HARDING LOEVNER FUNDS PLC
SHAREHOLDER ENGAGEMENT POLICY

Introduction

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

This policy describes how Harding Loevner Funds plc (the "Company"), through its investment manager, Harding Loevner LP ("Harding Loevner"), the investment manager of the Company:

1. monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance;
2. conducts dialogue with investee companies;
3. exercises voting rights and other rights attached to shares;
4. co-operates with other shareholders; and
5. manages actual and potential conflicts of interests in relation to any engagement.

1. How Harding Loevner monitors investee companies

Harding Loevner is a global equities manager seeking to achieve superior risk-adjusted returns for our clients by investing in high-quality, sustainably growing companies through in-depth fundamental analysis. To qualify for investment in Harding Loevner's strategies, companies must meet four key criteria: Competitive Advantage, Quality Management, Financial Strength, and Sustainable Growth.

Harding Loevner's investment process relies upon ongoing in-depth research conducted by analysts, who first qualify companies for consideration based on our key criteria and then analyze, value, and continually monitor their covered companies. Analysts pay careful attention to corporate strategy, financial and non-financial performance, risk, and capital structure as part of the research and monitoring process. Harding Loevner's investment evaluation process also pays explicit attention to environmental, social, and governance (ESG) issues. For each company, analysts assign a score to 38 different ESG-related risk factors to reflect their level of concern regarding the factor's potential impact on the company's ability to grow profitably and sustainably. The scorecard provides a consistent framework for comparing companies' potential ESG-related risks across all industries and geographies.

Harding Loevner's process for researching and monitoring of investee companies is linked to our four criteria as follows:

- **Competitive Advantage**
  Companies with durable competitive advantages should be able to sustain or grow their margins over the long run. Analysts assess companies' competitive advantages by studying their articulated business strategies, the competitive structure of the industries in which they deploy their strategies, and companies' long-term historical operating performance. They also evaluate if any ESG-related risks may threaten the sustainability of companies' competitive advantages. Analysts monitor the durability of competitive advantages by tracking operating performance and industry and regulatory developments.

- **Quality Management**
  Harding Loevner believes strongly that without high-quality governance, management's ability to translate a company's market opportunities, strong competitive position, and investible resources into economic gain may not result in financial benefits to shareholders. Our analysts research and monitor the quality of management by assessing the wisdom of their capital allocation decisions, the integrity of corporate governance, and how management addresses environmental and social

risks. Analysts' research includes completing a 14-point corporate governance checklist to ensure we eliminate companies with demonstrably poor governance from further consideration.

- **Financial Strength**
  We seek to invest only in financially strong companies to help mitigate risk. Holding companies with high-quality financial characteristics such as strong balance sheets and free cash flow helps ensure we do not have to worry about the survival of a business in the event of a downturn, allowing us to spend more time thinking about the company's long-term prospects. Analysts carefully review financial disclosures to ensure companies' capital structures have manageable levels of debt and their cash flows are sufficient to service it. Analysts may run scenario analyses to assess a company's resources to navigate economic downturns and will question management regarding any significant signs of financial stress. They also evaluate the potential risks to the sustainability of cash flows from ESG concerns.

- **Sustainable Growth**
  Harding Loevner invests in companies that, by combining durable competitive advantages, skillful management, and financial strength, should be able to grow faster than the overall economy over time. We also recognize 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 should be supervised on behalf of shareholders put at risk their long-term cash flows and share price. Our investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long-term growth and stability. Analysts monitor the financial results of covered companies to ensure they are continuing to maintain margins and achieving above-average revenue growth. They also monitor growth opportunities to assess the sustainability of profitable growth.

Analysts' specific monitoring activities include reviewing industry data, scrutinizing companies' earnings reports and other public disclosures, keeping abreast of news reports on companies and industries, interviewing management, speaking with covered companies' competitors, suppliers and customers, attending presentations at industry conferences and trade shows, and reviewing trade journals.

Analysts stay focused on key investment signals in the monitoring process by creating forward-looking statements, or "mileposts," for each covered company. Mileposts (typically, three to six of them) are quantitative, measurable expectations for fundamental business results; they are considered incremental benchmarks that a company must meet for the long-term investment thesis and valuation to remain valid. Mileposts often involve the trajectory of organic growth and profit margins, or industry-level concerns like the evolution of regulation or competition. The mileposts are disseminated to Harding Loevner's entire investment team, thereby providing an opportunity for debate of their relevance. Analysts update a company's mileposts as needed based on new developments pertaining to the business, industry, competitive landscape, regulatory environment, or other issues. When a covered company regularly fails to achieve its mileposts, the investment is subject to reconsideration by the analyst and portfolio managers.

Analysts also continually monitor the ESG profiles of their covered companies and will update their ESG assessments as needed. In cases when a material ESG-related risk could undermine the investment thesis, the responsible analyst may include mitigation of the risk among their mileposts for the company.

Analysts will engage with management as needed to remain fully informed about the business and whenever they have questions or concerns about company developments or proposed shareholder resolutions, as discussed in the sections below.

2. How Harding Loevner conducts dialogue with investee companies

Our analysts speak regularly with management in the course of their fundamental research and monitoring of qualified companies. Discussions with companies span a range of issues, including, among other things, board composition, management remuneration policies, shareholder protections, financial reporting and disclosures, and capital allocation policies.

Harding Loevner has clear engagement policies in place with the aim of protecting and furthering the financial interests of our clients, the asset owners. Harding Loevner's analysts engage regularly with the management of companies in the course of their fundamental research and monitoring of qualified companies. An analyst will formally engage with management to express concern or disagreement with a proposed or decided course of action. This engagement often arises in the context of proposed shareholder resolutions: whenever Harding Loevner casts a vote against management's recommendation, the responsible analyst is required to write to management to highlight and explain the basis for our dissent.

If we believe that management decisions or strategies will cause a company no longer to meet our key criteria or result in unacceptably high investment risk, we will disinvest from the company.

3. How Harding Loevner exercises voting rights

Wherever clients have delegated authority to us, we cast all votes with our clients' best interest in mind. Harding Loevner seeks to use our voting power to promote high standards of corporate governance, including the provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

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

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

All records of company engagements and voting decisions are stored in Harding Loevner's centralized investment research management database, where this information is accessible to all investment professionals.

4. How Harding Loevner cooperates with other shareholders and other stakeholders of the investee companies

Harding Loevner prefers to research and engage with companies independently. However, we will consider acting collaboratively with other institutional investors in a company when we believe such action would best serve our clients, the asset owners. In the rare circumstances where Harding Loevner would undertake any collaborative engagement with other institutional investors of an investee company, Harding Loevner will adhere to all relevant regulations concerning acting in concert and the use of non-public information.

5. How Harding Loevner manages the actual and potential conflicts of interest in respect of any engagement

Harding Loevner's sole business is to serve as an investment manager to its clients, including the Company. Further, Harding Loevner has a fiduciary duty to all its investment advisory clients, including the Company. That duty requires each employee to act solely for the benefit of clients. All employees must comply with Harding Loevner's Code of Ethics, which stipulates that the conduct of Harding Loevner and its employees must recognize that clients' interests always have priority over those of Harding Loevner and its employees and be based upon fundamental principles of openness, integrity, honesty, and trust.

Despite this, certain conflicts of interests may arise in connection with any engagement with investee companies. Harding Loevner therefore has adopted comprehensive policies on managing such conflicts of interest. These policies include:

- Requiring all employees to disclose and obtain approval from Harding Loevner's Compliance Committee to engage in any outside business activities; serving on the Board of Directors of a public company is not permitted;
- Requiring all employees to report quarterly on their personal holdings, including holdings of securities issued by companies with which Harding Loevner may invest on behalf of clients; and
- Requiring all employees to report any gifts or entertainment received, including from any companies in which Harding Loevner may invest on behalf of its clients.

Harding Loevner also monitors potential conflicts with respect to voting on shareholder resolutions, including, for example:

- Harding Loevner may serve as investment adviser to a company the management of which supports a particular proposal, where shares of that company are held in client accounts; or
- A Harding Loevner employee who would otherwise be involved in the decision-making in respect of a particular proposal could have a material relationship with the issuer.

If a conflict is identified, Harding Loevner recuses itself from the voting decision and relies on the voting recommendations of a third-party corporate governance research provider.

Implementation Statement

On an annual basis, the Company will publicly disclose how this engagement policy has been implemented, including a general description of voting behavior, an explanation of the most significant votes, and the use of the services of third-party corporate governance research providers.

Approved: September 18, 2020