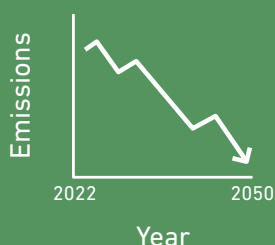


Global Paris-Aligned Equity Strategy



Strategy Methodology

The Global Paris-Aligned Equity Strategy invests in high-quality, growing companies worldwide that we believe have a viable pathway to achieve net-zero greenhouse gas emissions by 2050.



Global Equity Portfolio Team

The Global Paris-Aligned Equity strategy is managed by the same team as our Global Equity strategy, led by Peter Baughan, CFA, and Jingyi Li. Maria Lernerman, CFA, adapts the Global Equity model portfolio to meet the objectives of the Global Paris-Aligned Equity strategy.



Peter Baughan, CFA,
Global
Co-Lead PM



Jingyi Li,
Global
Co-Lead PM



Maria Lernerman, CFA
Global Paris-
Aligned PM



Christopher Mack, CFA,
Global
Paper PM



Richard Schmidt, CFA,
Global
Paper PM



Moon Surana, CFA,
Global
Paper PM

ESG Experts



Maria Lernerman, CFA
Analyst



Maryna Arabei, CESGA
Associate

The Global Paris-Aligned Equity strategy combines selective disinvestment with ongoing monitoring of company emissions and proactive engagement.

Global Equity Model Portfolio

The starting point for the Global Paris-Aligned Equity strategy is our flagship Global Equity strategy, which invests in high-quality, growing companies worldwide through a fundamental process that includes the explicit analysis of ESG risks and opportunities.

Exclusionary Screen

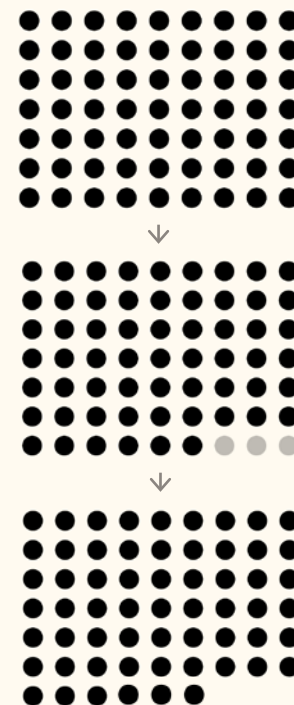
We then exclude any companies with fossil fuel reserves and those that derive 25% or more of revenue from oil-, gas-, or coal-related activities. For our Irish-based UCITS fund, we apply additional social and governance screens.

Alignment Assessment

We assess each holding to ensure a viable pathway to net zero. We pay particularly close attention to those companies operating in high-emission industries, as well as those that have not yet made initial steps toward alignment. We repeat the assessment process annually to track progress over time.

Global Paris-Aligned Model Portfolio

Global Paris-Aligned Equity PM Maria Lernerman, CFA, redistributes the weights from excluded companies, seeking a robust portfolio structure and similar exposures as our Global Equity strategy.



The 2015 Paris Agreement aims to limit the rise of average global temperatures to not more than 2.0—or, preferably, 1.5—degrees Celsius above pre-industrial levels; it is estimated that, to achieve this goal, the world's net global greenhouse gas emissions must be eliminated by 2050. In our alignment assessment, we pay particular attention to "Higher Impact" companies: those either have emissions to sales ratios greater than 100 tCO₂e/\$M sales or that operate in one of over 30 higher impact sub-industries identified by the Institutional Investors Group on Climate Change (IIGCC). These companies are more likely to contribute to absolute emissions reductions. In addition to the above restrictions, the Global Paris-Aligned Equity UCITS prohibits investment in: controversial weapons and tobacco manufacturers; companies on the Norges Bank Investment Management (NBIM) exclusionary list; companies that fail to adhere to the UN Global Compact (UNGC), as determined by MSCI ESG; and companies that fail to meet the "good governance" standard set forth by SFDR.

Ongoing Monitoring and Engagement

Once a company is in the portfolio, we track its progress toward net zero over time.



Alignment Assessment

Analysts use a proprietary rubric adapted from the Institutional Investors Group on Climate Change (IIGCC) to evaluate a company's progress. They consider a company's:

Emissions Disclosure

Scope 1&2, Material Scope 3 emissions

Decarbonization Strategy

Short-, medium-, long-term reduction plans

Climate Governance

Board or executive oversight

Ambition to Achieve Net Zero

Stated goal to reach net zero by 2050 and commitment to set SBTi targets

Emissions Targets

Validated by SBTi or other credible organization

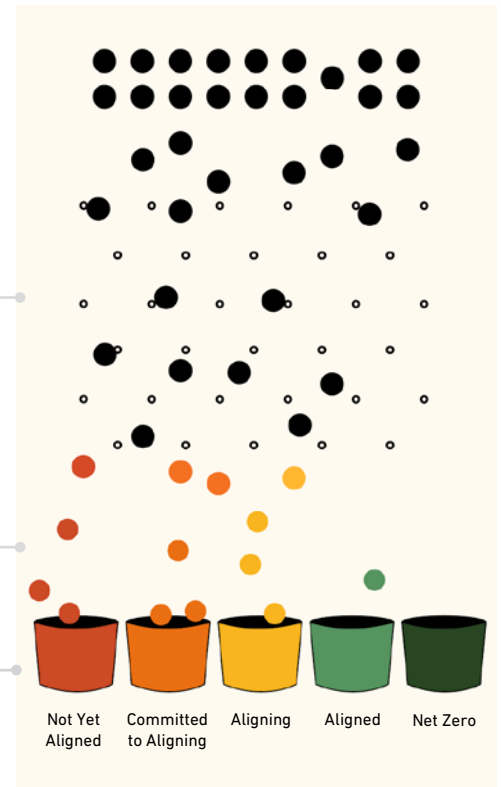
Performance vs. Targets

Progress toward each reduction target

We subject higher-emitting companies to closer scrutiny, as reductions in their emissions may have a greater impact on the portfolio's alignment with the Paris Agreement. These companies should demonstrate initial progress toward emissions disclosure, decarbonization strategy, and climate governance—what we refer to as “foundational elements” for net zero.

We then classify each company by its alignment toward net zero.

We reassess alignment annually and expect to see progress over time.



Engagement

In our engagements, we encourage companies to:

- Ensure foundational elements of decarbonization are in place
- Establish and follow through on commitment to set decarbonization targets
- Meet decarbonization targets, once established



Proxy Voting

We use our voting power to promote high standards of governance, including the management of climate risks. We:

- Cast climate-related proxy votes according to Glass Lewis's Climate Policy
- Engage after votes against management by our analysts
- May vote against managements that fail to establish meaningful climate-related targets or oversight

Sell Discipline

We may sell a holding from the Global Paris-Aligned Equity strategy if we believe there to be a deterioration in the company's competitive positioning, or a low expected return. We may also sell a stock for the following climate-related reasons:

- Our analysts determine that net-zero alignment is no longer viable
- The company fails to progress toward net zero
- The company fails to respond to engagement

"Net Zero" refers to a state in which the greenhouse gas emissions are reduced to the maximum possible extent and residual emissions are balanced by carbon offsets. Harding Loevner's assessment framework is based in part on the IIGCC Net Zero Alignment framework, which is in turn based on the disclosure guidance from the Task Force on Climate-Related Financial Disclosures (TCFD). Glass Lewis's Climate Policy is a thematic voting policy developed for institutional investors who are seeking to incorporate the risks and impacts of climate-related issues in alignment with recommendations of the TCFD, which Harding Loevner supports. The Global Paris-Aligned Equity strategy is available for investment via separate account and UCITS. The Global Paris-Aligned Equity UCITS is classified as Article 8 under SFDR and seeks to promote the following environmental characteristics: the reduction of greenhouse gas emissions and climate change mitigation.