveness, and ESG disclosure. In 2022, we will implement this engagement plan, and report on the results.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Harding Loevner generally engages with companies independently, but we recognize that there are important occasions when engaging collaboratively with companies and policymakers can enhance the efficient functioning of capital markets and further the interests of all market participants, including our clients.

In choosing whether to engage independently or collaboratively with an owned company, we consider the strength of our relationship with the company, the materiality of the point under discussion, and whether collaboration creates an opportunity for greater impact. Collaboration may include discussion to better understand shareholder initiatives (such as shareholder proposals) or efforts to educate other investors about issues of particular concern. The covering analyst at Harding Loevner evaluates these engagement opportunities on a case-by-case basis and determines whether collaboratively engaging is in the best interest of our clients. When we undertake collaborative engagements, we adhere strictly to all relevant regulations concerning the use of non-public information.

In 2021, we created a formal rubric to evaluate the merits and requirements of joining various industry groups and initiatives. Based on our findings, we anticipate that in 2022 we will become supporters of TCFD, and members of PCAF and IIGCC. Through our involvement with these organizations, we anticipate improvements in our reporting and transparency, expanded opportunities to contribute to the development of standards and practices in the industry, more collaboration with peers, and more chances for collaborative engagement.

Collaborative Engagement in 2021: ExxonMobil

The Issue & Engagement:
In 2021, we arranged a call with investment firm Engine No. 1, which sought to make changes to the board of directors of ExxonMobil. Engine No. 1 was seeking to replace three of Exxon's existing directors and one of the three new board nominees with four nominees that had more energy and alternative energy experience. The firm's goal was to instill more capital discipline, create more incentives for free cash flow generation rather than production, and to grow the renewables business.

We reached out to Engine No. 1 to discuss its nominees' qualifications, priorities, and abilities to work constructively with management. We also had a call with Exxon's team. In addition, our analyst sought feedback from Harding Loevner's research team as she contemplated how to vote on the board elections.

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The Outcome:
Ultimately, our analyst decided to support one of Engine No. 1's nominees, Kaisa Hietala, because her renewable fuels experience was directly relevant to Exxon. Three of Engine No. 1's nominees were elected to the board, including Hietala.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers.

Harding Loevner engages with owned companies to protect shareholder value and influence positive change on material issues for those companies. If the management of a portfolio holding behaves in a manner that we believe is detrimental to shareholders' interests, we will question management to understand their rationale and then determine an appropriate response.

Harding Loevner will continue to engage with management even if initial engagement is unsuccessful. Our analysts may have an initial conversation with management, and then either escalate to board members, express our view via proxy vote, or consider collaborative engagement.

Our approach to engagement and escalation is consistent across listed equity investments. Escalation does not vary by strategy, domicile, or country of listing, and is instead predicated on whether the topic is material and whether the company is unresponsive to initial engagement. Insofar as the topic of engagement presents an unacceptably high investment risk, and when Harding Loevner has not successfully influenced the company, our usual course of action is disinvestment. In all cases, our analysts will be mindful of cultural differences and practices across geographies when escalating engagements.

Continuous Improvement and Outcomes

In 2021 we purchased data from ISS to allow us to identify outcomes of proxy votes to enable evaluation of the effectiveness of our proxy voting.

Collaborative Engagement in 2021: Alphabet
Topic: Board Expertise

The Issue & Engagement:
We engaged with Alphabet on the difficult choices it faces as it weighs the potential harm of content (such as hate speech) against the right to freedom of expression. It also grapples with other human rights issues like privacy and faces other dilemmas, like the decision on whether to allow political advertising and challenges it faces in its role in disinformation campaigns. These issues are material to Alphabet's value generation and future growth. We participated in a call in 2021, raising these concerns around content removal and political advertising. There was then a shareholder proposal calling on the company to add expertise on these issues to its board.

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The Outcome:
After our engagement on the call, we voted against management and the Glass Lewis recommendation and in favor of the shareholder proposal (see Principle 12). Although the company claims it has enough expertise and has no need for an outside expert, we thought it would be beneficial to have an outside opinion given our view of the increasing political risk. The proposal did not pass. We will continue to monitor this risk for the company.

Collaborative Engagement in 2021: Gree
Topic: Governance Concerns

The Issue & Engagement:
We wrote to Gree Electric Appliances, China's leading air conditioner manufacturer, to express our concerns related to its planned acquisition of Yinlong, a small company in which Gree's chairwoman owned an 18% stake, as well as our concerns about the company's stock incentive plan, which had low performance hurdles and an outsized allocation to the same chairwoman. We subsequently voted against the stock incentive plan.

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The Outcome:
Proposals relating to the incentive plan and the acquisition passed at the general meeting. We sold our position (see Principle 7).

Principle 12

Signatories actively exercise their rights and responsibilities.

We seek to use our proxy voting power to promote high standards of corporate governance, including the provision of adequate disclosure of company policies and activities, as well as fair and equitable treatment of shareholders. Additionally, we support board independence, for both individual committees and the overall board, and remuneration policies that align management with shareholder returns. We expect firms maintain adequate disclosures, provide clear information in financial reporting, and offer shareholders regular access to company representatives. We vote in favor of proposals that we believe will benefit shareholders, regardless of whether the proposal is initiated by company management or shareholders; if company management or shareholders propose a policy that we believe will damage long-term value, we will vote against it.

Disclosure of Proxy Voting Policy

We disclose our Proxy Voting Policy in Harding Loevner's Form ADV Part 2, which is available on Harding Loevner's website. To assure the effectiveness of our stewardship activity, we periodically, and no less than annually, review the policy to ensure that it provides appropriate guidance on emerging issues.

Proxy Voting Procedure

As we engage with companies, we believe that the analyst covering that company is best positioned to determine how to vote on proposals. Analysts are encouraged to formally seek feedback from the research team when considering complex or controversial issues. We also employ Glass Lewis to advise on proxy voting but exercise our own judgment as to whether to accept its advice. We may occasionally engage with Glass Lewis to better understand the reason for a particular recommendation.

We record all votes—along with the rationale for deviations from management recommendations—and disclose our votes to the respective asset owners upon request, or as required by law or regulation. We store all records of company engagements and voting decisions in Harding Loevner's centralized research management system, where the information is accessible to our entire firm, including all investment professionals. When we vote against management recommendations, we require the analyst to engage with the company.

We also have developed guidelines on proxy voting to further assist Harding Loevner analysts in determining how to cast votes on our clients' behalf on specific topics such as director appointments, board structure, executive compensation, capital structure, and ESG matters.

Meeting Client Goals

Harding Loevner is committed to meeting the stewardship goals of our clients. Separate account clients may direct voting in their accounts by sharing a specific set of proxy vote guidelines, which Harding Loevner will implement in their account. Separate account clients can also override Harding Loevner's perspective on a certain issue according to their specific preferences. We are currently unable to offer clients in our pooled vehicles the ability to override Harding Loevner's vote.

Securities Lending

Harding Loevner does not engage in securities lending for the pooled vehicles for which it serves as advisor. Securities lending by separate accounts is at the discretion of the account holders and their custodians. When a separate account client has shares that may be out on loan, we will confirm their status before voting and obtain control numbers from custodians to prevent "empty voting." We do not generally ask the clients to recall stock on loan to vote, although we will honor client requests to do so.

Monitoring Voting Rights

Our Portfolio Operations team monitors voting rights. To ensure that we have cast all votes, we reconcile the record date positions in ProxyEdge against our own portfolio accounting system for each meeting. Additionally, our compliance officer reviews a selection of proxy votes each quarter to ensure that our Portfolio Operations team has only cast proxies for clients that have delegated to Harding Loevner the authority to do so.

2021 Voting Activity

Harding Loevner's careful research and extensive analysis of a company's governance, management foresight, and business strategy mean that we generally expect to be supportive of boards and often tend to vote with company management; indeed, most of our votes were cast alongside management's recommendation.

In 2021, Harding Loevner analysts cast more than 5,000 votes across nearly 400 issuers held in our investment strategies. We voted with management on 91% of proposals and against management on 7%. We abstained from voting in 2% of proposals.

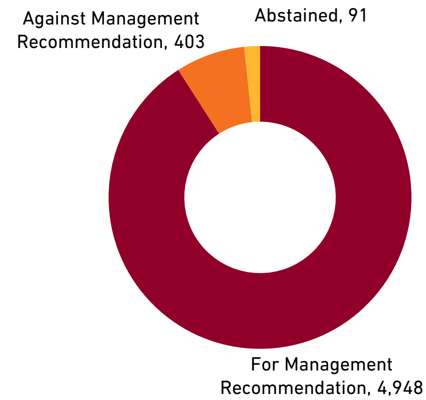
Votes against management totaled 403 proposals, most often in connection with director appointments. Our concerns in this area included insufficient board or committee independence, inadequate qualifications, lack of cognitive or skill diversity, over-boarding, and committee chairs whose committee failed to carry out its duties.

Our top reason for abstaining was because we had insufficient information to cast a vote responsibly. In other instances, we disagreed with the management recommendation but wanted to engage with management instead of voting against it. We also abstained for procedural reasons, including cumulative voting structures in which shareholders can choose to either allocate their votes across all candidates for the board of directors when the board has multiple openings, or apply their votes to just one candidate and abstain from voting on the appointment of the remaining candidates.

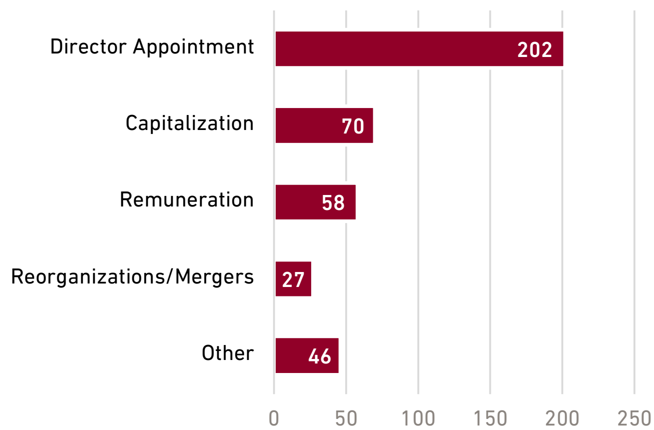
Analysts may refer to Glass Lewis recommendations when determining how to vote, though they retain full discretion on how to vote. In 2021, analysts voted alongside Glass Lewis recommendations in 72% of total votes.

A complete record of all proxy voting activity for the Harding, Loevner Funds, Inc. Mutual Funds and the Harding Loevner Funds Plc UCITS is available on our website. In 2022, in response to the Shareholder Rights Directive II (SRDII), we published, as part of our Harding Loevner Funds plc Annual Report, a Disclosure of Voting Activity that highlights those votes against management in 2021 that we deemed to be significant.

Breakout of Proxy Votes in 2021



2021 Votes Against Management by Topic



Proxy Voting Governance

Harding Loevner's CIO oversees the firm's voting policy. The firm's general counsel & CCO maintains Harding Loevner's proxy voting policies and procedures and ensures the firm's adherence to them.

Case Study: 2021 Proxy Votes Related to Social issues

In 2021, we considered 173 shareholder proposals relating to social or environmental matters. Most of these shareholder proposals related to social issues including labor and human rights, lobbying, or pay practices.

On the following page are three votes in which our opinion differed from management. In each case, our covering analyst took Glass Lewis's recommendations under advisement but ultimately cast votes based on the analyst's judgment, knowledge of the company, or direct correspondence with management teams.

Company	Shareholder Proposal on Disclosure for:	Board Recommendation	Glass Lewis Recommendation	HL Vote	Rationale	Outcome
Alphabet	Shareholder proposal regarding human rights and civil rights expertise on board.	Against	Against	For	Our analyst believes human rights (including privacy) will remain an area of scrutiny for Alphabet, and that an outside opinion on these issues would benefit shareholders and help protect Alphabet against risks relating to human, civil, and privacy rights concerns.	Fail
Meta Platforms	Shareholder proposal requesting that the company report on the benefits and drawbacks of maintaining or restoring enhanced actions to reduce false and divisive information.	Against	For	Abstain	We abstained from voting on this proposal as it is our belief that the amount of censorship and content moderation on a social media platform should not be left for shareholders to decide. We feel that content moderation is a material issue for Meta but that responsibility falls to company management.	Fail
Amazon	Shareholder proposal regarding hourly associate representation on the board.	Against	Against	For	The proposal was deemed to be reasonable in that it would require a list of potential new board members to include hourly associates employed by Amazon. Our analyst determined that this may be one way to increase the diversity of views on the board.	Fail

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