Response to the UK Stewardship Code

Submitted October 31, 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 under the revised Code 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.

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 FRC makes changes to the Code. This statement was last updated on October 31, 2021.

Harding Loevner's CIO, Ferrill Roll, will serve as the contact person 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, 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.

2020 Highlights

- Celebrated 31 years of helping clients achieve long-term investment goals
- Remained steadfastly focused on investing in high-quality, long-duration growth equities
- Expanded the ESG-related custom solutions available to clients

Purpose

Harding Loevner's purpose is to assist our clients to achieve their long-term goals for their investments in a manner consistent with their values. Such goals invariably include earning superior investment returns.

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

We believe that shares of high-quality, growing businesses, if purchased at reasonable prices, will ultimately provide superior returns. This "quality-growth" philosophy is the foundation of the investment process we employ in managing all our investment strategies.

Harding Loevner's investment process is grounded in two beliefs:

1. Insights gained through the careful study of individual companies (bottom-up analysis) are more valuable than market (top-down) forecasts; and
2. An understanding of the global competitive structure of industries is crucial to identifying the best companies worldwide.

Around these beliefs we have built a structured investment process that relies upon fundamental research (using both qualitative and quantitative methods) to identify companies that meet four criteria:

- Competitive Advantage: A strong position within an industry with a favorable global competitive structure, as manifested by high and/or improving profit margins;
- 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; and
- Sustainable Growth: Prospective growth of revenues, earnings, and cash flows.

We regard companies that excel according to 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 benefit from secular growth trends and 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 achieve and enhance our culture of collaboration without consensus, we seek cognitive diversity, which is fostered by 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 the long-term creation of 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 disciplined 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 irrespective of 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: We believe that environmental, social, and governance (ESG) risks and opportunities can profoundly impact the success or failure of our investments, and we have therefore embedded the explicit consideration of ESG factors directly into each stage our fundamental investment process. Recognizing the diversity of our clients' perspectives and values, we work to understand each client's goals and to incorporate, where possible, their specific ESG-related goals into our management of their accounts.
- Active engagement: Responsible ownership requires active engagement with management and strategic proxy voting to exercise our influence as shareholders. Our analysts interact regularly with management of covered companies to understand the risks and opportunities they face and to share our views. When we disagree with specific business strategies or practices, we encourage change, through written and verbal communication and by strategic use of our proxy voting power.

Assessment of Stewardship Effectiveness

We believe that stewardship plays a critical role in our ability to assist clients in achieving their long-term investment goals, including superior long-term returns and allocation of capital in accordance with their values. At the highest level, we assess our effectiveness by whether we helped our clients achieve their goals and they are satisfied with the service we provided. Continuous assessment of effectiveness is essential to guide our efforts to improve. We review numerous indicators of the effectiveness of our stewardship, among them:

- Performance record: We are an active manager; clients engage us to manage their investments expecting we will produce superior returns over the long term. As of December 31, 2020, all our core investment strategies[1] had outperformed their stated benchmarks over the trailing 3-, 5-, and 10-year periods, as well as since inception.
- Steady growth and tenure of our clientele: Since 2010, we have had positive net inflows into our investment strategies in all but one calendar year, growing total assets under management from $11.7 billion in December 2010 to $84.0 billion in December 2020. 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, and nine for more than 20 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, including with respect to ESG concerns, so has our ability to tailor portfolios, reporting, and issuer engagement to meet them. Individualization of our investment management services is increasingly valued by our clients; we now provide it to over 70 clients, whose portfolios total over $12 billion.
- Reputation: Our firm's sterling reputation rests on our commitment to conduct 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 rates enable continuity in the management of client portfolios. The annual turnover of our investment team has averaged just 3% 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 refers to 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.

2020 Highlights

- Appointed an ESG analyst to promote the consideration of ESG issues in investment process
- Held a forum on investment implications of climate change with invited external speakers
- Increased the percentage of women and minorities in the firm

Harding Loevner's 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, resourcing, and strategic direction. This allows us to focus exclusively on serving our clients and to act in their best interests at all times. Our partnership with AMG also facilitates orderly, continuous generational 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 2020, Harding Loevner had 35 limited partners, all of whom were firm employees.

Profile: Key Employees with Stewardship Responsibilities

Executive Committee

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

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

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

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

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

Maura Karatz, SPHR, SHRM-SCP *Director, HR*
21 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*

Reflects titles and responsibilities as of October 31, 2021

Governance Structure

Harding Loevner's governance structure ensures that stewardship is considered throughout our investment process and the management of our business. Each member of our Executive Committee (consisting of our CEO, CIO, vice chairman, president, COO, and director of human resources) 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.

Rather than maintain a separate ESG research team that is removed from the fundamental analysis of the companies, we believe that the most effective way to integrate ESG factors into our research and to engage with company managements is by embedding stewardship responsibilities within our analyst team. Our director of research, deputy director of research, and ESG analyst guide, support, and challenge our analysts on ESG and engagement issues.

Profile: Analyst & PM Team

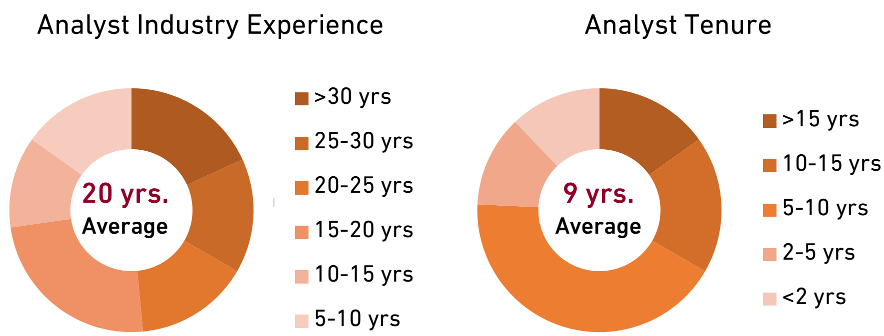
33 Analysts

25 CFA Charterholders

24 Advanced Degrees

100% Of Analysts have ESG Responsibilities

100% Of PMs have Analyst Responsibilities



Harding Loevner's analysts have the depth of knowledge and experience to implement our stewardship objectives. Each analyst on the research team is accountable for the quality and completeness of their company and industry research, including their assessment of the potential impact of ESG risks and opportunities on their covered companies' long-term cash flows. Analysts are also responsible for engagement with their covered companies and for determining how to vote proxies. Portfolio managers are accountable for incorporating ESG factors into their assessment of company risk-adjusted return.

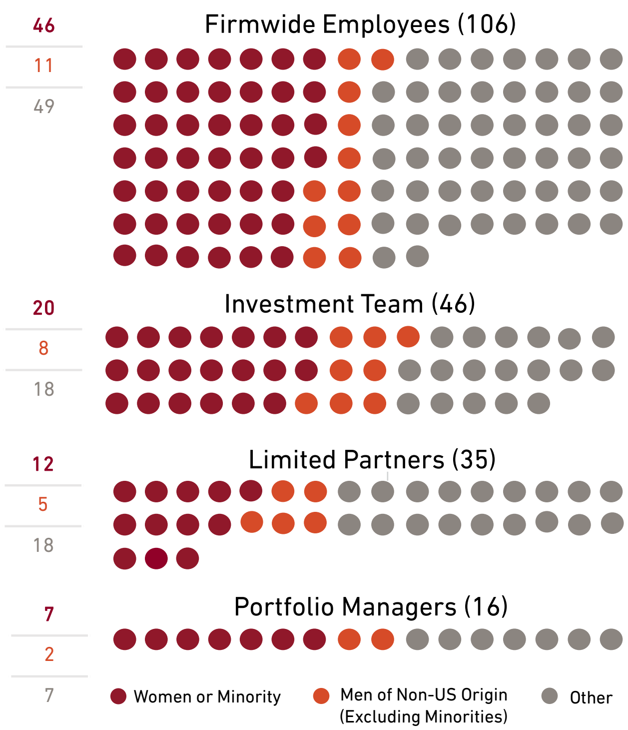
Diversity, Equity, and Inclusion

Harding Loevner believes that diversity, equity, and inclusion 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.

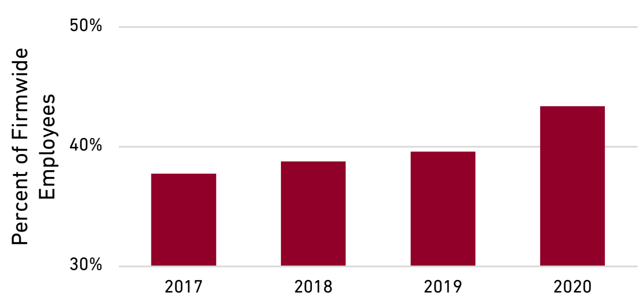
Profile: Diversity at Harding Loevner

54
Employees proficient in at least one foreign language

33
Employees with experience working in more than one country



Women or Minority Representation Over Time



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.

Training

New members of Harding Loevner's investment team are trained in our tools and procedures to integrate the evaluation of ESG risks 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. As part of their coverage responsibilities, analysts are accountable for reading company disclosures, reviewing industry journals, participating in conferences, and drawing upon a wide range of experts.

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 2020, for example, the firm hosted a forum on the investment implications of climate change, with presentations from external experts in climate risk analysis, risk management, the regulatory environment, and renewable energy opportunities. Additionally, we organized a training session on how social issues impact the companies researched by our analysts. The ESG analyst regularly reviews and challenges analysts on their assessment of ESG issues in their analysis and modeling of companies.

Going forward, our intention is to continue to leverage our internal Harding Loevner University speaker series to increase our understanding and awareness of sustainability issues. We have also been searching for partnership opportunities with universities to help us further examine complex multilayered topics, such as climate change. We will also continue to evaluate organizations that provide training and certification programs related to responsible investment.

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 Carbon Disclosure Project reports and have access to a number of third-party data providers, including:

- MSCI ESG: Provides various ESG-related data modules, including ESG ratings reports, Governance Metrics reports, ESG indices, and Business Involvement Screening Research and Controversies.
- Bloomberg: Provides ESG-related data, including metrics on company operations related to ESG issues.
- Glass Lewis: Provides corporate governance research and proxy vote recommendations.
- SASB: Identifies recommended disclosures and key ESG issues for particular industries.

Analysts may also use sell-side research, such as data and analysis compiled by brokers, boutique consultants, and other industry researchers, to support their work. These resources help analysts understand ESG-related risks and opportunities facing the companies they research. However, these resources only supplement the internal ESG research and due diligence each analyst is expected to perform on their covered companies.

As signatories to the UN-supported Principles for Responsible Investment (PRI), we have access to the PRI's resources, content, and collaboration platform.

We have embedded a number of proprietary tools into our investment process to assist analysts in their consideration of ESG issues, including our ESG Scorecard, our Materiality Framework, and our Corporate Governance Elimination Checklist. Our ESG analyst serves as an internal resource to guide analysts in their use of these tools.

We are actively evaluating additional resources, including open source and commercial solutions, to help us assess especially complex ESG issues, including climate change and energy transition.

Incentives

As a limited partnership with broad ownership throughout the firm, 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 tied to the completion of goals established at the beginning of each year. Many employees' annual goals are related to stewardship. The effectiveness of ESG integration in their research work product is included in the annual goals of research analysts, and thereby factors into the determination of their annual bonus. Additionally, 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' values and requirements; reduction of the firm's natural resource consumption and environmental impact; and advancement of the firm's diversity, equity, and inclusion goals.

Anticipated Enhancements to Governance

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. For example, we formalized our firm's preexisting DEI efforts by establishing a DEI committee. We are currently seeking to recruit an experienced resource focused on ESG broadly, and are in the process of establishing working groups to evaluate ESG-related tools available to analysts.

Principle 3

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

2020 Highlights

- Managed all potential conflicts of interest in accordance with Harding Loevner's policies
- No material violations of our compliance policies and procedures
- Conducted a review of our Code of Ethics and Proxy Voting Policy

Our clients' interests always take priority over those of Harding Loevner and our employees. We therefore require the strict and continuous adherence by our employees to the Harding Loevner Code of Ethics, which sets forth rules of employee conduct designed to address potential conflicts of interest and ensure that each employee acts solely for the benefit of our clients.

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.

We have a robust process for identifying potential conflicts of interest. Our Legal & Compliance Department conducts regular reviews of activities involving potential conflicts, including those related to stewardship and proxy voting. Any issues identified by the Legal & Compliance Department 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. Stewardship-related examples of potential conflicts of interest include:

- Harding Loevner may serve as the investment adviser to a company as well as hold shares of that company in client accounts; or
- A Harding Loevner employee involved in the decision-making in respect of 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.

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 2020 review, we deemed these policies to be sufficient, and no changes were made.

Example of Potential Conflict: Holding is a Client of Harding Loevner
In March 2020, 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, Harding Loevner's Portfolio Operations team flagged this potential conflict and deferred to Glass Lewis for voting recommendations rather than have our analyst weigh in on the votes.

Example of Potential Conflict: Harding Loevner is a Client of a Holding
Harding Loevner was an investor in an application software company whose software the firm employs in its operations. We did not consider the fact that we were a customer of the software company to be a material conflict. The Portfolio Operations team therefore voted in line with our covering analyst's recommendation on a proxy vote related to a prospective share buyback program.

Training and Ongoing Maintenance

We 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. Consistent with our fiduciary duties, we strive to resolve conflicts in the best interest of our clients. We seek to maintain compliance with the CFA Institute's Asset Manager Code of Professional Conduct. Employees attest to the Code of Ethics and fill out conflicts of interest questionnaires on an annual basis.

Principle 4

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

2020 Highlights

- Enhanced our ability to evaluate climate change risks and opportunities
- Engaged with industry bodies to further responsible investment within the financial services industry
- Contributed to thought leadership on responsible investment through client commentaries, public webinars, and industry publications

Harding Loevner assesses market-wide and systemic risk at the security, portfolio, and enterprise levels–and constantly evaluates 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 investors.

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 construction 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 company research, and monitoring of companies and their share prices, guards against risk of permanent loss in an individual position. Our focus on financial strength has enabled us to avoid companies in financial distress, while our insistence on business quality ensures that our companies tend to do well even during periods of volatility and market uncertainty.

Our analysts establish investment mileposts that are routinely monitored to ensure that covered companies are meeting expectations and the investment theses remain valid. We also pay careful attention to valuation. Finally, 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

For each of our investment strategies, we have risk-control guidelines that ensure diversification across holdings, sectors, and countries. These 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 strategy portfolio managers.

We believe that layered supervision is critical to monitoring risk. 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 ensures that portfolio managers are not accruing any unintended exposure to factor risks. Additionally, we have a separate team that monitors and vigorously enforces our strategy guidelines within our order management system.

Firmwide 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. When necessary, the Legal & Compliance Team conducts firm-wide and targeted training sessions on existing and evolving regulatory risks, as we did in 2020 on topics including material non-public information, cybersecurity, and confidentiality.

Evaluating New and Emerging Risks

As part of our approach to risk management, we evaluate 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 de-globalization and supply chain risks).

Below we detail our response to two systemic risks: climate change and the COVID-19 pandemic.

Climate Change and Energy Transition

We have evaluated climate change and energy transition risks and their effects on our investments for many years. The impact of climate change—including not just changes in the world's ecosystem but also evolving societal expectations and policy changes—is already affecting industry structures and growth expectations for many companies. We expect these impacts to intensify, resulting in a continued evolution of risks and opportunities for these firms. As long-term, growth-oriented investors, it is critical that we have sufficient tools and resources to help anticipate future changes and incorporate them into our assessment of companies' prospects.

Our ESG analyst has been tasked with furthering the firm's understanding of the direct and indirect impact of climate change and energy transition risks on portfolio holdings. The 2020 initiatives to enhance our understanding of climate exposures included:

- Education: In addition to an internal education session on climate change, we hosted a forum for our employees on the investment implications of climate change (see Principle 2). We expect to revisit this topic on a regular basis as part of firm-wide educational events and efforts.

- Resources: We evaluated third-party ESG tools and data providers (see Principles 2 and 8), and in 2021, we intend to subscribe to MSCI's Climate Value at Risk module.
- Company analysis tools: We developed two internal tools to assist analysts in evaluating climate change and energy transition exposure: a carbon tax impact calculator and an ESG peer comparison tool. We also amended our company research initiation template and industry review formats to encourage a deeper discussion of ESG exposures and a scenario analysis of potential risks associated with climate change and energy transition.
- Portfolio analysis tools: We began the development of a portfolio ESG dashboard, which will allow portfolio managers (as well as the entirety of the firm) to review portfolio-level ESG characteristics, including carbon exposure and holdings with both risks and opportunities related to climate change and energy transition. The tool, which combines proprietary and third-party data, will be completed in 2021 and will support our risk management and external reporting needs.

As a signatory to the PRI, we are supportive of disclosures made in line with the Task Force on Climate Related Financial Disclosure (TCFD), and we provide certain TCFD-aligned disclosures as part of our PRI Transparency Report. In 2020, we began discussions on enhancing our climate disclosure. In 2021, our CFO, supported by our newly established Climate-Related Working Group (consisting of members of our Legal & Compliance, Client Management, Research, Product Management, and Investment Communications teams), will identify the steps to become a public supporter of the TCFD and to engage in TCFD reporting. We also intend to assess and offset Harding Loevner's own carbon footprint in 2021, including Scope 1, 2, and select Scope 3 emissions.

COVID-19 Pandemic

The outbreak of the COVID-19 pandemic in early 2020 caused systemic disruption to global markets. Harding Loevner was prepared to address this unforeseen risk and minimize its impact on our investment process and client management activities, thanks in large part to the comprehensive nature of our Business Continuity Plan (BCP).

We activated the remote-work protocols of our BCP in response to the COVID-19 pandemic in March 2020; the majority of our personnel continued to work from home to minimize any unnecessary health risks for most of 2020. Systems and habits to support remote employees had been long ingrained in our workflow, in part because all our investment debate occurs via email, rather than in-person meetings. We identified the need for additional technical support for our team, and provisioned additional equipment to ensure that employees could effectively work from home offices. In addition, we enhanced our video conferencing capabilities to maintain our culture of communication and collaboration. All of Harding Loevner's activities—collaborative research, independent investment decision-making, trading and settlement, accounting and reporting, servicing of clients, and, of course, healthy debate—proceeded and continue to proceed normally.

We established a coronavirus task force that created scenario planning tools to help us determine the range of potential outcomes. The objective was to provide a baseline against which we could assess potential damage to cash flows of companies in which we invest. We first considered how shocks to cash flows could affect the company's ability to meet financial and operating obligations. We then considered how shocks to sales could affect earnings based on historical operating leverage.

Throughout the pandemic we communicated regularly to our clients on the impacts of COVID-19 on our investments. We posted regular updates on our management of COVID-19 risks to our website at the outset of the pandemic and responded to numerous written requests from clients on the status of our business and investment operations. Our portfolio managers, portfolio specialists, and analysts conducted over 500 meetings with clients over the course of 2020, the vast majority of them virtually. During many of these meetings, we discussed the impact of COVID-19 on our business as well as the findings from our scenario analysis on our portfolio holdings.

We established a return-to-work committee, led by our general counsel & CCO and director of human resources, which stayed up-to-date on all CDC guidelines to ensure a safe return to working from our office on a part- or full-time basis. In mid-July 2020, we re-opened our office to employees to the extent that local regulations permitted. On a permanent basis, we have approved a hybrid working schedule to allow employees who prefer to work from home the opportunity to do so on a regular basis.

We recognized the potential impact of the COVID-19 pandemic on the mental health and wellbeing of our firm's most important asset: our employees. To encourage a healthy mindset, we partnered with third-party companies to offer several online workshops available to all staff members throughout 2020 on the topics of stress management, nutrition, mindfulness, mindful communication, and yoga. We also offered a series of virtual meditation sessions. Each workshop was accompanied by additional information and resources, as well as opportunities to connect with some of the instructors individually. In addition to these programs, all employees have access to an Employee Assistance Program, which offers confidential access to licensed professional counselors who can help employees manage issues impacting mental health, including stress, depression, family illness, and parenting.

We believe that our efforts to study and understand the impact of COVID-19, as well as the initiatives taken to ensure operational continuity, will help us better address future systemic risks.

Participation in Industry Initiatives

Harding Loevner values the opportunity to collaborate with industry organizations, policy makers, 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 2020, 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 2020, our ESG analyst served as a panelist in the AMC's panel discussion, "Getting Proactive on ESG: How Advisers Can Lead Discussions with Clients." The panelists discussed the relevance of ESG in active management, the outlook for ESG-related industry shifts in 2021, and the best practices for evaluating ESG integration efforts when selecting funds and investment managers.
- Investment Company Institute (ICI): As a member of the ICI, we engaged on ESG issues informally with council members in 2020.
- Principles for Responsible Investment (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 2020, 35% 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. In 2020, Harding Loevner's deputy director of research presented to the CFA Society Idaho on the potential shortfalls of relying on risk models and alternative ways of evaluating market-wide, systemic risks.

Principle 5

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

2020 Highlights

- Conducted annual review of compliance policies and procedures; no deficiencies identified
- Reviewed stewardship-specific initiatives and published shareholder engagement policy
- Improved stewardship reporting with Engagement Manager tool

We regularly review and enhance our policies that guide investment decision-making and stewardship, including those related to conflicts of interest, proxy voting, engagement, and ESG integration. In doing so, we seek to ensure that our polices allow Harding Loevner to be effective stewards of client capital.

Review & Assurance of Policies

Annual 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 effective 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 the following related to stewardship: 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 2020 review did not identify any material deficiencies to our policies.

Stewardship-Specific Internal Assurances

In addition to the annual review of our policies, we undertook the following reviews specific to stewardship-related initiatives in 2020:

- Our responsible investment policy, entitled How Harding Loevner Invests Responsibly, was reviewed by our CIO, director of research, and deputy director of research as part of an annual review process. The three 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 our CEO in addition to 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).
- We reviewed our procedures for recording and tracking engagements. As a result of this review, we implemented a new tool to improve our ability to provide transparent reporting on our stewardship efforts.

Third-Party Assurances

Each year an external auditor, Ashland Partners & Company, LLP, conducts an SSAE 18/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, Inc. ("HL Funds") mutual funds, we have retained the services of a third-party consultant to support the CCO of the HL Funds. This consultant recommends areas of improvement in our compliance and stewardship policies related to HL Funds.

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 counsel, deputy director of research, ESG analyst, CIO, and CEO to ensure that details were presented in a fair, balanced, and understandable way, and that all information presented is accurate as of December 31, 2020.

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 expect our report to evolve as additional feedback and guidance on the updates to the UK Stewardship Code are published by the FRC.

Continuous Improvement

As part of our membership in industry organizations (see Principle 4), we plan to engage with our peers to identify areas of future focus and improvement related to our engagement practices. We will also consider whether it would be appropriate to hire a third-party auditor to assess our stewardship activities. We expect the development of internal evaluation tools will further improve our reporting capabilities, and we expect to share the outcomes of our stewardship practices as part of future reports to the FRC, as well as in our PRI Transparency Report.

Improvement to Processes: Engagement Manager Tool

Harding Loevner's Research Management System (RMS) houses the record of all investment-related meetings, discussion, and debate, including those related to our stewardship activities. This system allows access to past engagements and proxy voting decisions. While the RMS is an effective recordkeeper for our investment debates, we found that it did not allow us to easily track the progress and outcomes of our engagement activity.

To create a comprehensive view of Harding Loevner's engagement activities with each company and to track the efficacy of our stewardship efforts, we developed an Engagement Manager tool in 2020. The Engagement Manager assists us in:

- Compiling all our company engagements, including those that occur during routine meetings with management and dedicated ESG meetings and as part of the engagement process following a vote against management;
- Tracking outcomes of resolutions where we have voted against management;
- Establishing timelines for follow-up engagements; and
- Responding to periodic and on-demand client reporting needs.

We continue to enhance the tool's functionality and intend to expand the information provided in the tool. We expect that the tool will help clarify the extent to which our stewardship activities have been effective in generating a positive impact on the companies under our coverage.

Principle 6

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

2020 Highlights

- Began managing first client account with carbon footprint target
- Conducted over 500 client meetings with investment professionals and senior leadership
- Solicited feedback on the responsible investing needs of clients; plan to undertake a broader review of client ESG needs in 2021

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 and style. Our client assets are invested in publicly traded equities, across a range of geographies. As of December 31, 2020, Harding Loevner had $84 billion in total assets under management.

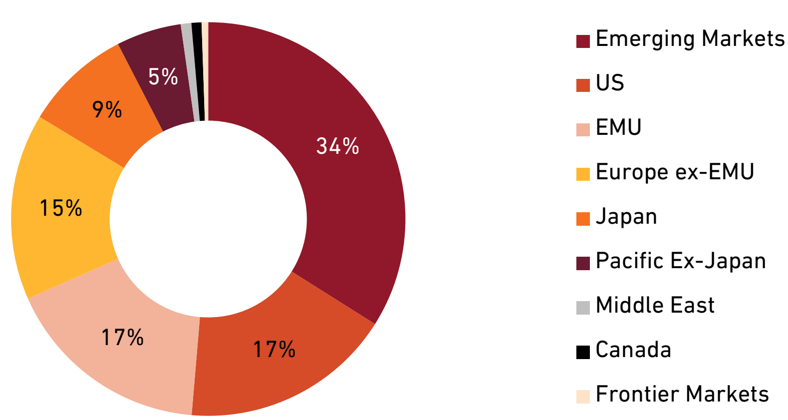
Harding Loevner AUM by Strategy

As of December 31, 2020

Strategy	AUM (US$)	% of Firm Assets
Global Equity	$22.9B	27%
International (non-US) Equity	$41.1B	49%
Emerging Markets Equity	$19.2B	23%
Chinese Equity	<$0.1B	<1%
Frontier Emerging Markets Equity	$0.2B	<1%
Global Small Companies Equity	<$0.1B	<1%
International Small Companies Equity	$0.6B	1%
Research Portfolios	<$0.1B	<1%
Total	$84.0B	100%

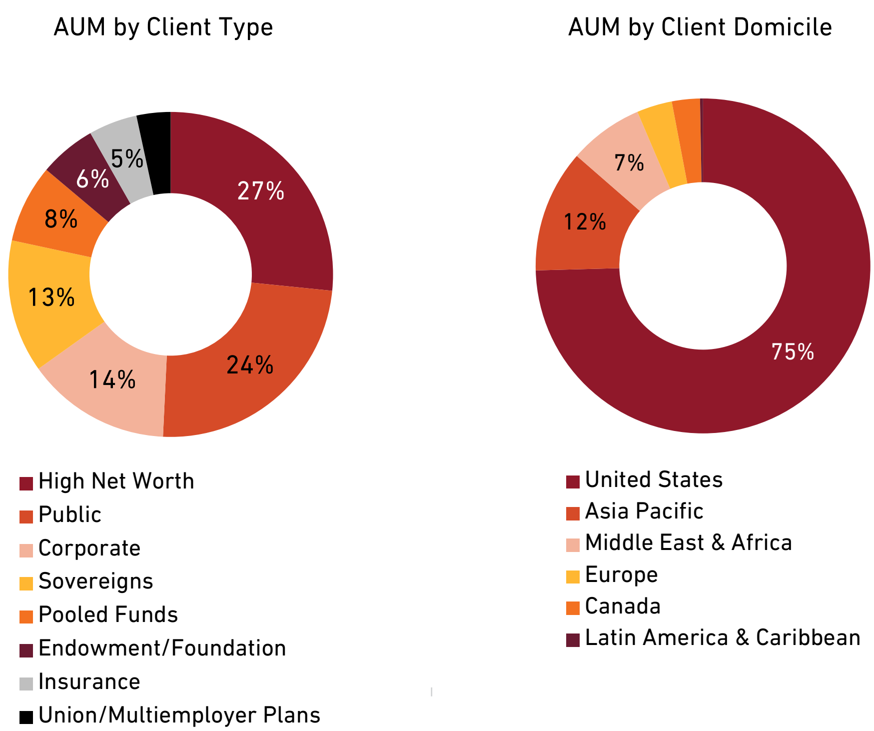
Harding Loevner AUM by Investment Geography

As of December 31, 2020



Harding Loevner AUM by Client Type and Domicile

As of December 31, 2020



Investment Time Horizon

We are long-term investors. Consistent with our long-term focus, the explicit growth period used in the 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 engaging with 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, such as in certain companies that provide increased voting rights to longer term shareholders.

Taking Account of Client Needs

In recognition of the widely 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:

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

Our in-depth research allows us to tailor portfolios to meet specific responsible investing goals of our clients, the asset owners. 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.

In order to implement these custom solutions, we manage separate account portfolios that closely follow our unconstrained strategy model portfolios. As of December 2020, we managed over 70 client accounts totaling over $12 billion in assets with custom ESG-related mandates.

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	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.

AUM as of December 31, 2020; 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.

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.

Communicating with Clients

Our client service teams, totaling 20 individuals, work closely with our clients to ensure that their investment portfolios align with their investment goals. Our portfolio managers meet regularly with institutional clients as well as their advisers or consultants. Additionally, analysts, portfolio specialists, and senior leadership often meet with clients and assist in addressing client inquiries. Over the course of 2020, we conducted over 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 a number of our 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 each strategy featuring discussions with a portfolio manager. The webcasts are archived on our website, which also contains other important documents for clients, including our prospectus, annual shareholder letters, and the complete history of quarterly reports that the firm has published.

Outcomes and Improvement

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. We recognize that many of our clients are increasing their focus on stewardship initiatives, and we want to be a resource to our clients in achieving those goals. In 2021, we intend to conduct a series of meetings with our clients to better understand those goals and the ways in which we can incorporate them into the client's portfolio. This process will allow Harding Loevner to better serve our clients' needs and help them achieve their stewardship goals.

2020 Highlights

- Appointed ESG Analyst to guide analysts in consideration of ESG issues
- Introduced Harding Loevner's ESG Materiality Framework
- Purchased and sold several holdings in part due to ESG-related risks and opportunities

At Harding Loevner, we believe that 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 improve 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). Analysts adhere to our consistent and systematic approach of assessing the potential impact of ESG risks and opportunities on the sustainability of their covered companies' long-term cash flows. 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 maintain sole responsibility to integrate ESG or stewardship activities into our process.

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

- 1989: Firm founded; integrated sustainability into investment process
- 2006: Introduced Corporate Governance Elimination Checklist into process
- 2016: Introduced 38-point ESG Scorecard into process
- 2020: Appointed ESG analyst
- 2020: Introduced Materiality Framework into process
- 2020: Introduced Engagement Manager to facilitate engagement tracking

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 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.

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

Corporate Governance Elimination Checklist

Early in their analysis of a company, the analyst completes a 14-point Corporate Governance Elimination Checklist to ensure companies with demonstrably poor governance are removed from further consideration.

Examples of governance issues addressed in the Checklist include management nepotism, criminal history, or excessive compensation; a record of significant mergers and acquisitions or repeated accountant changes; and a history of abuse toward minority shareholders.

ESG Scorecard

For every company under coverage, the analyst uses our ESG Scorecard to rate the business on 38 distinct ESG risk factors and their potential impact on the company's ability to generate profitable, sustainable growth. This Scorecard provides a consistent framework for comparing ESG risks across 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 risks of material concern may 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, which is a blend of the individual E, S, and G scores in the scorecard, is an input into our valuation model that influences the projected duration of future cash flow growth.

Examples of ESG factors addressed in the scorecard include the risk of stranded assets and regulatory costs due to climate change and energy transition, as well as water consumption, waste generation and disposal, labor relations, treatment of stakeholders, and board independence.

ESG Materiality Framework

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

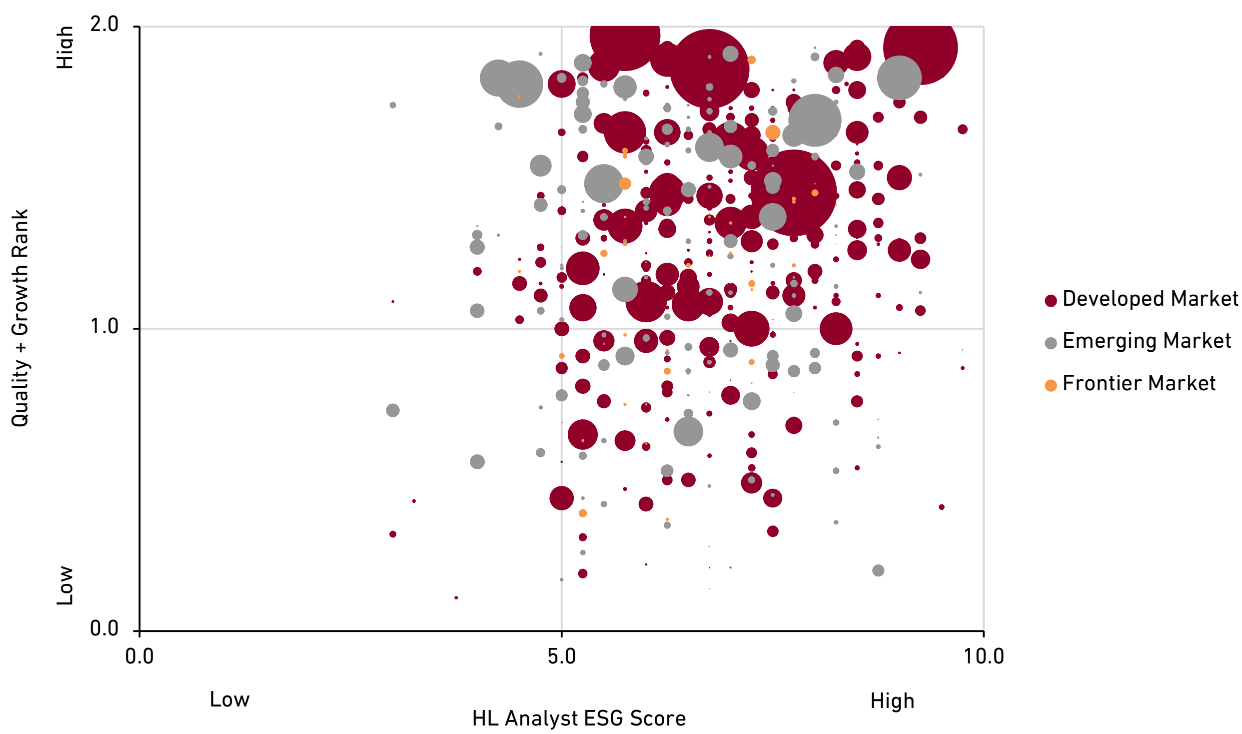
Examples of environmental and social exposures highlighted in the framework vary by sector. In the Materials sector, for example, key issues include energy transition management, air quality, greenhouse gas emissions, and waste management. In the Financials sector, key factors include lending practices, 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 as well as above-average ESG scores. This focus on quality-growth companies naturally reduces the likelihood that companies with poor ESG profiles will enter client portfolios.

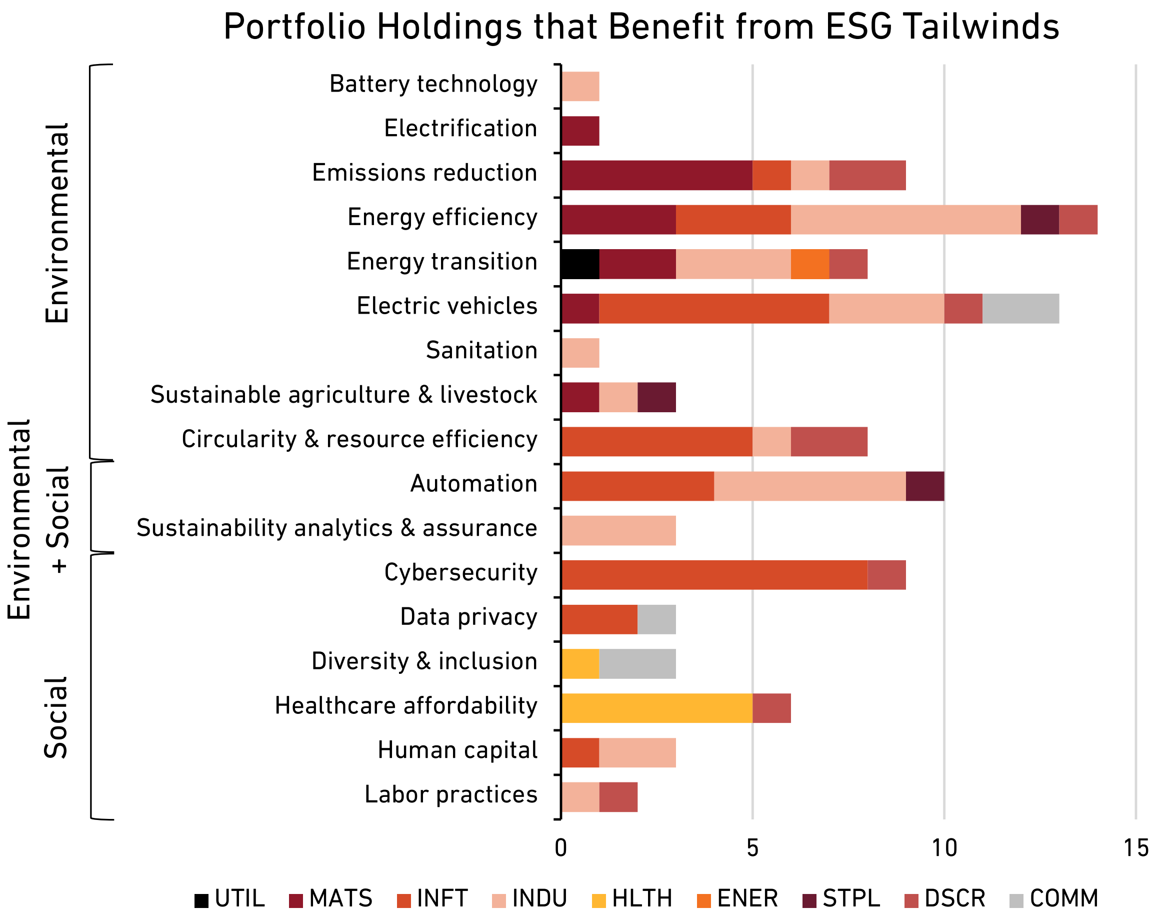
HL Analyst Quality-Growth Score vs. ESG Score

Researched & Rated Companies



Data as of March 2021. 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 societal goals and expectations around 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 Decisions Based on Information Gathered Through Stewardship

The systematic integration of ESG considerations in our investment process has and continues to inform our assessment of security attractiveness. Harding Loevner does not use negative screens to limit the investible universe analysts review and cover. Rather, the evaluation and review of ESG factors are embedded in the fundamental research that analysts and portfolio managers utilize when making investment decisions.

Over the course of 2020, our understanding of a company's ESG-related risks and opportunities contributed to several portfolio decisions, including the following:

Purchases/ Additions	ESG Issue of Most Significance
Deere	Environmental
ENN Energy	Environmental
Planet Fitness	Social

Sales/Reductions	ESG Issue of Most Significance
Hankook Tire	Governance
Coway	Governance
EssilorLuxottica	Governance
Alibaba	Social

Continuous Improvement

In 2021, we expect to further enhance our approach to ESG integration, including revising our ESG scorecard and introducing additional data sets to facilitate analyst assessments.

Principle 8

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

2020 Highlights

- Evaluated additional ESG-focused data providers
- Engaged with proxy voting vendor on best-in-class practices
- Annual review of key vendors resulted in no material issues

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; however, we do not outsource entire work streams to external parties. Our due diligence process is designed to ensure that we receive an exceptional level of service. We hold all vendors to the same standards of professional behavior that we expect of our employees. Failure to live up to these standards generally results in the identification of a replacement or alternate vendor.

Vendor Due Diligence

Our Vendor Management Committee, comprised of the president, CFO, general counsel & CCO, manager of client management, and COO, 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; and
- 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, if applicable, 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 2020, 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 will conduct a review of the issue and determine appropriate actions, which in some cases 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 source 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.

Additionally, on an annual basis, the Committee reviews the rubric used to tier vendors. In 2021, we intend to introduce additional 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 analysts 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 ESG research and careful 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 2020, for example, we reviewed the services provided by Broadridge; while its services met our needs, we encouraged the company to enhance its reporting and analytics capabilities.

In addition to reviewing our existing vendors, we also routinely evaluate alternative ESG-related service providers and data modules. In 2020, we spoke with Sustainalytics, S&P Global, and RepRisk to determine whether these vendors could provide differentiated services from our current set of ESG-related vendors. Additionally, we conducted a trial of climate change and energy transition data modules from MSCI and S&P Global Trucost in 2020. As a result of this trial, we will subscribe to MSCI's Climate Value at Risk module in 2021.

Principle 9

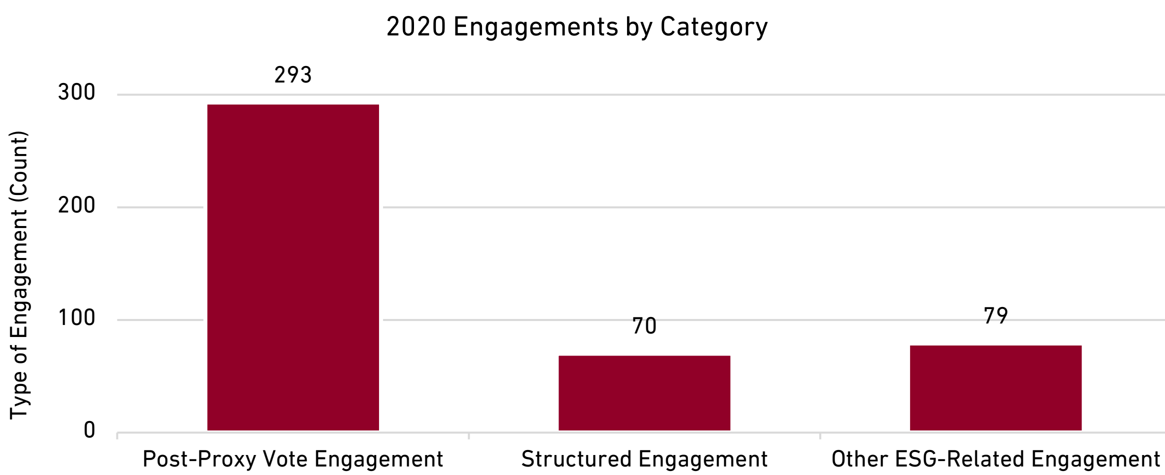
Signatories engage with issuers to maintain or enhance the value of assets.

2020 Highlights

- Held over 1,300 meetings with company managements
- Conducted over 400 engagements with over 150 companies
- Conducted our first structured engagement on the quality of ESG disclosures in the Global Equity strategy

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, its focus on diversity, 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 2020, we conducted over 1,300 meetings with company managements. We have classified our ESG-related engagements by format: post-proxy vote engagements, structured engagements, and other ESG-related engagements.

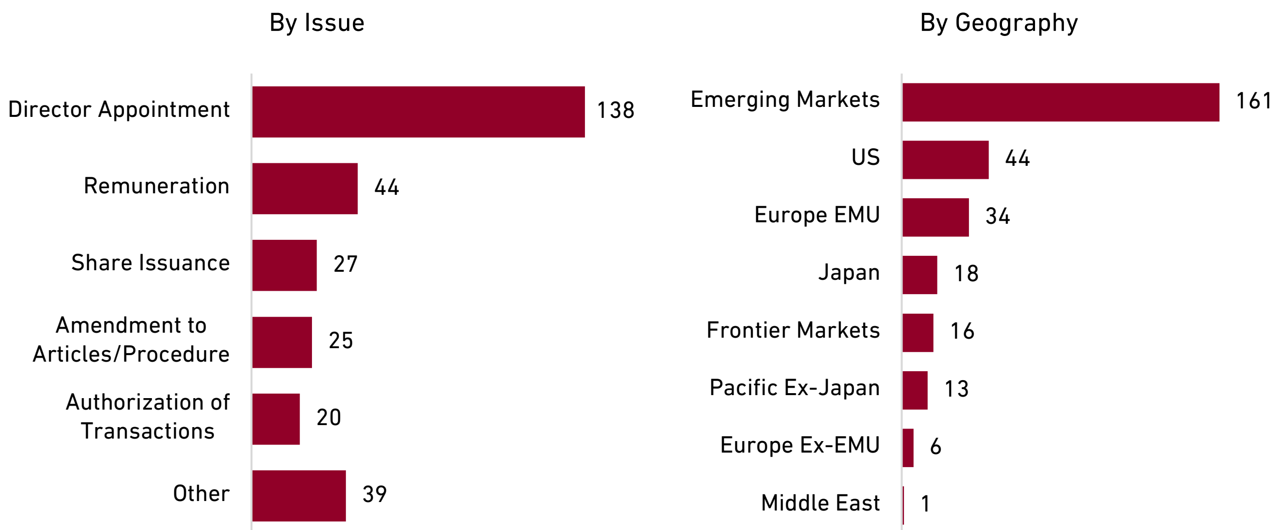


The above Post-Proxy Vote Engagement total reflects all engagements that occurred in 2020, including those that relate to 2019 and 2021 Annual General Meetings (AGMs).

Post-Proxy Vote Engagements

For all our holdings, across all funds, geographies, and sectors, Harding Loevner requires our analysts to formally engage with a company whenever they cast a proxy vote against management's recommendation to explain our rationale for disagreement and to invite further discussion on the matter. In 2020, we engaged with 122 companies on 293 proposals as detailed below. We most frequently voted against management on director appointments; this category encompasses a variety of concerns, including over-boarding, insufficient board or committee independence, inadequate qualifications, lack of cognitive and skill diversity, and votes against a committee chair when a committee failed to carry out its duties.

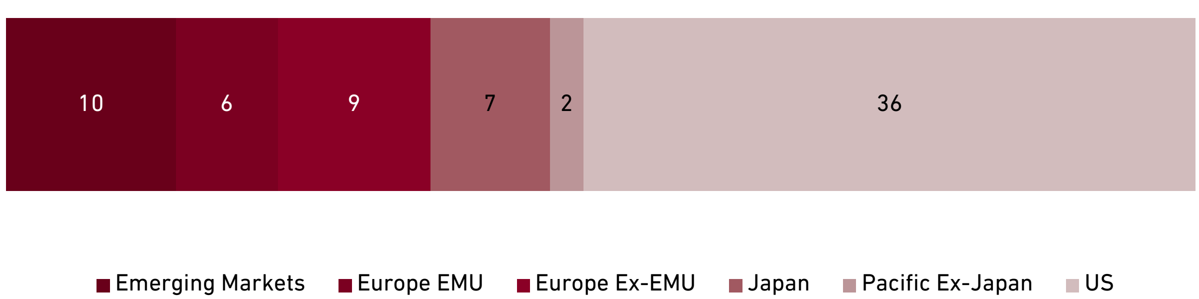
Post-Proxy Engagements in 2020



Structured Engagements

We believe that efficient financial systems require adequate transparency. In 2020, we conducted a structured engagement exercise with 70 holdings in our Global Equity strategy to encourage each company to identify and regularly report on those ESG issues most material to their business. Our ESG analyst led the screening of holdings and reviewed findings with the covering analyst to determine whether the company was already disclosing and reporting on material ESG issues. The two analysts subsequently held follow-up conversations focused on those issues raised in our screening, and sought to educate management on emerging ESG issues, global regulatory ESG developments,

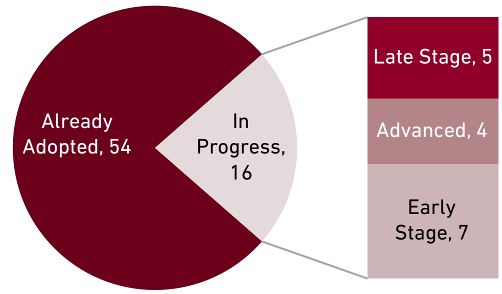
Structured Engagements by Geography



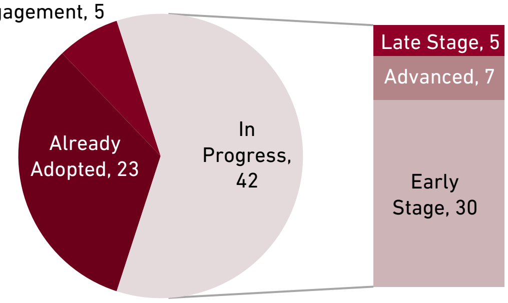
disclosure frameworks, and third-party ESG resources. We also shared, where appropriate, examples of best-in-class reporting by relevant peers in the company's industry. Most of the holdings in our Global Equity strategy have already identified the ESG issues that are most material to their business, and many have begun the process of reporting on those issues.

Of the 70 holdings in the Global Equity strategy for which we conducted this structured engagement exercise, more than 20 were also held in the International Equity strategy, and more than 10 were also held in the Emerging Markets Equity strategy. We intend to track the engagement progress over the next three years. Looking forward, we will consider expanding the exercise to include our other strategies as well as expanding the topics that are addressed in the process.

Company Progress on Identifying Relevant ESG Metrics



Company Progress on Reporting on ESG Metrics



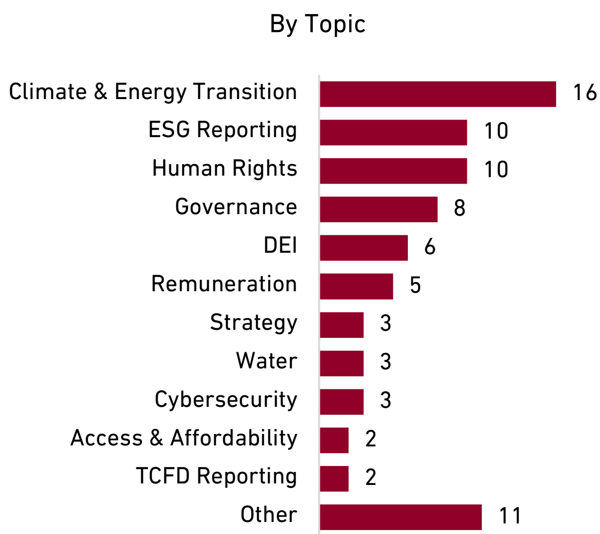
Late stage: Company has committed to comply with HL request within a certain time frame. Advanced: Initial indication of commitment to comply with HL request. Early stage: No commitment to change.

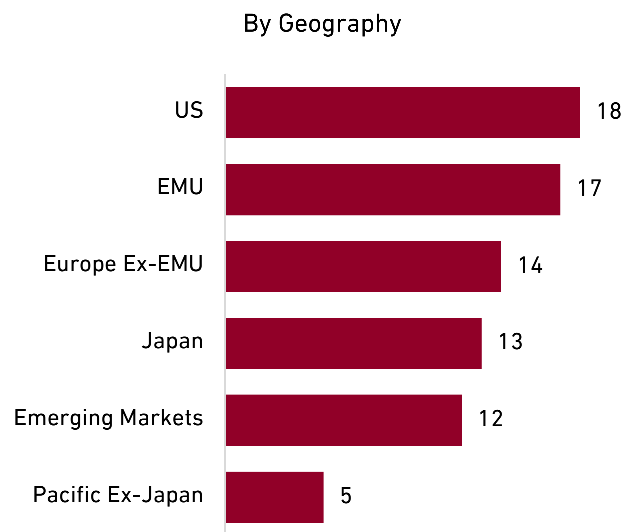
Other ESG-Related Engagements

We regularly engage with companies on ESG issues during our rigorous due diligence process. Both investments under consideration and our existing holdings are subject to this process on an ongoing basis. These engagements include interactions that occur during customary company meetings or dedicated ESG meetings with management, board, sustainability team members, or operational-level executives such as chief technology officers and sourcing team members.

Our engagements can be proactive (concerning emerging issues, for example) or may be in response to an ESG incident. The chart on the next page summarizes the range of ESG issues on which we engaged with company management in 2020; the most discussed topic was Climate & Energy Transition, followed by ESG Reporting and Human Rights.

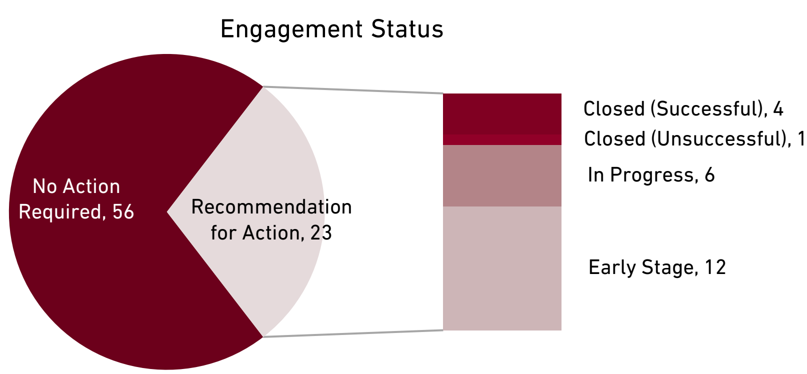
Other ESG-Related Engagements in 2020





Eleven of the 79 engagements noted above were triggered by the structured engagement that Harding Loevner conducted for Global Equity holdings in 2020.

In a subset of the above engagements, our analysts recommended specific actions for company management. In 2020, we began systematically tracking companies' progress towards those actions (see Principle 5):



Closed (Successful): Engagement goal achieved. Closed (Unsuccessful): Engagement goal not achieved; no further engagement planned. In Progress: Company indicated commitment to comply with HL request or has made partial progress. Early Stage: No commitment to change.

Principle 10

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

2020 Highlights

- Identified collaborative engagement organizations of potential interest
- Engaged with 28 companies on their use of CDP's reporting platform
- Engaged with another investor to consider legal action following a lower-than-expected merger bid for a portfolio holding

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. We believe collaborating with other investors and industry organizations can be valuable for engagement on long-term and complex issues and can help investors identify the desired outcomes, improving the quality and consistency of investor demands on the company.

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 high concern. The covering analyst at Harding Loevner evaluates these engagement opportunities on a case-by-case basis and determines whether collaboratively engaging with a particular company 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 2020, we began a process to identify organizations that could complement our existing engagement efforts. For example, we had discussions the Climate Disclosure Project (CDP). While we did not become a CDP member in 2020, we either recommended using CDP's reporting platform to or praised the high-quality CDP disclosures of 28 companies throughout our engagements in 2020.

In 2021, we will create a formal rubric to evaluate the merits and requirements of joining various initiatives, including CDP, the TCFD, and others. Based on our findings, we intend to join organizations that are aligned with Harding Loevner's primary goal of protecting the interests of our clients. We also expect to increase our relationship with the PRI by examining the organization's working groups to determine which we are best suited to join. We believe in the vital exchange of knowledge and research with our peers, and in collaboration with the PRI and its signatories, we hope to contribute to the increasing library of responsible investment thought leadership.

Collaborative Engagement in 2020: 51Job

The Company: 51Job operates China's largest online job site and is a leading provider of human resource services in the country. Its listings are focused on white-collar jobs in technology, finance, and healthcare.

The Issue & Engagement: In 2020, 51Job received a merger proposal that would take the company private. At the time, we held around 2.5% of total company shares outstanding. We believed that the offer price did not reflect the full value of the company's sustainable growth opportunities. Two portfolio managers at Harding Loevner, our covering analyst, and our deputy director of research met with another public equities asset manager's covering analyst for 51Job to discuss engaging with the board to reconsider the merger bid. Each analyst discussed the quality of management communication relating to the acquisition, which they believed had deteriorated alongside the company's valuation since the takeover offer was announced. The collaborative engagement group also discussed the potential reasons why the company might accept the bid, including the incentives provided to senior management. As part of the collaboration, the other firm's analyst noted that he was considering legal action in response to the bid. Our firm discussed whether joining legal action would be in the best interests of our clients.

The Outcome: The collaborative engagement helped clarify our thinking around 51Job's prospects and some assumptions in our valuation model; we ultimately concluded that the undervaluation was insufficient to pursue legal action. In 2021, we expect to continue to monitor whether the terms of the bid improve, and will continue to consider whether legal action is appropriate, including the possibility of action with other investors.

Principle 11

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

2020 Highlights

- Developed improved process for tracking escalation activities
- Successfully escalated engagements to improve board diversity and disclosure around lobbying spending
- Disinvested from a holding after repeated engagements failed

Harding Loevner has established clear guidelines around engagements with owned companies to protect shareholder value and influence positive change. According to these guidelines, 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. Accordingly, 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 2020, we improved internal access to our engagement information (see Principle 5). We plan to focus on continued system improvements to better track escalation activities, so we have more robust data that can inform our management meetings and allow further engagement on specific behaviors or activities. Additionally, it will allow us to identify where our engagement has been ineffective, enable our analyst to redirect or engage via a different mechanism, and identify escalation trends in different geographies. We expect these tools will support our reporting efforts and will allow us to provide more detail in response to Principle 11 and our PRI Transparency Report in future submissions.

Engagement Escalation: Successful

Topic: Board Diversity

The Company: Fanuc is one of the largest global manufacturers of industrial robots, providing automated precision machine tools and associated services to customers in the automotive and technology industries.

The Issue & Engagement: We engaged with Fanuc multiple times over the past three years to discuss board diversity and independence, specifically the lack of gender diversity on its board of directors. Like many Japanese companies, Fanuc's board of directors lacks independence and women representation. Indeed, prior to 2020, Fanuc did not have any women board members. We believe that increased diversity can help counter the poor decision-making that is often associated with limited board independence. We spoke about this issue in meetings that included the company's IR team, Legal team, and COO in 2019, and escalated the discussion to the CEO in 2020.

The Outcome: After our engagement with the company in 2019, Fanuc announced that it had nominated two women in early 2020 to its board: an independent director and an auditor. We engaged with management again in 2020 to acknowledge their progress on board diversity; we were pleased to see the company appoint an additional woman to its board in April 2021.

Engagement Escalation: Successful

Topic: Lobbying & Political Spending Disclosure

The Company: Vertex Pharmaceuticals develops, manufactures, and commercializes drugs for patients with serious diseases, including cystic fibrosis, infectious diseases, and certain types of cancer.

The Issue & Engagement: In both 2019 and 2020, shareholders introduced proposals to increase company disclosures related to political lobbying. We are committed to use our voting power to promote adequate disclosure of company activities, and therefore we voted in favor of both proposals. We believed that increased disclosure would align Vertex's practices with industry peers without compromising its relationships with patients or its ability to receive fair treatment from lawmakers. Vertex management recommended voting against the proposal, and both proposals failed. Following our vote against management, we sent the CEO and chairman of Vertex a letter explaining our rationale. Additionally, Harding Loevner's covering analyst, ESG analyst, and deputy director of research discussed the importance of adequate disclosures with the company's IR team, head of corporate responsibility, and corporate counsel.

The Outcome: In 2020, Vertex significantly enhanced its disclosures around lobbying and political spending. It now publishes a Political Engagement Principles document that outlines the extent of its lobbying and political activities and discloses all contributions to industry and trade organizations.

Engagement Escalation: Unsuccessful

Topic: Governance Concerns

The Company: EssilorLuxottica is the world's largest global eyewear company. The company was created following the 2018 merger of Essilor, the world's largest corrective lens manufacturer and distributor, and Luxottica, the leading manufacturer and distributor of branded fashion, luxury, sports, and performance eyewear.

The Issue & Engagement: After the merger, management and board responsibilities of the combined company were opaque. Lack of cooperation between the Essilor and Luxottica boards further delayed the integration process. Without clear and transparent roles for management at EssilorLuxottica, our analyst believed that the company failed to meet one of our key investment criteria: quality management. Over the course of several years, our analyst engaged with the IR team, management, and the board to suggest improvements to the company's board structure. The analyst also voted in favor of shareholder proposals and engaged with other industry participants to advocate for increased board independence.

The Outcome: While we are generally patient and seek to work with management teams to resolve concerns, we lost confidence that EssilorLuxottica would implement the structural improvements necessary to address underlying governance issues caused by the merger. We sold our shares of EssilorLuxottica and removed the company from our research universe.

Principle 12

Signatories actively exercise their rights and responsibilities.

2020 Highlights

- Cast almost 5,000 proxy votes for over 400 issuers
- Voted against management on 271 proposals
- Began developing a house policy on voting

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. We vote in favor of proposals that we believe will benefit shareholders, regardless of whether the proposal is initiated by company management or shareholders. Additionally, we support board independence, for both individual committees and the overall structure, 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. If company management or shareholders propose a policy that we believe will damage long-term value, we will vote against it.

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, including the CIO and the ESG analyst, 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 decision-making process behind 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 RMS, where the information is accessible to our entire firm, including all investment professionals. When we votes against management recommendations, we require the analyst to engage with the company.

We are actively developing a "house policy" 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. We expect to make this policy publicly available in 2021.

Meeting Client Goals

Harding Loevner is committed to meeting the stewardship goals of our clients and has experience working with separate account clients to implement their specific proxy voting goals. Separate account clients may direct voting in their accounts by sharing a specific set of proxy vote guidelines, which Harding Loevner will systematically 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

The 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.

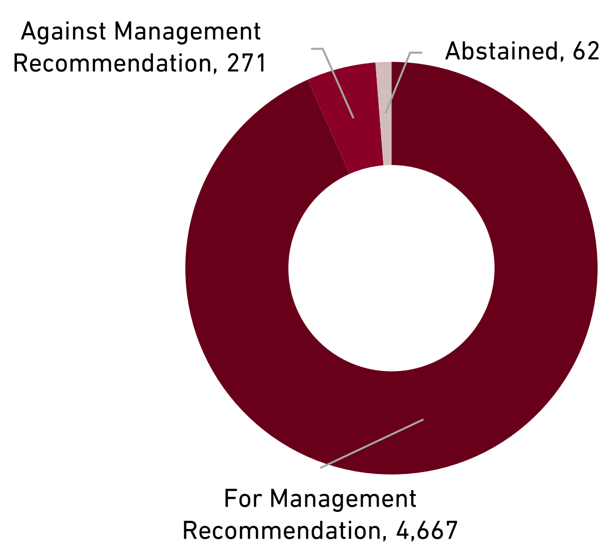
2020 Voting Activity

In 2020, Harding Loevner analysts cast almost 5,000 proxies for more than 400 issuers held across our investment strategies. We voted in line with management on 93% of the proposals and against management in 5% of the instances. We abstained from voting in 1% of eligible proxies.

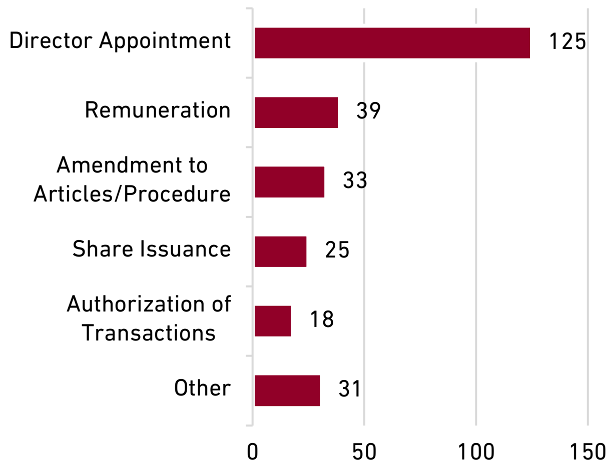
Votes against management totaled 271 proposals, most often in connection with director appointments. Our concerns in this area included insufficient board or committee independence, inadequate qualifications, lack of cognitive or skill diversity, over-boarding, and committee chairs whose committee failed 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 management recommendation but

Breakout of Proxy Votes in 2020



2020 Votes Against Management by Topic



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 2020, analysts voted alongside Glass Lewis recommendations in 80% 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 2021, 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 2020 that we deemed to be significant.

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: 2020 Proxy Votes Related to Lobbying & Political Spending

In 2020, we considered several shareholder proposals calling for enhanced disclosure related to lobbying or political spending. Rather than take a prescriptive view on the subject, we approached each matter on a case-by-case basis and identified how each proposal impacted the individual companies. Our covering sector analysts voted on each issue accordingly.

<table>
<tr><th>Company</th><th>Shareholder Proposal on Disclosure for:</th><th>Board Recommendation</th><th>Glass Lewis Recommendation</th><th>HL Vote</th><th>Rationale</th></tr>
<tr><td>The Walt Disney Company</td><td>Lobbying</td><td>Against</td><td>Against</td><td>Against</td><td rowspan="2">Our covering analyst voted against the shareholder proposals after determining existing company disclosures were sufficient.</td></tr>
<tr><td>AbbVie</td><td>Lobbying</td><td>Against</td><td>Against</td><td>Against</td></tr>
<tr><td>Abbott Laboratories</td><td>Lobbying</td><td>Against</td><td>For</td><td>For</td><td rowspan="2">Our covering analyst voted for shareholder proposals after determining that existing spending disclosures were insufficient to evaluate lobbying activity, which can be a material issue for pharmaceutical companies. Neither proposal passed. As noted in Principle 11, Vertex subsequently enhanced its disclosures following feedback from us and other parties.</td></tr>
<tr><td>Vertex</td><td>Lobbying</td><td>Against</td><td>For</td><td>For</td></tr>
<tr><td>Nike</td><td>Political Contributions</td><td>Against</td><td>For</td><td>Abstain</td><td>Our covering analyst supported greater disclosure but disagreed with the language of the shareholder proposal. The analyst abstained from the vote, wrote to Nike advocating for better disclosure, and spoke with the company about the issue on a subsequent call.</td></tr>
</table>