



Harding Loevner Modern Slavery Statement

Regulations concerning modern slavery exist in several of the countries in which our clients are based. Each country defines “modern slavery” differently, but the heart of each definition describes situations where coercion, threats, or deception are used to exploit victims or deprive them of their freedom.

Harding Loevner believes strongly in the principles of transparency and sustainability, which are fundamentally at odds with the forces that contribute to the existence of modern slavery. As a US-regulated investment manager, Harding Loevner is not subject to specific regulations concerning modern slavery; however, given the global concern with the persistence of modern slavery, we have adopted this statement. In it we describe our approach to avoiding involvement in modern slavery in three respects:

1. Our treatment of employees;
2. Our use of third-party vendors; and
3. Our investment practices.

Treatment of Employees

Harding Loevner believes in the fair and ethical treatment of our employees. All of our employment practices comply with relevant regulations in each jurisdiction in which we operate.

We provide competitive wages, benefits, and a safe, respectful, and supportive working environment for every employee. We consider that there is no risk of modern slavery being practiced or enabled by Harding Loevner with respect to its employees.

Use of Third-Party Vendors

Harding Loevner endeavors to work only with reputable organizations. Generally, Harding Loevner’s vendors do not operate in industries or countries with a high prevalence of modern slavery, according to the Global Slavery Index.¹ The nature of the services provided by Harding Loevner’s vendors, the due diligence that we perform prior to engaging them, and our ongoing monitoring of them ensure that the risk of modern slavery being practiced by our vendors is very low.

Prior to engagement by Harding Loevner, each third-party vendor must be approved by Harding Loevner’s Vendor Management Committee, consisting of five senior managers. As part of our due diligence process for approving vendors, we ask the following to evaluate the vendor’s potential exposure to modern slavery, including with respect to its supply chain:

- Does the vendor have a code of ethics or code of conduct?
- Has the vendor reviewed its operations for potential modern slavery or general human rights risk?
- Does the vendor have a modern slavery statement or policies related to protecting human rights?
- Has the vendor evaluated its own vendors as it relates to human rights or specific modern slavery risks? If the firm discovered any, would the firm cease to use the vendor?
- How does the vendor engage with its suppliers to understand their efforts to identify and reduce the risk of modern slavery in their own operations and further down the supply chain?

Should a circumstance arise in which we suspect that any of our vendors, either directly or indirectly through its supply chain, are involved in modern slavery, Harding Loevner would engage with the vendor to determine whether our suspicion is founded before terminating the relationship and, if appropriate, alerting the appropriate authorities.



Investment Practices

Harding Loevner is a global equities manager focused on investing in high-quality, long-duration growth businesses, with the goal of delivering risk-adjusted outperformance over the long run.

Harding Loevner's exclusive focus on investing in companies that meet our standards for quality, growth, and governance means that we tend to eschew those companies operating with unsustainable business activities, which include engaging in unethical labor practices. We believe that companies that engage in such practices or allow such practices to occur within their supply chains endanger the long-term profitability that we seek to capture for our clients.

We consider a company's employment practices in order to assess labor and supply chain risks in our overall assessment of the sustainability of a company's growth. Harding Loevner's analysts have several tools to help better understand the risk of modern slavery in their companies under coverage. Harding Loevner subscribes to ESG research from MSCI ESG, which highlights evidence of labor issues. Additionally, our Materiality Framework, adapted from the Sustainability Accounting Standards Board (SASB) Materiality Map, identifies the relevant environmental and social issues for each industry, and flags those industries more exposed to modern slavery risks, such as apparel, leisure, and manufacturing.

For each company qualified for in-depth research, the analyst evaluates 38 distinct ESG risk factors using our proprietary ESG Scorecard. The Scorecard contains several questions that address labor issues, including the risk of exposure to modern slavery, such as:

- Are there serious human capital issues relating to labor management or human capital development?
- Are there supply chain labor disruption issues?
- Does the company employ controversial sourcing methods?
- Does the company make excessive use of independent contractors or employ controversial pay practices?
- Does the company have adversarial labor relations (union or otherwise)?

Harding Loevner's ESG Analyst is tasked with educating all our analysts on best practices and emerging issues as they relate to the integration of ESG risk assessment in our investment process. Our ESG Analyst shares reports discussing modern slavery with the research team.

We will engage with companies under our coverage following a labor-related controversy or if we suspect exposure to modern slavery in their operations or supply chain. If we identify ongoing labor issues at a company that we believe could negatively impact the sustainability of a company's growth, we will consider divestment.