How Harding Loevner Invests Responsibly

This document outlines Harding Loevner's responsible approach to investing, which encompasses the following dimensions:[1]

1. Responsible Investment Selection
   a. Governance screening: eliminating securities of poorly governed companies;
   b. ESG integration: considering Environmental, Social and Governance risk and return factors in the security selection process;
   c. Client-directed screening: eliminating securities of companies engaged in activities or practices that our client, the asset owner, seeks to avoid; and
   d. ESG benchmarking: managing portfolios with reference to ESG-influenced market indices selected by our client, the asset owner.

2. Responsible Ownership
   a. Management engagement: engaging with managements of companies in which we have invested for the purpose of influencing their behavior for the benefit of public shareholders such as our clients, the asset owners, including with respect to managements' consideration of ESG issues that affect expected risks and returns;
   b. Voting: voting all proxies in the interests of our clients, the asset owners, as we best determine or as they direct;
   c. Policymaker engagement: advocating for the interests of asset owners; and
   d. Institutional support for Responsible Investing: adherence to the Principles for Responsible Investment and the UK Stewardship Code.

Responsible Investment Selection

We are a global equities manager seeking to achieve superior risk-adjusted returns for our clients by identifying high-quality, sustainably growing companies through in-depth fundamental analysis. 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 should be supervised on behalf of shareholders put at risk their long-term cash flows and share price. Therefore, consideration of environmental, social, and corporate governance (ESG) issues is intrinsic to our investment process. Our investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long-term growth and stability. We believe only companies that can create substantial long-term value are capable of producing meaningful "shared value" for the benefit of larger society as well as for shareholders and other direct stakeholders. [2]

Governance Screening

At the outset of their work on a company, the responsible analyst completes a 14-point corporate governance checklist to ensure we eliminate companies with demonstrably poor governance from further consideration.

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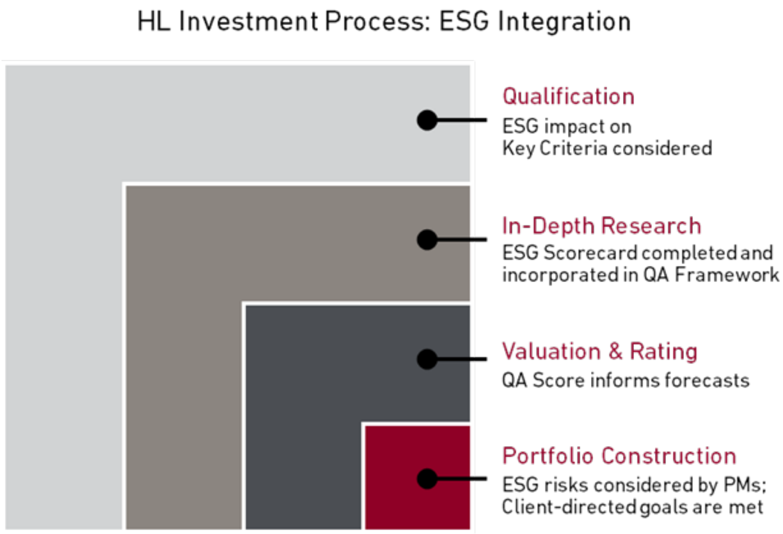
[1] We acknowledge our debt to AQR and the PRI for suggesting this framework for organizing a discussion of the various aspects of investing responsibly. AQR, *Clearing the Air: Responsible Investment*, (May 2019)

[2] Michael E. Porter, George Serafeim & Mark Kramer, "Where ESG Fails," *Institutional Investor*, (October 16, 2019)

ESG Integration

ESG Integration

We include into our equity security evaluation an explicit consideration of ESG risk factors. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which we judge whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of our investment process.



For each company under our coverage, the responsible analyst evaluates 38 distinct ESG risk factors, assigning a score to each to reflect the analyst's level of concern regarding its potential impact on the company's ability to grow profitably and sustainably. The Scorecard provides a consistent framework for comparing companies' potential ESG risks across all industries and geographies. The potential ESG risk factors addressed in the Scorecard include, for example, water consumption, waste generation and disposal, CO2 emissions, labor relations, treatment of stakeholders, and independence of Board of Directors. ESG risks of concern will affect the analyst's long-term forecasts of a company's growth, margins, capital intensity, and competitive position. In addition, a company's overall ESG Score is an input into our valuation model that influences the projected duration of future cash flow growth.

Portfolio managers consider ESG factors among other factors affecting risk and expected returns when constructing portfolios from qualified investments.

Client-directed Screening

Wherever possible we support our clients, the asset owners, in pursuing their investment goals, which for some include avoiding investment in companies engaged in activities or practices at odds with their values, mission, or religious beliefs. We manage separate account portfolios to follow closely our unconstrained strategy model portfolios while complying with any client-directed prohibitions on specific investments, or restrictions on investing in producers or sellers of certain products such as tobacco, alcohol, coal, weapons, or adult entertainment. We manage substantial client assets according to Catholic and other religious principles, with guidance provided by or developed in conjunction with the client.

ESG Benchmarking

For clients wishing to incorporate independent sources' ESG assessments of companies in the management of their portfolios, we manage separate portfolios against ESG index benchmarks, such as the MSCI All Country World ESG Leaders Index.

Responsible Ownership

Management Engagement

Harding Loevner is an active owner and has clear engagement policies in place with the aim of protecting and furthering the financial interests of our clients, the asset owners. Our analysts engage regularly with company managements in the course of their fundamental research and monitoring of qualified companies. An analyst will formally engage with management to express concern or disagreement with a proposed or decided course of action, including on issues related to shareholder welfare or other ESG concerns. This engagement often arises in the context of proxy voting: whenever our firm casts a vote against management's recommendation, the responsible analyst is required to write to management to highlight and explain the basis for our dissent.

If we believe that weak corporate governance, or other ESG issues, at a company results in unacceptably high investment risk, our usual course of action is disinvestment.

While we generally prefer to engage with companies independent of other investment firms, we will consider coordinating with other institutional investors if we think doing so would produce better financial results for our clients and could be undertaken in compliance with regulations concerning collective action.

Voting

Wherever clients have delegated authority to us, we vote all proxies with our clients' best interest in mind. As active owners, we seek to use our voting power to promote high standards of corporate governance, including provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

We aim to vote in favor of management proposals that we believe will benefit shareholders. We support company boards in aligning management with shareholder returns through remuneration policies. In addition, we support board independence, including in the composition of individual committees as well as the board overall. We demand that firms maintain adequate disclosures, provide clear information in financial reporting, and offer regular access to shareholders. If a company proposes a policy that we believe will damage long-term shareholder value, we will vote against it.

The analyst responsible for a company determines how to vote on proposals in accordance with the general principles that we have laid out. To support analysts' independent consideration of proposals, we obtain research and recommendations from corporate governance consultant Glass Lewis. Complex or controversial issues are subjected to internal debate by our investment team, with the ultimate decision remaining with the responsible analyst, who knows the company best. We record all votes—along with the rationale for our deviations from the recommendations of management or Glass Lewis—and disclose our votes to the respective asset owners upon request. All votes against recommendations of management are a basis for required engagement with management (see above).

Policymaker Engagement

Harding Loevner supports regulation of the securities markets and the investment management industry that promotes transparency, competition, and protection of the rights and financial interests of asset owners. We advocate for regulatory improvements through direct engagement with policymakers and through participation in organizations such as the Investment Adviser Association, the Active Managers Council, and the CFA Institute.

Institutional support for Responsible Investing

Harding Loevner supports collective efforts to promote Responsible Investing as a signatory of the PRI and the UK Stewardship Code. As a supplement to its own Code of Ethics, Harding Loevner adheres to the CFA Institute's Code of Ethics and Standards of Professional Conduct.