

MFS[®] Stewardship Report

Second Quarter 2025

Table of Contents

- 1 Sustainability at MFS
- 4 Sustainability and Stewardship Update
- 5 Stewardship at MFS
- 7 Recent Engagement Activity



Sustainability at MFS

MFS has been actively managing our clients' money since we created the first US open-end mutual fund in 1924. Deep fundamental research and a long-term perspective constitute the foundation of our investment approach. We seek to achieve our clients' long-term economic objectives by responsibly allocating their capital.

As an active manager, we have always sought to identify investments that can add long-term value for our clients. In 2009, we formed the MFS Responsible Investing Committee, now known as the Client Sustainability Committee, and issued the MFS Policy on Responsible Investing and Engagement to ensure that the consideration of sustainability topics is systematically integrated into our investment process.

We are continually thinking about how to enhance our investment approach and capabilities to ensure we remain equipped to manage our clients' assets in a rapidly evolving sustainability landscape, and we have added resources dedicated to this effort. We have also enhanced our efforts relating to stewardship, which we define as our fiduciary duty to allocate capital responsibly, engage productively with companies and other industry participants and exercise our voting rights thoughtfully and deliberately.

This report provides a quarterly update of our sustainability and stewardship activity. We hope it offers our clients insights into our sustainability approach and how we allocate their capital responsibly.

We recognize that sustainability is an important topic for our clients, and we welcome any opportunity to discuss it further with you.

Dedicated sustainability professionals

To facilitate the adoption, implementation and enhancement of sustainability-related practices across the firm, we task certain people with providing strategic leadership and supporting the effective integration of sustainability topics across teams and disciplines. These people are positioned across our ESG Research and Stewardship, Client Sustainability Strategy, Legal, Compliance and Information Technology teams, as outlined below.

Investment & Stewardship

ESG Research & Stewardship Team

<i>Director of Global ESG Integration</i> Rob Wilson	<i>Fixed Income Research Analyst</i> Joseph Baldwin	<i>Stewardship Analyst</i> Andrew Jones	<i>Stewardship Senior Associate</i> Xinyi Wan
<i>Equity Research Analyst</i> Pooja Daftary	<i>Fixed Income Senior Research Associate</i> Gabrielle Guillemette	<i>Stewardship Specialist</i> Alexandra Schoepke	<i>Stewardship Associate</i> Halley Scatchard
<i>Fixed Income Research Analyst</i> Mahesh Jayakumar	<i>Director of Global Stewardship</i> Franziska Jahn-Madell	<i>Stewardship Senior Associate</i> Herald Nikollara	

Client Facing

Client Sustainability Strategy

<i>Global Head of Sustainability Strategy</i> Bess Joffe	<i>Strategist</i> Daniel Popielarski
<i>Senior Strategist</i> George Beesley	<i>Lead Analyst</i> Tessa Fitzgerald
<i>Strategist</i> Pelumi Olawale	<i>Analyst</i> Yasmeen Wirth

Legal & Compliance

Legal & Compliance

<i>Managing Counsel</i> Susan Pereira	<i>Compliance Lead Specialist</i> Corey Bradley
<i>Compliance Officer</i> Justin McGuffee	<i>Regulatory Senior Specialist</i> Nicholas Pirrotta

Global Information Technology

Agile Team

This team currently consists of several business system developers supporting our ESG integration efforts.

As of 1-Jul-25.

ESG Research and Stewardship

Our investment team includes dedicated specialists who assist in strategy development, research, engagement and voting. All these individuals share a common goal of driving more efficient and impactful research and engagements across our holdings; some of these individuals also have more specialized roles to ensure the effective execution of our proxy voting rights. This group comprises eleven individuals, including a director of ESG integration, a director of global stewardship and nine dedicated sustainability and stewardship specialists across both equity and fixed income.

Client Sustainability Strategy

A team of seven are dedicated to engaging with our clients and the investment industry on ESG issues as well as developing thought leadership around sustainability topics. This team plays an important role in helping industry participants understand how MFS approaches sustainability.

Legal and Compliance

One attorney and one paralegal in our Legal Department are dedicated to assessing and monitoring and appropriately addressing ESG and stewardship-related issues to ensure MFS is aware of all relevant regulatory and legal requirements in jurisdictions where we do business. Additionally, we have an ESG-dedicated compliance officer and a compliance specialist situated in our Compliance Department.

Information Technology

The Agile team within our IT department is strategically placed to facilitate our data and reporting capabilities. They contribute to the development and enhancement of ESG-related systems as we continue to work toward meeting the investment team's needs, in addition to evolving regulatory requirements and client reporting demands.

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Sustainability and Stewardship Update

Second Quarter 2025

There were no material changes to our overarching sustainability and stewardship practices or policies during the second quarter of 2025.

ESG research and stewardship update

This past quarter, our ESG research and stewardship team conducted significant engagements with Japanese issuers on the progress of corporate governance. The team focused on the potential for conflict of interest in management buyouts of subsidiaries and the impact of cross shareholdings on board independence. We continued our productive collaboration with the ACGA, particularly the Japan working group of which we are members. Our team also analyzed key developments in the Korean value up program and its implications for Korean companies.

Our team conducted research to develop a more nuanced understanding of material sustainability considerations in the mining sector, including risks that may result from geographic location of operations, organization structure, approaches to capital allocation and labor management, including use of third-party contractors. We also analyzed the impact of US tariffs on the sustainability of Asian (ex Japan) companies that are critical to global supply chains.

Our Information Technology group continued to enhance our sustainability dashboards. These dashboards connect our entire investment team with a curated set of mostly company-reported ESG data points that are most useful in informing investment decisions. The enhancements from this quarter included additional voting and engagement information at company and portfolio level and the inclusion of additional conditional formatting to highlight data points that are outside typical values, which should help the team more quickly identify potential ESG risks.

During the quarter, MFS also signed an expanded contract with one of our third-party data vendors, which provides us with access to additional modules. These modules include additional information to aid in scenario analysis and the evaluation of physical risk.

Lastly, we added a new research analyst to our ESG Research and Stewardship Team in the second quarter of 2025.

We continued our engagement with a large global semiconductor and technology hardware company on the topics of corporate governance, capital allocation, labor management and culture.

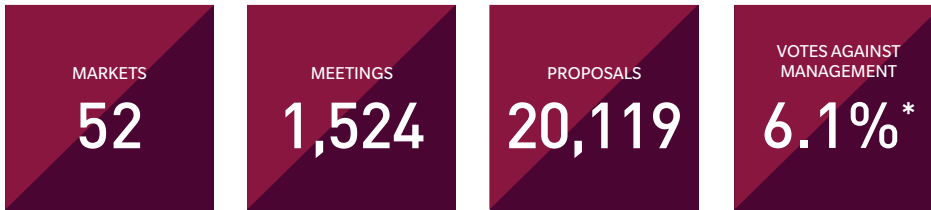
Stewardship at MFS

We believe open communication with companies and issuers is an important aspect of our ownership responsibilities, which is why we take a constructive approach to engagement. Characterized as collaborative, materiality oriented and issuer focused, we believe this approach gives us an analytical advantage and can act as a source of alpha generation. It is our view that the best outcomes are most likely achieved through strong relationships and regular, mutual dialogue with our portfolio companies. Our goal when engaging is to exchange views on ESG topics that may represent material risks or opportunities for companies or issuers, and to effect positive change on such issues where needed. We believe that long-term-oriented asset managers who engage companies on ESG topics can positively influence a multitude of better business practices, which will ultimately accrete value for our clients. Our engagement approach is driven by strong collaboration between all members of our investment platform, including our ESG and Stewardship Team. Our engagements take place consistently, and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings and more. We may also work with other industry participants.

We believe that our approach to engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including shareholders. We actively participate in industry initiatives, organizations and working groups that seek to improve and provide guidance on corporate and investor best practices, ESG integration and proxy voting issues. MFS is a member of or signatory to a variety of organizations and initiatives that promote ESG topics, including the Principles for Responsible Investment (PRI), the Workforce Disclosure Initiative (WDI), the CDP and Ceres. We are actively encouraging our portfolio companies to enhance disclosure and adopt good practices across a variety of ESG topics.

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PROXY VOTING ACTIVITY



**Percentage of total votes. MFS voted against management on at least one ballot item at 37.1% of meetings during the quarter.*

Q2 saw the peak of proxy voting activity for the year, with the majority of meetings for northern hemisphere markets held during the quarter. We took deeper reviews of proposals related to M&A, executive compensation, board composition, potentially overboarded directors and shareholder proposals. Our voting decisions were informed by internal cross-team discussions and targeted engagement. Notable votes included more proxy contests where we again saw the impact of last year's change to universal proxy cards in the US.

We continued to see significant volume of shareholder proposals, with the majority on governance where we supported proposals that in our view served the long-term economic interest of our clients, including those in relation to executive compensation, director elections, special meetings and article amendments.

Recent Engagement Activity

Energy Management Company

Sector: Capital Goods
Industry: Electrical Equipment



NEXT STEPS FOR THE
COMPANY INCLUDE
ENHANCING THE OVERALL
TALENT PROFILE OF THE
BOARD

We engaged with an energy management company pre-AGM to discuss the company’s recent leadership changes and governance strategy. Our discussion clarified the rationale behind the recent CEO change and provided insight into recent board composition changes. In our opinion, the recent CEO transition was thoughtfully executed, and we gained confidence in the board’s independence and functionality, particularly its ability to incorporate diverse perspectives. Next steps for the company include enhancing the overall talent profile of the board. Overall, we left this engagement with a positive view of the company’s governance and leadership strategy.



Pulp and Paper Company

Sector: Capital Goods

Industry: Forest & Paper Products



WE ENGAGED WITH THE COMPANY AFTER IDENTIFYING A RISING NUMBER OF LAND DISPUTES AND CONTROVERSIES

Our recent engagement with a South American pulp and paper company focused on addressing allegations by a local NGO related to land repossession from local and Indigenous communities and the environmental impacts of the company's plantations on community water rights. We engaged with the company after identifying a rising number of land disputes and controversies around land repossession from local communities. Through our engagement we learned that some of the increase in cases was driven by the end of a COVID-era regulation that prevented companies from relocating local communities who illegally trespassed on company land. After COVID, the company restarted the repossession process. We found that the company had a well-established process of working with its stakeholders, followed a formal governance process for managing repossessions and only acted with a court order. Much of its land has been purchased from other companies, some of whom might have engaged in land grabbing from Indigenous populations. These land titles have been under dispute for many years and reflect a systemic issue of unclear property rights in Brazilian agriculture rather than any subversive behavior by the company.

We also addressed reports on excessive water use and its impact on local communities. The company claimed that it has been pursuing a water-positive strategy and outlined its actions, including watershed replenishment in detail. We plan to continue to engage with the company to monitor progress in managing its environmental and community impact-related externalities in the regions it operates to minimize risks to operations, future land acquisitions and the company's social license to operate with local communities and stakeholders.

Electronics Company

Sector: Technology

Industry: Computer Systems



OVERALL, WE LEFT THE DISCUSSION CONCERNED BY A PERCEIVED LACK OF FORWARD-LOOKING GOVERNANCE AND STRATEGIC PLANNING BY COMPANY EXECUTIVES

Our Q2 engagement with senior management at an electronics company highlighted significant concerns regarding the company's approach to a few key themes, particularly labor practices, board accountability and corporate culture. We felt that management dismissed some of our material ESG concerns, including those related to labor laws and modern slavery, signaling a lack of commitment to meaningful change. Governance concerns were further reinforced by management's explicit rejection of external policies that aimed to improve board independence and director accountability. Overall, we left the discussion concerned by a perceived lack of forward-looking governance and strategic planning by company executives.

It is also our opinion that the company is inadequately managing risks posed by a weak corporate culture. This, as a result, has negatively impacted talent retention, R&D quality and long-term value creation. As we continue to own the stock, we plan to engage more broadly on governance questions to push for improvements in oversight, board structure and company culture.

Consumer Products Company

Sector: Consumer Staples

Industry: Consumer Products



DURING OUR DISCUSSION, WE NOTED POSITIVE DEVELOPMENTS IN PACKAGING, WHERE THE COMPANY REPORTED A NOTABLE REDUCTION IN VIRGIN PLASTIC USE

Our recent engagement with a multinational consumer products company focused on the company's progress in addressing deforestation, packaging and supply chain emissions reduction. During our discussion, we noted positive developments in packaging, where the company reported a notable reduction in virgin plastic use and is targeting substantially further reduction within the year. The company's approach, which includes lightweighting, increasing post-consumer recycled (PCR) content and trialing concentrated product formats, reflects thoughtful innovation aimed at reducing environmental impact, which should help maintain consumer engagement with the brand as well as sales. However, challenges remain in addressing deforestation risks in palm oil and soy supply chains, particularly as the EU deforestation regulations come into effect in 2026. The company outlined its roadmap for engaging suppliers and improving traceability, but the complexity of these supply chains and the financial penalties tied to non-compliance underscore the need for continued focus on the topic.

We also touched on supply chain emissions, where 90% of the company's scope 3 emissions reside. The company communicated that it has started integrating sustainability requirements into supplier agreements and enhanced supply chain due diligence, but the financial implications of these efforts remain unclear. Looking forward, we seek to better understand how the company plans to balance its environmental goals with financial performance and regulatory alignment.



In 1924, MFS launched the first US open-end mutual fund, opening the door to the markets for millions of everyday investors. Today, as a full-service global investment manager serving financial professionals, intermediaries and institutional clients, MFS still serves a single purpose: to create long-term value for clients by allocating capital responsibly. That takes our powerful investment approach combining collective expertise, thoughtful risk management and long-term discipline. Supported by our culture of shared values and collaboration, our teams of diverse thinkers actively debate ideas and assess material risks to uncover what we believe are the best investment opportunities in the market.

MFS may incorporate environmental, social, or governance (ESG) factors into its investment decision making, fundamental investment analysis and engagement activities when communicating with issuers. The statements or examples provided above illustrate certain ways that MFS has historically incorporated ESG factors when analyzing or engaging with certain issuers but they are not intended to imply that favorable investment, ESG outcomes or engagement outcomes are guaranteed in all situations or in any individual situation. When engaging with companies, including engagements on ESG topics, MFS' focus is discussing, gathering information about, and seeking appropriate transparency on matters that could be material to the long-term economic valuation of the company so that MFS may make an informed investment decision that advances MFS clients' long-term economic interests. MFS does not engage for the purpose of trying to change or influence control of a company. Engagements often consist of ongoing communications with an issuer. Engagement with an issuer may not result in any direct changes to any issuer's ESG-related practices. Favorable investment or engagement outcomes, including those described above, may be unrelated to MFS analysis or activities. The degree to which MFS incorporates ESG factors into its investment decision making, investment analysis and/or engagement activities will vary by strategy, product, and asset class, and may also vary over time, and will generally be determined based on MFS' opinion of the relevance and materiality of the specific ESG factors (which may differ from judgements or opinions of third-parties, including investors). Any examples above may not be representative of ESG factors used in the management of any investor's portfolio. Any ESG assessments or incorporation of ESG factors by MFS may be reliant on data received from third-parties (including investee companies and ESG data vendors), which may be inaccurate, incomplete, inconsistent, out-of-date or estimated, or only consider certain ESG aspects (rather than looking at the entire sustainability profile and actions of an investment or its value chain), and as such, may adversely impact MFS' analysis of the ESG factors relevant to an investment. The information included above, as well as individual companies and/or securities mentioned, should not be construed as investment advice, a recommendation to buy or sell or an indication of trading intent.

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