Harding Loevner Funds plc

30 June 2023

# Annual Disclosure of Voting Activity

The EU Shareholder Rights Directive ("SRD II"), as transposed into Irish law, requires asset managers to publicly disclose an engagement policy that describes how they integrate shareholder engagement into their investment strategy.

The following disclosure summarizes how Harding Loevner Funds plc, through its Investment Manager Harding Loevner LP ("Harding Loevner," "we"), has implemented its engagement policy, including a general description of its voting behavior, its use of third-party corporate governance research providers, and an explanation of the most significant votes it cast in 2022.

## Description of Voting Behavior

Harding Loevner votes all proxies on behalf of clients who have delegated such authority to us, including Harding Loevner Funds plc. We have a fiduciary duty to act solely in the best interest of our clients, including exercising voting rights to maximize shareholder value. Therefore, we seek to use our voting power to promote high standards of corporate governance, including adequate disclosure of company policies, activities, and returns. We demand that companies offer shareholders regular access to management so that they can hold companies and their boards accountable via appropriate checks and balances. We support company boards in aligning management compensation with long-term shareholder returns through remuneration policies. In addition, we support board independence, both in the composition of individual committees and of the board overall. If company management or shareholders propose a policy that we believe will damage long-term shareholder value, we vote against it.

### Overview of Proxy Voting Guidelines

Harding Loevner assigns responsibility for voting on proposals of a company whose shares we hold in our clients' portfolio to the individual research analyst primarily responsible for research coverage of that company. Applying Harding Loevner's proxy voting guidelines, analysts consider each proposal according to its individual circumstances. In considering a complex or controversial proposal, the covering analyst may submit their proposed voting decision to investment colleagues for additional input. However, the covering analyst retains the ultimate discretion on how to vote. Harding Loevner requires analysts to engage with a company formally whenever they vote against a company's management's recommendation; this engagement is normally initiated in the form of a letter to management explaining our rationale for the vote and inviting discussion.

We record all votes along with the reason for deviations from management recommendations and any related company engagement, where applicable, in our centralized research management system, where the information is accessible to our entire firm, including all investment professionals.

We disclose to clients our votes on their behalf upon request or as required by law or regulation. Our website contains a complete record of all proxies cast by Harding Loevner Funds plc in addition to our Shareholder Engagement Policy and our Form ADV Part 2, which includes our proxy voting policy.

To assure the effectiveness of our engagement policy, we periodically review our proxy voting guidelines to ensure that they provide appropriate guidance on emerging issues.

### Use of Third-Party Corporate Governance Research Providers

Harding Loevner obtains proxy voting research including voting recommendations from corporate governance research firm Glass Lewis. Our research analysts refer to Glass Lewis research when determining how Harding Loevner should vote, but they do not rely upon Glass Lewis recommendations and retain sole responsibility for each voting decision.

# Explanation of the Most Significant Votes Cast in 2022

In 2022, Harding Loevner analysts cast more than 5,500 proxy votes for nearly 400 different issuers held in our investment strategies. The charts on the right summarize our voting activity.

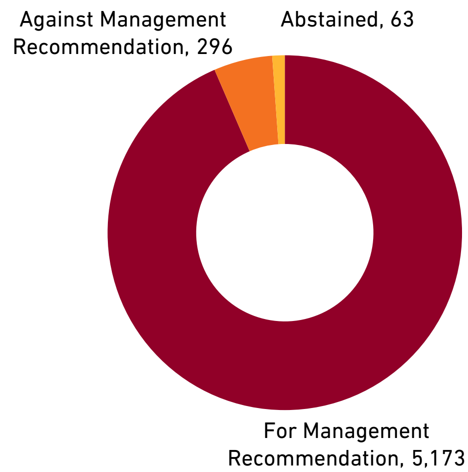
Harding Loevner's careful research and extensive analysis of a company's governance, management foresight, and business strategy mean that we generally expect to be supportive of boards and often tend to vote with company management; indeed, most of our votes were cast alongside management's recommendation. This makes votes against management noteworthy. In 2022, we voted against management's recommendation on 296 proposals, with just over 130 of those votes against management in connection with director appointments. Among votes on behalf of our UCITS sub-funds in 2022, our analysts voted against management just under 20% of the time on shareholder proposals and on 30% of management proposals.

We chose to abstain from voting in 63 proxies. Most often, we abstained because we had insufficient information to cast a vote responsibly. In other instances, we disagreed with management's recommendation but wanted to engage with management instead of voting against it. We also abstained for procedural reasons, including cumulative voting structures in which shareholders can choose to either allocate their votes across all candidates for the board of directors when the board has multiple openings, or apply their votes to just one candidate and abstain from voting on the appointment of the remaining candidates.

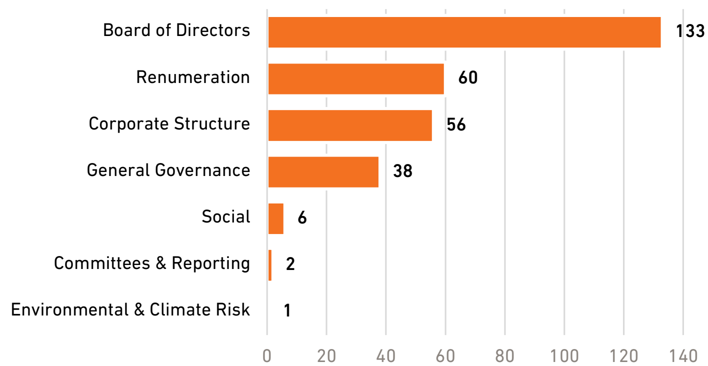
Some of our votes are more significant than others. For the purposes of this annual disclosure to our UCITS investors, we define a "significant" vote as one where the proposal:

- Was controversial in nature, defined as those proposals for which more than 25% of shareholders voted against management;[1]
- Involved a high-profile issue, such as those that are typically subject to supermajority approval, or involved a specific issue of material importance to the industry in which the company operates; or
- Involved Harding Loevner analyst engagement with company management, either before or after the vote, beyond sending them a letter explaining our vote.

### 2022 Proxy Vote Activity




### Votes Cast Against Management




On the following pages, we summarize 12 votes that qualified as significant on at least one of the criteria listed above, primarily highlighting where our analyst votes differed from management, but also including a few high-profile issues where our analyst's vote aligned with management.

A complete record of all proxy voting activity for all Harding Loevner Funds plc UCITS sub-funds, as well as Harding Loevner's US mutual funds, is available on our website.

[1]Harding Loevner selected a 25% threshold to define "controversial" in order to focus on those votes with particularly high instances of votes against management proposals (or for shareholder proposals). We acknowledge that other thresholds could be used and will continue to review market practice and regulatory guidance in establishing a definition of "significant".

# Shareholder Proposals

Below, we feature a selection of significant votes regarding shareholder proposals on topics including shareholder rights, board appointments, compensation, and proposals on social and environmental matters.

### Voting Power Required to Call a Special Meeting

We believe that with sufficiently broad support, shareholders should have the opportunity to call a special meeting without having to wait for management to do so. We believe shareholders should have this right in situations where a reasonable number of shareholders agree to such a meeting by written consent. While analysts consider individual company circumstances, such as ownership concentration, we generally support shareholder resolutions that seek to reduce the threshold for such action if that threshold is at a minimum of 10%. This allows for shareholder input in situations that merit such action, yet provides the company with adequate protection from frequent, unwarranted, and costly calls for special meetings. In each vote described below, our analysts carefully considered the company, the concentration of its shareholder base, and context around each proposal.

#### Applied Materials

Country: United States

Sector: Information Technology

Sub-Fund: Global Equity

**The company:** Applied Materials is a semiconductor equipment company, which develops and manufactures tools and engineering solutions for semiconductor manufacturing.

**The proposal, our vote, and rationale:** We voted in favor of a shareholder proposal to give the owners of a combined 10% of outstanding common stock the power to call a special shareholder meeting.  We wrote to the board of directors to express our opinion that the 10% threshold for calling a special meeting is appropriate.

**The outcome:** The proposal received 47% support and did not pass.

#### Danaher

Country: United States

Sector: Health Care

Sub-Fund: Global Equity

**The company:** Danaher designs, manufactures, and markets professional, medical, industrial, and commercial products and services worldwide.

**The proposal, our vote & rationale:** We voted in support of this shareholder proposal requesting that Danaher reduce the percentage of shares required for shareholders to call a special meeting from 25% to 10%. We wrote to management to express our view that a 10% threshold for calling such a meeting is appropriate, given the company's broad shareholder base, with no individual shareholder owning more than 7% of outstanding shares, as of April 2022.

**The outcome:** The proposal received 43% support but did not pass.

#### Illumina

Country: United States

Sector: Health Care

Sub-Fund: Global Equity

**The company:** Illumina provides sequencing and array-based solutions for genetic analysis.

**The proposal, our vote & rationale:** We voted in favor of this shareholder proposal asking for a 15% threshold to call a special meeting, even though the company's management simultaneously proposed a 25% threshold. We believed a 15% threshold was appropriate given the company's shareholder base is sufficiently diversified, such that a lower threshold would not unduly favor any individual shareholder's interests.

**The outcome:** The proposal received over 40% shareholder support but did not pass.

### Shareholder Classes and Voting Rights

Harding Loevner believes shareholders should have the right to vote on key corporate governance matters, including on changes to capital structure or governance mechanisms and amendments to the charter, articles, or by-laws of a company.

## Alphabet

Country: United States

Sector: Communication Services

Sub-Fund: Global Equity

**The company:** Alphabet is the parent company of Google, a leading search engine, and operates through Google Services, Google Cloud, and its "Other Bets" segments.

**The proposal, our vote & rationale:** This vote was on a stockholder proposal regarding equal shareholder voting, requesting that the board take steps to initiate and adopt a recapitalization plan, so that all outstanding stock would have one vote per share. The company pointed out that this multi-class structure has been in place since 2004 when it went public and that equity investors are aware of this structure at the time of purchase. Alphabet believes that this structure insulates them from short-term pressures of market fluctuations or activist investors and provides stability over the long term. We believe, however, that continued shareholder focus on this issue will cause Alphabet's independent directors to incorporate views of those minority shareholders. We voted for this proposal to eliminate the current multi-class structure because we think such multi-class voting structures are typically not in the best interests of common shareholders. Harding Loevner also wrote to the company to express our belief that equal voting rights are essential to ensure strong corporate governance over the long run. We have voted in favor of a one-vote-per-share structure and against the multi-class voting structure for the last ten years.

**The outcome:** The proposal did not pass.

### General Governance – Independent Board Chair

Separating the roles of CEO and Chairman can promote independent leadership of the board. In deciding whether to support a combined CEO/Chairman position, analysts consider board independence and the board's track record of holding management to account.

## Salesforce

Country: United States

Sector: Information Technology

Sub-Fund: Global Equity

**The company:** Salesforce is a customer relationship management software provider. The company also pioneered the software-as-a-service delivery model.

**The proposal, our vote, and rationale:** This stockholder proposal requested a policy to require the chair of the board of directors be an independent member of the board. Marc Benioff serves as both Chair of the Board and CEO of Salesforce and has been on the board since 1999. We voted in support of this proposal and against management, as we believe that an independent board chair helps provide oversight and accountability for the management team. We also believe that a board of directors is most effective in protecting shareholders' interests when most of the directors are independent, preferably at least two-thirds of the board. In this regard, Salesforce has a sufficiently independent board composition.

**The outcome:** The proposal received 26% shareholder support but did not pass.

### Remuneration (Severance Agreement Shareholder Ratification)

Harding Loevner expects a company's board to implement a compensation structure that incentivizes and rewards executives appropriately and is aligned with shareholder interests.

## UnitedHealth Group

Country: United States

Sector: Health Care

Sub-Fund: Global Equity

**The company:** UnitedHealth Group is a health and well-being company operating through two business platforms: health benefits and health services. UnitedHealthcare provides healthcare benefits to an array of customers and markets, making it the largest diversified healthcare company in the United States.

**The proposal, our vote & rationale:** This shareholder proposal sought shareholder ratification of termination pay, specifying that shareholders should be consulted before the company enters into severance agreements that provide benefits exceeding 2.99 times salary and bonus. Our analyst believed this proposal on severance pay was reasonable and voted in support of it.

**The outcome:** The proposal received 43% support and did not pass.

## Environmental and Social Shareholder Proposals

We expect companies to discuss key material environmental, social, and governance (ESG) risks and mitigation efforts and to provide regular reporting on relevant metrics. We generally support climate risk-related disclosure aligned with the framework established by the Task Force on Climate-Related Financial Disclosures (TCFD). Proposals aimed at increasing ESG disclosure are evaluated on a case-by-case basis. Among the factors that influence our voting decisions are the adequacy of existing disclosures, peer and country practices, materiality, and past controversies.

### Standard Bank

Country: South Africa

Sector: Financials

Sub-Fund: Emerging Markets Equity

**The company:** Standard Bank is South Africa's premiere financial institution with large market share in installment finance, mortgages, credit cards, overdraft, and custody services.

**The proposal, our vote, and rationale:** In an uncontentious vote, a non-binding shareholder proposal requested a report on the company's progress in calculating financed (i.e., Scope 3) greenhouse gas (GHG) emissions from exposure to oil and natural gas. The company has set a net zero target that includes these financed, Scope 3 emissions, so the board expressed support for the proposal, stating that the request was consistent with its net zero strategy. Accordingly, we voted in support.

**The outcome:** This shareholder proposal passed with nearly unanimous (over 99%) support, as did two other ballot items related to GHG emissions that we voted in favor of on the same ballot. The other proposals called for Standard Bank to disclose a baseline of financed GHG emissions from exposure to oil and natural gas by March 31, 2024, and for the company to establish short-, medium- and long-term targets for financed GHG emissions by March 31, 2025.

### Amazon.com

Country: United States

Sector: Consumer Discretionary

Sub-Fund: Global Equity

**The company:** Amazon.com operates retail websites which enable its customers to find and discover anything they might want to buy online. Additionally, Amazon.com offers access to technology infrastructure via its web services platform.

**The proposal, our vote, and rationale:** This shareholder proposal requested an independent third-party report, at reasonable cost and omitting proprietary information, assessing whether Amazon.com's customers' use of its products and services that include surveillance, computer vision, or cloud storage capabilities contribute to human rights violations. The proposal referenced potential legal, regulatory, and reputational risks if surveillance technologies are used to facilitate civil liberties violations, such as its Ring product being used by police departments to surveil protest activity. As noted in the Sustainability Accounting Standards Board (SASB) materiality assessment, for an e-commerce business, topics like data privacy and security are financially material. Our analyst voted against this proposal, in line with management, based on a determination that the company's management is appropriately analyzing and addressing human rights-related risks involving the use of its products.

**The outcome:** The proposal received 40% shareholder support but did not pass.

# Management Proposals

Below are three examples of votes against management regarding board appointments and an amendment to a compensation plan. In another case, we supported a management proposal that we believed will support enhance board accountability.

## Director Elections

Shareholders' interests are best served when directors are elected annually and on an individual basis. This allows shareholders to promptly evaluate a board's performance and address specific issues.

### WuXi Biologics

Country: China

Sector: Health Care

Sub-Fund: Emerging Markets Equity

**The company:** WuXi Biologics is a global leader in providing the outsourcing services on biologics drugs' discovery, development, and commercial manufacturing.

**The proposal, our vote, and rationale:** This management proposal was to re-elect Yanling Cao as non-executive director. Our analyst voted against this appointment, as well as the re-election of Yibing Wu, citing concerns regarding lack of board independence since both were affiliated with the company. As previously noted, we believe that a board of directors is most effective in protecting shareholders' interests when most of the directors are independent. WuXi Biologics' board was just over 20% independent at the time of the 2022 annual meeting.

**The outcome:** The re-election of both Cao and Wu passed. We wrote to the company to express our view to the management team that more board independence would improve governance and be in the best interests of shareholders.

### IQVIA

Country: China

Sector: Health Care

Sub-Fund: Global Equity

**The company:** IQVIA provides analytics, technology solutions, and clinical research services to the life sciences industry.

**The proposal, our vote, and rationale:** Ahead of the 2022 annual meeting, our analyst voted in favor of a majority vote requirement in uncontested director elections, where the number of nominees is equal to or fewer than the number of board seats being voted upon. We felt such a requirement increases board accountability and aligns with best practice of a majority of the S&P 500. Not requiring a majority vote in an uncontested election may risk the entrenchment of incumbent board members, or a lack of necessary expertise and cognitive diversity.

**The outcome:** The proposal passed, and the company adopted this governance policy; any incumbent director who fails to receive a majority of votes cast in an uncontested election must now tender his or her resignation.

## Renumeration

Harding Loevner expects a company's board to implement a compensation structure that incentivizes and rewards executives appropriately and is aligned with shareholder interests.

### Kinaxis

Country: Canada

Sector: Information Technology

Sub-Fund: Global Small Companies Equity

**The company:** Kinaxis is a Canadian supply chain management software company.

**The proposal, our vote & rationale:** The proposal sought shareholder approval of an amendment to the company's restricted stock plan. If approved, it would authorize an additional 1.25 million shares for issuance, to be used for equity-based compensation. We voted against this proposal because it would dilute existing shareholders by 4.35%, a significant level of dilution of shareholder's value.

**The outcome:** The management proposal received 67% support and passed. Our analyst wrote to the chairman of the board after the vote to express our difference of opinion.

### Coca-Cola HBC

Country: Switzerland

Sector: Consumer Staples

Sub-Fund: Global Equity

**The company:** Coca-Cola HBC is a historically Greek company, headquartered in Switzerland and listed in London. It is the third largest Coke bottler with franchises in 28 countries, including Nigeria, Russia, Egypt, Poland, Italy, Greece, and Ireland.

**The proposal, our vote & rationale:** This proposal was regarding an executive pay evaluation ("say on pay"), which is a non-binding vote that allows shareholders to express their opinion on executive compensation packages. We voted against this proposal and our analyst engaged directly with the chair of the remuneration committee prior to the annual meeting to express our view that adjusting long-term incentive targets is not in the best interests of shareholders. In this case, the reason for the adjustment was due to the COVID-19 business disruption.

**The outcome:** The management proposal received 67% shareholder support and passed. This proposal type is consistent with the EU Shareholder Rights Directive's addition of a "say on pay" provision in 2017, meant to encourage more transparency and accountability around company directors' pay and to strengthen the linkage between pay and performance.

Holdings identified may not be held in the identified sub-fund as of 30 June 2023. A complete list of holdings is available upon request.

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