MFS® Investment Management

2024 MFS® Annual Sustainability Report

RESPONSIBLY ACTIVE FOR A CENTURY

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Letter from Ted Maloney

Over the last few decades, the way in which our industry has understood and implemented "best practices" when it comes to the topic of sustainability and ESG integration has transformed, and we expect that it will continue to evolve into the future. We believe this process of change is positive as new and existing ideas come together to ensure we and the broader investment industry continue to deliver for our clients over the long term.

Passing through our centennial year was a good reminder that a relentless focus on our mission — to create long-term value responsibly for our clients — has successfully led MFS® through many periods of uncertainty and will be our best guide going forward. Although the sustainability landscape remains dynamic and may have changed, the principles that underpin our strategic approach have not. In service of delivering excellence for our clients, we are positioned to take a long-term view and to deeply understand what we own on our clients' behalf. This means that assessing financial materiality and being a good long-term steward of capital is inherently aligned to our investment process and our fiduciary responsibility.

When I visit clients around the world, one question often comes up: What do we mean by "long-term"? In appreciation of the cognitive diversity at MFS that fuels good investment decision making, we know that different investors at MFS may have nuanced views as to how they think about time horizons in their specific portfolios. As a general rule though, for us, long term means over and through a full economic cycle. This could be five years, ten years, or longer. We've owned some companies in our portfolios continuously for over 20 years.

Over those time periods, an observer can understand why considerations such as new climate regulations, changes in consumer buying habits, emerging labor standards and other issues could influence our assessment of a company's valuation. Risks and opportunities that others consider "extremely long term" may be well within our investment time horizon, and we best serve our clients by considering these factors in our analysis.

Passing through our centennial year was a good reminder that a relentless focus on our mission — to create long-term value responsibly for our clients — has successfully led MFS® through many periods of uncertainty and will be our best guide going forward.

Given that our approach to investing relies on skilled judgement and collective intelligence, we would be unable to achieve any of this without our people and the world-class culture they uphold. Our success stems from our employees' passion and dedication to fostering an environment of inclusion and collaboration that allows us to come together as a team to deliver excellent long-term outcomes for our clients. We remain committed to investing in our people and the workplace we have built together. Given the importance of this foundation, you will find more detailed information about our approach to culture and community initiatives in this year's annual report.

As we continue to work together to navigate the changing world around us, we hope this report will illuminate the principles that drive our strategy, providing you with transparency on our activity and the ways in which we are evolving our approach to ensure we meet the needs of our clients and other key stakeholders.

Ted Maloney
Chief Executive Officer

Ted

/ ADHERENCE TO THE UK STEWARDSHIP CODE /

The UK Stewardship Code is a prominent standard that guides investors not only in the United Kingdom but around the world. Adherence to the code requires that we demonstrate how we are effective stewards of our clients' capital. In the spirit of deep integration, we have incorporated into this report our public response to the code.

The report and our approach to satisfying each of the principles under the code has been reviewed and approved by the MFS Investment Sustainability Committee. To find our response to each principle, see the table below. We have provided a symbol to identify each principle and provided the page numbers on which you can see how we act in accordance with it.

PRINCIPLES OF THE UK STEWARDSHIP CODE	PRINCIPLE	PAGE
Principle 1: Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.	1	5-30, 35-38, 57-59, 83-85, 87-108
Principle 2: Signatories' governance, resources and incentives support stewardship.	2	9-14, 17-25, 31-34, 56, 67-85, 87-118
Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	3	48-54, 122-124
Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	4	7-8, 17-30, 56, 58-59, 87-108, 119-121
Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.	5	17-31, 48-54, 72, 125-127
Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	6	17-25, 48-54, 61-64, 72, 130
Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues and climate change, to fulfill their responsibilities.	7	5-15, 17-38, 42-45, 87-108
Principle 8: Signatories monitor and hold to account managers and/or service providers.	8	82, 128-129
Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.	9	35-41, 45-47, 57, 119-121, 133
Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.	10	35-38, 42-45, 57, 61, 64, 87-108, 119-121
Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.	11	35-38, 45-46, 57
Principle 12: Signatories actively exercise their rights and responsibilities.	12	48-55, 131-132

These icons are used throughout the document to demonstrate each principle, for more information about the UK Stewardship Code, please visit frc.org.uk/investors/uk-stewardship-code.

Sustainability Overview

This section summarizes our approach to sustainability and the structures we have put in place to ensure our firm's goals are aligned with our core purpose: to create value responsibly for our clients.

Sustainability Overview

Our Approach to Sustainability

1 7

/ THREE PILLARS UNDERPIN OUR STRATEGIC APPROACH /

INVESTMENT

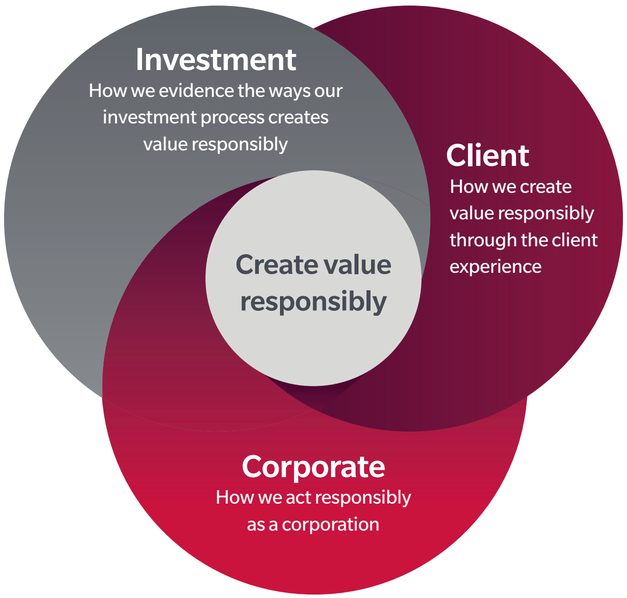
We have formally embedded sustainability into our investment process since 2009. Our work in this area has never been outsourced or siloed. Instead, it has been integrated into our investment process as the best way to create long-term value for our clients. Systematically integrating ESG factors — to the extent they are financially material — into our investment process through fundamental research and stewardship improves our understanding of what is, and what isn't, priced into equity and fixed income valuations.

CLIENT

We have an opportunity to assist our sustainability-oriented clients in integrating sustainability into their own work and communications. We are happy to create value for these clients in this way, while remaining focused on serving the needs of all our clients through our financial materiality-based approach.

CORPORATE

We manage our business the same way we invest: with a long-term focus. We aim to serve as exemplars to the businesses owned in our portfolios. Whether it's treating and compensating our globally diverse employees fairly or reducing our long-term impact on the environment, we seek to be at the forefront of these issues and to consistently align our sustainability efforts with our purpose of creating long-term value for the clients and end investors we serve.



Our Approach to Sustainability

MFS may incorporate financially material ESG factors into the investment decisions made across all the portfolios we manage. This means that in our fundamental investment analysis we take account of traditional indicators of financial performance, as well as environmental, social or governance factors that we believe will substantially affect the ongoing valuation of the issuer.

From our perspective, environmental, social and governance considerations are simply additional components of fundamental investment research. Research alone won't lead to the achievement of our clients' long-term investment objectives. It must be combined with thoughtful engagement with issuers in which we invest, along with effective proxy voting in our equity holdings.

MFS and the Broader Landscape 1 4 7

Recent decades have seen a rapid progression of sustainability expectations in the investment landscape. What started with US faith-based investors divesting from stocks that were associated with the apartheid regime over thirty years ago has evolved into a variety of approaches and perspectives. In addition to a range of views on how sustainability should best be implemented, there has been a growing separation of roles and agency with regards to actors in this space.

As sustainability has evolved and matured over the last few decades, we have begun to see less activity and convergence than before. Instead, different regions, investors and other stakeholders are discovering what their biggest priorities are — and we are starting to see a divergence of expectations as a result. Stakeholders are becoming more pragmatic with regard to their priorities, and there appears to be a growing acknowledgement that tradeoffs can't be ignored. In today's world there are many topical issues competing for priority — issues that are nuanced, but that often transcend geographical or political boundaries. It isn't surprising that stakeholders differ in their approach to these issues over time. As investors, we view this as a continuation of the evolving complexity around sustainability issues that must be considered for strong long-term decision making.

Beyond that, investors naturally have different time frames and approaches. Ours is a bottom-up approach based exclusively on financial materiality. But we don't exist in a vacuum. There are an increasing number of regulators and standard setters who are aiming to prevent the risk of greenwashing by issuers and fund managers.
Not all regulators or standard settings are moving in the same direction, however. This fact would normally be quite challenging, but as described in the letter from our CEO, our process of integration is well suited to meeting the needs of our clients, who have differing views and expectations.

Our process of integration is well suited to meeting the needs of our clients, who have differing views and expectations.

Moreover, the increase in regulations in certain jurisdictions has resulted in more disclosure and increased transparency vis a vis the companies we analyze and engage with, helping us better understand the longer-term risks and opportunities facing the issuer.

As an active, sizeable and respected investor in many companies, we can have meaningful dialogues with management and boards, and we firmly believe that our engagement and proxy voting efforts have led, at least in part, to the better management of risks and opportunities. This, in turn, means that over time we achieve better outcomes for our clients.

Resources and Governance 1 2 7

At MFS, it is our firm belief that a successful approach to sustainability can't be accomplished by building a separate team. The groups described in this section provide strategic leadership and support the effective integration of sustainability across the firm. Importantly, however, ESG integration and stewardship is the responsibility of each industry analyst and portfolio manager, not solely the responsibility of our sustainability professionals.

Our approach to internal sustainability governance is designed to ensure that we remain focused and relevant on all matters of sustainability. It is also designed to reflect the three core pillars of our strategic response — investment, client and corporate.

/ SUSTAINABILITY GOVERNANCE STRUCTURE /

The MFS Sustainability Executive Group (SEG) provides high-level leadership concerning the firm's sustainability strategy. It includes our chairman, CEO, president, director of ESG integration, head of the strategy and insights group, general counsel and director of investments (Europe/CEO – MIL UK), who are all responsible for the integration of sustainability across the firm. The SEG meets periodically to oversee the development of long-term sustainability strategy, including climate change–related issues, advise on and coordinate the implementation of that strategy and resolve any issues of prioritization and resource allocation for sustainability-related projects. The firm has also established committees and working groups that are a part of its existing committee governance structure and are devoted to the implementation of specific aspects of sustainability as a part of our investment process and in our corporate practices. They allow us to be agile and focus on key sustainability issues.

MFS SUSTAINABILITY STRATEGY AND GOVERNANCE STRUCTURE

SUSTAINABILITY EXECUTIVE GROUP (SEG)

INVESTMENT SUSTAINABILITY COMMITTEE (ISC)

CORPORATE SUSTAINABILITY COMMITTEE (CSC)

PROXY VOTING COMMITTEE (PVC)

The Investment Sustainability Committee (ISC)

The ISC is accountable for defining and implementing MFS' strategy and policies relating to the integration of sustainability into the investment process, engagement with issuers and escalation activities, the firm's adherence to relevant stewardship codes (including the Australian, Japan and UK Stewardship codes) and MFS' membership in investment-led collective engagement groups.

The Proxy Voting Committee (PVC)

The PVC oversees the adoption and administration of the MFS Proxy Voting Policies and Procedures as well as our proxy voting activities, including the consideration of ESG issues when voting securities owned by our clients for which we have been delegated voting authority, and engaging with companies on proxy voting matters. As part of its responsibilities, it works with the ISC to create an integrated approach to setting engagement goals and priorities.

The Corporate Sustainability Committee (CSC)

The CSC is accountable for defining and implementing MFS' client and corporate sustainability strategies and policies to ensure consistency in interactions with clients on sustainability issues (e.g. reporting, regulation and education), providing oversight of membership in client-focused ESG initiatives (e.g., CII), and coordinating MFS' corporate sustainability efforts.

/ STRENGTH IN COLLABORATION /

As mentioned above, it is our belief that a successful approach to sustainability requires the participation of our entire firm. As such, our process requires that all our investment professionals are actively engaged in, and responsible for, its success.

ESG integration across geographic regions, client types and asset classes

Our investment team operates as part of a global research and investment platform. Our investment decisions are rooted in collaboration across our globally located investment teams, and thus we manage our clients' assets the same way regardless of type, asset class or location. That said, we have investment personnel located in major financial centers around the world. While our process remains consistent, this broad reach gives us the ability to dig deep into local issues and provide more insightful and better tailored research, which can be leveraged by our global investors.

Within our global research platform, we conduct high-quality, active bottom-up analysis and engagement. We have over 300 investors in regions across the major markets in which we invest. This affords us the benefits of scale, allowing us to conduct thorough research into the companies we own using the diverse expertise of our platform to better help investees manage all material risks and opportunities. Our integrated global research platform is the foundation of our investment process. We believe using a collaborative global structure to share and integrate information builds better insights for our clients. It allows us to look at viewpoints and opportunities from every angle and provides a global context for every decision.

Analysts are organized into eight global sector teams that include equity and fixed income analysts as well as fundamental and quantitative ones. These sector teams meet weekly on a formal basis. In addition, portfolio managers regularly attend these meetings to participate in the discussion. Each team covers a major sector (i.e., capital goods, consumer cyclicals, consumer staples, energy, financial services, health care, technology and communications) from a worldwide perspective.

In addition, over the past year our sustainability and stewardship team launched our sector coverage initiative whereby one of our ESG-dedicated investment team members is assigned to one or two of our eight global sectors teams to allow for the development of deeper ESG-related research insights. This change has facilitated improved communication, informed our views on materiality and strengthened integration with our global investment platform.

DEDICATED SUSTAINABILITY PROFESSIONALS

Investment & Stewardship

ESG Research & Strategy Team

Director of Global ESG Integration **Rob Wilson**	*Fixed Income Research Analyst* **Mahesh Jayakumar**	*Director of Global Stewardship* **Franziska Jahn-Madell**	*Stewardship Coordinator* **Alexandra Schoepke**	*Stewardship Senior Associate* **Xinyl Wan**
Equity Research Analyst **Pooja Daftary**	*Fixed Income Research Associate* **Gabrielle Johnson**	*Stewardship Analyst* **Andrew Jones**	*Stewardship Senior Associate* **Herald Nikollara**	*Stewardship Associate* **Halley Scatchard**

Client Facing

Client Sustainability Strategy

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

Legal & Compliance

Legal & Compliance

Managing Counsel **Susan Pereira**	*Compliance Lead Specialist* **Corey Bradley**
Compliance Officer **Justin McGuffee**	*Regulatory Senior Specialist* **Nicholas Pirrotta**

Global Information Technology

Agile ESG Team

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

As of 31-Dec-24.

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.

ESG Research and Stewardship

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

Client Sustainability Strategy

A team of six are dedicated to engaging with our clients and the investment industry on sustainability issues as well as developing thought leadership around sustainability topics. This team plays an important role, for example, 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, monitoring and appropriately addressing sustainability 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 a compliance officer as well as a compliance specialist situated in our Compliance Department dedicated to overseeing our compliance program related to sustainability matters.

Information technology

The Agile ESG 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.

/ PERFORMANCE EVALUATION AND COMPENSATION OF INVESTMENT PERSONNEL / 2

MFS' philosophy on compensation calls for us to align the compensation of investment personnel with the goal of providing clients with long-term value through a collaborative investment process. To achieve this, the firm believes that part of the compensation calculation should involve the degree to which personnel foster long-term investment performance and contribute to the overall investment process.

The compensation of investment personnel consists of a base salary and performance bonus, with the latter typically representing most of the total cash compensation and based upon quantitative and qualitative factors. The main quantitative factor is the pretax performance of accounts managed over a fixed period to assess performance over a full market cycle and a strategy's investment horizon.

Qualitative factors involve a person's contribution to the investment team's collaborative culture. The qualitative portion of the team's compensation is based on the results of an annual 360-degree peer review process, as well as an assessment of the analyst's research process. Sustainability is an explicit element of the qualitative assessment of performance alongside other factors such as teamwork, communication and collaboration throughout the investment process.

We believe ESG factors will also impact the quantitative aspects of each investor's compensation, as the long-term performance generated by each individual will reflect their effective integration of sustainability factors.

We believe that this approach, rooted in incentivizing long-term performance, collaboration and the consideration of financially material factors, exemplifies the firm's prioritization of integrating material sustainability factors and stewardship.

/ EXCLUSION, DIVESTMENT AND AVOIDANCE / 1

Discussions around the concept of exclusion are nuanced, and we believe it is becoming increasingly important to distinguish between three terms commonly used interchangeably.

Exclusion — Deciding not to invest in certain sectors, companies, or projects exclusively due solely to a nonfinancial factor such as line of business, sector or industry or to a third-party ESG rating prior to doing any research or analysis.

MFS does not implement exclusions or negative screens unless directed by a client to do so in a separate account or as required by regulations (e.g. cluster munitions in certain markets).

Divestment — The post-investment liquidation of an investment from a portfolio based on fundamental factors, which may include sustainability factors. Divestment can be driven by a change in any fundamental factor, not just sustainability factors. Importantly, It isn't permanent and is a point-in-time activity based on our current financial analysis, making it different from exclusion. We may choose to later repurchase a company we have divested from should there be an improvement in valuation or industry- or business-related factors.

Avoidance — Post-analysis, but pre-investment; an active choice not to make an investment due to fundamental reasons. Avoidance isn't permanent and is also a point-in-time decision based on our current financial analysis, making it different from exclusion. We may choose to later purchase a company we have avoided if there is an improvement in valuation or industry- or business-related factors.

/ OUR VIEW ON EXCLUSIONS /

Given our investment principles, the asset classes in which we invest, our purpose-driven culture and our fiduciary duty to our clients, we believe constructive engagement is likely to yield better outcomes than excluding sectors and industries from a client's portfolio. We believe our clients are best served through a deep understanding of what we own on their behalf, which entails active ownership practices.

We expect companies to be managed in the interest of longevity, not short-term profit maximization. We expect them to pay due care and attention to social and environmental externalities that could incur a material financial cost at some point down the line. As is true in all aspects of investing, we can't simply avoid every material risk that may arise. Instead, we must focus our efforts on ensuring the companies we invest in are well positioned to manage those risks while also taking advantage of opportunities.

As active managers charged with being good stewards of our clients' capital, we avoid, engage with and divest from companies every day for a wide range of reasons that we believe may break or fulfill an investment thesis. We do this to accrete long-term value, and we believe an exclusion-based approach hinders our ability to uncover what we believe are the best investments for client portfolios.

However, when an engagement fails to generate improvements in the management of material issues, or at least allay concerns, we may adjust our modelling and valuation expectations, and we may also reduce position size or divest entirely from a security. The decision to disinvest starts with a deep understanding of the topic, engagement with management and, depending on the outcome of that engagement, a potential adjustment to the investment view. This can result in the decision to add, maintain, reduce or even disinvest entirely. The time frame for this is company specific, but in general, the more material the topic, the sooner we expect that it to be addressed.

/ LONG-TERM INVESTMENT HORIZON /

We invest our clients' assets with a long-term view and don't generally focus on or chase short-term investment performance. We focus instead on the long term because we believe this approach reflects what it means to be good stewards of our clients' capital. While we don't set specific investment horizons, our investment team generally views a full market cycle as at least a five-year holding period. Ultimately, our investment horizon depends on several factors, including, but not limited to, a client's stated expectations and goals, the asset class and overall market conditions.

Research and Investment Overview

We have consistently and thoughtfully combined analytic, bottom-up and thematic research and systematic risk management with robust active ownership in making our investment decisions. Remaining committed to this process, we have presented an overview of our sustainability initiatives, research and stewardship activities throughout the year.

Research and Investment Overview

Research and Investment Overview

1 2 4 5 6 7

/ SECTOR ALLOCATION /

At the beginning of 2024, we made a strategic change to our resource deployment and implemented a sector allocation approach whereby each sustainability-focused investment analyst is assigned to one or more sector teams. Each of these dedicated analysts joins sector meetings, stays abreast of changes in sector-specific investment theses and coverage, works closely with industry analysts to perform and present ESG-related research. The sustainability analyst also takes the lead on voting and engagement for their dedicated sectors. This approach has promoted efficiency in knowledge building and relationships, and in deepening integration and collaboration. For example, it may include advising the team on material and relevant shareholder proposals, providing more detailed analysis of remuneration plans and corporate governance assessments and working with the analysts on how to vote our shares and conduct engagements with companies in a manner that is aligned with investment materiality and therefore the long-term interests of clients.

/ THEMATIC RESEARCH AND CASE STUDIES /

Our sustainability-dedicated investment staff and industry analysts regularly present thematic research that examine ESG topics currently viewed to be material or potentially material to the work of our broader investment team. Over the next few pages, we present some examples of thematic research and related company examples that resulted from this research.

Carbon Capture Utilization and Storage

As described elsewhere in this report, climate regulations and carbon prices have been increasing in certain markets, and the prospect for more regulations creates financial risks for companies operating in industries with harder to abate emissions (e.g. cement). It is increasingly clear that carbon management will be crucial to helping hard-to-abate sectors reach decarbonization goals in the medium and long-term. This year, we conducted thematic research on carbon capture, utilization and storage (CCUS) and issuers using this technology, which is dedicated to the prevention, capture, and/or reuse of CO2 emissions in the atmosphere. Though only a relatively minor percentage of emissions are reduced by CCUS projects globally at present, it could become instrumental in helping high-emitting sectors significantly reduce their emissions in the coming years.

Cross-sectoral research clarifies potential in CCUS

In service of understanding sector trends, related alpha opportunities and downside risks, members of our investment team conducted focused research, engaged with issuers and held internal discussions across relevant sector teams around the growing importance of carbon capture technology in global decarbonization.

In addition to a supportive global policy environment for CCUS, we found that upstream energy producers with assets in advantaged locations are able to offer CCUS to customers and have the potential to create attractive new revenue streams. In power utilities, CCUS can enable power suppliers to meet rising demand for low-carbon energy, though it would also influence production costs.

Case study in action: Exxon and Denbury Inc. (energy)

Major players in the energy sector are placing bets on the future profitability of CCUS, as evidenced by Exxon's $4.9 billion acquisition of American carbon capture and storage company Denbury Inc. in 2023. Touting the US' largest pipeline network across the southeastern Unites States, Denbury was one of the largest and most established players in the American CCUS space.

The case for the acquisition was enhanced by factors including these:

1. States in the Southeast US — including Mississippi, Louisiana and Texas — are the dominant domestic producers of oil and natural gas, thus much infrastructure was in place.
2. There is significant demand for CCUS from the substantial local industrial base, in addition to Exxon's own industrial sites.
3. Denbury's pipelines are positioned above deep earth geographic formations suited to long-term CO2 storage.
4. Denbury had already secured the necessary Class VI permits for carbon sequestration, which Exxon would be grandfathered into.

The Denbury deal was deemed a more cost-effective alternative to building out separate infrastructure and pipelines from scratch. Acquiring functional infrastructure that avoids permitting delays and allows for immediate large-scale point-source carbon capture and storage for industrial emissions gives Exxon a key "first mover" advantage in this market. Exxon is also positioning itself to offer a reliable, low-cost and end-to-end carbon capture and storage solution for clients, as well as enabling the production of lower-carbon commodities like blue hydrogen. Although this seems to be a long-game investment for the company, it indicates that the energy sector predicts future profitability and compelling growth in CCUS ventures.

Is CCUS here to stay?

While a promising frontier in the transitioning economy, CCUS is still far from a widespread cost-effective adoption and may face strong headwinds in the coming years. Sometimes touted as a "silver bullet" to achieve net zero goals, investors and issuers will need to navigate conversations around CCUS technology while still prioritizing initiatives that will reduce operational emissions. Ultimately, we will need to ensure that CCUS isn't being over relied on while issuers simply maintain business-as usual scenarios and that related investments will generate appropriate and durable returns.

/ THEMATIC PROJECT: DATA CENTERS, ARTIFICIAL INTELLIGENCE AND POWER /

Early in 2024, various members of our investment team held meetings with company management and external experts to evaluate the risks and opportunities associated with the growth in data centers and artificial intelligence (AI). It quickly became clear that AI — while still a relatively nascent technology — was going to require the construction of more data centers and hence the addition of more electric power generation and transmission.

Interestingly, however, it was also clear that the needs of the AI use case were very different from past data centers. Historically, data centers have often been situated in a small number of locations near large population centers to reduce latency, or the time that data takes to travel between key users and the network. Many AI tasks don't require that same level of latency, which means AI-focused data centers can be built in new jurisdictions. We identified a variety of electric utilities that were likely to be net beneficiaries of this trend.

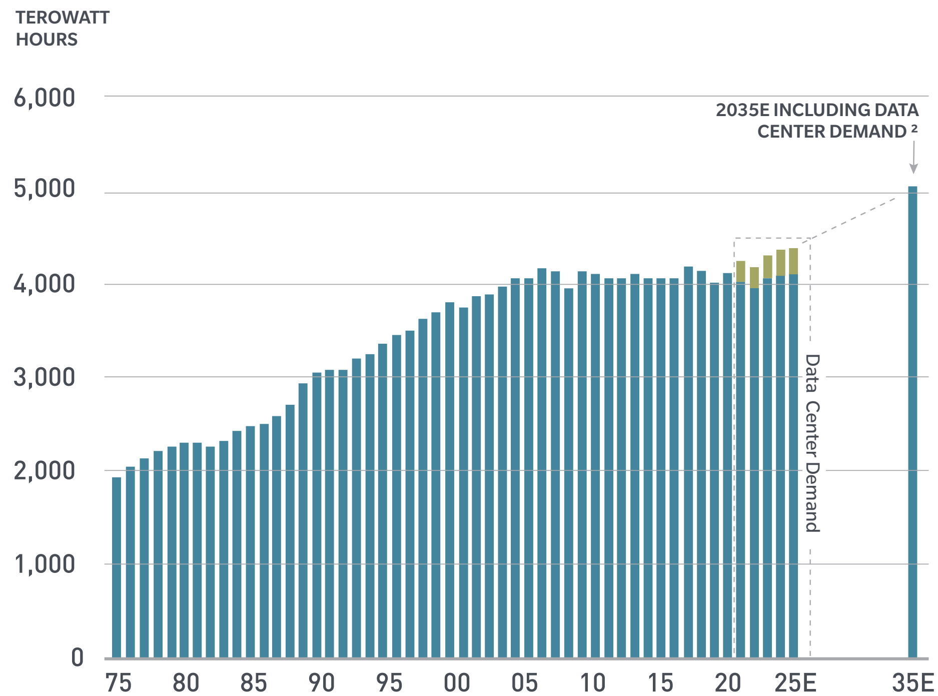
From a sustainability standpoint, we believe the ability to locate a data center in a different jurisdiction should have a favorable impact on environmental sustainability over the longer term, as more of these facilities can be placed in areas where renewable or low-carbon energy sources are more readily abundant.

Throughout the year, other environmentally related opportunities and risks presented themselves, and we engaged with a variety of power utilities and technology companies on related topics. For example, late in the year, an electric utility, American Electric Power (AEP) partnered with Bloom Energy to offer sustainable fuel cell power for a new data center. The solution is set to provide the new data center with power that is 34% lower in CO2 emissions than the grid on which the data center sits. On the risk side, we noted that elsewhere projects had been temporarily shelved as regulators were concerned the expansion of data center power needs could undermine cost fairness for other customers and lead to potential reliability issues.

Looking forward, we believe AI-related workloads will continue to drive data center demand for power. In fact, Empirical Research recently offered the chart below displaying the likely impact that data center demand will have on total US power demand, which had been flat for the past 20 years. We're going to continue to engage with utilities and large tech companies to understand how this trend could impact their growth, investment and decarbonization pathways and how new innovation might allow the growth in AI to decouple from power demand.

U.S. Electricity Demand

1974 Through 2035E[1]



Source: U.S. Energy Information Administration, International Energy, Rhodium Group, Emprical Research Partners Analysis
[1] 2022-2026E estimates from the EIA.
[2] 2035E estimate from Rhodium Group.

Case study in action: Hubbell (electric components and equipment)

We've found the overall dynamics around the electricity demand growth of the US economy to be extremely attractive given the multiple tailwinds underpinning what appears to be a long and likely durable runway for growth (driven by reshoring, digitalization, EVs, data centers, semiconductors, utility grid, etc.). Hubbell is a manufacturer of utility and electrical solutions. We believe the company provides a different flavor of this theme than similar companies like Eaton Corporation (another company we own based on the electrification theme), which can be more diversified across different types of customers and markets. By contrast, Hubbell has a greater concentration in utilities (comprising about 70% of its earnings), which we also appreciate and think could provide a steadier source of demand than is available to most industrial companies. In our opinion, the company trades at an attractive valuation for its quality (as indicated by its strong balance sheet, FCF conversion, ROIC, margins, etc.) as well as its revenue and EPS growth profile.

/ THE NET ZERO TRANSITION: CAPITAL GOODS AND INDUSTRIAL GAS COMPANIES /

During the year, we had several discussions with industrial gas companies around their net zero commitments and related projects and investments. Using our internal net zero framework, we conducted a high-level assessment of the risks and opportunities of these companies' transition plans and related capital expenditures.

Background

- In 2024, we conducted a deep dive assessment on the transition plans for certain high- emitting companies.
- We paid particular attention to chemicals and gases, which are large direct emitters but enable downstream customers to lower their emissions intensity through products like green and blue hydrogen, low-carbon fuels and fertilizers.
- Some industrial gases have large capex commitments, which when combined with demand uncertainty could create a range of potential risks to returns on invested capital.
- Our findings were then presented to our broader investment team.

Our research

- In general, industrial gas companies have ambitious net zero commitments. Some companies implement take-or-pay agreements whereby the customer agrees to take on the costs, such as potential carbon taxes or capex overruns, and offtake the final product at a predetermined price. This should secure the margins for the gas companies. Many of these companies have strong external data points and reporting around GHG emissions, short- and medium-term targets and transition plans, which we view as a positive.
- Our concerns primarily concern, internal transition plan credibility, specifically around the ability of companies to achieve their climate targets without damaging financial returns. At this stage, some companies are taking more financial risks in their investments in green hydrogen as they are deploying their own capital to build green hydrogen capacity without pre-contracted volumes and prices. This exposes them to more financial risk than the traditional take-or-pay model.
- As a result, we conducted some scenario analysis to better understand the drivers of green hydrogen demand. Our analysis suggested that current carbon prices were not high enough for green hydrogen to be cost competitive with grey hydrogen, and the current levels of demand were primarily driven by demand-side subsidies and clean energy requirements in Europe.
- We believe the ultimate return profile of these investments is still unclear, in particular due to regulatory and political uncertainties, and should be valued as such in our bottom-up analysis of companies.

Case study in action: Air Products and Chemicals (industrial gases)

We like industrial gas companies, including Air Products and Chemicals, because of their defensive business models, such as stable onsite businesses with long duration take or pay customer contracts and increasingly consolidated industry structure. APC has a differentiated strategy through its know-how in gasification, carbon capture and hydrogen for mobility, supporting its vision of a clean energy future. The company is investing strategically in green and blue hydrogen projects in a bid to be a first mover. Its new green ammonia in the Middle East has had major cost overruns and a nontraditional contract structure whereas Air Products and Chemicals will build green ammonia capacity without secured demand contracts that might create offtake risk.

The company's approach to decarbonization has been the subject of significant debate given its large financial investment in a technology with uncertain future returns. We have engaged with the board, including the lead independent director, to understand board oversight of capital allocation and have run various scenarios on potential changes to return on capital invested, based on a range of different demand contracts and supply subsidies. This is a case of where the market risk of a particular decarbonization technology has been identified by various participants with different investment horizons, resulting in significant volatility for the stock. Market participants have also questioned governance at the company, including CEO succession planning. Through our bottom-up research and fundamentals-driven scenario analysis mentioned above, we have maintained our conviction in the investment thesis.

Did you know?

On June 29, 2023, the Regulation on Deforestation-free Products (EUDR) entered into force in the European Union (EU). The main driver of deforestation is the expansion of agricultural land linked to the production of commodities like cattle, wood, cocoa, soy, palm oil, coffee, rubber and some of their derived products, such as leather, chocolate, tires, or furniture. As a major economy and consumer of these commodities linked to deforestation and forest degradation, the EU is partly responsible for this problem, and it wants to lead the way to solving it.

Under the Regulation, any operator or trader who places these commodities on the EU market, or exports from it, must be able to prove that the products don't originate from recently deforested land or haven't contributed to forest degradation. In December 2024 the EU granted a 12-month additional phase-in period, making the law applicable on December 30, 2025 for large and medium companies and June 30, 2026 for micro and small enterprises.

Source: Regulation on Deforestation-free products - European Commission

/ DEFORESTATION IMPACT ON THE COCOA SUPPLY CHAIN /

In 2024, our team explored the impacts of deforestation and physical climate stress on the cocoa supply chain and the resulting implication for long-term cocoa pricing, supply chain resilience and the profitability of companies with high revenue dependency on cocoa.

Background

While many commodities experienced material inflation coming out of COVID, the inflation in cocoa prices was unprecedented, with a 140% jump in 2024 versus 2023. While historic spikes in cocoa prices are followed by mean reversions, we wanted to understand whether the current inflation levels we were seeing were cyclical or whether there were structural drivers that would cause cocoa prices to stay elevated for longer. This is an important question to consider as our consumer staples team views cocoa as an attractive food category because of its volume growth and pricing power. Our analysis indicated that over the longer term, climate and natural capital considerations would result in cocoa companies having to manage higher levels of supply and therefore input cost volatility. As a result, investors would have to continuously evaluate how cocoa supply chains evolve and adapt, and how much of the cost increases could be offset by pricing without impacting volume growth.

What is driving price increases?

- Cocoa has the highest geographic supply concentration of all commodities as 60% of the global cocoa supply comes from West Africa, which is under increasing physical climate stress from water, heat and deforestation, which have in turn pressured cocoa yields. Additionally, government control over cocoa farming and cocoa prices creates distorted incentives for farmers who haven't invested in making their crops more climate resilient. As a result, we believe cocoa supply has faced a perfect storm, resulting in structural inflation that seems difficult to reverse given the underlying supply chain imbalances.
- The cocoa trade is also unique in that it is almost entirely conducted by large agricultural traders, many of whom source cocoa from cooperatives that have limited traceability to farm level, which is a key requirement of the upcoming EU Deforestation-free Products (EUDR) regulation. Companies across the cocoa value chain will therefore have to invest in improving Cocoa traceability, which is likely to be another inflationary driver for cocoa prices.

Our conclusions on cocoa-exposed companies

- Based on our research, we believe cocoa's unique dynamics could lead to long-term supply shortages, supply chain volatility and additional costs from inflation
- Cocoa sustainability spend from companies is likely to stay without meaningfully improving cocoa yields and supply.
- We plan to observe how price elasticity, potentially brought on by input cost increases, could influence our thesis that chocolate is an attractive food category

/ LOW-CARBON TRANSITION PLANNING AND ANALYSIS /

Case study in action: Danone (consumer staples)

In 2024, our sustainability-dedicated investment staff conducted research on transition planning and the analysis of consumer staples companies. Areas covered included challenges in reducing emissions from plastics, dairy and deforestation. Overall, we found that food companies face a more difficult transition pathway than household products companies because of hard to abate land-use emissions and the use of harder-to-recycle flexible packaging.

We continued to assess and engage with Danone in 2024 on these issues and focused our conversations on natural capital, deforestation risk in the soy supply chain, methane reduction in its dairy operations, progress made in increasing recycled plastic use and transparency in decarbonization-related capex. Overall, we note that progress has been made in several areas, particularly in methane emissions reduction and the realization that greater transparency is required on the scalability of regenerative agricultural practices, supply chain engagement and decarbonization capex.

/ DECARBONIZING THE CHINESE CEMENT INDUSTRY /

Currently, the cement industry is responsible for approximately 5% - 8% of global CO_2 emissions[1] and 12-13% of total emissions in China[2]. Cement will therefore be an important emissions reduction lever for China. Further, China's cement companies need to decarbonize given both domestic targets to transform at least half of clinker production capacity into "ultra low emission" by the end of 2025 and 80% by 2050[3]. Development of carbon border taxes in other countries also necessitates domestic cement industry decarbonization in order for Chinese cement to maintain or gain market share worldwide. There is a significant capital expenditure opportunity in decarbonization, but this can only be obtained through supportive regulation.

Since nearly 60-70% of Chinese cement firms either lose money or just about break even, they don't want to invest in decarbonization capex. Chinese cement industry profits have decreased 25% for the few profitable firms. With no financial catalyst for capex investment, regulation will be the key driver. Regulators can enable emissions reduction in the industry by implementing a sufficient price on carbon, which would make decarbonization capex viable.

Potentially starting this year, cement may be included in an Emission Trading Scheme (ETS). Large state-owned enterprises are utilizing a research group to assist regulators in designing the ETS. Allocating carbon allowances essentially increases producer profits for lower emitting producers and could drive the industry towards profitability. If the cost of carbon is included in the marginal cost of cement, cement producers will be able to recoup these costs through higher prices to end customers.

Case study in action: Anhui Conch Cement Company (materials)

One of our investee companies is Conch (Anhui Conch Cement Company), which is one of the largest cement producers in China and a significant participant in the global cement market. The company specializes in the production and sale of various types of cement, concrete, and related products. Conch runs numerous production facilities throughout China and has increased its presence in foreign markets. Conch is renowned for its efforts in adopting cutting-edge technologies and sustainable practices in cement production. Conch has a 14% market share and, with a 4% ROIC, is one of the most profitable Chinese cement companies.

If China is successful in implementing the required regulations for decarbonization, they will benefit large state-owned enterprises and productive producers such as Conch. In addition, higher pricing on carbon will also force inefficient capacity to exit, which should benefit lower cost, lower carbon and large-scale producers like Conch who stand to gain both market share and higher price pass throughs. As stated previously, Conch plays a pivotal role in the global cement market and has expanded its operations both domestically and internationally.

[1] Sustainable concrete is possible – here are 4 examples | World Economic Forum
[2] toward_net_zero_decarbonization_roadmap_for_chinas_cement_industry_executive_summary.pdf
[3] China sets carbon reduction goals for cement production

/ OTHER CASE STUDIES /

In addition to some of the thematic research and associated examples mentioned above, the following list of examples further highlights the integration of sustainability into other industries and sectors not previously mentioned.

Case study in action: Equifax (consulting services)

In April, ahead of the company's upcoming AGM, we had a call with company representatives, including the Chair of the board. Discussion focused on updates to the company's succession plans, board composition, as well as proposed changes to the company's executive compensation structure. As part of our review of the company's executive compensation plan, we expressed our views on the one-time special equity retention grant awarded to the CEO, which we felt was excessive in magnitude and lacked rigorous performance and vesting conditions. As a result of these concerns, we determined that a vote against the proposal was appropriate.

This created a dialogue that led to further candid engagements with the company after the meeting, in which we provided suggestions on enhancements and modifications to the compensation plan, including strengthening the performance metrics that underpin the award and lengthening the vesting period for the achievement of the award by a few years. We determined that the company remained vulnerable to significant corporate governance issues and we plan to continue engaging with it as it navigates important next steps in its management and governance initiatives.

Case study in action: Mitsubishi Electric (capital goods)

Mitsubishi Electric is one of the world's leading names in the manufacture and sale of electrical and electronic products and systems used in a broad range of fields and applications. We favor its three underlying businesses of manufacturing elevators, HVAC and factory automation equipment. Specifically, adapting to climate change can be a growth opportunity as it provides environmentally friendly, higher-efficiency air conditioning. Given rising global temperatures, this business segment should continue to grow as they have increased penetration in emerging markets and there is replacement demand in developed markets. To support future success, the company has a strong balance sheet, and we believe it has opportunities to exit underperforming businesses, improve corporate governance and increase profit margins. The company also has strong sustainability practices and a science-based target in place to reduce its carbon emissions.

Case study in action: Sasol (energy and chemicals)

Sasol is a leader in coal-to-liquids (CTL) technology conversion of coal into liquid fuels such as gasoline, diesel, and jet fuel. The company is a large chemical and energy producer with low leverage that benefits from cheap coal feedstock and has a 31% market share of South Africa's diesel and gasoline markets. We believe that in order to achieve a meaningful reduction in GHG emissions, Sasol must transition to natural gas (and ultimately green hydrogen) as feedstock, and renewables for power generation which will require significant time and investments. Sasol's management seeks to achieve a 30% GHG emission reduction by 2030 (versus 2017). By 2023, Sasol had reduced Scope 1 and 2 emissions by 5%, including by improving the quality of its feedstock and reducing production volumes. Sasol has signed power purchase contracts that will reduce GHG emission by 10% by 2026. Sasol also expects to sign power purchase contracts to replace most of its power demand with renewable energy, which will reduce emissions by 20m tCO_2e/year (equivalent to the annual emissions of Kenya).

By engaging with the company, MFS became more confident that Sasol will achieve its short-term goal of a 5% reduction in emissions from energy consumption and 10% reduction in emissions from chemical processes before 2025. Also, management reassured us that Sasol remains on track to reduce overall GHG emissions by 30% by 2030 by transitioning power generation to renewables. We will maintain our goal of MFS' engagements to hold Sasol's management accountable to their commitment to a 30% reduction of GHG emissions by 2030.

Case Study in action: Enbridge (midstream energy)

Our team has been assessing our holding in Enbridge, a Canadian energy infrastructure company with a growing utilities business. We believe management is committed to the company's net zero targets while also managing its long-term transition away from fossil fuels. In our view, the company has a proven long-term focus on diversifying its oil exposure in favor of natural gas and renewables, which reduces transition risk.

We have been engaging with the company in this regard to understand this opportunity further. We view Enbridge as an ESG leader in the midstream space. The company was one of the first to introduce net zero targets and to issue sustainability-linked bonds. It also continues to be transparent in its transition journey.

The company has attributed limited disclosure on scope 3 emissions to the absence of a framework and guidance as well as the difficulties involved in measuring Scope 3 (i.e., double counting). The company has expressed the intention to disclose more precise Scope 3 data,

Today, Enbridge's low-carbon portfolio consists of wind, solar, renewable natural gas, hydrogen and carbon capture, utilization and storage (CCUS). In our view, the most significant potential within the low-carbon portfolio is CCUS, as we discussed earlier in this report. Enbridge expects to move forward with its CCUS projects through smaller and more manageable projects. We view this measured approach as an effective way for the company to learn as this space evolves, and we also view it as a potential source of growth for the company.

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.

/ SOVEREIGN AND SUB-SOVEREIGN ISSUERS / 1 4 5 7

Although our approach to integration is consistent across asset classes, we want to offer our clients a dedicated discussion of our work in other parts of fixed income, as it includes a variety of specialized considerations not present in equities and corporate bonds.

ESG considerations have long been embedded in our sovereign research process. Governance is often considered the most prominent ESG pillar impacting sovereigns. In particular, political stability and the quality of institutions are critical to our ability to assess any country's likely probability of default, as changes in these factors can have an immediate impact on a government's ability and willingness to pay its debt obligations. However, environmental and social factors must also be considered.

Sovereign research incorporates third party and proprietary MFS views on country governance. We incorporate governance ratings from third parties such as the World Bank as objective assessments of country governance practices, including the independence of institutions, the rule of law, the enforcement of contracts, etc. MFS also generates a proprietary view on country political risk, which is integrated into our modelling of sovereign spreads. Certain social factors, such as labor market flexibility and labor force engagement are considered, in addition to core factors such as education levels and access to healthcare.

Climate change can also have material risks in sovereign debt due to its impact on national expenditures associated with disaster recovery from extreme weather events or preparedness through climate change mitigation and adaptation projects. Emerging market countries are particularly vulnerable since they lack capital or have higher funding costs, which exacerbates the myriad of risks they already face. For example, many of these countries are vulnerable to food insecurity due to the impact of climate change on their own agricultural production as well as higher prices for imports. Our investment team members are increasingly focused on a deeper understanding of environmental risks in sovereigns and their complex links with fiscal and monetary conditions, which in turn affect bond yields and credit ratings.

Deterioration in either social or environmental factors can influence political stability or the business climate of a particular country.

The integration of ESG factors is also present in our municipals research process. Sustainability concerns can often impact the credit quality of municipal bond obligors. Because third-party ESG research for municipals is still emerging, MFS has developed its own framework for integrating ESG factors into the research process. Analysts use their discretion to determine materiality. If a factor is material, the analyst integrates the factor into their analysis.

Sustainability impacts may not always be negative. They may positively influence an analyst's opinion of an obligor. For example, an issuer that provides robust disclosure could be viewed positively relative to peers.

We incorporate governance ratings from third parties such as the World Bank as objective assessments of country governance practices, including the independence of institutions, the rule of law, the enforcement of contracts, etc.

Country-Level ESG Dashboard

We have constructed an ESG dashboard, which allows us to create ESG-specific scoring for each country (a snapshot of which you will find below). With the dashboard, we can track the performance of key ESG issues over time, on a consistent and standardized basis against peers and relative to the level of development of a country. This last point is key because developing countries generally score worse than developed countries on ESG metrics. What we don't want to do, especially in an emerging markets context, is use ESG issues predominantly as a tool to punish these countries for underperforming. Instead, our focus is on relative outperformance and directionality: In what direction are ESG metrics trending? And how do we engage with countries in moving toward best practices (within the macro and financial envelope in which they operate)?

In addition to governance issues, the environmental and social issues we have selected as part of the dashboard have been asserted to be relevant to spreads, but we believe it is important to go one step further and quantitatively back-test the extent to which these ESG issues impact spreads to determine the weighting of each of E, S, and G factor. This contrasts with what we generally find elsewhere, where ESG weights are fixed (e.g.,⅓,⅓, ⅓ or ¼ ¼ ½). The result of our back-testing is a roughly 50% weight to G, a 35% weight to S, and a 15% weight to E issues when considering them in relation to spreads. That also aligns with our historical experience in the market, where governance has the most significance, followed by social and environmental issues, which historically been the least impactful.

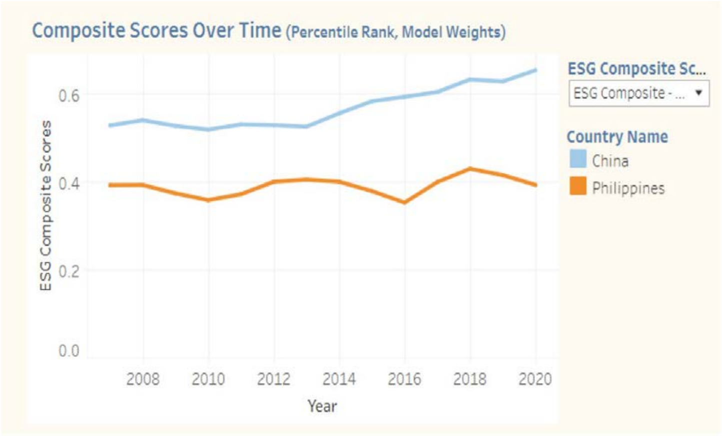
The benefit of this dashboard is that it allows us to see the development of these factors over time for a given country and to make cross-country comparisons. Please see an illustrative example of the ESG dashboard on the next page.

Assessing ESG Risk

MFS ESG Dashboard

Category	Factor	China	Philippines
Environmental	Environmental Performance Index	29%	32%
	Climate Change Vulnerability	62%	21%
Social	Business Dynamism	86%	82%
	Gender Inequality Index	85%	29%
	GINI - Income Inequality	61%	52%
	ICT Adoption	93%	38%
	Innovation Capital	96%	54%
	LPI – Education	79%	42%
	LPI – Health	96%	29%
	LPI - Labour Engagement	71%	62%
	LPI – Labour Flexibility	41%	75%
Governance	Control of Corruption	51%	31%
	Gov. Effectiveness	83%	57%
	Political Stability and Absence of Terrorism	47%	15%
	Regulatory Quality	32%	55%
	Rule of Law	47%	31%
	Voice & Accountability	3%	49%
Level of Development	GDP per Capita ($)	65%	16%

		China	Philippines
Country Scores	Environmental	47%	26%
	Social	90%	48%
	Governance	49%	42%
	ESG Composite	63%	41%



- Optimize materiality
- Cross-country comparison
- Monitor developments over time

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[1]ESG composite scores are based on data derived from various 3rd party sources (World Bank, UNDP, etc.) and weighted based on MFS Research. ESG composite scores: Roughly a 50% weight to Government, a 35% weight to Social, and a 15% weight to Environmental. ESG composite scores aren't representative of any MFS portfolio. The percentile rank is when compared to the other EM Countries in our universe. China, for example, is in the 29th percentile when compared to other countries on their Environmental Performance Index scores. Color coding is excel based percentile ranks. This example is intended solely to illustrate MFS' research process and isn't intended as a recommendation. It does not necessarily reflect MFS' current views. The securities and/or sectors mentioned in this example should not be viewed as advice, or as a trade indication. 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 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 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.

/ INCORPORATING ESG FACTORS INTO OUR SOVEREIGN RISK MODEL /

Given the relative importance of ESG factors examined in the analysis above, we have also used the same E, S, and G components to enhance our sovereign risk model. Through rigorous statistical analysis, we have determined the materiality of ESG factors when considered together with other macroeconomic and financial variables. We concluded that, in addition to the governance component, the social component should be added to our sovereign risk model to enhance its explanatory power. The E component was not included in the model as its effect was not found to be statistically significant. However, we monitor E-related factors through the dashboard, which allows the investor to adjust the weight of the E component to account for scenarios in which environmental issues may play a greater role.

View Generation – Country Analysis

Sovereign risk analysis

Political Stability

- Government policies, legitimacy and popular support
- Demographics and social indicators
- Strength of governing institutions
- Geopolitical factors
- Internal and external sources of stability

Long-Term Solvency

- Public and external indebtedness
- Fiscal policies
- Central bank independence and monetary policy
- Trade and foreign investment trends
- Diversification and structure of the economy
- International competivtiveness and growth potential

Short-Term Liquidity

- Foreign exchange reserves
- Acess to international captial markets
- Borrowing requirements
- Current account balances

Sovereign Risk Model

	External			Fiscal		Economy — Macro & Structural				Inst Strength & Governance			
	Current Acct / GDP (%)	Total External Debt / Car (%)	Res / Imports (months)	Fiscal Def. / GDP (%)	Public Debt / GDP (%)	Real GDP Growth (z-score)	CPI Period End (%)	Bad Loans Total (%)	Vol. of Terms of Trade (stdev)	MFS Curr Admin: Policy / Elections	World Gov't Indicator	Sovereign Risk Rating	Analyst Credit Rating
China	1.3	62.8	16.2	-3	52.6	1.1	1.7	5	0.056	6	-0.03	A	A Stable
India	-1.7	87.7	8.8	-6.2	65.6	1.6	4	7.6	0.142	8	-0.11	BBB	BBB Pos
Indonesia	-1.9	163.5	8.2	-2.8	29.2	0.9	3.5	3	0.095	6	-0.13	BB+	BBB- Pos
Korea	4.8	51.6	8.2	1.6	38.8	-0.3	1.6	0.6	0.063	8	1.1	A+	AA- Stable
Malaysia	1.1	81.6	5.4	-2.7	54.3	0.5	3	1.7	0.025	6	0.73	BBB	A- Stable
Pakistan	-3.7	145.2	3.7	-2.9	61.7	0.7	4.7	11.1	0.059	4	-0.69	B	B Stable
Philippines	0.6	65	8.2	-1.7	31.4	1.5	3.5	2	0.026	6	-0.1	BBB+	BBB- Stable
Sri Lanka	-3.2	181.9	3	-4	73.1	0.6	5.1	3	0.344	7	-0.12	B-	B+ Pos
Vietnam	-1.5	41.7	2.0	-5.6	66.0	1.2	4.8	—	0.031	6	-0.16	BB+	BB- Pos

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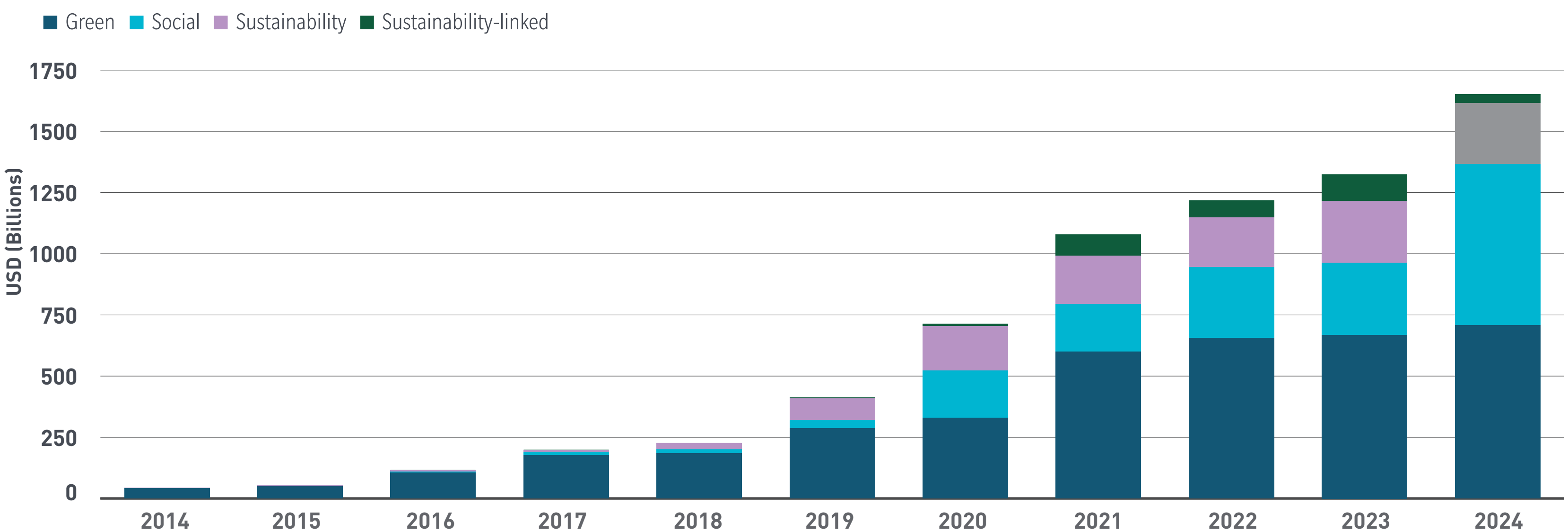
/ SUSTAINABILITY-THEMED BONDS /

We continue to own sustainable debt across mainstream portfolios, including green, social, sustainability and sustainability-linked bonds.

We purchase these bonds alongside mainstream debt using the same rigorous credit analysis process. Our exposure to them increased by more than 20% in 2024 compared to the end of the prior year. The proportion of these bonds as a percentage of our overall FI AUM also increased this year by a similar share

In terms of overall issuance and market trends, sustainable debt, including both bonds (80% of issuance) and loans (20%), topped $2 trillion in 2024 due to continued investor demand, energy transition goals and stronger standards. Green bonds accounted for 43% of ESG-themed bonds issuance at $700 billion, followed by social bonds (a 40% share) at $658 billion and in third place, sustainability bonds (15%). The issuance of sustainability-linked bonds was the lowest since the record highs set during the pandemic in 2021. These bonds have fallen out of favor due to concerns regarding the robustness of targets and their tracking. Some interesting developments regarding these bonds included the record issuance of transition bonds by the Japanese government in line with its Green Transformation (GX) program, the application of the social bond label to all of Ginnie Mae's single-family mortgage-backed securities retroactively, more countries using the debt-for-nature swaps mechanism and the increased issuance in blue bonds (bonds designed to support sustainable marine and fisheries projects), albeit from a very small base.

Annual Issuance of Sustainable Debt



Source: Bloomberg. Green bonds are specifically earmarked to raise money for climate and environmental projects. Social bonds are dedicated to funding social projects or activities that have a positive impact on individuals, communities or society. Sustainability bonds are bonds the proceeds of which are exclusively applied to financing or refinancing a combination of both green and social projects. Sustainability-linked bonds are a fixed income instrument the financial and/or structural characteristics of which are tied to predefined sustainability or ESG objectives. The objectives are measured through predefined Key Performance Indicators and evaluated against predefined Sustainability Performance Targets.

/ ESG DATA AND TOOLS / 2 7

Sustainability issues are complex, interconnected and evolving too quickly for a single rating or data point to reflect the full extent of sustainability-related risks and opportunities facing a company or investment. There are still many inadequacies when it comes to the availability and comparability of ESG data, which is one reason we believe there is no substitute for in-depth issuer analysis. The assessment of materiality can't be automated.

The availability, quality, consistency and comparability of ESG data is improving (though from a low base). So far, we haven't been able to identify a single provider that we believe meets our high-quality standards across all the material ESG considerations that we wish to consider. Therefore, we have chosen to take a best-of-breed approach, seeking to identify and acquire the best-in-class data on an issue. As a result, MFS draws data from numerous third-party ESG data providers and a diverse group of nongovernmental and other organizations. These organizations provide ESG-related data, company and issuer analysis and ratings, and sector and country analysis. MFS also receives research support from a large and growing number of sell-side ESG investment analysts.

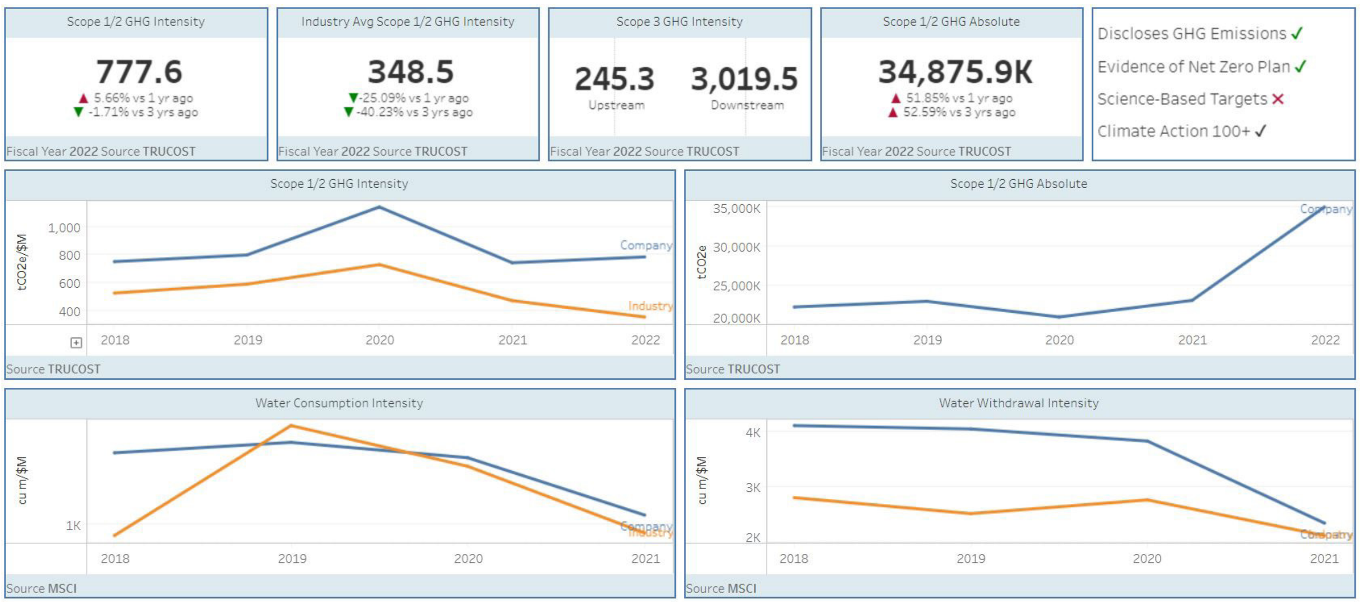
Tools Used by MFS

Tool	E	S	G	Controversies	Overview
MSCI-ESG Research	√	√	√	√	Broad-based provider of ESG metrics and provider of aggregated scores. We use this underlying data as an input into our fundamental research.
S&P/Trucost	√				Widely recognized as a market leader in providing carbon emissions data on companies and issuers.
RepRisk				√	Uses a quant or AI approach in scoring ESG risks. It is a controversy aggregator with broad coverage.
ISS	√	√	√		Provides quality ESG data and research used in our proxy voting process.
Glass Lewis	√	√	√		Provides ESG data and research used in our proxy voting process.
Bloomberg		√			Has higher-quality social metrics (such as worker safety and employee turnover) than many other broad providers and has more for fixed income investors.
RisQ	√	√	√		Provides ESG data for municipal bonds.
Clarity AI	√	√	√		Primarily aimed at ESG reporting for clients and regulators; provides off-the-shelf reports on regulations such as SFDR and the EU taxonomy; offers ESG "scores" and some raw data.

/ DATA AND TOOLS UPDATE /

We continue to invest heavily in data and the development of internal tools. To ensure that our team has access to a curated set of the most reliable data points, we have built dashboards that bring together material company-reported data points at the company, industry and portfolio level. We have rigorously evaluated the various providers for each data point and selected the provider that we believe offers the most accurate and widest set of coverage. This includes data associated with emissions, water usage, diversity, injury rates, employee attrition, data security, bribery and corruption practices, executive compensation, audit quality, controversies and more.

ESG Dashboard



During 2024, we enhanced our investment team dashboard by adding peer comparison functionality to our existing company analysis and portfolio analysis tabs. We also integrated our Sustainable Finance Disclosure Regulation (SFDR) and Principal Adverse Indicators (PAI) regulatory tools into this same dashboard, creating an all-in-one solution for our investors. Furthermore, we now offer data on social or green bond status for our fixed income investors. In 2025, we plan to integrate additional voting and engagement data into these dashboards, while also making other enhancements that will aid the team in identifying the most financially material risks and opportunities facing their companies or portfolio.

Throughout the year, we also continued our process of holding periodic (generally quarterly) discussions with our most important ESG data partners. During these meetings, we discuss any challenges we may be having accessing their data, what new data or information has been added to our existing subscriptions, and the vendor's development roadmap. These meetings provide us with opportunities we might not otherwise have, such as being a beta tester for Bloomberg's new on-terminal biodiversity functionality.

Sustainability Data Hub

To house our proprietary research and relevant third-party data, MFS maintains easily accessible, issuer-specific data hubs within our investment research system. Our team can access a wide range of data and reports from a centralized location, making our system a powerful research tool.

Centralized location for both internal and external research

MFS | Engage | MSCI | Trucost | ISS | RepRisk | Working Groups | ESG Company & Portfolio Dashboard

Links to relevant research notes written by equity, fixed income and ESG analysts

RATING	PRICE	SUBJECT
Notes: 11/01/2020 to Present		
Company rating, pricing and note subjects removed for display purposes		

ANALYST	DATE
Slingsby, Benjamin	8/15/2024
Wilson, Robert	1/14/2024
Slingsby, Benjamin	10/11/2023
Jassur, Lior	8/6/2022
Slingsby, Benjamin	7/1/2021
Slingsby, Benjamin	1/27/21
Slingsby, Benjamin	11/27/2021

Sector Map: Textiles, Apparel & Luxury Goods Industry — Higher risk — Moderate/Tail risk — Lower Risk — Opportunity

TOPIC	MFS COMMENTARY	MANAGEMENT QUESTIONS
Income Inequality/ Labor Practices	Summary: Society's growing focus on inequality could increase labor costs for these companies, which often offer their front line employees near-minimum-wage pay with limited or no benefits. Metrics: Employee turnover, CEO: Median employee pay gap, Glassdoor ratings, average pay of front line worker, % of front line workers who receive benefits (healthcare, insurance, paid vacation and sick leave, overtime pay), % of workers that are part time vs. full time and difference in benefits, Safety metrics such as injury rates and insurance policy for workplace accidents, fatalities, freedom of association/unionization.	Have you estimated a living wage for majority of your employees and how do you compare that vs. minimum wage? What are your targets for reaching a living wage over a 3 and 5 year period? Do you have a comprehensive employee survey and if so, what are the 3 major focus areas? Is there a material difference between full time and part time salaries and benefits and do you expect regulators to move towards closing that gap? How do you think about managing or flexing labor costs through a restructuring or slowdown? How flexible is your labor cost base, and how sustainable do you think this strategy is over the long term?
Sustainable Sourcing of Raw Materials	Summary: The pressure to source materials responsibly and clearly audit the supply chain for compliance is increasing. Quality companies understand the reasons behind sustainable sourcing and set targets to increase the % of goods they source sustainably. Metrics: Tier 1, 2 & 3 Supplier Audits all the way to farm/mine level. % of raw materials sustainably sourced and certified by a third party. Knowthechain rankings.	Can you outline your policies on sustainable sourcing and auditing of raw materials? Do you audit all three tiers of suppliers all the way to source? Do you report on the number of audit violations every year and remediation results? Do you disclose the name of all suppliers publicly? What third party certifications do you rely on to ensure sustainability compliance?
Supply Chain Mgmt & Modern Slavery	Summary: Supply chains are an increasing source of operational & reputational risk in these industries. Firms should outline unacceptable supplier practices (*e.g.* forced labor and/or overtime) and develop rigorous audit practices to uncover and correct non-compliance. Best practice also includes supplier transparency (publicly listing all suppliers) and offering long term contracts to suppliers to drive safety investments & living wages. Metrics: % of Tier 1,2 and 3 suppliers that are audited, reported number and type of labor code violations and specific remediation measures taken, % of suppliers committed to paying a living wage, % of supply chain that receives consistent training on labor mgmt and modern slavery.	What business/operational risk does modern slavery in the supply chain pose to your business and how are you working to eradicate it? What technological investments are you making to increase transparency within your supply chain? Does the board and C-Suite weigh in on supply chain labor management and if not then which group in the organization does so? What remediation action do you take when you find labor rights violations within the supply chain?

Notes written by our analysts and portfolio managers that address relevant sustainability issues are automatically linked, enabling the broader team to quickly identify and evaluate internal viewpoints on material factors impacting the issuers they cover or hold in a portfolio. We are also able to highlight when a research note is sustainability focused or contains information about an engagement.

A given company's sustainability page also displays our proprietary sector map for the relevant industry. MFS' sector maps outline the key environmental and social issues we believe are material to the industry and subindustry in which a company operates.

Each topic shown on a company's map includes an assessment of the magnitude of the risk or opportunity, an overview of the topic (including key data points to analyze) and potential questions.

Use of Third-Party Ratings

ESG is, by its nature, subjective and often involves considering risks or opportunities that are intangible and hard to measure. Weighing the ESG risks and opportunities facing an individual company is very difficult to do accurately using the one-size-fits-all approaches used in the creation of ESG ratings. As such, we prefer to rely on company reported data and our own engagement and analysis in determining how to model and value ESG factors.

/ CONSTRUCTIVISM: A COLLABORATIVE APPROACH TO STEWARDSHIP / 1 7 9 10 11

Our goal when investing is to be value creators and uphold our fiduciary duty to our clients. We believe constructive stewardship serves this aim well. Stewardship isn't just about the discharge of a duty (i.e., voting). It is also about collaboration with companies to improve firm value over the long term. In addition, this form of constructive engagement gives us an analytical advantage, which itself is a source of alpha generation. This approach to stewardship is consistent with how we allocate capital and our culture of long-term investing. It allows us to learn about the companies in which we invest as well as bolstering our relationship with management of these companies, which we believe will ultimately accrete value for our clients and help us achieve the best risk-adjusted returns possible.

In the investment industry, the prevailing wisdom seems to be that the stewardship decision is a binary one: You are either an activist or you are passive. We don't agree. There are many forms of effective stewardship. Academics from Oxford published a note on four forms of stewardship: conservatism, opportunism, constructivism and activism. The diagram below outlines the key features of each approach.

ACTIVISM

CHARACTERISTICS

- Adversarial
- Focus on fulfilling (significant) investor demands
- Willingness to escalate
- Investor knows company and has explicit ideas for change
- Quality engagement (high stakes)

TOOLS

- Shareholder resolutions/campaigns
- Naming and shaming
- Public engagement
- Strategic litigation

CONSTRUCTIVISM

CHARACTERISTICS

- Collaborative, open language
- Consensus-focused
- Focus on materiality
- Relationship-building
- Investor knows company
- Quality engagement

TOOLS

- Frequent outreach from both sides
- Active ownership (including voting)
- Private engagement
- Investor collaboration

CONSERVATISM

CHARACTERISTICS

- Focused on risks
- Often driven by minimum standards in client policies
- Threshold and policy focused
- High reliance on ESG data providers
- High quantity
- Exclusion is often escalation

TOOLS

- Letter writing
- Private engagement
- Investor collaboration
- Exclusion

OPPORTUNISM

CHARACTERISTICS

- Thematic approach
- Often reactive (flavor of the year)
- Often in collaboration with other investors
- Focused on system change (targeting entire sectors)
- Used for public positioning
- Quantity-engagement (high scopes)

TOOLS

- Letter writing
- Investor collaboration
- Public engagement (in case of investor collaboration)

Image source: [Four strategies for effective engagement | Responsible Investor (responsible-investor.com)]

Stewardship

Our engagement approach is driven by strong collaboration between all members of our investment platform, including our ESG research and stewardship team. Our engagements take place consistently, and in several different forms, often through mutual dialogue with company management, formal letters, ESG-focused meetings with board directors, etc. 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 sustainability topics, including the Principles for Responsible Investment (PRI), the Workforce Disclosure Initiative (WDI) and the Carbon Disclosure Project (CDP), among others. We are actively encouraging our portfolio companies to enhance disclosure and adopt best practices across a variety of topics such as setting science-based emissions reduction targets, addressing modern slavery and forced labor concerns and enhancing disclosure around employee management practices. We believe that our approach to engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including investors, which will ultimately be in the best interest of our clients.

Stewardship Methods

The stewardship spectrum ranges from constructive dialogues with issuers to making voting decisions reflecting our engagement efforts.

Issuer meetings

We engage in dialogue with company management, directors and other issuer representatives on a regular basis. We monitor and set up planned company meetings based on our identification of financially material issues and when it makes sense, request and thoughtfully analyze information on sustainability topics. While MFS may share its views on particular matters and may make requests for more information at these meetings, MFS does not engage for the purpose of trying to change or influence control of the company.

Collaboration

Where appropriate, in line with our fair competition policy, we may engage on a collaborative basis. We recognize that many ESG issues are systemic, and hence more suited to coordinated, cross-sectoral action. However, our overarching aim is to act in the best interests of our clients, which takes precedence over collaborative action.

Proxy voting

We take the opportunity to vote in a considered manner that reflects our bottom-up views of companies; we believe that this approach enables us to encourage boards and management teams to address areas that can result in more sustainable long-term returns, which is in the best interest of our clients. MFS generally votes on all proposals submitted at shareholder/ bondholder meetings, including resolutions proposed by shareholders, as well as corporate action resolutions (e.g., mergers, acquisitions and share and debt issuances).

Areas of Focus for Engagement

MFS' long-term investment horizon, investment process and detailed proxy voting policies and procedures provide a foundation for our stewardship activities, setting out our expectations of company management teams and boards. We believe that long-term value is enhanced through a financial materiality–focused assessment of ESG issues. Some areas of our investment team's research have included but are not limited to the following:

Board effectiveness

- A key role of a company's board of directors is to hire, incentivize, retain, guide and hold to account the CEO. They also help set corporate policies and strategy. In that regard, a board should be sufficiently independent, with diverse perspectives and skilled to hold executive management accountable for the development and implementation of strategy. Each board member should have sufficient time and attention to fulfil their duties and should not be overcommitted.
- The experience and skills that each nonexecutive and executive director brings to their role and to the board should be relevant to the company's activities, disclosed to stakeholders and, when practicable, add cognitive diversity. The nomination processes should be transparent.

Climate change and environmental sustainability

- MFS believes that climate change creates risks and opportunities over the long term for companies in essentially every industry. The firm's investment process aims to understand and incorporate the impact a company has on the climate and nature because we believe that topics such as carbon emissions, biodiversity, environmental degradation, deforestation and pollution will have a long-term impact on the companies we own.

Corporate Culture

- We believe that a company's culture is critical to its long-term success. We support practices that properly value employees (in a company's own operations and supply chain) and inclusive business practices that ensure diverse voices have a place in the organization's strategy setting and execution.

Disclosure

- MFS encourages accuracy and transparency in disclosure, which is are key to accountability.

Prioritizing Engagement Topics

As a thoughtful and active investment manager, our core strength is in the bottom-up, contextual analysis of issuers. Platform-wide strategic engagement priorities are aligned with areas of greatest potential investment risk and opportunity. We may also determine that strategic engagement affecting multiple issuers within an industry might be appropriate, in instances where significant ESG risks impact multiple issuers or sectors, particularly systemic risk like climate change. In such cases we may determine that a holistic approach to engagement provides the greatest opportunity for our clients' portfolios. Strategic engagement themes predominately tackle systemic risks such as climate change and issues where multiple industry sectors are affected.

We prioritize thematic engagements based on the following:

Exposure – We generally target our engagement according to the percentage of assets under management and the percentage of security holdings, which means that we may prioritize the largest holdings or holdings where we own a large stake on behalf of our clients.

Severity and outcome – We are more likely to engage on issues that present an immediate or severe threat to the long-term economic interests of our clients.

Investment conviction – We are more likely to prioritize an engagement where the issuer is currently in receipt of a recommendation from our investment process.

Proxy voting – We are more likely to prioritize an engagement if it relates to proxy ballots so we ensure we cast votes in the best long-term interest of our clients.

Engagement objectives, expectations and the desired form of success should be clearly communicated to issuers with which we engage at the beginning of the engagement cycle. Regular reviews help ensure the engagements are on track and most current data and information is considered. Members of the investment team write engagement notes in our investment database to track details of our strategic engagements.

Our investment process raises issuer-specific ESG-related risks and opportunities identified as part of our fundamental analysis and ESG integration work in management meetings, and we endeavor to factor these into our investment thesis where relevant and material.

/ ENGAGEMENTS IN ACTION / 9

Thematic Engagement: Culture & Banks

Even at banks that have risk averse cultures and that the market has considered "safe," cultural (and other) failures have led to failures on financial crime controls and also substantial regulatory sanctions and management change. Banks are especially vulnerable to financial crime given their utility in laundering money and the high number of transactions they process from a broad set of clients. Banks have invested substantially to implement customer identification, automated controls, data analysis to spot unusual client and transaction behaviors as well as to enhance cyber and data security. However, these controls can only achieve so much without an employee base that takes personal responsibility for risk management and feels empowered to report concerns and implement remedial steps. These cultural elements need to be driven by continuous messages from the executive and board and across the broad spectrum of risks (credit, financial crime, cyber, etc.). In 2024, we engaged with several banks where this culture had failed. We have sought to understand how culture of these banks is being changed, such as how staff and management are incentivised and rewarded and how risk and compliance functions are embedded within the organization and in decision making. We engaged at the board level to understand the board's role in achieving targeted culture and how they gain comfort that culture is where it needs to be. Where answers were unsatisfactory or actions still underway, we encouraged a sharper focus and remedies.

Thematic Engagement in action: North American Bank

We engaged with board directors of a North American bank following anti-money laundering issues. We investigated the root causes of the failings, including culture, process and governance. Through engagement we gained comfort that the board was taking the issue seriously and overseeing broad, long-term and considered improvements in controls as well as strengthening culture. The engagement helped us understand the possible scenarios, what further information would help inform our views and how to think about position sizes given what was priced in by the market.

Engagement in action: Cie Financière Richemont (consumer discretionary)

We hosted a meeting with Richemont to discuss governance matters related to recent board appointments and the overall size of the board. This meeting was a continuation of our previous discussions with the company on board composition. We discussed the independence of Richemont's nomination of a new director to the Board and Audit Committee. The company believed that the director should be deemed independent despite being a former executive at the company and a nonexecutive of a subsidiary, as it had been more than five years since he was last employed by the company. Despite the technical questions around the director's independence, we felt that he would be a valuable addition to the board. We also discussed the size of the board, which, at 16 members, we felt was too large and increases complexity. However, the company argued that there are various committees (i.e., Remuneration, Audit, Security) that require additional time and a larger board to ensure any one director isn't overstretched.

Engagement in action: ArcelorMittal (steel)

MFS has been engaging with ArcelorMittal since October 2022. The engagements primarily focus on climate related issues (climate action plan, climate related lobbying, relining of traditional blast furnaces and capex allocated to decarbonization strategy) and have also touched upon the recent health and safety concerns and increases in fatalities.

The company has shifted its decarbonization focus from electric arc furnaces to considering the wider implementation of carbon capture, utilization and storage with additional utilization commitments of scrap metal due to the undersupply of green hydrogen along with regulatory changes in Europe. Additionally, the company has not renewed its commitment to disclose a Science Based Target (SBT) as there were significant disagreements during the drafting of SBT guidelines which the company participated in.

Some progress at the company has been made, such as disclosing a climate report for its Indian joint venture; however, the last company-wide climate report released was released in July 2021 and the company has been promising an update since 2022. These issues combined with significant health and safety failures in the companies emerging market operations have led us to vote against the Sustainability Committee chair. We were also granted a first meeting with the independent chair of the board as well as the chair of the Sustainability Committee, in which we discussed strategic climate related commitments at the board level and hurdles in the industry and shared external perspectives.

Engagement in action: Schneider (electrical equipment)

We met with the chair at Schneider as part of the company's regular pre-AGM engagements with shareholders. We talked about the CEO transition, which seems to be going well, in our view, and some changes to the remuneration plan that we are supportive of.

We discussed a change to the long-term-incentive-plan (LTIP) performance criteria that Schneider is suggesting. In the current plan, 25% of vesting is based on Schneider's Sustainability relative ranking, as determined by external providers (DJSI, Euronext Vigeo, Ecovardis, CDP). Last year we questioned whether it made sense to use external rankings, as did other investors. Schneider has listened to that feedback and would like to change to internal indicators and tie the plan directly to the reduction in absolute CO2 emissions, including Scope 3. The reduction objective would be an absolute number of CO2 emissions (carbon budget) that the company would have to reach for the full year 2026.

We believe that these are explicit and ambitious targets, but in-line with Schneider's overall decarbonization commitments. Scope 3 reductions are the biggest challenge because Schneider can't completely control them, but the company sees many of its customers committing to net zero so believe the direction of travel, motivation and desire is present. We signaled to Schneider that we are supportive of the change to replace the external indicators with the internal CO2 emission reduction targets and will keep engaging with them on this topic as needed.

Engagement in action: Sodexo (restaurant services)

We held an off-season governance- and remuneration-related engagement with the lead independent director (LID) of food services and facilities management company Sodexo. This was a governance-focused call given the family control of the business as well as their involvement on the board and its committees. We wanted to get a better sense of how well the board functions and the influence of the family on operations and the board decision-making process. We gained further assurance that the independent members of the board feel their input is heard and work well alongside the family members. Despite the family control of the business, all board decisions seem to be made in consultation with all board members, and the LID highlighted that there have been several instances over the years where the independent board members have positively impacted proposals or actions initiated by the family. We also discussed ongoing board refreshment efforts, as the company is seeking to add new directors who possess specialty skillsets around data science, AI and sustainability in an effort to keep up with the evolving market landscape.

Another topic discussed was the company's most recent remuneration proposal seeking approval for a salary increase for the CEO. Following a review of the proposed changes, we determined support for the proposal was warranted as the salary increase was not deemed excessive in nature and was in line with other remuneration proposals that we had supported at peer companies. However, we did flag our concern around the board's timing, given their decision to increase the maximum opportunity of the incentive plan following the spinoff of a Sodexo subsidiary business, which would result in an operational downsizing of the company. Ultimately, given that the CEO's salary hadn't been changed since 2018, and as part of the renewal of her mandate, we determined that the pay increase was appropriate to bring her pay in line with that of industry peers and felt that the proposed salary adjustments were thoughtfully considered by the entire board.

Engagement in action: Consumer Electronics Company

During the year, we continued our long-term engagement with a multinational consumer electronics company that we have been engaging with for some years on modern slavery risk assessments of its supply chains. In the past, we identified a gap in the company's supplier labor policies and its ability to implement these policies across its large, complex global supply chain. We believe supply chain labor management is a material issue for the company given its exposure to regions like the EU and the UK, with tightening modern slavery disclosure requirements. We have since been pleased to see several positive developments. The company has taken on board some investor feedback and improved its supply chain labor disclosure. It has expanded its supplier compliance program to include Tier 2 suppliers and nonmanufacturing suppliers, expanded third- party audits to include select Tier 2 suppliers in Asia and laid out a policy on recruitment fees charged to migrant workers and a policy on maximum working hours allowed. In our view, areas for further development include building out implementation and remediation capabilities in Tier 1 and Tier 2 supply chains and increase the quality of reporting on remediation actions taken with noncompliant suppliers.

Sovereign Engagement in action: Kazakhstan

In 2024, members of our fixed income investment team held meetings with the Kazakhstani Ministry of Finance and the Central Bank in Astana. Kazakhstan has a history of weak governance. There have been some improvements in recent years, including on corruption. Authorities in our engagement meeting mentioned that recent constitutional changes have reduced the power of the president, increased the power of the parliament and improved governance and transparency. The reforms are steps in the right direction, although our view is that de facto the political system is still tightly controlled by the president. We will continue a dialogue on these issues. Furthermore, as a large oil exporter, we have climate transition risk concerns. The Ministry of Finance officials mentioned several recent measures put in place, including a project the Financial Regulator began with the European Bank for Reconstruction and Development and the International Finance Corporation to improve ESG standards in the bank and financial sector. Separately, there is a new law put in place to help facilitate issuance of ESG bonds and ESG procurement.

Engagement in action: TransDigm (aerospace and defense)

Several members of our investment team met with TransDigm to discuss various ESG topics. This inaugural call followed their publication of the 2023 ESG Stakeholder Report, in which the company laid out current progress pertaining to emissions reduction targets, sustainability risk management, employee management, development programs and a governance overview. The company has been frequently faced with anti competitiveness and price gouging claims. To address this, TransDigm established a "head of government relations" position, to be the main point of contact pertaining to past or potential future claims. Moving forward, we believe it will be critical to monitor the company due to the nature of their business model (i.e., frequent M&A in aerospace and defense markets) with respect to the Truth in Negotiations Act (TINA). The law attempts to address the problem of opaque pricing data and will require companies to disclose data for transactions over $2 million. We also discussed other sustainability plans, such as their carbon emissions reduction target which is "science-aligned" but not SBTi verified as well as health and safety metrics which may be monitored internally but aren't currently being outwardly disclosed.

Engagement in action: Ericsson (telecommunications)

In August, members of MFS' Investment team engaged with Ericsson on various social and governance topics. This meeting followed an investor presentation earlier in the summer where we were introduced to the company's new Chief Compliance Officer (CCO) and the responsibilities of this new position. Our conversation was centered around governance practices and recent cultural changes. We were pleased to hear of several relevant developments, including new senior leadership and further improvements in the company's compliance function and structure. Still, the group continues to operate in high-risk jurisdictions, which we believe potentially creates an asymmetric risk/reward for investors, catalyzing ongoing questions over the governance structure. Given the related regulatory challenges that it has faced in the past few years, it is proactively trying to prevent future incidents. The company stated that it has since reviewed third-party contract terms, put guardrails in place for high-risk countries and ensured the quality of historical investigation reports to mitigate fines and future headline risk. Positively, over the past two and a half years the company's senior leadership team believe they have successfully focused their efforts on improving a "speak up" culture, tracking compliance concerns and creating strict policies surrounding these topics. We plan to continue to monitor these topics and encourage Ericsson to continue proactively addressing all material risks.

Engagement in action: PEMEX (oil)

As one of the world's largest national oil companies based in Mexico, PEMEX is a large issuer of emerging market debt and continues to be held in our portfolios. Having engagements on climate and environmental topics in addition to strategic matters such as capex and financial support from the government is important due to the various issues facing the company. As such, PEMEX has committed to a 14% reduction in GHG emissions by 2030 as part of Mexico's broader commitment to the Paris Accords. PEMEX does not have a net zero target. The main goals of MFS' sustainability engagement with PEMEX are to 1) push for better disclosure and accountability on PEMEX's GHG emissions and social issues, 2) advocate for greater planning and investment in climate resiliency and 3) to work with the company to set sensible GHG emission reduction goals. On the last one on one engagement call, MFS was able to get greater clarity on constraints to implementation of PEMEX's newly published sustainability plan, the feasibility of themed financing such as sustainability-linked bonds to fund GHG reduction projects, as well as expertise and support to properly account for measurement and progress on emissions reduction including methane. Going forward MFS will continue to engage with PEMEX biannually with the goal to achieve tangible progress in these areas.

/ INDUSTRY INITIATIVES / 7 10

Asian Corporate Governance Association (AGCA) and corporate governance advocacy

In 2024, AGCA held its annual investor delegation trip to Japan, hosting a group of investors to meet with regulators, leading companies, industry associations, proxy advisory firms and so on to drive further improvement of corporate governance in Japan. During the delegation, financial agencies and investors such as MFS had discussions with both regulators and individual companies on corporate governance matters.

ACGA participants met with many regulators and affiliated associations, such as the Financial Services Agency (FSA), Keidanren, METI (Ministry for Trade and Industry), TSE (Tokyo Stock Exchange), the Cabinet Office, ISS/Glass Lewis and the International Financial Reporting Standards (IFRS) Foundation.

Although we recognize the gradual change of corporate governance standards in Japan helped by policy support from authorities and engagement effort by investors, we asked regulators to consider accelerating the pace of corporate governance improvements. We specifically focused on the following:

1. Increase of independent external board members –

We expressed the need to see further improvement in the quality of external board members by promoting better board training. While many companies on TSE Prime have increased their external board ratio to 33%, we encouraged higher independence rates over the long term and promoted the need for an independent board chairperson. Furthermore, as Japanese companies are mostly managed under an audit and supervisory board system and companies managed under a three-committee system are scarce, we highlighted the benefits of a long-term transition to a three-committee system.

2. Regular reporting in English and timely publishing of YuHo integrated reports –

Currently, the Japanese annual report called the YuHo integrated report (which is like a US Form 10-K) is published after AGMs, which is of little help to investors on proxy voting decision making. We therefore expressed the need to have these reports published prior to AGMs, which would enable investors to make a more considered vote and engage with the companies ahead of the AGM if need be. Also, we stated that investors need further disclosure of social issues, such as board effectiveness, pay gap, skill matrix of board members and the activity of committees. We expressed that a more concerted push by a range of regulatory bodies such as FSA and TSE can help deliver better governance outcomes.

3. Further drive of reducing cross-shareholding on balance sheets –

Cross shareholdings occur when companies within a value chain or across sectors own shares of other companies and vice versa. While historically, this structure might have helped corporates maintain stable relationships with lenders or suppliers, it is now considered to be a drag on returns on equity and signals poor board oversight on capital allocation. Liquidating such holdings would enable corporates to reinvest in their business through R&D, M&A, which would enhance long-term returns. It also allows companies to return cash to shareholders through paying higher dividends or conducting buybacks which would enhance long-term stock price performance. As part of the ACGA delegation, MFS discussed these views with the Japanese FSA. While some companies have started to sell down their cross shareholdings, we encouraged regulators to improve disclosure requirements on cross shareholdings by with greater accountability for the quantum and pace of unwinding

4. Acceleration of gender equality in job opportunity and remuneration systems –

This gap has been slow to correct, and we expressed that we need further policy input to drive a change in corporate behavior. We noted that the cabinet office has been keen to drive change but that the current plan isn't direct enough. We discussed more effective measures to drive the change with officers.

/ PRI SPRING /

In 2023 MFS joined the PRI's SPRING investment advisory committee, which provides guidance to the PRI on the rollout of its responsible policy engagement on nature. Our biggest contribution throughout last year was highlighting the importance of the financial materiality of deforestation. Because deforestation is driven by a myriad of global regulations and policies, corporate engagement on those policies is an important determinant of deforestation risks, be they physical, reputational or transition risks to businesses and therefore investors. Therefore, engaging with companies to disclose how they directly or indirectly engage with policymakers is a key part of deforestation engagement. We suggested using a materiality framework focused on high deforestation risk commodities in corporate supply chains similar to the research that we conducted on cocoa described above.

PRI Advance

During the year, we continued our work with Advance — a stewardship initiative in which institutional investors work together to act on human rights and social issues. We use Advance to engage with issuers on material human capital issues. As part of our work, we researched human rights standards, performance and related issues in the extractives sector to inform engagement and this led to our participation in an engagement with one particular company. The research and engagement investigated areas including policies and standards including on consultation, governance (including reporting lines and board oversight), the role of internal audit, grievance mechanisms and public reporting. It also investigated issues at specific sites. To inform the research we benchmarked companies in the sector and beyond and reviewed third-party reports on site specific issues and the company's response. This led to a focused and valuable engagement with subject matter experts at the company where concerns were raised and potential additional steps discussed. The issue was also raised with the chair of the board in a subsequent meeting and again with human rights experts and investor relations. Further engagement is planned in 2025. We also continued our participation in the Advance Advisory Group.

ASCOR (Assessing Sovereign Climate-related Opportunities and Risks)

The ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) project was established in mid-2021 by a group of asset owner and asset managers to create a framework and accompanying tool to provide investors and other stakeholders with a common understanding of sovereign exposure to climate risk and how sovereign issuers plan to mitigate and adapt to it. The research is being done by the Transition Pathway Initiative team at the Grantham Research Institute on Climate Change and the Environment (at the London School of Economics and Political Science). We are a founding member and part of the advisory committee and continue to help shape the project and its outcomes.

At the beginning of 2024, an inaugural webinar spread awareness of the project along with the framework and the ASCOR tool, including the assessments of 25 countries completed the prior year. In November 2024, the project released an updated framework presented in version 1.1 of the methodology note along with a landmark report containing the assessment of 70 countries' climate policies and ambitions. The significant increase from the initial 25 to 70 countries makes the ASCOR tool even more useful to investors seeking to integrate climate factors into their analysis of sovereign bond investments.

The countries assessed represent 85% of global greenhouse gas emissions, 90% of global GDP and 100% of three main sovereign bond market indices. The significant increase from the initial 25 to 70 countries makes the ASCOR tool a game changer for investors seeking to integrate climate considerations into their decision-making on sovereign bond investments.

Institutional Investors Group on Climate Change (IIGCC): Net Zero Sovereigns Working Group

In 2023, IIGCC launched the Sovereign Bonds and Country Pathways working group to update target setting guidance for sovereigns and increase adoption of net zero investment strategies in this prominent asset class. We were part of this project and one of our sustainability-focused analysts was a co-lead on the group.

As a result of the work done, in mid-2024, a discussion paper titled "Sovereign Bonds and Country Pathways" was published. This paper provides updated guidance for target setting and implementation of net zero goals in sovereign bonds. It addresses several key aspects such as techniques for attributing emissions from holdings, decarbonization pathways as well as tools to assess net zero alignment and efforts. Further work related to this project will continue in the coming year around climate solutions, just transition and advancing plans for policy engagement.

Global Reporting Initiative (GRI)

The GRI Standards enable an organization to publicly disclose the most significant impacts on the economy, environment and people, and how the organization manages them. The GRI Standards also seek to align with other reporting frameworks to avoid the duplication of disclosure effort and ease the reporting burden for organizations. However, unlike other frameworks that focus on how sustainability-related risks and opportunities affect the organization, the GRI Standards focus on the outward impacts of the organization.

They are a modular system comprising three series of standards: the GRI Universal Standards (GRI 1: Foundation, GRI 2: General Disclosures and GRI 3: Material Topics), the GRI Topic Standards (reporting specific information on material topics) and the GRI Sector Standards (describes material topics relevant to a sector). The three Universal Standards apply to all organizations. The intention is that the use of Sector Standards will increase the quality, completeness and consistency of reporting by organizations.

As part of the Sector Standards Project for Financial Services, in late 2023, the Global Sustainability Standards Board appointed three multistakeholder Technical Committees to develop standards for the banking, capital markets and insurance sectors. Each committee consisted of thirteen financial service experts representing civil society, mediating institutions, business enterprises, labor and investment institutions. MFS joined the Capital Markets Committee to aid in providing technical advice on the development of content for draft standards. After several meetings throughout the development period, a draft standard was released later in 2024. Public commentary is permitted throughout 2025, along with any ensuing revisions, with the final release expected in mid-2026.

/ ESCALATION / 9 11

Escalation refers to investor use of additional stewardship tools and activities to make progress on unsuccessful earlier efforts or to address issues that are especially urgent. If the outcome of our initial, direct engagement is unsatisfactory, MFS may consider escalation using a variety of different tactics with a range of stakeholders at a company, such as the investor relations team, management or nonexecutive directors, as well as the sustainability team. The approach we take will depend on the circumstances of each case and may change in light of progress by the company or other developments in areas that we feel will benefit our clients in the long term.

Our escalation toolbox includes tools such as these:

- Additional targeted meetings with company management or non-executive director
- Writing letters to the board or management
- Withholding support or voting against management and non-executive directors
- Withholding support or voting against specific resolutions such as the report and accounts
- Disinvesting of an asset: While we consider engagement to be a powerful mechanism for change within companies, we recognize that it isn't always effective despite our best endeavors, and that a failed engagement may lead to disinvestment should our overall investment thesis be impaired by the company's lack of response to tackling specific risks.

Escalation in Action: European Steel Company

In 2024 we continued to engage with a European steel company with regard to its climate strategy, meeting its short term 2030 target and stringent and regular climate disclosure. The company also encountered significant numbers of fatalities in 2023, and an engagement focus on human capital, specifically on health and safety systems, employee culture and its subsequent audit was added. **Escalation – Vote AGAINST:** Lack of progress and transparency led us to vote against the chair of the Sustainability committee. **Escalation – Raise issue at BOARD Level:** Additionally, we raised with the company that we would like to address our concerns with nonexecutive members of the board, and we were permitted to speak to the Lead Independent Director as well as the chair of the Sustainability Committee. Some the health and safety concerns were sufficiently addressed and there was greater clarity with regard to the uncertainties the company is encountering at regulatory and policy levels, which impact its short-term climate targets. Core uncertainties the company is grappling with primarily concern the impending implementation of the European Carbon Border Adjustment mechanism (CBAM). The company believes the new mechanism isn't fit for its purpose, as it does not encourage the export of expensive low-carbon steel to low-cost, high-carbon steel markets (among other reasons). Furthermore the scope of CBAM is limited and the company argues that it should include all steel- intensive finished products (e.g., car or wind tower).

Did you know?

The carbon border adjustment mechanism (CBAM) puts a price on the carbon emissions of goods imported into the EU, thus levelling the playing field between EU industry, which is subject to a carbon price in the EU emissions trading system (EU ETS) and foreign producers in countries that don't have an equivalent system in place. The sectors covered by the CBAM are cement, electricity, fertilizers, iron and steel and aluminum hydrogen, and some precursors and downstream products made from cement, iron and steel and aluminum.

Source: Carbon border adjustment mechanism

/ CONSIDERATIONS WHEN ENGAGING AS A BONDHOLDER / 9

Our equity and fixed income research teams are highly integrated and work closely together to develop a comprehensive view of the companies we follow. They jointly participate in meetings with the management of a company at one of our offices or travel together to a company's headquarters. This has facilitated deep relationships among the analysts and has resulted in a unique level of collaboration and teamwork that we believe has been a critical contributor to adding value for our clients and a significant differentiator for MFS.

Open communication with issuers is an important aspect of bond ownership. We believe that long-term-oriented asset managers that invest in all asset classes can positively influence governance and business practices by encouraging management to recognize that material issues are relevant to all parts of the capital structure and affect a broad investor base.

Our fixed income investment professionals are part of many issuer engagement meetings. We believe they offer a unique perspective and that their inclusion in these meetings can serve as a means of further encouraging more open communication between issuers and bondholders in addition to equity holders. In addition to engaging individually with portfolio companies, investors, including bondholders, can participate in industry working groups and organizations that seek to develop standards and thought leadership on emerging issues.

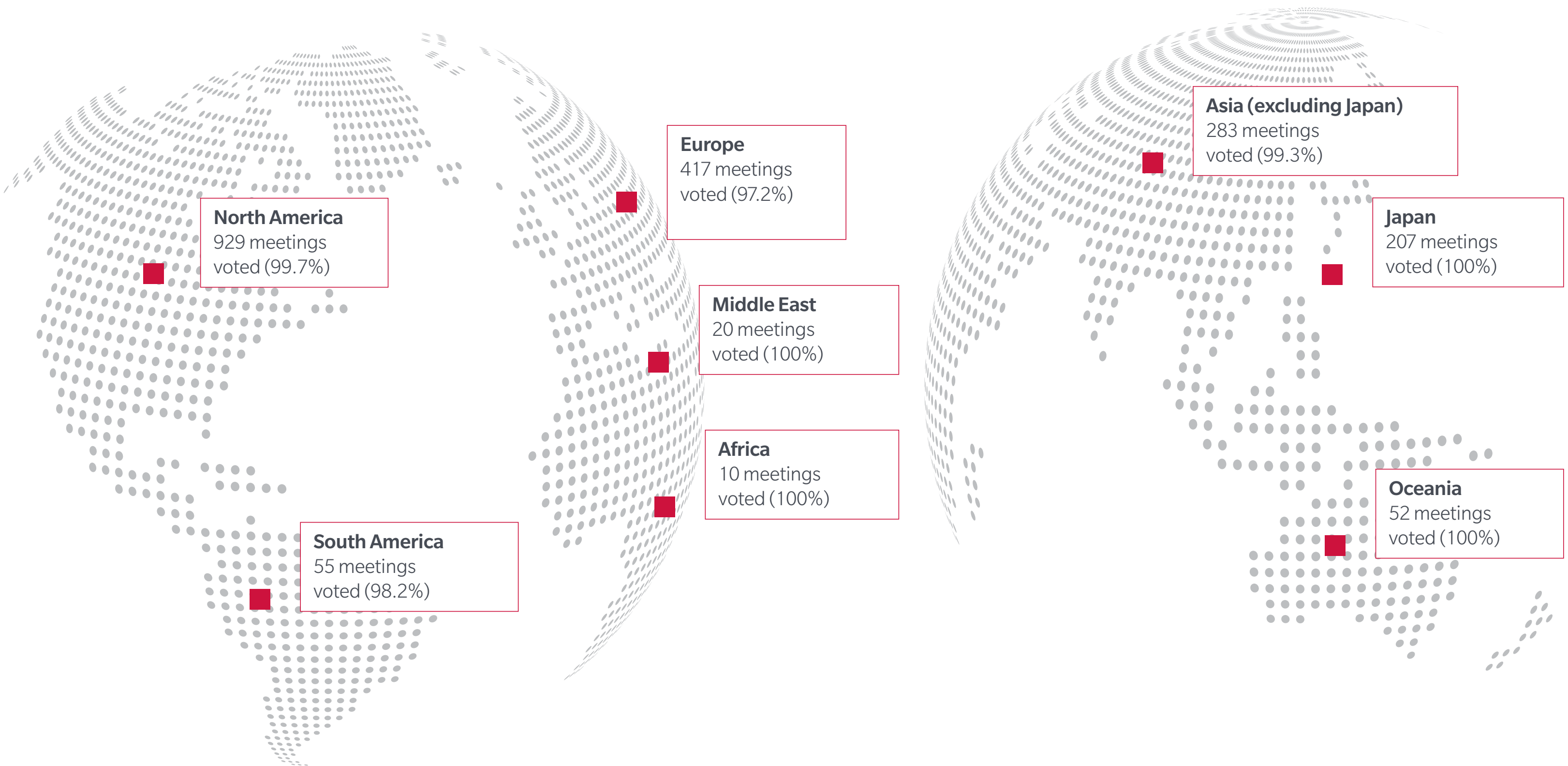
At MFS, fixed income strategies represent a significant percentage of our assets under management, and so we are continually seeking ways to better assert our rights as creditors of an issuer's debt. Bond covenants play an important role in determining rules that help investors understand their legal rights as bondholders as well as obligations of the issuer due to corporate events that can affect their ability to repay creditors. Our investment team focuses on reviewing prospectuses and transactional documents and engaging with management and underwriters prior to investing to understand the risks and terms of a debt offering. Based on this analysis, we determine if the investment is in the best long-term interest of our clients. However, the depth of fixed income markets and the nature of the typical instruments that we invest in (i.e., larger debt offerings) limit our ability to influence terms or covenants. Occasionally, however, when participating in certain debt offerings (typically smaller offerings), we do have an ability to provide feedback that may influence contractual terms. This generally takes the form of engaging with management around additional indebtedness, limitations on asset sales, restricted payments and liens. In all circumstances, we agree only to terms that we believe generate or preserve long-term value for our clients. Finally, in extraordinary circumstances, such as a default, we may have the ability to work with an issuer and other investors to help shape a path to recovery or the responsible disposition of the assets. Even in these circumstances, we seek to achieve, when possible, long-term solutions that we believe benefit our clients and are reflective of the good stewardship of capital.

/ 2024 PROXY VOTING YEAR IN REVIEW / 3 5 6 12

MFS was eligible to vote on 24,014 ballot items at 1,991 shareholder meetings across 56 markets. The firm voted shares at approximately 99% of these meetings, with the remaining meetings not voted due to share-blocking concerns (eight meetings), government sanctions that legally precluded us from voting (two meetings) or market specific and other voting impediments (eight meetings).

A full record of MFS' proxy votes cast, including votes withheld and votes against management, is publicly available at www.mfs.com/sustainability. Simply select location and role to access our records.

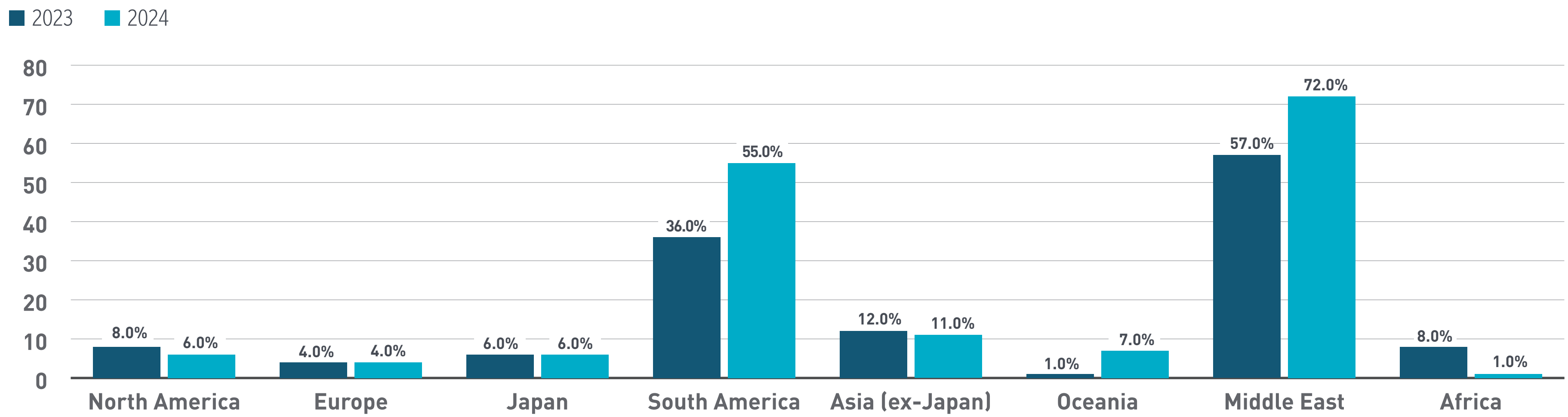
The map below shows the number of meetings voted around the world, along with the percentage of meetings voted within each region.



Executive pay

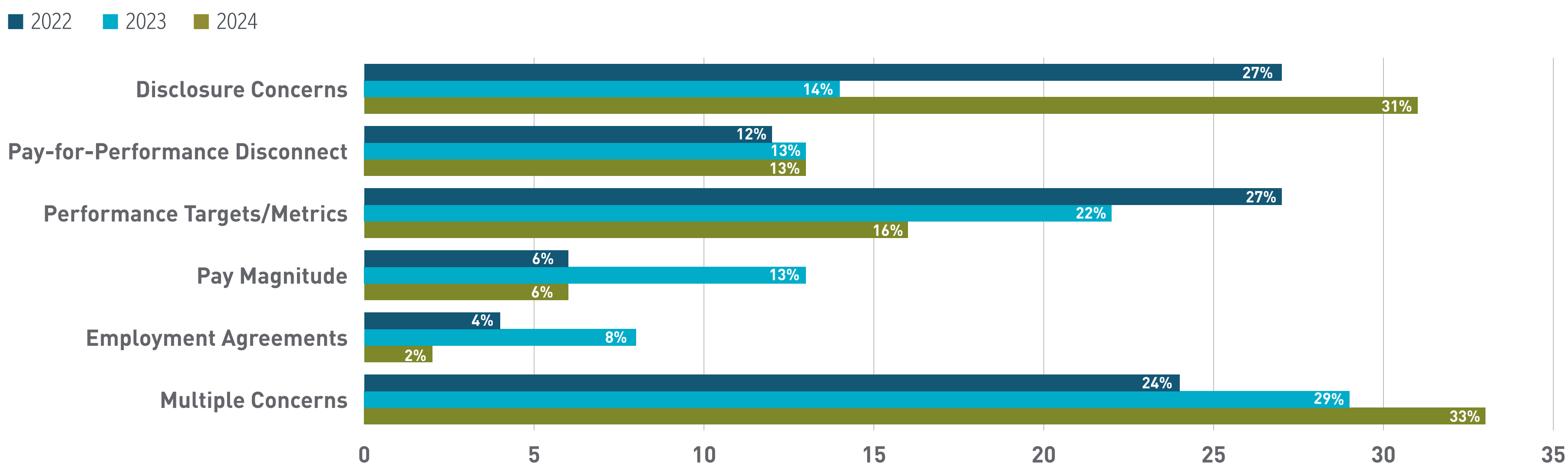
MFS believes that advisory votes on executive compensation ("Say on Pay") are an effective mechanism for expressing our view on a company's executive pay practices and can help ensure that they are aligned with shareholder interests and don't incentivize excessive risk taking. While we understand that competitive pay packages are necessary to attract, motivate and retain executives, excessive or short-term-oriented compensation schemes are unlikely to be in the best long-term interests of shareholders.

How Often MFS Voted Against Executive Pay



MFS voted against or abstained on approximately 8% of executive pay proposals globally. As illustrated below, our rationales for voting against executive compensation practices included instances where multiple compensation related concerns were identified with a company's executive compensation structure, a general lack of disclosure relating to the performance metrics weights and targets that underpin the company's short-term or long-term incentive plans, short- and long-term performance plans that lacked stringent performance metrics tied to executive payouts, instances where we have identified a material disconnect between executive pay relative to company performance and instances where companies granted excessive payouts or high one-off retention grants to executives.

Reasons for Deeming Pay Excessive



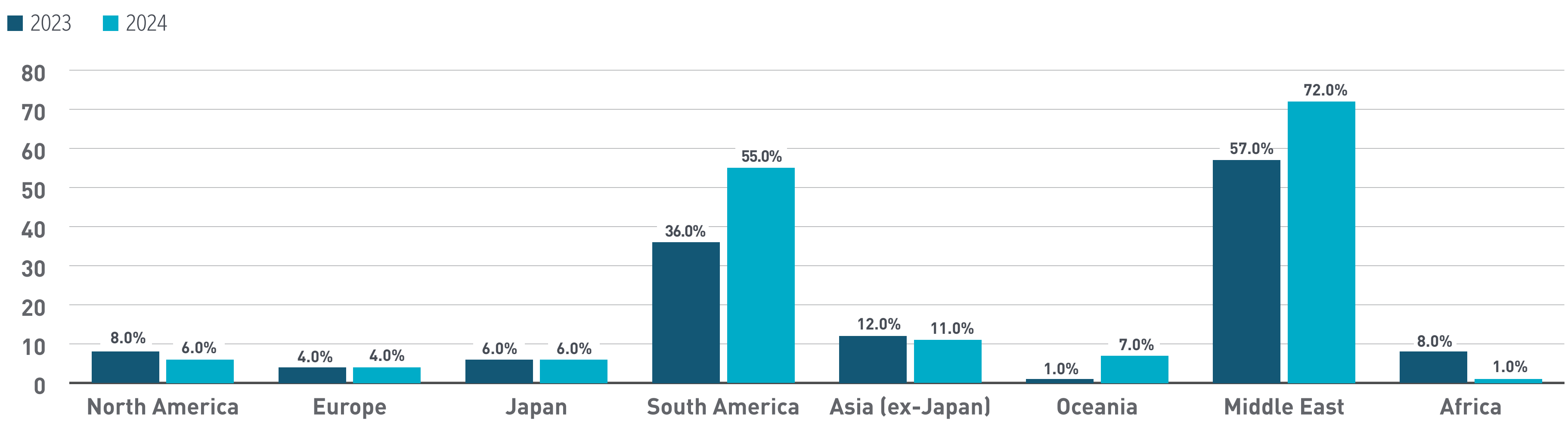
Director elections

MFS believes good corporate governance begins with a board accountable to its shareholders. While we generally support director nominees in uncontested elections, we don't support a nominee in certain circumstances (e.g. low board independence, excessive outside board service, low attendance). Furthermore, we believe that a well-balanced board with diverse perspectives is the foundation of sound corporate governance, and that gender diversity is one of the many ways corporate boards can enhance the diversity of their views, skill sets and collective expertise.

There is little change proposed to the proxy voting policy for 2025. The guidelines on board independence in Japan (Prime Market) and nominating and compensation/remuneration committees in Korea were raised. We plan to take a deeper look at overboarding, including director roles on committees. Following internal analysis and discussion this year we will also be focusing our review on executive compensation to specific issues of concern.

In 2024, there were 937 voted items where MFS voted against management's recommendation on director election related proposals. Approximately 28% of the votes involved director and committee independence concerns, 18% for situations where the board failed to remove shareholder-unfriendly provisions in the company's charter documents, 17% due to the boards failure to meet market-specific board diversity-related expectations, 7% were due to concerns about overboarded directors and 4% related to performance and capital misallocation concerns. The remaining 26% of the votes against were due to a number of other governance-related concerns, such as director failure to attend less than 75% of board and committee meetings they were scheduled to attend without a valid excuse, concerns over excessive lead independent director tenure, prolonged shareholder dissatisfaction with a company's executive pay program due to inaction by the compensation/remuneration committee to address the issue(s) and the general lack of timely disclosures by the company pertaining to director classifications and qualifications.

How Often MFS Voted Against Directors



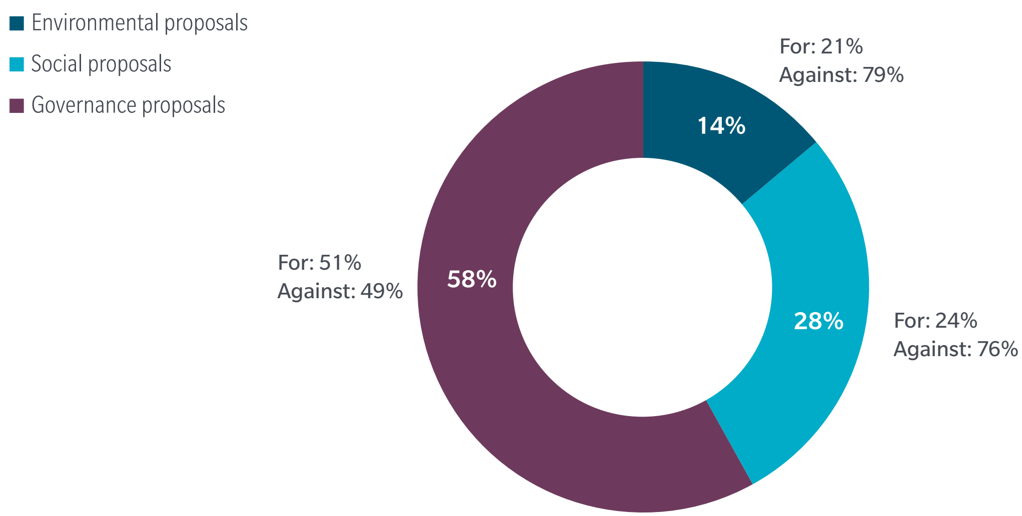
Shareholder Proposals: Gathering Insights and Looking Forward to 2025

During the 2024 calendar year, we observed an increase in the number of shareholder proposals voted compared to 2023. The number of shareholder proposals on the ballot at issuers held by MFS clients increased from 668 proposals in 2023 to 802 proposals voted on in 2024. The largest increase was in the category of governance-related shareholder proposals, from 337 in 2023 to 463 proposals in 2024.

Of the 802 shareholder proposals in 2024, MFS voted in favor of 315 proposals. Of those proposals, 24 were environment-related proposals, 54 were social, and 237 were governance-related.

Our overall support for shareholder proposals also increased, from 35% in 2023 to approximately 39% in 2024. While overall shareholder support for governance related proposals showed an increase from the levels of 2023, environmental and social proposals continue to see a decline in average shareholder support, despite the volume of proposals increasing under both categories over the past two years.

How MFS Voted on Shareholder Proposals



During the 2024 calendar year we observed an increase in the number of proposals voted compared to 2023.

Governance Issues

Corporate governance-related shareholder proposals saw the largest year-over-year increase, in 2024 MFS voted on 463 governance related proposals (compared to the 337 proposals voted on in 2023) and supported 51% of these proposals (compared to the 36.5% we supported in 2023). 165 of the governance related proposals pertained to shareholder nominated director elections. The proposals varied from the election of shareholder nominated directors, to internal statutory auditors and fiscal council members, to dissident director nominees on the ballot as part of a contested election/ proxy contest. After careful consideration of the qualifications and classifications of these director related proposals, MFS voted in support of 104 proposals. These types of proposals were most prevalent with Brazilian and Chinese companies.

61 of the proposals pertained to compensation related matters, the proposals varied from requests to submit severance agreements to shareholder vote, to proposals seeking to approve remuneration of directors, internal auditors and committee members, to proposals requesting the company adopt share retention and claw back policies for senior executives, MFS supported 18 of these proposals, with 8 proposals receiving majority shareholder support.

MFS also supported 30 of the 33 proposals requesting the company eliminate its supermajority voting requirements and 19 of 27 proposals pertaining to shareholders' rights to act by written consent or to call a special meeting. Twenty-eight of the proposals received majority shareholder support.

Environmental Issues

MFS voted on 115 shareholder proposals related to environmental issues in 2024 (compared with the 107 proposals voted on 2023) and supported approximately 21% of these proposals (compared with 34% in 2023). 95 of the 115 environmental proposals that we reviewed during the reporting period requested additional company reporting on environmental matters, including reports on the impact of climate change on the company’s business operations, disclosures related to company climate lobbying activities, adoption and reporting of greenhouse emissions reduction targets and various other related proposals. After considering the merits of these proposals, we supported 25% of them. Two of the proposals requested that the company provide meaningful disclosures concerning its climate-related risks and policies and emissions reduction targets. They received majority shareholder support.

Social Issues

MFS voted on 224 social shareholder proposals relating to social issues (similar to the number of proposals voted on in 2023) and supported 24% of these proposals (compared with the 32% we supported in 2023). Of the 224 social proposals that we reviewed, 49 requested reports on political contributions or lobbying activities. While MFS typically supports proposals requesting additional disclosure regarding a company's political contributions (including lobbying activities), we vote against proposals if we believe the company has already disclosed sufficient information. Of the 20 proposals supported by MFS requesting reports on political contributions or lobbying activities, only one proposal received majority shareholder support.

During 2024, we considered votes on 46 human rights–related proposals and supported 13. These proposals varied in nature, with 10 requesting the companies undertake a third-party assessment relating to their commitment to Freedom of Association and Collective Bargaining Rights, proposals also focused on third party audits relating to workplace health and safety conditions and the use of child labor in a company's value chain.

MFS voted on 19 proposals requesting reporting on gender and racial pay gaps and supported 3, and we voted on 7 proposals requesting that the company report on the effectiveness of diversity, equity, and inclusion efforts, voting in favor of 5 of them. Reporting on the use of artificial intelligence was one of the new proposal themes for this year. In total, we reviewed 6 AI-related proposals throughout the year and supported 4.

Proxy Voting Policy update

On an annual basis we review our MFS Proxy Voting Policies and Procedures, which includes proxy voting guidelines that govern how we consider votes on specific matters, and we update the policy with two core objectives in mind: (i) to make clear our expectations on good governance to both clients that have delegated us with voting authority and companies in which we invest; and (ii) to organize our voting guidelines by subject matter as opposed to markets, reflecting our view that the key principles of good governance apply globally.

A summary of the more substantive changes to certain voting guidelines, effective January 1, 2025, is as follows:

- Communicating our expectation for (i) a majority independent board for Japanese companies with a controlling shareholder and listed on the Prime Market and (ii) an independent chair and a majority independent compensation/ remuneration committees for companies in South Korea.

- Increasing our gender diversity expectation for boards of companies by revising our guidelines to vote against the chair of the nominating and governance committee or other relevant position in cases where there is less than 10% board representation of women at Latin American companies (other than Brazilian companies). Our expectation for Brazilian companies remains at 20% board representation of women.

It is important to note that our overall approach has not changed. We remain guided by the overall principle that voting decisions are made in what we believe are the best long-term economic interests of our clients.

Use of Proxy Advisory Firms 8 12

We analyze all proxy voting issues within the context of the MFS Proxy Voting Policies and Procedures, which are developed internally and independent of third-party proxy advisory firms. We use third-party proxy advisory firms to perform various administrative services related to proxy voting, such as vote processing and recordkeeping. We also receive research reports and vote recommendations from multiple proxy advisory firms. However, these reports are only one input among many in our comprehensive analysis, which includes other sources of information such as proxy materials, company engagement discussions, other third-party research and data. These sources of information help us in our effort to vote in the best long-term economic interest of our clients.

MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and that we address any material conflicts of interest involving them. This due diligence includes an analysis of the adequacy and quality of the advisory firm staff, its conflict-of-interest policies and procedures and its independent audit reports. MFS also reviews the proxy policies, methodologies and peer-group-composition methodology of our proxy advisory firms at least annually. Additionally, the firm requests quarterly reports from our proxy advisory firms that include the disclosure of any violations or changes to conflict-of-interest procedures.

MFS requests

QUARTERLY REPORTS

from our proxy advisory firms that include the disclosure of any violations or changes to conflicts of interest procedures.

/ RISK MANAGEMENT / 2 4

MFS Investment Risk Management Framework

Our cultural emphasis on risk management is incorporated into all facets of our investment process. At MFS, the goal isn't to minimize risk but rather to understand its sources and effectively manage it. The risk management process is aimed at ensuring that each strategy takes an appropriate level of risk that is disciplined and consistent with the investment philosophies of its mandate while also meeting long-term investment objectives. Risks impacting each strategy may come in the form of either systemic or issuer-specific factors. As a result, we take a collaborative approach to assessing and managing portfolio risk to ensure all types of risk are identified and managed.

SECURITY LEVEL

On a day-to-day basis, risk analysis occurs at the security level through our fundamental and equity quantitative research efforts. The fundamental analysts assess the operational, financial and evaluation risk characteristics of each issuer they follow, and quantitative models use factors based on earnings momentum, price momentum, valuation and earnings quality. Careful consideration is also given not only to the evaluation of each security's appreciation potential but also to the level of downside support the team can reasonably expect when things don't develop as anticipated. Each investment team engages in a comprehensive evaluation of the risk characteristics of all investment ideas as a consideration for inclusion within their portion of the portfolio.

PORTFOLIO LEVEL

The portfolio management team uses daily exposure reports and monthly attribution reports to review the portfolio's industry and sector weightings versus the benchmark to confirm that the portfolio's positioning is consistent with the team's investment convictions and theses that result from its bottom-up fundamental research. The Investment Management Committee (IMC) reviews the portfolio risk reports monthly to ensure that our investment policies are carried out by the team.

Semiannually, portfolio management team members meet with the CIO and the co-director of Quantitative Solutions/chief investment risk officer to review various portfolio characteristics and risks inherent within the strategy to ensure they are consistent with the strategy. We have also developed a comprehensive periodic portfolio evaluation that measures sustainability characteristics across a wide array of ESG metrics. These reviews are attended by the portfolio manager(s) of the strategy, at least one sustainability dedicated member of our investment team and the firm's CIO and relevant co-CIO.

/ PERIODIC PORTFOLIO SUSTAINABILITY REVIEWS / 1 9 10 11

We consider both risks and opportunities when evaluating factors and trends, and we have implemented systematic processes designed to help our investment team manage material risks at the security and portfolio levels.

Periodically, each of our equity and corporate/sovereign debt portfolios are evaluated by our sustainability-focused investment analysts. The insights from each evaluation are shared with the portfolio managers on the strategy. These reviews are designed to provide portfolio managers with a comprehensive view of potentially material risks and opportunities in their portfolios based on third-party data and MFS' own internal research and viewpoints. The portfolio is screened against a broad set of company-reported and other data from various third parties, including where relevant selected MFS' SFDR low-carbon characteristics and principal adverse indicators (PAIs) under the EU's Sustainable Finance Disclosure Regulation (SFDR). Deeper analysis is then undertaken by a sustainability analyst on issues identified, including discussion with the relevant covering analyst. Progress since the last review is assessed both on company performance and outcomes of engagement. At the heart of the process is a live discussion with the sustainability analyst and portfolio manager(s) to talk through key points from the analysis as well as related changes in the relevant industry or market. The key issues identified are then recorded and follow-up actions assigned such as further research or engagement. These reviews complement the bottom-up research being conducted across the firm.

Separately, the firm's chief risk officer and respective asset class CIOs perform a broader semiannual portfolio review of each portfolio covering a wide variety of topics, including investment risk exposures, investment philosophy and current portfolio positioning. These reviews also incorporate third-party sustainability ratings and perspectives such that each portfolio's sustainability profile is evaluated against that of its benchmark and sustainability rating changes since the last review. Both periodic portfolio sustainability reviews and semiannual reviews are intended to prompt additional research and collaboration among the investment team and inform investment decisions.

Risk review in action: Consumer Cyclicals Company

In 2024, one of these portfolio sustainability reviews identified a consumer cyclical company where a variety of social metrics, such as employee turnover Glassdoor and health and safety metrics, were pointing to potential operational concerns within the business. Upon discussing the company with the portfolio managers, we compared the company to others in the same industry and found that this holding was indeed underperforming its peers. As a result, we took the data into our next meeting with the company's CEO and COO, where we engaged to better understand the underperformance. While the management team helped us understand certain aspects of the differences in performance on some measures, they suggested the others would require time to display improvements generated by their new strategy and corporate culture. We will be monitoring this data going forward to evaluate whether our thesis of operational improvement is playing out.

/ MARKET-WIDE AND SYSTEMIC RISKS / 1 4

This section provides an overview of many of the specific market-wide and systemic risks that our investment team focused on in 2024 and describes how these risks have influenced our investment and engagement processes. The consideration of these risks is additionally reflected throughout this report in the discussion of our investment, engagement and collective initiative activities. Many of the risks are discussed in further detail throughout the report.

Climate change

We believe that climate change is and will be a defining investment topic in the decades ahead, creating risks and opportunities for all businesses and society in general. As long-term investors seeking to allocate capital responsibly, MFS is carefully analyzing the impact that climate change and related market changes is having on companies held in our clients' portfolios, as well as on those companies being considered for future investment. We participated in many climate-related engagements throughout the year, both through collective engagements and separately as individual owners of a company.

We invite you to read the firm's report aligned with the Task Force for Climate-Related Financial Disclosures (TCFD) framework. For more information on our approach to integrating the consideration of climate risk into our investment practices and our TCFD-aligned report, the MFS Strategic Climate Action Plan, see Appendix 1.

Human rights and modern slavery

Human rights–related issues continued to reflect a market-wide risk that is significant to us as investors. We believe this issue is of growing concern given the expanding number and scope of modern slavery laws being implemented around the world, the supply chain traceability requirements in Europe and corporate commitments towards supply chain labor due diligence. These factors can create material operational and financial risk for issuers and therefore for our clients. As such we continue to monitor issues in this area and play an active role in collective industry initiatives to further our analysis as we seek to shape issuer practices.

As part of our investment approach, MFS researches and evaluates a broad range of topics across security, asset class, industry, geography and other areas. These topics may include diversity and racial justice, modern slavery and child labor, income and wage inequality, supply chain labor management, health and safety (in both owned operations and supply chains), technology ethics and privacy, Indigenous and local community rights, living standards, educational access and levels and the rule of law.

In conducting this research, we rely on a variety of data sources. Corporate disclosures, controversy analysis, sovereign country–level data and direct engagement with management teams and others (e.g., suppliers and sovereign issuer representatives) form the basis for much of our research; however, additional data points are also available to our investment teams to evaluate these topics. Most notably, we have evaluated data and analysis from Know the Chain, Ranking Digital Rights, Transparency International and the World Bank Governance Indicators. An issuer's exposure to human rights risks and opportunities varies substantially by issuer, industry and geography. For example, companies in certain industries may have higher modern slavery risks due to their use of temporary or seasonal labor or outsourcing.

Separately, some countries exhibit a higher risk of modern slavery due to weak rule of law or other socioeconomic factors, which can impact both sovereign and sub-sovereign issuers and the equities of companies that operate in those countries. Given these complexities, MFS aims to integrate social factors, including human rights risks and opportunities, into our investment process, alongside all other fundamental risks and opportunities as we believe this can have a material impact.

Actions that MFS may take to better evaluate human rights risks and opportunities include

- leveraging proprietary research produced by the firm's internal equity- and fixed income– focused sustainability experts
- determining which issuers are likely to face modern slavery issues using in-depth security- and sector-level expertise
- evaluating company filings, including sustainability reports, of potentially impacted companies to evaluate the strength of their efforts to manage these risks
- incorporating the views of outside organizations with expertise in this area (e.g., Know the Chain)
- engaging with company management teams and fixed income issuer representatives about human rights–related risks and opportunities
- engaging with other investors through collaborative initiatives focused on human rights (e.g., the PRI and Investors Against Slavery and Trafficking)
- modeling and valuing human rights risks identified as material to the business

Corporate culture and diversity

Corporate culture is an established and important research topic for MFS investment professionals as we believe strong culture supports operational quality, innovative capacity and many other aspects that are critical to a company's long-term success, which directly impacts our client's return.

We have seen circumstances in which culture has clearly helped a company, but also situations in which culture has apparently led to negative outcomes for a company, its employees and, ultimately, its security price. We firmly believe an organization's culture is critical to its long-term success or failure. Analysis is an important part of our evaluation of corporate culture at any organization, considering factors such as employee engagement, turnover, pay, composition, diversity, gender, race and cognitive and other measures of diversity such as gender pay gap. Over the past several years, our investment team has spent a great deal of time discussing the importance and potential impact of corporate culture on sustainability. As investors, we believe enhanced transparency and disclosure is critical and can have a material impact on our investment decisions.

Client and Industry Alignment

As important as our investment approach is our steadfast focus on creating value responsibly for our clients. This section illuminates the ways in which we have sought to service, empower and align with the needs of our clients to help them fulfill their fiduciary duties.

Client and Industry Alignment

Client and Industry Alignment

6 10

/ INDUSTRY COLLABORATIVES /

On an annual basis, the Sustainability Strategy Team conducts a health check on the industry collaboratives in which MFS is currently enrolled. This survey aims to evaluate the relevance and effectiveness of these initiatives for our organization and help inform decisions about our continued participation. We do this to ensure that our resources are focused on the most relevant initiatives and that we are adding and creating value for the initiative, our firm as a participant in the initiative, and our clients who benefit from the knowledge gained.

Our methodology involves evaluating each initiative by assessing its degree of alignment to the following key pillars:

1. Alignment with MFS' philosophy
2. Effectiveness in supporting MFS' sustainability work
3. Enhancing the quality and effectiveness of client reporting
4. Likelihood of retaining industry credibility for the medium term
5. Adequate internal dedicated resources to be effective members

After carefully analyzing the responses and considering the input from various teams within our organization, we identify a range of scores that reflect the performance and relevance of each collaborative. The survey highlights any discrepancy in the perceived value and impact of each collaborative.

Following the feedback received from survey respondents and regional teams, we decided not to modify the status of any of our memberships for 2024, as all of our current relationship sufficiently enhance our ability to execute on our firm's broader sustainability strategy objectives. Our results were reported to our Corporate Sustainability Committee and Investment Sustainability Committee.

In addition to the annual health check survey conducted by our Sustainability Strategy Team, our Compliance team also conducts an annual review of each collaborative to determine whether any changes were made to its organization and purpose and, if so, whether the collaborative remains aligned with the key pillars described above. Moreover, we may reevaluate a collaborative outside of the Sustainability Strategy Team's and Compliance team's annual reviews to ensure that our time and effort is focused on those areas that are likely to deliver excellence to our clients and put their long-term economic interests first. As a result of a recent review, MFS decided to withdraw from ClimateAction100+ in early 2025.

/ FIRM- AND CLIENT-WIDE REPORTING /

Portfolio-Specific Sustainability-Related Reporting Project

Sustainability-related reporting is increasingly important, but far from easy. Faced with challenges such as data availability, data quality, lack of clear guidance and concerns over agency, our team has been continuing to work hard to produce best-in-class sustainability-related reporting that is authentic, transparent and comprehensive. To achieve this, we launched a new reporting project in mid-2022. Our goal was to provide portfolio-specific reporting that clearly shows how we integrate sustainability into the investment process. We wanted to demonstrate some of the ways we assess financially material ESG factors, engage with investees and vote proxies in a way that creates the most value for our clients.

We already offer extensive sustainability-related reporting at the platform level, but after hearing from our clients, we realized they would also appreciate a portfolio specific report. It took a great deal of careful deliberation and collaboration among our client-facing sustainability team, ESG research and Stewardship specialists, and investors to develop such a report.

Our team brainstormed the principles of such a report, including veracity, decisiveness, utility, comprehensibility, balance and consistency, to ensure that the report is authentic, transparent and comprehensive. We gathered the metrics, ratings, engagement data and identified the framework and proxy voting data that we believed best reflected these principles. Our team then worked closely together to refine the report's contents and messaging over many months.

We initially planned to deliver the first version of this report in 2024. However, we now anticipate that the report will be available in late 2025 for larger fundamental equity strategies as well as corporate fixed income strategies where we have made significant progress.

We are excited to share this with you and to continue to improve our sustainability-related reporting to meet your needs.

/ ASSESSING EFFECTIVENESS /

One of the benefits of a long-term sustainability and stewardship program is that it gives us the ability to continually assess and evolve our processes to better serve the interests of our clients. Maintaining a dialogue allows us to ensure we stay apprised of, and respond appropriately to, our clients' needs.

One way to assess our effectiveness in serving the interests of our clients is to reflect on the enhancements we have made throughout the year. Many of these are discussed at length in this report, but we feel two are particularly germane.

First, investing heavily in sustainability data and tools — expanding our relationships with existing external data providers and investing in new ones, as well as developing proprietary tools in-house, has enriched our research capabilities, which could lead to more thoughtful investment decisions for our clients.

Second, we have been developing our reporting capabilities for our clients in order to be more transparent in our investment activities. Another effective assessment tool is client feedback. We regularly attend meetings with clients and strive to be available to them whenever they need us. We are also receptive to ad hoc client feedback and questions.

We have welcomed the demand from industries and clients for greater transparency and disclosure surrounding sustainability topics. This is an area we continue to focus on, and we recognize the growing need for asset managers to be authentic and transparent in their business activity. As a result, many of our actions taken this year have been with this consideration top of mind. Examples include our reporting initiative, our participation in the Workforce Disclosure Initiative (WDI) and our Proxy Voting Policy update, which are all detailed in this report.

/ MEETING CLIENT EXPECTATIONS AND INCORPORATING INDUSTRY FEEDBACK / 6

In managing our clients' assets, we believe it is critical to understand and incorporate their views to deliver on their expectations as they relate to investment outcomes and stewardship. Our approach, however, ultimately depends on the type of client. As reflected in the tables included in Appendix 7, we have both institutional and retail clients. For our institutional clients, we are generally able to engage in a more in-depth dialogue about expectations through assigned relationship managers and regular and ad hoc meetings to discuss our progress toward achieving goals. Additionally, clients' investment objectives, restrictions and reporting expectations are reflected in a tailored written agreement, which is updated as necessary to ensure we are meeting client needs.

To understand and satisfy the needs of retail clients investing in our retail mutual funds and other pooled vehicles, we rely on a continual dialogue with external distribution partners. These partners are ultimately the client-facing entities for investors in our retail funds, and we therefore assign relationship managers for each distributor, engage in regular due diligence and conduct product discussions to elicit feedback to ensure we are meeting client needs. We organize and host events for both retail and institutional client bases regularly to communicate our investment capabilities and approach, and to further engage with our distribution partners that provide services to these investors.

One example of meeting client expectations from this past year was an interaction with a large multinational banking and financial service provider in Australia. The regulators had requested clients operating in this area to develop mandatory Climate-Related Disclosures. As part of this, we met with the board to give an overview on our process to identify and integrate climate risk and opportunities into investment decisions and how climate risks and opportunities are integrated into the planning and development of our strategy. Due to our similar integration processes, we were asked to be a part of this discussion. We discussed our research and engagement processes, transition and physical climate risks, as well as challenges facing net zero adoption.

Linear Portfolio Decarbonization Targets

Over the past year, we have also had discussions with multiple clients on linear decarbonization targets and the challenge of implementing these targets within a specific strategy. This has been of growing interest from some clients, and we feel it is important to have a two-way discussion around our views of the merits and limitations of linear decarbonization targets.

Decarbonizing the global economy requires the reduction of greenhouse gas (GHG) emissions across industries and sectors. Decarbonizing portfolios by applying linear GHG reduction targets seems counterintuitive to us, for two reasons:

- Sectoral decarbonization pathways are nonlinear. For example, in some hard-to-abate sectors, certain technologies are still in development, and it is understood that emissions may go up before trending down.
- Managing portfolios towards a GHG emissions reduction target might lead to the exclusion of sectors vital for transitioning to a decarbonized world, such as steel, cement and industrial gases. Ex ante exclusions, we believe, aren't in the best long-term interest of our clients nor in keeping with our duty as responsible fiduciaries.

In working to meet our clients' expectations, we prefer to engage with clients on this topic before implementing these targets as part of their journey to manage climate risk in their portfolios without impacting returns.

/ CLIENT ALIGNMENT / 6

As active managers, we aim to ensure our investment decisions align with the long-term interests of our clients. As we have mentioned, we believe thoughtful engagement alongside robust, in-depth research is the most effective way to achieve this goal. An important part of this commitment is ensuring that our process is aligned with our clients' investment and stewardship policies.

As discussed above, in addition to frequently discussing issues with our clients, we have put comprehensive compliance and risk review systems in place to ensure that we adhere to our clients' expectations. Because we take meeting our clients' expectations seriously, we didn't, as far as we know, deviate from any client's stewardship and investment policies during the year. With respect to our investment activities, we don't typically use investment screens in managing our strategies unless asked to do so by a client or required to do so by a regulation. Any investment restrictions we do put in place, however, are monitored and tracked through our centralized investment compliance platform. With respect to our proxy voting activities, we generally vote according to the MFS Proxy Voting Policies and Procedures, and whenever a client's expectation isn't satisfied, we do whatever we can to remedy the issue.

/ ACADEMIC PARTNERSHIPS / 10

We believe that investment in industry research helps expose us to different viewpoints, challenges our biases and facilitates knowledge-sharing that drives better innovations and outcomes for our clients. Our academic partnerships are a key pillar of this process.

Oxford: Rethinking Performance

In 2023, MFS embarked on an innovative research partnership with Oxford University, as part of the "Oxford Rethinking Performance" program. Our specific research partnership with leading academics in the sustainability arena were aimed at better understanding and assessing the parameters of meaningful engagement, especially on challenging yet crucial concepts like climate change and corporate culture. Central to our quest was the development of a framework for measuring constructive engagement, with a spotlight on climate issues.

The first phase of the project unfolded over the first half of 2023. It featured in-depth interviews between Oxford researchers, key MFS portfolio managers and analysts and members of the Stewardship, Institutional Portfolio Management and ESG integration teams. This collaboration birthed a comprehensive research report, shedding light on MFS' intrinsic qualities that bolster our effectiveness as climate engagers. The insights garnered delineated MFS' positioning as a high-performing constructivist engager.

In the second phase of the project, which is currently ongoing, we are diving deep into Culture. Our objective for this phase is to accomplish the following:

1. Segment corporate culture into applicable dimensions and determine the appropriate quantitative metrics to measure each dimension of culture
2. Analyze how each component of culture impacts asset price and volatility, considering region and sector
3. Propose strategies for optimizing the outcomes of our culture related engagements with issuers and clients

We look forward to working with the researchers and sharing our learnings with our partners in due course.

MIT Aggregate Confusion Project

In 2024, we continued our academic research partnership with the Massachusetts Institute of Technology's Aggregate Confusion Project (ACP). Spearheaded by researchers at the MIT Sloan School of Management in Cambridge, Massachusetts, the ACP broadly aims to clarify and improve approaches to incorporating ESG data into investment decision making. When we started our partnership in 2021, the project was primarily focused on the problem of the inconsistency and unreliability of ESG data, which can lead to "aggregate confusion" among investors who rely on this information to help generate positive long-term financial returns in a sustainability-minded way. The scope of the lab's research has since grown to include other relevant themes in active management, opening new opportunities for collaboration with MFS. Since beginning this partnership, MIT's researchers have met with relevant stakeholders at our firm on a regular basis to share key findings and conclusions from the ACP's research. Beyond these conversations, our groups have strategized around the application of ACP findings to our firm's investment philosophy and how we can leverage ACP's data expertise to enhance our client experience.

Over the years, our academic partnership with MIT has helped us maintain intellectual honesty in our materiality and stewardship-based investment approach, and it has strengthened our view that ESG analysis is currently best applied through a qualitative lens. In 2024, we broadened our involvement with researchers in the ACP lab to leverage them in more differentiated ways than our initial sustainability-specific objectives. Our engagement with MIT at the executive level has also helped to ensure that we don't become too stuck in any single way of thinking as the investment research data landscape evolves around us.

Corporate Culture at MFS

We aim to hold ourselves to the same standard we hold the businesses owned in our portfolios. As a result, we recognize the importance of implementing our sustainability philosophy in our own operations. In this section of the report, we illustrate our efforts to better serve our employees, our communities, the environment and other stakeholders as we seek to foster a workplace reflective of our core values.

Corporate Culture

Diversity at MFS 2

At MFS, we believe our people and our culture are foundational to the work we do as active managers and essential to aligning to our sole purpose: to create value responsibly for clients. There are many inputs into the deployment of this purpose, our culture and our people being among the most prominent. The reason for seeking to foster a culture of diversity and inclusion is simple: People with unique lived experiences bring unique perspectives. We believe that leveraging diverse insights ultimately leads to improved idea generation and decision making, helping us to produce the best outcomes for our clients.

Throughout our 100-year history, what has kept MFS strong and competitive is our ability to adapt to change. That includes staying relevant and connected to what employees are experiencing and empowering them to deliver excellence for our clients. As a result, we have built an inclusive workplace that empowers our talent to flourish. As part of this, we consciously foster a culture that always values diverse perspectives, allows employees at any level to contribute and cultivates a work environment where everyone belongs.

MICHELLE THOMPSON-DOLBERRY
MFS CHIEF DEI OFFICER

As we reflect on the past year, our focus has been on "Meeting the Moment," an initiative we launched that encapsulates our commitment to being responsive, empathetic and proactive in addressing the challenges and opportunities that define our time. Meeting the Moment is the essence of our journey so far — facing change with resilience, seizing opportunities for growth and embracing adaptability in the pursuit of progress. This section of the report is ultimately a reflection of the work we do in service of fostering a strong culture within our workplace and beyond. It also highlights the meaningful work that positions us for a stronger, united future, one that is rooted in recognizing our people and our culture as among our greatest assets. We remain committed to creating a strong culture of collaboration and diverse thinking, which ultimately allows us to serve our clients' best interests in dynamic and thoughtful ways.

Our Philosophy – Rooted in our People Through Culture, Talent and Community

Top-Down: MFS' Commitment

At MFS, our aim is to create a workplace where everyone can thrive by increasing inclusion and building belonging in the workplace. We do this both from a top-down and bottom-up perspective. From a top-down perspective, we focus on three key pillars: culture, talent and community. We do this both inside MFS and externally with our clients, industry peers, partners and communities. We are committed to building exceptional, cognitively diverse teams, expanding access to the best talent, identifying candidates who bring a variety of perspectives to the firm, and strengthening our strong culture by unlocking the potential of our people. We believe this approach leads to the best outcomes for our clients worldwide, fostering innovation, accountability and excellence in everything we do.

Our Philosophy At-a-Glance

Culture:

Celebrate all differences

- Foster inclusion to empower employees as individuals and connect them to a shared purpose to deliver exceptional results for clients
- Work collectively to achieve better outcomes for clients
- Promote inclusivity through leadership accountability and employee ownership

Talent:

Combine unique strengths

- Operate on a data-driven recruiting strategy and increase transparency, expanding our people analytics team
- Promote a culture of inclusion by ensuring that career path opportunities are available to all employees irrespective of background.
- Fortify external partnerships to build and widen strong candidate pipelines and support dynamic career development

Community:

Support to drive progress

- Help drive cultural change and better corporate practices through participation in industry partnerships such as the CFA's DEI code
- Drive industry progress by collaborating with other asset managers through our membership in Nicsa's Diversity Project, membership in the Diversity Project UK and partnering with Asset Owners Diversity Charter in the UK
- Build and sustain long-term relationships with charitable partners to support underserved communities

Bottom Up – Empowering Our People Globally

In addition to our top-down approach, we bring our inclusion strategy to life from the bottom up by investing in our people. From our mentorship programs to our Employee Resource Groups (ERGs) and our employee engagement survey, we are committed to creating a workplace where all our employees can thrive. We recognize and reward performance, ensuring that talent and the passion of our people drive success in every region where we operate.

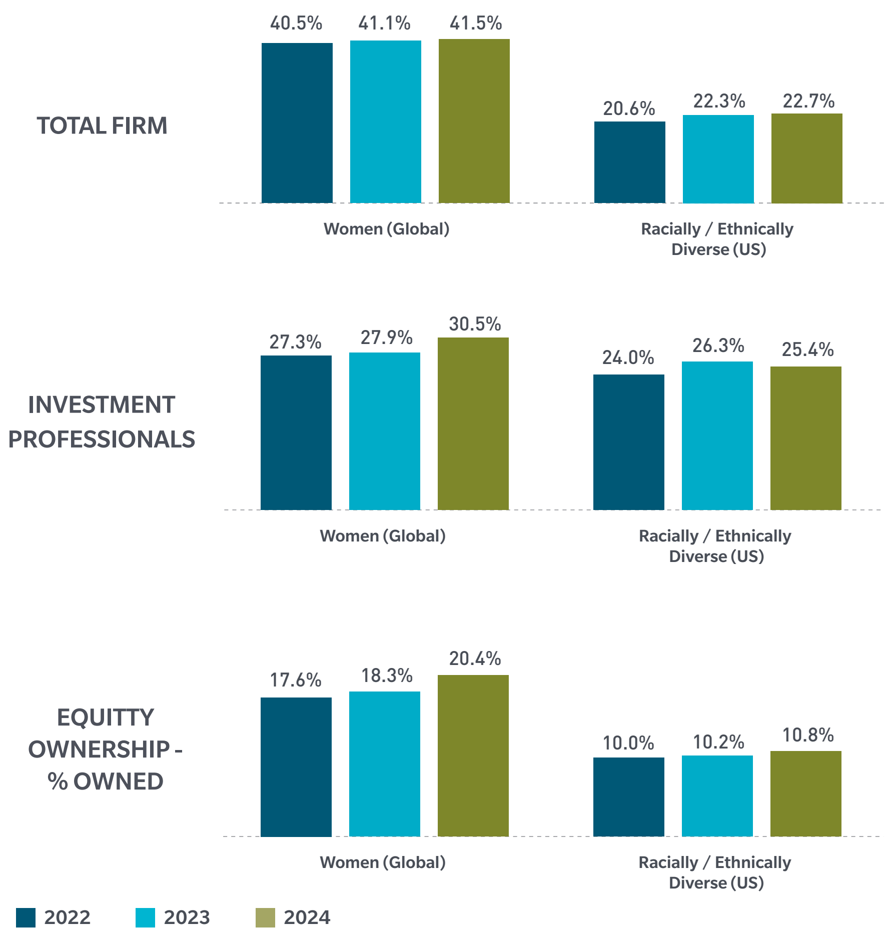
2024 Highlights

	Achieved a score of 80 for first time participating in Disability:IN	Achieved recognition as Corporate Champion by the Boston Bar Association for DEI efforts
Launched global outreach and expanded cultural awareness through special inclusion sessions for global offices	Achieved a top score of 100 for only the second time participating in Human Rights Campaign Corporate Equity Index survey	Recognized as an awardee for Top 50 Top DEI Teams
Launched "Meeting the Moment" initiative	Developed an inclusion index, a data-driven approach to enhancing our workplace experience	Launched ERG local chapters in London, Australia and Canada
Increased ERG membership: 34% YPN, 31% WE, 18% Pride; 58% Mosaic, 14% Neurodiversity, 27% Caregiving	Launched Global Impact Councils	Became a signatory of the CFA DEI Code in the UK and Australia
Expanded global tailored training and development programs	Completed our second Workforce Disclosure Initiative (WDI) core submission	Expanded Supplier and Vendor Portfolio

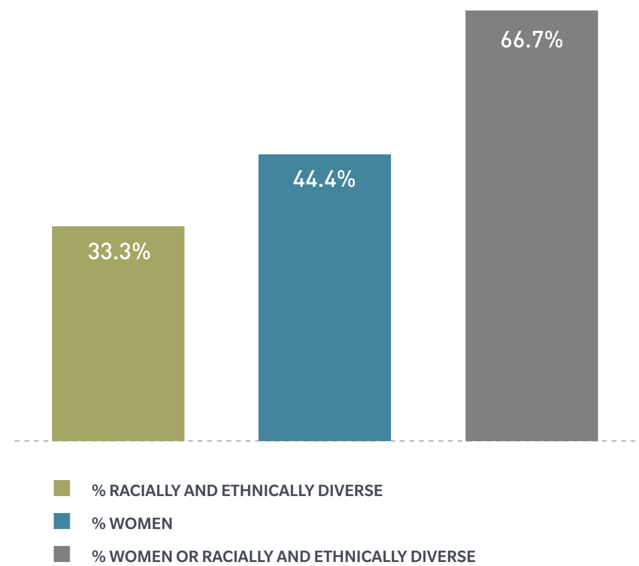
Headcount Diversity

As always, we are focused on identifying top candidates and accessing broader talent pools in order to bring the best talent to MFS. Importantly, while the data displayed here shows a select range of demographics, it is not an exhaustive picture of how we think about diversity. The concept of diversity is very broad, with many considerations, including veteran status, national origin, disability status, sexual orientation, neurodiversity, and so on. Though often difficult to quantify all components, we take a broad view of what comprises diversity and diverse perspectives and think carefully about how we incorporate them into our culture and our work.

Please note that all demographic information is based on voluntary self-identification by our employees. As a result, the reported numbers for these categories may be lower than the actual representation within MFS, particularly for veteran status, disability status and sexual orientation, where individuals may be less likely to disclose this information.



ENTERPRISE LEADERSHIP TEAM



0.6% PROTECTED VETERANS

6.9% EMPLOYEES WITH DISABILITIES

1.8% LGBTQ+

/ CULTURE /

Our culture is the core of our business. Our efforts are aimed at building a community of belonging, increasing transparency, and driving deeper engagement by encouraging meaningful firm-wide participation and increasing leadership accountability.

This year, we increased our efforts in our global offices, making sure we account for the varying needs of our employees' locations, time zones and cultural practices and customs, enabling our regional offices to implement programs that best suited the needs of their respective local communities.

Culture in Action Across the Globe

Launched Meeting the Moment aimed at supporting MFS employees through a changing world. This initiative aims to support MFS employees through a changing world by helping the entire workforce build resilience skills, as well as enhance awareness and education at individual, managerial, and organizational levels. The common thread throughout Meeting the Moment is to reinforce our values and how we work together so we can best serve our clients. Through this initiative, we provide curated content and programming, as well as leverage new partnerships to help us build additional skills and resilience across the organization. For example, these resources might come from Lyra, which provides mental health support to MFS employees, or Right to Be, a nonprofit organization that provides bystander intervention training among other programs.

Right to Be: Bystander Intervention in the Workplace

As part of Meeting the Moment, we hosted a series of training sessions to empower our colleagues to support each other every day. This interactive training was designed to help employees identify moments where they need to step in and helped equip them with tools to be an effective bystander in the midst of workplace disrespect.

Enhanced Diversity, Equity and Inclusion Goal to make sure it remains relevant and encourages employees to engage more deeply in our initiatives. All individual contributors and leaders have specific responsibilities to achieve these goals, which are designed to promote more intentional inclusion in the workplace. Employees have autonomy in how they approach meeting these expectations throughout the year but are encouraged to reflect on progress during annual performance discussions. This year, 99.8% of employees completed the goal.

Expanded our ERG strategy to build our global community by fortifying and globalizing the infrastructure of our Employee Resource Groups (ERG) program. We leveraged our ERGs to promote global unity and engagement, for all, through the following activities:

- Continued the expansion and creation of regional chapters of some of our existing ERGs, such as the Young Professionals Network (YPN), where local chapters could implement activities that were the best fit for their regions and time zones
- Reverse mentorship through our Mosaic@MFS ERG to increase cultural awareness and learning
- "ERG Fest: Find Your Fit" event held through a combination of live, local and virtual events in 3 iterations to accommodate different regions
- Caregiving ERG, launched in 2024 to support employees who have caregiving responsibilities for children, parents and other dependents
- Continued our focus and expansion of our cultural heritage months of learning, honor and celebration

ERG Spotlight: International Allyship Day

Last year, our ERGs held International Allyship Day across several of our offices. We hosted an allyship panel featuring a representative from each of our ERGs. The event was both virtual and in-person. The purpose of the event was to encourage people to come together to promote standing up for one another, foster inclusivity and build bridges of support and understanding.

Launch of global impact councils

This year, we launched our global impact councils to help strengthen our global inclusion efforts. The aim of these councils is to ensure our initiatives are impactful and relevant to our employees in our regional offices, and to ensure there is alignment of priorities that resonate with local communities. They are intended to function as a global hub for communication and feedback, and to help align our inclusion strategies with the unique needs of our regional offices.

/ EMPLOYEE ENGAGEMENT SURVEY / 2 5 6

MFS has used employee engagement surveys for over a decade to gain valuable insights into the employee experience. In 2024, we significantly enhanced our approach to employee experience surveys, which included the implementation of a new survey tool. Our 2024 employee experience survey focused on critical areas such as employee engagement, manager effectiveness and inclusion. The survey achieved an 86% participation rate and yielded an overall engagement score of 82 out of 100, surpassing industry benchmarks. This score affirms MFS' exceptional culture and reflects overall employee happiness, as well as a strong collective sentiment that MFS is a great place to work. At MFS, we're committed to fostering an inclusive culture where every employee feels valued and accepted. Recognizing the profound impact of inclusion on employee engagement, we've implemented a data-driven approach to assess and enhance our workplace experience, as part of our employee experience survey work.

As part of our employee sentiment survey, our evidence-based inclusion index, developed through rigorous statistical analysis, measures critical aspects of our organizational culture, including belonging, authenticity, psychological safety and connection. The inclusion index has provided us with valuable insights, both through overall scores and granular question-level data.

While we are pleased with our inclusion score of 81, we acknowledge that this single metric does not fully encapsulate the nuances of our workplace dynamics. There is always room for growth in creating a truly inclusive environment.

Our inclusion index results demonstrate strong performance compared to industry benchmarks. Notably, our scores surpassed those of our asset management peers across all comparable metrics. For instance, the statement "I am treated with respect and dignity" received a score 6 points higher than the industry average. Similarly, "I feel a sense of belonging" scored 9 points above the benchmark. Furthermore, MFS outperformed the top 25% of organizations by 3 points on the crucial metric of employee belonging.

To gain a more nuanced understanding, we've conducted an intersectional analysis of our results, identifying specific demographic groups reporting lower inclusion scores compared to the company average. This deeper dive allows us to pinpoint areas requiring focused attention. By leveraging these insights, MFS is committed to refine our practices and elevate the employee experience across the board.

We have shifted from setting enterprise-wide goals to encouraging managers to take targeted action at the team level. Managers are asked to commit to one focus area, leveraging survey insights as starting points for improvement initiatives.

While we acknowledge there is more to accomplish, we are encouraged by the progress made in our first year of implementing this comprehensive survey approach.

This approach reinforces our dedication to cultivating a collaborative workplace where diverse perspectives are not only welcomed but actively sought, empowering all employees to contribute their unique talents and ideas.

/ ENHANCING COLLABORATION AND BELONGING: MFS ERGS AND ARGS /

MFS Employee Resource Groups (ERGs)

MFS ERGs are open to everyone and provide internal programming and networking opportunities as well as recruiting support and partnerships with charitable organizations. Our ERGs contribute to benefits and procedure changes, particularly related to the specific community they support. Our ERGs also offer mentoring and networking and help with development opportunities for members.

MFS ERGs are culture carriers for the organization, champions for their diverse communities and are strongly aligned with our DEI philosophy. They have a formal structure, develop their own strategic plan and receive a formal budget to support their initiatives.

100 Acts of Kindness

In 2024, two of our ERGs, Pride and YPN collaborated and committed to performing 100 acts of kindness each quarter throughout the year, as a great way to honor MFS' century of service and change.

While both ERGs have been active in supporting their own causes — the LGBTQ+ community for Pride and the environment for YPN — together, in their 100 acts of kindness effort, they took their volunteer spirit to many other communities.

Those benefiting from the collaborative volunteer efforts of Pride and YPN have included the trans community, students, homeless families and children and even the city of Boston through a local harbor cleanup. Their volunteer hours totaled more than 630 for the year.

MFS Affinity Resource Groups (ARGs)

MFS ARGs are less formal groups that serve as regular support for a cohort of employees or colleagues around a shared identity or interest. These groups can host events or conversations with support on an ad hoc basis. MFS ARGs include the following groups:

- Amplify (ally/advocate group) – a group to develop and support allies/advocates at MFS.
- Healthy Minds – a group focused on in mental health and wellbeing
- Infinite M's – MFS' own band features instruments such as drums, saxophone and violin.
- PEACE (inter-faith-based) – a coalition of subgroups representing different religions, with each offering a place of education, community and support

ARG Spotlight: PEACE

The PEACE interfaith ARG was created with the goals of bringing interested employees who share a common faith together, while also taking the time to learn about the different beliefs of our colleagues and celebrating each other's traditions and holidays with inclusivity and respect. To help celebrate Jewish American Heritage Month in May and also recognize Yom HaShoah and the Days of Remembrance of the Victims of the Holocaust, the MFS PEACE interfaith ARG hosted a dialogue with Holocaust survivor Janet Applefield. Janet shared her personal stories from her new book "Becoming Janet – Finding Myself In The Holocaust," which tells her story of the kindness of strangers and an unwavering will to survive.

MFS ERGS

YPN@MFS

Young Professionals Network (est. 2017)

YPN@MFS enhances the professional growth, exposure and development of our young professionals, and increases their collective contributions to MFS and our communities.

Pride@MFS

LGBTQIA+ Network (est. 2019)

PRIDE@MFS promotes LGBTQ+ focused networking, educational and social opportunities for employees by fostering positive, respectful, professional relationships that enrich the overall workplace.

WE@MFS

Women Everywhere (est. 2020)

WE@MFS empowers women to achieve professional fulfillment and contribute meaningfully to MFS' long-term success through shared experiences, leadership development mentorship, collaboration and advocacy.

Mosaic@MFS

Black, Indigenous, Asian, Latinx, South Asian, Persons of Color (est. 2020)

Mosaic@MFS brings together diverse voices and experiences to understand the power of diversity and ensure all members of the MFS communities have access to equitable opportunities and outcomes.

Neurodiversity@MFS

(est. 2023)

Neurodiversity@MFS serves as a community for and empowers employees of all abilities, including those who identify as neurodiverse or as allies and drives awareness throughout the global MFS community.

Caregiving@MFS

(est. 2023)

Caregiving@MFS creates a supportive and inclusive community for employees who have caregiving responsibilities for children, spouses, parents, pets or other dependents, helping balance work and caregiving responsibilities.

/ A FOCUS ON FINANCIAL LITERACY /

Council for Economic Education (CEE)

In 2024, MFS intensified its commitment to promoting financial literacy, both within our workplace and in our communities. In 2024, MFS expanded its partnership with the Council for Economic Education (CEE). CEE's mission is to equip and inspire young people to shape their future and the world around them through economic and personal finance education programs (including Invest in Girls and the National Personal Finance Challenge for high school students). Their mission, combined with our purpose — putting people's money to work responsibly — will help empower people with critical financial knowledge and investment management that puts their interests first.

Invest in Girls

We also hosted an Invest in Girls Champions of Literacy fundraising breakfast during the year, with our president as the keynote speaker. Invest in Girls has a dual purpose: to usher in the next generation of financially literate girls and to introduce them to careers in the world of finance. The program places a particular emphasis on supporting girls of color and those from low-income communities.

/ TALENT /

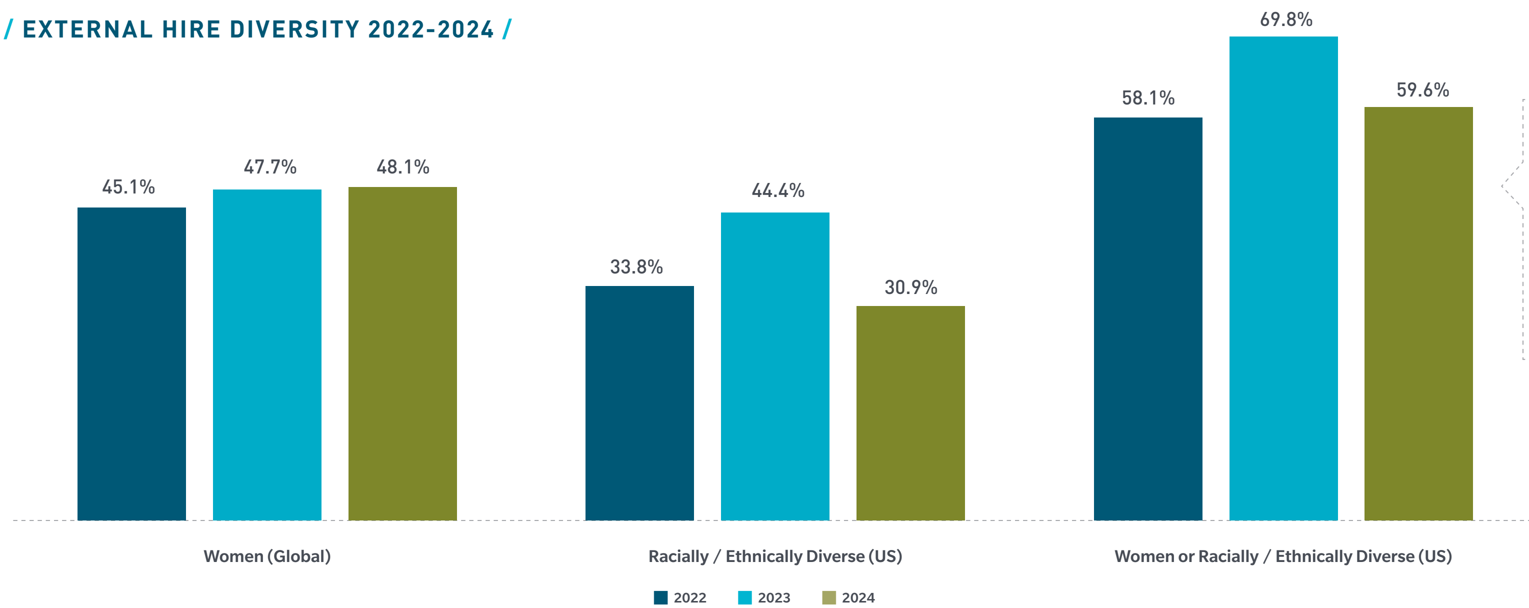
Our people are at the heart of our ability to deliver client outcomes, which is why we are committed to investing in the long-term development of our employees, and the recruitment and retention of top talent.

Our recruiting, talent development and leadership cultivation strategy is founded on the belief that diverse perspectives enhance our capabilities. Bringing together employees with different perspectives, experiences and backgrounds helps to minimize individual bias. It also helps us vet ideas from many angles so we can make better decisions — for our clients, the firm and each other.

We constantly analyze our hiring processes to ensure that we are reaching all demographics and bringing in the best talent possible. Not only are we creating a sense of belonging in our workplace, but we're also making sure that fairness and equal access for everyone are a part of everyday life at MFS.

While we deployed specific initiatives as part of our talent strategy in 2024, we also took the time to examine our talent processes holistically, looking at hiring, training and performance among others, to ensure we are recruiting the best talent while guarding against bias. Ultimately, MFS aims to hire the most qualified candidates. Beyond hiring, we are significantly focused on developing and retaining talent in our organization over the long term.

/ EXTERNAL HIRE DIVERSITY 2022-2024 /



In 2024, MFS hired 40% fewer entry level and senior support roles externally than in 2023. This limited our ability to bring in early career talent into the organization and impacted our diverse hiring initiatives.

In 2024, we used our external partnerships in collaboration with our DEI team and Corporate Citizenship to attract diversified applicants and ensure our hiring pool was as broad as possible.

We leveraged Handshake Premium, a social media program for students, and worked with Marketing to create a "day in the life" video for our internship program. As part of overall recruitment, we've deployed interview training and interview guides to help mitigate potential bias in our interview/hiring process.

Other initiatives dedicated to recruitment and career development included the following:

- **Continued external partnerships to broaden talent pools.** Included NSBE Boston and ALPFA Boston. Our partnerships with these organizations included attending career fairs and leveraging professional development opportunities.
- **Hiring for diversity of thought.** Cognitive diversity in our teams is critical to achieving our purpose of creating long-term value by allocating capital responsibly. It takes a combination of different perspectives to help us fully vet and respectfully debate our investment ideas and build conviction that we are making what we believe are the right decisions for clients.
- **Early career hiring.** In addition to expanding our talent pipeline, we increased our focus on attracting entry level talent given that, historically, overall turnover at the firm is low. We believe that developing broader pools of candidates for our entry-level and early career opportunities is a natural way to access top talent and enhance the diversity that we value as an organization.
- **Investment team hires.** Through our pre-MBA program, we bring individuals in for a month before they go to business school, expose them to our business, immerse them in who we are and pair them with a mentor. If they are successful in this program, we offer them an MBA internship between their first and second year of school and if successful there, offer them a full-time job. Our investment in this program targeting candidates early in their career has allowed us to attract top talent.

  To hire associates from a broad candidate pool, we use the partnerships (such as Posse, The Boys and Girls Clubs, etc.) we've built externally to share job postings and encourage candidates to apply. Development of this talent is built into growing these individuals into investors. Over a three- to four-year period, they are paired with mentors and given clear and constructive feedback to help them grow.
- **Expanded development partnerships to build out our development strategy.** We've been working with the following organizations globally:

  Ascend Pan-Asian Leaders
  Association for Wholesaling Diversity
  Black Women in Asset Management
  Boston While Black
  MA Conference for Women
  Men and Women of Color Conference
  Simmons Leadership Conference
  Simmons Strategic Leadership Accelerator Program
  The Partnership, Inc.
  White Men As Full Diversity Partners
  10K Interns Foundation
  Investment 2020

We are committed to evaluating our talent practices to best support and retain our employees. This continues to be a priority for us in 2025 and beyond. Some initiatives include:

- **Engaged our employees in a variety of mentorship programs.** Firmwide and within our employee resource groups, we provide extensive mentoring and networking opportunities for employees, which create both development opportunities and a sense of belonging. In addition, our employee resource groups, WE@MFS (women) and YPN@ MFS (young professionals) and Mosaic@MFS (people of color), offer mentorship and networking programs to their members. The Mosaic Experience Exchange, Mosaic@MFS' reverse mentorship program, provides senior ally insight into the experiences of an increasingly diverse workforce and offers networking and increased visibility opportunities.
- **Engaged employees in broader development and retention programs.** We also offer a range of additional development opportunities. This includes our Rising Star program (dedicated to supporting emerging leaders from across the firm/enterprise/organization as they learn to develop their strengths into an impactful career), our rotational development program (providing participants with exposure to different areas of the business and targeted learning opportunities), and our career insights days. It also includes our GROW coaching program initiative for all MFS leaders and managers, and our partnership with recruiting programs such as HelloHive (through the equity collective) and Handshake.
- **Globalized our Rising Star program.** This program supports aspiring leaders as they continue to develop and leverage their strengths into an impactful career at MFS. This year, we expanded the program to include participants in our offices globally and provided participants with collaboration and networking opportunities with their peers.

/ COMMUNITY /

As a firm committed to a culture of giving, MFS supports many community organizations — both financially and through the generous volunteering of our employees. Throughout the year, MFS Corporate Citizenship sponsors volunteer opportunities and connects our employees with events and learning opportunities with our charitable partners.

/ CORPORATE CITIZENSHIP IS A GLOBAL PROGRAM /

/ PASSION FOR VOLUNTEERING /

This year, during our Global Month of Giving Back, held throughout October, MFS employees demonstrated their passion for helping underserved communities around the world by volunteering their time. Whether they were helping families get the food and clothing they needed, creating safe play spaces, acting as mentors or repairing equipment for those with disabilities, MFS employees showed the spirit of giving that's at the heart of our culture.

/ GLOBAL MONTH OF GIVING BACK: BY THE NUMBERS /

86

VOLUNTEER OPPORTUNITIES WITH 3,467 VOLUNTEER HOURS GIVEN

AN INCREASE OF 17% OVER LAST YEAR

424

CAUSES IMPACTED

AN INCREASE OF 24% OVER LAST YEAR

40%

OF EMPLOYEES PARTICIPATED

AN INCREASE OF 30% OVER LAST YEAR

Culture of giving

/ SUPPORTING UNDERSERVED COMMUNITIES ACROSS THE GLOBE /

We participate in programs that empower and uplift underserved communities in key areas, including health and well-being, education, civic engagement, social justice and the environment. Some of the organizations we support have been our partners for more than three decades and many for more than a decade. This enduring collaboration reflects our philosophy of taking the long view in our community engagement efforts.

- **MFS STEM Lab Program with Horizons for Homeless Children (HFHC) Boston**
  In 2024, we partnered with HFHC, whose mission is to improve the lives of young homeless children in Massachusetts by providing high-quality early education, opportunities for play and comprehensive family support services. According to the US Department of Education, children like those served at Horizons have fewer opportunities to engage in STEM learning activities than their peers. Children living in poverty and especially those of linguistic and ethnic minority groups are most impacted by this STEM opportunity gap. Our goal was to partner with Horizons to help close this gap by providing STEM learning programs for students. Coinciding with Horizon's existing STEM lab, our workshop, entitled "Wow, I Can Make Colors," focuses on exploration, experimentation, discovery, problem solving, collaboration and hands-on learning. We had volunteers from our technology and operations department, who created an engaging lesson for kids, allowing them to experiment with mixing colors on their own canvasses, turning just three colors into six. Then, each group of kids worked together on a large painting using all the colors they created. We look to continue this initiative in 2025 and onward, as we believe that engaging our employees in this cause not only benefits underserved children but also enhances employee morale, strengthens team cohesion and reinforces our company's commitment to social responsibility and community activism.
- **Airborne Rescue & Relief Operations with Search (ARROWS) Tokyo**
  ARROWS sends professional aid and a search and rescue team, transported via aircraft, for emergency response to provide life-saving operations in response to natural disasters. Following the earthquake that struck in Noto Peninsula in January 2024, local communities and family homes were devasted. Immediately following this event, ARROWS dispatched a disaster response team including doctors and nurses specialized in emergency medicine and search-and-rescue work. MFS quickly responded by making an emergency relief donation to ARROWS in January.

"Having volunteered twice in Noto for more than a week, it became clear to me that while the medical care of the survivors can be left to the experts, there are things I can do to help. I found my support was also valuable in the affected areas using my administrative skills, even simple paperwork". "I learnt everyone's expertise can be helpful there."

"In terms of supporting the emotional recovery of the survivors, my 'Kintsugi skill (repairing broken ceramics with lacquer and decorating them with gold to revive)' was also helpful. As most of the kilns there were destroyed, my repairing these pieces is important to preserve the memory of their traditional pottery." – Ai Kitajima, Tokyo

- **Indspire Toronto**
  Indspire is a national Indigenous registered charity that invests in the education of First Nations, Inuit and Métis people for the long-term benefit of these individuals, their families and communities, and Canada. We have partnered with this organization since 2021.

"I am proud to support Indspire, a national Indigenous charity dedicated to empowering First Nations, Inuit and Métis students through education, mentorship and financial support. By investing in programs that increase graduation rates and inspire achievement, Indspire is creating lasting opportunities for Indigenous communities in Canada while nurturing, sharing and honouring the diversity in First Nations, Inuit and Métis cultures and traditions." – Zahra Foradi, Toronto

/ SAMPLE CHARITABLE PARTNERS /

US

HORIZONS FOR HOMELESS CHILDREN / 1992
BRIDGE OVER TROUBLED WATERS / 1999
CITY YEAR / 1999
GREATER BOSTON FOOD BANK / 2010
POSSE FOUNDATION / 2010
COMMUNITY SERVINGS / 2013
CRADLES TO CRAYONS / 2014
BOTTOM LINE / 2015
UNCF LIGHTED PATHWAYS / 2021
INVEST IN GIRLS/COUNCIL FOR ECONOMIC EDUCATION / 2021

Canada

YOUTH WITHOUT SHELTER / 2016
FRED VICTOR / 2018
THE 519 / 2021
CEE CENTRE FOR YOUNG
THE REDWOOD / 2019

UK

BROMLEY BRIGHTER BEGINNINGS / 2017
REDSTART / 2021
THE PEOPLE HIVE / 2021
URBAN SYNERGY / 2023

Luxembourg

SOS KANNERDEUF LETZEBUERG / 2019

Singapore

BEYOND SOCIAL SERVICES / 2014
CHILDREN'S CANCER FOUNDATION / 2016
RAINBOW CENTRE / 2016

Australia

EXODUS FOUNDATION / 2016
BACKTRACK YOUTH WORKS / 2020
INDIGENOUS LITERACY FOUNDATION / 2020

Japan

TEACH FOR JAPAN / 2014
FLORENCE / 2020
PEACE WINDS - ARROWS / 2024

Culture of giving

/ SUPPLIER DIVERSITY / 8

In 2024, we continued and reinforced our small business supplier strategy. Like our talent philosophy, our small business supplier program is focused on ensuring that we are reaching as many suppliers as possible to ensure that we are continuously seeking to expand our supplier and vendor portfolio to support small businesses. Our supplier activities and expansion efforts in 2024 included the following:

- The total percentage of Direct and Tier II spend with diverse vendors and small business for 2024 was 4.2%, a 123% increase over the prior year due in part to a renewed focus on including small business candidates for our RFPs.
- The total percentage of requests for information (RFIs) that included a diverse or small business was 20%.
- The total percentage of purchase orders (POs) that included bids from certified diverse vendors and small businesses was 16.1%.
- We are active partners with the top seven local and national certifying agencies (Center for Women & Enterprise, Greater New England Minority Supplier Development Council, Mass LGBT Chamber of Commerce, Women's Business Enterprise National Council, National Minority Supplier Development Council, National LGBT Chamber of Commerce, and DisabilityIn; and a member of the Financial Services Peer Group for NMSDC).

Corporate Sustainability at MFS

1 2

MFS is a majority-owned subsidiary of Sun Life of Canada (US) Financial Services Holdings, Inc., which in turn is an indirect majority-owned subsidiary of Sun Life Financial, Inc. (a diversified financial services organization). MFS has been a subsidiary of Sun Life since 1982. While the firm operates with considerable autonomy, this partnership provides significant resources, stability and structure. The firm currently operates from offices located in 20 countries around the globe, including eight investment centers — Boston, Hong Kong, London, São Paulo, Singapore, Sydney, Tokyo and Toronto. In everything we do, we believe that harnessing the power of diverse, collective intelligence is an important determinant of better outcomes. Collaboration, discussion and debate are therefore a significant part of how committees operate at MFS. Our senior leadership comprises the MFS Enterprise Leadership Team, which oversees the firm. This committee is responsible for setting strategic direction, determining the annual operating and capital budgets, establishing priorities for key investments in the business, recommending major policy decisions to the company's board of directors, developing new projects and performing corporate planning for the firm and its subsidiaries.

Under the MFS Enterprise Leadership Team sit four supervisory committees: the Enterprise Leadership Team, the Enterprise Risk Management Committee, the Employee Conduct Oversight Committee and the Internal Compliance Controls Committee. There are over 20 other committees helping the firm in areas like strategy, risk management and technology. The committees span departments and geographic locations and play a crucial role in guiding and protecting the firm. Governance is an important function, but the committees also gather input. They seek consensus when it comes to strategic decisions. The committees play an important role in the culture we strive to maintain and in ensuring the transparency of the firm's decision-making process.

Our Impact on the Environment

MFS has long been committed to improving the environmental outcomes of its business operations. This focus has resulted in a variety of initiatives aimed at reducing our impact on the environment. Since 2012, MFS's headquarters in Boston, Massachusetts has met LEED Gold standards, and when possible, we have applied similar measures and standards across our global footprint when renovating existing offices or building out new space. Over the past decade, we have also implemented a wide variety of programs such as server consolidation, low-energy lighting and appliance use, expanded recycling and pull-printing to help reduce waste and energy consumption.

In 2020, to accelerate this work, we established a global, cross-functional environmental impact working group to improve our ability to understand, measure and reduce our overall environmental footprint. The working group continues to examine all aspects of MFS business operations to identify where improvements can be made in measuring and further reducing emissions and resource consumption, including better data administration, waste management and energy efficiency, and working with our suppliers and vendors on the same. You can read more about our efforts in our TCFD-aligned report, which you can find in Appendix 1.

/ INTERNAL ESG TRAINING AND EDUCATION /

We regularly provide sustainability training to our investment team and the firm more broadly. Training is provided through multiple channels, including expert-led training sessions, internal discussions, and through third-party insights. Periodically, members of our investment team will present thematic research through their "Sustainability in Depth" research series. The series delves into sustainability topics currently viewed as material or potentially material to the work of our broader investment team. Sustainability-focused members of our investment team also publish research materials and presentations on an ad hoc basis. In 2021, we launched a monthly Sustainability Speaker Series aimed at broadening the investment team's perspective on ESG topics. Throughout its run, the program has featured a wide range of external presenters, including academics, chief sustainability officers from investee companies, representatives of industry initiatives and think tanks covering topics including but not limited to remuneration, culture, climate, long-term ownership and universal ownership.

We also host a monthly internal seminar series for our client-facing employees called Strategic to Tactical. This series hosts external subject matter experts and experts from across MFS, including members of our investment team, to demystify sustainabilityrelated topics and give practical examples of how we integrate sustainability into our investment processes and decision making for our global distribution team. In 2023, members of our Sustainability Strategy Team began distributing a biweekly internal sustainability newsletter for relevant stakeholders across the firm to ensure that they remain abreast of relevant sustainability-related news flow, regulatory and thematic developments. More broadly, in 2020, members of our sustainability strategy team launched a sustainability training program that offers all MFS employees the opportunity to deepen their understanding of sustainability-related topics. The goal of this program is to raise the level of expertise on sustainability related topics across the firm and empower all MFS employees to incorporate sustainability practices into their work and their discussions with clients, vendors and other stakeholders. The course includes both introductory and advanced learning tracks covering the responsible investing market landscape, detailed information about MFS' approach to sustainability through ESG integration and stewardship, and discussions about evolving sustainability topics, trends and research.

Since its launch in 2020, every member of our distribution team has participated in the curriculum, which covers both thematic and proprietary content in-depth. As a part of our 2023 curriculum review and re-release, we onboarded an external learning partner to supplement our internal sustainability curriculum for some of our key client-facing teams.

Lastly, MFS regularly hosts client and industry events focused on sustainability topics. For example, we have hosted a US-based responsible investing group in our offices four times in the past several years with discussion topics ranging from Indigenous peoples' rights and tax avoidance by multinationals to income inequality. These kinds of events enable MFS personnel to engage with other investors and stakeholders and to expand their understanding of sustainability topics.

/ SUSTAINABILITY SPEAKER SERIES /

As part of our ongoing learning efforts, we have continued our program of periodic external sustainability seminars for the entire investment team. The program was launched in early 2021 and has featured a wide range of external presenters, including asset owners and managers, academics and other industry stakeholders who have an interesting perspective on sustainability-related issues. For example, we had the board chair of a large consumer staples company discuss board leadership, governance and culture within the consumer sector and the capital goods industry, where he previously served as the CEO of a large electrical equipment company. We had a water expert join us to discuss water scarcity and water stress in global supply chains. We also had the chief sustainability office of a large global bank speak to us about how banks assess financial materiality for various sustainability issues and include it in their business strategy, operations and governance.

Appendix

Appendix

MFS® Investment Management

1 2 4 7 10

2024 MFS® Strategic Climate Action Plan

In line with the Task Force on Climate-Related Financial Disclosures (TCFD)

RESPONSIBLY ACTIVE FOR A CENTURY

Click on the content headers below or in the tabs above to take you directly to the section.

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Overview

Given recent and proposed regulatory changes and other factors, climate change is likely to be a critical investment topic in the decades ahead, creating financially material risks and opportunities for many corporate and sovereign and subsovereign issuers. As long-term stewards of capital, we aim to evaluate and manage these material climate-related risks and opportunities in our portfolios.

Asset managers play a critical role in encouraging issuers we invest in to mitigate risks and properly address opportunities, including those related to the transition to a lower-carbon economy. As long-term investors seeking to allocate capital responsibly, we have a variety of tools to understand and, where most material, increase the rate of change in an effort to improve investment results and create value for our clients.

Our journey with the TCFD began in 2019 when we first became a user signatory. However, researching climate risks and opportunities — for example, incorporating carbon emission data into certain investment analyses — has been a part of our investment process for many years.

Separate from our investment activity, MFS has also looked to offset our own carbon footprint using what we believe to be high-quality offsets. We appreciate the limitations of carbon offsets, though, and will continue to focus on decarbonizing our footprint further.

In this report, we outline our approach to incorporating what we consider to be financially material climate-related risks and opportunities into our investment process. We also provide additional information regarding our corporate activities in this area.

Governance

To support the integration of ESG factors into our investment and ownership activities, we have established three committees embedded within the MFS' global committee structure:

Investment Sustainability Committee (ISC) – the ISC is responsible for administering and implementing the MFS Policy on Responsible Investing and Engagement. The ISC is also responsible for overseeing the integration of ESG factors into our investment and engagement processes, adherence to stewardship codes, and membership to investment-led industry groups or initiatives.

Our investment team has also established four working groups, aimed at fostering and enhancing ESG discussions across MFS' sector teams and asset classes.

- Climate Working Group: Develop a framework to support and enhance our climate-related investment decision-making and stewardship activities
- Governance Working Group: Develop a set of governance principles and frameworks that MFS can use when evaluating risks and opportunities for both equity and fixed income investments
- Societal Impact Working Group: Develop guidance that facilitates our investment decision-making and stewardship activity around social issues
- Sovereign Working Group: Engage the broader investment team around evaluating country risk through an ESG lens and developing an ESG sovereign risk framework to support and enhance our investment decision making process

Corporate Sustainability Committee (CSC) – the CSC is responsible for coordinating our client and corporate sustainability strategy and policies, our membership in groups that have client or corporate implications and managing our client and regulatory expectations regarding disclosure and reporting on ESG-related matters.

MFS Proxy Voting Committee – this committee is responsible for overseeing our proxy voting activities, administering the MFS Proxy Voting Policies and Procedures, and establishing our proxy voting engagement goals and priorities.

Finally, we have established the MFS Sustainability Executive Group (SEG), which includes our chair and CEO, president, CIO, general counsel and other senior leaders. The SEG meets at least monthly to develop long-term sustainability strategy, advise on and coordinate the implementation of that strategy, and resolve any issues of prioritization and resource allocation for sustainability-related projects.

Strategy – Investments

Climate change and regulations related to it are materially impacting many businesses' revenue growth, margins and returns, cash flows, capital expenditures and valuation. These impacts are arising due to regional and national regulations (e.g., carbon prices, taxes and Emissions Trading Systems); changing consumer expectations and increased demand for lower-impact products and services; physical disruptions caused by a changing climate; and increased divestment or investment by various investors (other than MFS) based on factors like sector or industry or the companies' perceived impact on and preparedness for climate change. As long-term investors seeking to understand the durability and stability of financial returns, we are assessing and managing this topic at both the issuer (company, sovereign and subsovereign) and portfolio level.

/ ISSUER AND INDUSTRY ANALYSIS /

As with all risks and opportunities, our assessment of environmental issues such as climate change begins with in-depth fundamental issuer and industry analysis. Our investment team has conducted a substantial amount of climate research, which has been shared in sector team discussions, regional investment meetings, our global and international investment roundtables, thematic presentations and one-on-one interactions. The research has covered a wide range of industries, from those in the highly affected energy, utility and industrials sectors to other industries increasingly impacted by climate change (e.g., real estate, insurance, consumer staples). Our work has focused on understanding risk in the four areas shown in the accompanying illustration.

Risks
- Rising sea levels
- Storm frequency

Opportunities
- Mitigation and Adaptation

Risks
- Technological/Regulatory
- Asset stranding

Opportunities
- Direct
- Indirect

Risks
- Legal liability regarding climate impacts

Risks
- Consumer/Investor stigmatization of certain industries

Opportunities
- Innovators gain share

Our investment staff uses both proprietary and third-party tools to monitor data on ESG factors relevant to each security. Over the past several years, our efforts to enhance our ESG data integration strategy have advanced substantially. We continue to increase the amount of issuer-reported data available to the entire investment team and have improved the functionality of the tools that the team use to access that data. We also continue to enhance our systems for capturing and escalating insights generated during our engagements, which form an important part of our climate research and investment decision making process.

To house our proprietary ESG analysis and relevant issuer-reported and third-party data, MFS maintains easily accessible ESG hubs for each issuer in our investment research system. Notes written by our analysts and portfolio managers tagged as containing ESG or engagement content are automatically linked, enabling the broader team to quickly identify and evaluate internal viewpoints on material ESG factors impacting the issuers they cover or hold in a portfolio. Each issuer's ESG hub also includes our proprietary ESG "sector maps" for the industry most relevant to its business. MFS' sector maps outline the key environmental and social issues we believe are most material to the industry in which an issuer operates. They include an overview of the topic (including key data points to analyze), a heat map indicating the magnitude of the risk or opportunity and guidance on addressing the issue during company engagements.

Our investment team has also developed proprietary ESG dashboards that display a wide variety of climate-related reported data and other insights for any relevant issuer, portfolio and industry, including data such as climate commitments, absolute and intensity emissions data.

/ CLIMATE-RELATED SCENARIO ANALYSIS: SECTOR-, ISSUE- AND PORTFOLIO-SPECIFIC /

Although we believe that climate regulations and other related factors are likely to materially impact many of the issuers we own, there is substantial uncertainty as to the magnitude and timing of changes, particularly regarding how fast industries and regions of the world are implementing the changes. As a result, our investment team has sought to evaluate on a bottom-up basis how different climate outcomes might impact the issuers they cover or own. Historically, this process of evaluating potential outcomes, often referred to as scenario analysis, has been issuer-specific in nature, taking different factors into account based on the issuer being researched. Our view is that this bottom-up process of considering different future states for the issuers we own should always be the primary way in which we evaluate climate risk and opportunity.

While scenarios can provide context for future states, we recognize they aren't forecasts. Nevertheless, we use scenario assumptions produced by external organizations on certain matters — such as potential commodity supply and demand and the potential pricing of carbon or carbon budgets for the harder-to-abate sectors — as inputs in developing a rounded view on issuers' climate transition plans. When assessing the credibility of climate transition plans, we believe it is important to know what the greenhouse gas emission intensity of a barrel of oil or a ton of steel in a net zero scenario should look like. Our aim is to connect transition risks and opportunity across sectors to understand the impacts that topics such as hydrogen and battery storage, carbon pricing and carbon offsetting and fossil fuel demand and supply may have over the long term on the issuers that we hold. Furthermore, our views are informed by increasing governmental regulation as well as changes to countries' climate change blueprints, also called National Determined Contributions (NDC), with a particular focus on sovereign bond assessments.

As noted in last year's report, many third-party tools are available that purportedly allow an investor to evaluate the impact of different climate scenarios on issuers or portfolios. We aren't yet convinced that these tools offer sufficient and repeatable insights beyond what our team is already generating based on our bottom-up research process that incorporates the insights generated by our investment team, which comprises more than 300 people around the world. Our concerns with these tools include the following:

- **Transparency—**Although each provider offers a certain level of detail on its model, there are many assumptions that need to be built into the tool. It is often unclear how these assumptions influence the outcomes presented.
- **Illusion of specificity—**Investing is a complex process that requires a great deal of subjective decision making, especially when looking out over five or more years. Climate scenario forecasts must be generated not just over years but over decades. Despite that, these tools generate highly specific value impacts, which we believe creates an illusion of specificity that we believe is less reliable than our own carefully considered and more flexible long-term issuer and industry views on potential climate impacts.
- **Highly generalized assumptions—**As noted above, we have detailed viewpoints on many climate-related factors. For example, we have views regarding the elasticity of demand for various company's products and services, which will influence a company's ability to pass on climate-related costs that may arise from regulation. Most of the third-party climate scenario tools allow the user to "flex" only a few variables, generating an output insufficiently tailored to the likely outcomes for specific issuers.
- **Simplification—**Although we want to avoid the illusion of specificity when considering the long-term impacts of climate change, we also want to avoid the excessive simplification that we have often found these models employ. For instance, one provider we have recently reviewed uses a single, business-as-usual forecast revenue growth assumption of 3% for all companies. This kind of simplification is as concerning as the overly specific forecasts that are integrated elsewhere.

Despite these limitations, we continue to evaluate how scenario analysis tools might enhance our investment process. During the past year, our sustainability team has started to use the research functionality available from Bloomberg that assesses an issuer's alignment with certain publicly available scenarios. These outputs typically plot an issuer's climate-related short- or medium-term targets on pathways as laid out in the high-level scenario and also assess whether an issuer is likely to align with the pathways in the future.

We also continue to evaluate other third-party scenario analysis tools. During the past year, we have run an RFP process for new ESG-related data and services. This process included assessments of four different major ESG vendors. We met in-person or virtually with each provider on multiple occasions, and the discussion included a review of the vendor's scenario analysis tools. It is possible this process will lead to the procurement of a scenario tool in 2025, which would initially be used by our investors focused on sustainability to evaluate how it might add value for the broader investment team.

PORTFOLIO ANALYSIS

In addition to the company-specific research outlined above, MFS has used carbon intensity analysis and evaluated specific high emitters to assess the climate risk of various portfolios relative to their benchmarks. We have also developed tools that allow our portfolio managers to know the percentage of companies in their portfolio that disclose carbon emissions data and have implemented a net-zero or science-based target. Our portfolio managers' evaluation of their portfolios' climate risks is generally formed based on the detailed, bottom-up research and engagement being conducted by both our analysts and portfolio managers.

Climate-related risks and opportunities feature in our periodic portfolio sustainability risk reviews. These reviews provide the team with an opportunity to discuss sustainability risks and opportunities based on internal research, emerging viewpoints and external events.

SOVEREIGN ANALYSIS

Climate change can pose material risks to sovereign debt due to its impact on national expenditures associated with disaster recovery from extreme weather events or preparedness through climate change mitigation and adaptation projects. Emerging market countries are particularly vulnerable since they often lack capital or have higher funding costs, among other risks. Many of these countries may face food insecurity due to the impact of climate change on their agricultural production and the price of imports. Our investment team members are increasingly focused on better understanding climate risk in sovereigns and its complex association with fiscal and monetary conditions, which in turn affects bond yields and credit ratings.

The ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) project was established in mid-2021 by a group of asset owner and asset managers to create a framework and accompanying tool to provide investors and other stakeholders with a common understanding of sovereign exposure to climate risk and how sovereign issuers plan to mitigate and adapt to it. The research is being done by the Transition Pathway Initiative team at the Grantham Research Institute on Climate Change and the Environment (at the London School of Economics and Political Science). We are a founding member and part of the advisory committee and continue to help shape the project and its outcomes. As of the end of 2024, the project has not only succeeded in creating a transparent framework but also an accompanying tool that utilizes publicly available data and provides analysis of 70 countries (increased from 25 countries assessed in 2023) that represent 85% of global greenhouse gas emissions.

GREEN AND THEMATIC BONDS

We are seeing more issuers such as companies, countries and subsovereigns come to the market with green, social, sustainable and sustainability-linked bonds. The proceeds of many of these bonds are earmarked for environmental projects to combat climate change across categories such as alternative energy, green buildings and infrastructure, water and waste management, and environmental remediation. We purchase green and other themed bonds alongside traditional bonds in our fixed income portfolios based on a holistic approach to analysis of all financially material risks and return potential of these instruments, and we continue to account for the benefits of holding them.

ENGAGEMENT

MFS regularly engages with our investees to inform our understanding of the material risks and opportunities arising from climate change and to advocate for improvements in governance and disclosure. In 2024, we primarily engaged with issuers to get clarity and assess the credibility of companies' transition plans.

The analysis of companies' transition plans focuses on testing five pillars of credibility and their alignment with our investment theses.

1. Management credibility – We look at their strategic conviction, whether the board has expertise in climate-related matters, and if the management team is motivated to execute the strategy.
2. Financial credibility –We consider whether the strategy can be implemented without negatively affecting long-term shareholder value, and if capital expenditure plans are updated regularly, especially given the current inflationary climate.
3. Competitive credibility – We assess whether the company's competitive advantage is maintained, increased or decreased.
4. Technological credibility – We review if the technologies proposed in transition plans are financially viable, scalable and regularly checked for readiness.
5. Stakeholder alignment and credibility – We check that targets are set with suppliers without unduly increasing risks in the supply chain, that the transition plan aligns with regulatory regimes, and that a 'just transition' is considered when formulating plans.

We continue to see a number of shareholder resolutions that seek increased disclosure of the financial impact of climate change and/or that request climate-related targets to be set by the company. MFS supports resolutions on behalf of our clients if we believe the requested action is necessary to understand the financial materiality of the various climate risks and opportunities facing the issuer.

As a means of enhancing our investment decision making process, 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 an active participant in a variety of climate-focused company engagements, and where we see financially material risk, we are encouraging our portfolio companies to enhance climate disclosures to aid in our analysis and to develop and carry out a science-based emissions reduction plan to help mitigate investment risk.

Net Zero Commitment, Target and Approach

We believe the risks and opportunities associated with climate issues are likely to prove financially material for many companies and sectors of the economy over the long term.

Our approach to working towards net zero alignment is founded on engagement, not exclusion. It is our belief that alignment can be effectively and constructively achieved by engaging with companies to help them transition in line with the decarbonization efforts of the global economy, which should reduce the climate-related financial risks in our portfolios.

Therefore, we believe that our climate focused research and engagement are in the best interest of our clients and aligned with our purpose of creating long-term value responsibly. As a result, we announced the following targets in June 2022:

1. 90% of in-scope assets under management considered net zero aligned or aligning by 2030
2. 100% of in-scope assets under management considered aligned or achieving net zero by 2040
3. 100% of assets under management considered "achieving net zero" by 2050

Our in-scope assets include all listed equities and corporate credit, the value of which, at the time of committing, represented about 90% of assets under management. We may adjust our in-scope assets over time to include sovereign and municipal bonds.

We have developed a sectoral engagement program that will focus on evaluating the credibility of companies' climate transition plans and issuer-specific risks and opportunities.

Our engagements are prioritized based on indicators of the materiality of the issuer to MFS' net zero targets. These include sector, exposure to transition risk, emissions and current status of net zero commitments and interim targets.

We also publish an annual Net Zero Progress Report that you can read more about here.

90%

of in scope assets under management considered net zero aligned or aligning by 2030

100%

of in-scope assets under management considered aligned or achieving net-zero by 2040

100%

of assets under management considered 'achieving net zero' by 2050

MFS Net Zero Progress Tracker

Below is our Net Zero Progress Tracker, covering all our in-scope holdings (i.e., listed equities and corporate fixed income). Our methodology is based on the Net Zero Investment Framework (NZIF), and the table reflects the degree of issuer alignment based on scope 1 and scope 2 emissions data.

We will continue to assess the data quality and relevance of scope 3 data and will phase this into our reporting as data quality improves in line with the recommendations of the Net Zero Investment Framework.

	NOT ALIGNED[3]	COMMITTED TO ALIGNING[3]	ALIGNING TO NET ZERO[3]	ALIGNED TO NET ZERO[3]	ACHIEVING NET ZERO – MFS 2050 TARGET[3]
	29.43%	28.82%	16.53%	25.22%	0.00%
Total In-scope AUM *			**$516,009,305,236.49**		
Coverage			**94.69%**		
Climate engagements (Aggregate, from baseline date 1 July 2021 to 31 December 2024)			**216**		

* In-scope AUM includes all listed equity and corporate fixed income holdings as of December 29, 2023.

* Our updated 2023 net zero tracker captures net zero alignment across all our in-scope AUM (*i.e.*, public equities and corporate fixed income). Please refer to Appendix 1 for the 2022 numbers covering only public equities.

Strategy – Business Operations

MFS has long been committed to improving the environmental outcomes of its own business operations. This focus has resulted in a variety of initiatives to reduce our impact on the environment.

In 2008, MFS launched "A Green MFS," a program aimed at reducing our environmental footprint. The initiative included an employee outreach program that gave all MFS employees a forum to suggest actions that would help us become a more environmentally sound company. Since 2012, MFS' headquarters location in Boston, Massachusetts has met LEED Gold standards, and when possible we have applied similar measures and standards across our global footprint as we renovate existing offices or build out new space. Also, over the past decade we have implemented a wide variety of programs such as server consolidation, low-energy lighting and appliance use, expanded recycling and pull printing to help reduce waste and save energy.

These and other actions resulting from this initiative include the following:

/ REAL ESTATE AND ENERGY CONSUMPTION /

- Used modular interior materials to reduce costs and waste
- Installed high-efficiency light fixtures, Energy Star appliances and low-flow plumbing fixtures wherever possible
- Implemented auto-shutoff for lighting in corporate office and auto-sleep mode for all computers
- Consolidated and upgraded servers that achieved 40% greater energy efficiency
- Contracted with custodial vendor that uses 100% biodegradable cleaning products
- Used highly efficient data center partners to minimize electricity use and cooling needs

/ TRAVEL /

- Implemented video conferencing for all employees to reduce nonessential travel and enhanced work-from-home capabilities
- Installed commuter bike racks and showers in corporate headquarters and most global offices to promote carbon-free commuting

/ PAPER AND PLASTIC /

- Eliminated 90% of file cabinets by making almost all processes paperless
- Inventoried and recycled unnecessary historical paper documents
- Implemented pull printing and default two-sided printing in offices to reduce print waste
- Offered paperless web and app access for client reports, shareholder and proxy statements, marketing materials and fund documents
- Stopped using plastic in marketing materials
- Provided employees with reusable mugs and eliminated disposable cups from offices
- Eliminated single-use bottled water

/ WASTE /

- Working with an industry-recognized (ISO- and R2-certified) firm to remarket and recycle legacy computing assets
- Implemented single-stream recycling wherever possible along with alkaloid and lithium ion battery recycling
- Implemented a new waste measuring and reduction initiative focused on composting, recycling and educating employees on how to reduce their waste in our corporate headquarters as well as our Toronto office, with plans to expand further

In 2020, we established a global, cross-functional Environmental Impact Working Group to improve our ability to measure and minimize our overall environmental footprint. This group engages with our employees on our corporate waste program, educational series and local resources to help employees reduce their footprint.

While we realize the limitations of carbon offsets, we have chosen four projects to invest in to help offset carbon emissions in our operations:

Project Name	Project Type	Project Location	Applicable Standard
Mississippi Valley Reforestation (2021)	**Forestry**	**United States**	**ACR**
Darkwoods Forest Conservation (2021)	**Forestry**	**Canada**	**VCS+CCB**
Rural Clean Cooking (2021)	**Household Devices**	**India**	**Gold Standard VER**
Orb Household Solar (2024)	**Household Devices**	**India**	**Gold Standard VER**

We continue to assess our operations and their impact on a changing climate to further our goal of creating more sustainable practices around business travel, paper and waste management in our operations while seeking to further engage with the owners or property management companies of the buildings we occupy to promote more sustainable practices and energy sources. Additionally, we perform due diligence on our materials suppliers to determine their approach to climate change.

Risk Management

Our cultural emphasis on risk management is incorporated into all facets of our investment process. At MFS, the goal isn't to minimize risk per se, but rather to understand its sources and effectively manage it. The risk management process is designed to ensure each strategy takes on the level of risk appropriate to the investment philosophy of its mandate while also meeting long-term investment objectives.

We consider both risks and opportunities when evaluating ESG factors and trends, and we have implemented various tools and systematic processes to help our investment team manage ESG-related risks at the security and portfolio levels. As part of this systematic approach to ESG risk management, all MFS strategies are subject to periodic sustainability reviews focused exclusively on sustainability-related topics.

The goal is not to minimize risk, but rather to understand its sources and effectively manage it

Metrics and Targets– Investments

We rely on a wide range of data and analysis when monitoring climate risk at the security and portfolio levels. This includes the level and quality of climate risk disclosure (e.g., CDP reporting), the adoption and quality of issuer carbon reduction targets (e.g., net zero targets, science-based targets, etc.) and progress toward these targets, such as rolling three- and five-year emissions trends. Given the role many companies in high-emitting sectors might play in facilitating the transition to a low-carbon economy, simply measuring portfolio exposure to such sectors does not provide enough information on important climate opportunities and cooling potential.

Other important metrics we use to monitor climate risk include these:

/ SECURITY-LEVEL /

- Emissions performance
  - Carbon intensity Scope 1, 2 and relevant Scope 3 and reduction trend – both revenue and sector specific metrics (e.g., GHG intensity of barrel of oil, ton of steel/cement, etc.)
  - Absolute emission reduction Scopes 1,2 and 3 and reduction trend
  - Industry carbon intensity (global and by region)
- Forward-looking carbon reduction targets
- Credibility of transition plans
- Physical risk indicators

/ PORTFOLIO-LEVEL /

- Total portfolio emissions, and portfolio and industry level weighted average carbon intensity and relative to benchmark
- Indicators of exposure to potential transition risks, including where relevant exposure to fossil fuel sectors, share of nonrenewable energy in consumption and production and consumption intensity per high impact sector.
- Rolling three- and five-year emissions trends
- Percentage of the portfolio with science-based or net zero targets
- Periodic portfolio sustainability reviews include discussion of high emitters and the relative risk/reward they represent

Metrics and Targets– Business Operations

We continue to measure MFS' business operations to understand where we can reduce our emissions. Allowing us to determine where improvements can be made, to measure and reduce our total resource consumption.

/ MEASURING OUR EMISSIONS /

- **Real estate/building emissions:** We don't own any of our current building occupancy; however, as part of this initiative, we are conducting an inventory of each of our locations, looking at issues such as lighting efficiency, water consumption, sources of electricity and renewable alternatives and waste practices. We will also try to collaborate with our landlords to understand their climate strategy and find ways to partner with them in order to reduce emissions.
- **Travel:** We are working with clients to engage with them virtually for more routine meetings and where appropriate. We are also determining where we can consolidate trips, seek alternative modes of transportation and make fewer layovers. Additionally, we are looking at our preferred airlines to understand their climate action plans. We continue to improve our ability to assess and report the emissions produced from travel.
- **Educating employees:** We are engaging our own employees not just to create awareness of the impacts of climate change but also to educate them and provide tools that can help them have an impact by making small but meaningful changes in their lifestyles. We maintain an internal portal to collect employee suggestions on how to make the firm more environmentally friendly.

Roadmap for 2025

As we look forward to the rest of 2025, we will continue to engage with our investees, encouraging them to set and meet their climate goals, monitoring their overall alignment with sectoral decarbonization pathways. We don't intend to use divestment or to purchase "green" companies solely for the purpose of achieving a portfolio net zero goal as this approach does not contribute to reducing real world emissions. We aim for all covered assets to be "aligned to a net zero pathway" by 2040 and "achieving net zero" by 2050, as defined by the Net Zero Investment Framework (NZIF) methodology.

In order to execute our net zero engagement commitments and for our portfolios governed by the Sustainable Finance Disclosure Regulation (SFDR), we developed and rolled-out a Transition Plan credibility framework in 2024. As mentioned previously, the framework tests companies' transition plans according to five pillars: management credibility, technological credibility, financial credibility, competitive credibility and stakeholder alignment.

In 2025 we will continue to implement the framework across of our most impactful holdings.

TCFD PILLARS	ACTIVITIES AND OBJECTIVES ACHIEVED IN 2024	ACTIVITIES AND TARGETS FOR 2025	ACTIVITIES IN 2026 AND BEYOND
Governance	Continued to evaluate climate-related voting and escalation policies. Actively participated in climate initiatives such as Assessing Sovereign Climate-Related Opportunities and Risks (ASCOR) and Asia Investor Group on Climate Change (AIGCC). Continued to report on waste reduction activities and goals to various committees. Rolled out targeted waste programs in additional areas of our Boston headquarters and in Toronto.	Continue to drive company initiatives to improve recycling and composting rates and reduce waste in our offices, reporting on progress to the CSC and other committees as necessary. Continue to increase clarity for issuers on our voting activity surrounding climate risks.	Continue to evaluate new data and information providers, collaborative bodies and other organizations focused on improving climate-related investment outcomes. Revise stewardship policies as necessary.
Strategy	Began adoption of new, internally developed climate transition analysis (CTA) tool, which will guide members of our investment team in evaluating company transition plans.	Include information captured in CTA tool in periodic portfolio sustainability reviews. Continue internal research on climate technologies and other pathway dependencies to enable investment team to monitor changing trajectories in climate-related expectations.	Enhance voting and engagement escalation framework on climate issues.
Risk Management	Continued to enhance MFS' ESG data dashboards (which includes climate and related target data) by adding more information on climate-related topics. Produced portfolio level analyses that included the review of climate-related data. Evaluated four top tier ESG data vendors' scenario data for potential future use in research and engagement programs.	Enhance our climate engagement priority setting process by driving decision making to our eight global sector teams. Continue to evaluate and potentially select a new vendor to provide scenario analysis and physical risk data for use in our research and engagement activities.	Continue to drive internal research on climate technologies and other pathway dependencies to enable investment team to monitor changing trajectories in climate-related expectations. Integrate additional scenario analysis or physical risk data and information. Better understand and articulate how value chain dependencies affect issuer level climate targets.
Metrics	Continued to publish portfolio level TCFD reports for UK managed accounts. Published another iteration of our net zero progress report, showing examples and developments on sectoral thinking, engagement successes and hurdles, and quantitative data. Continued to share data on voting activity, in particular in relation to support of environmentally related shareholder resolutions.	Continue to enhance our reporting via current reporting (e.g., TCFD portfolio level reports for UK managed accounts, net zero reports and reports displaying relevant voting information. Improve client reporting through new internally developed reporting capabilities.	Further enhance client and other stakeholder access to data on our portfolios, progress against net zero commitments, and voting activities.

Conclusion

MFS recognizes the investment implications of the Paris Agreement. We are focused on improving our understanding of climate risks and opportunities in our investment process to drive the best possible risk adjusted returns for our clients, and we will continue to pursue best practices in our business operations. We will continue to engage with our clients, investees and industry peers to help build effective and resilient carbon-reduction plans, and we will continue to encourage practices that facilitate an effective transition to a low-carbon economy in an effort to manage risk in our portfolios.

/ REPRESENTATIVE STRATEGIES CARBON INTENSITY[1] /

	2023		2024	
Equity - Global	**WACI**	**Coverage (%)**	**WACI**	**Coverage (%)**
MFS Global Equity	100	99	102	99
MFS Global Value Equity	71	98	65	97
MFS Global Growth Equity	71	98	80	98
MFS Low Volatility Global Equity	171	99	190	100
Equity - Global ex-US				
MFS International Equity	132	99	104	99
MFS International Intrinsic Value Equity	73	96	73	97
MFS International Growth Equity	103	97	84	97
Equity - US				
MFS Large Cap Value Equity	220	98	237	98
MFS Large Cap Growth Equity	63	98	79	98
MFS Mid Cap Value Equity	178	97	165	98
MFS Mid Cap Growth Equity	55	97	131	96
MFS Low Volatility US Equity	178	99	176	99
Equity - Regional				
MFS European Research	99	100	76	100
MFS Japan Equity	50	99	40	99
MFS U.K. Equity	69	97	68	98
MFS Canadian Research Equity	218	99	150	96
MFS Asia Pacific ex-Japan	217	97	177	98
Equity - Emerging Markets				
MFS Emerging Markets Equity	146	97	168	97
MFS Latin American Equity	206	92	193	91
Equity - Sector				
MFS Utilities Equity	1416	99	1420	98
MFS Global Real Estate Equity	77	99	100	97
Fixed Income				
MFS Global Credit	190	79	207	91
MFS US Credit	281	83	263	94
MFS Euro Credit	195	82	132	93

[1] Weighted Average Carbon Intensity (Scope 1+2) (tonnes CO^2e/$revenues). Source: S&P/Trucost, FactSet, and Clarity AI. trademark and service mark.
The information set forth above is dependent on the accuracy and availability of emissions data for which MFS relies on issuers and third-party data providers. Lower portfolio data coverage will yield less reliable carbon intensity metrics. 2022 fixed income strategies WACI have been recalculated using S&P/Trucost.

/ MFS ENTITY LEVEL REPORTING /

Four TCFD recommended metrics are included below. These are based on Scope 1 + Scope 2 emissions. Only equities and corporate bonds are included at this time.

CARBON FOOTPRINT

	Companies	Portfolio weight	Carbon footprint
Weighted Average Carbon Intensity tons CO^2e / USD M revenue	8,145 / 10,258	83.74%	160.45
Portfolio Financed Emissions tons CO^2e	8,139 / 10,258	83.71%	26.54 M
Portfolio Financed Emissions / USD M Invested tons CO^2e / USD M invested	8,139 / 10,258	83.71%	52.76
Portfolio Carbon Intensity tons CO^2e / USD M revenue	8,116 / 10,258	83.67%	151.1

GHG EMISSIONS

	Total	Data coverage
Total GHG emissions (companies only) tons CO^2e	237,085,312	97.60%
Scope 1 GHG emissions tons CO^2e	20,443,338	97.88%
Scope 2 GHG emissions tons CO^2e	4,186,674	97.88%
Scope 3 GHG emissions tons CO^2e	211,972,112	97.62%

Weighted Average Carbon Intensity (Scope 1+2) (tonnes CO2e/$revenues).
Source: S&P/Trucost for representative accounts and Clarity AI for in-scope entity level figures, trademark and service mark.
The information set forth above is dependent on the accuracy and availability of emissions data for which MFS relies on issuers and third-party data providers.
Please note that different sources may have been used in previous years and therefore could affect the change in figures over time.
Lower portfolio data coverage will yield less reliable carbon intensity metrics.
GHG emissions figures were updated in June 2025 based on revised figures from the data provider.

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.

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/ APPENDIX 2: KEY STAFF / 2

ESG Research and Stewardship

Robert M. Wilson – Director, Global ESG Integration

Robert M. Wilson, Jr. is the global director of ESG integration at MFS. As the first ESG analyst at MFS, he was responsible for the initial development and execution of our global equity and fixed income ESG investment integration strategy. Working with analysts and portfolio managers, Rob spends most of his time developing bottom-up, security-specific research aimed at modeling and valuing ESG risks and opportunities. He has also produced investment-focused thematic research covering topics such as corporate taxation, income inequality, fixed income governance analysis and technology ethics. He currently chairs the MFS Investment Sustainability Committee and is a member of the Sustainability Executive Group (SEG) and proxy voting committee. Rob also leads our internal data and systems development activities alongside Mahesh Jayakumar.

Rob has spent much of his 12-plus years at MFS focusing on social issues and human rights, providing him with subject matter expertise in these areas. He has presented at a wide variety of external events on social and human rights topics and continues to contribute to the broader community on these issues through activities such as his advisory committee role for the PRI's Advance initiative. Rob also has substantial expertise in the application of technology to address business needs. Having learned programming at an early age, Rob's Bachelor of Science degree from Boston University includes concentrations in both finance and information technology. He leveraged this learning in his roles at Bain & Company and more recently at MFS, and he has exhibited similar skills to local Boston-area sustainable investment initiatives.

Rob was named director of global ESG integration in 2022. He joined MFS in 2013 after six years with American Century, where he most recently served as a senior equity analyst. Previously, he spent five years at Bain & Company, working as a manager in the Financial Planning and Analysis group. Rob earned a Bachelor of Science degree in business administration from Boston University and an MBA from the University of Chicago.

Pooja Daftary – Research Analyst

Pooja Daftary is a research analyst at MFS. Her primary role involves working with the firm's analysts and portfolio managers to integrate ESG issues into the investment decision-making process. She is also responsible for developing thought leadership regarding the role that ESG integration plays in a long-term investment process.

Pooja joined MFS in 2009 as an investment research associate. In 2012, she left the firm to complete her Master of Business Administration degree before returning in 2014 as a global equity research analyst. She served in that role until 2018, when she assumed her current position.

Pooja earned a BA from Mount Holyoke College and an MBA from Harvard Business School. She is based in Singapore.

Mahesh Jayakumar, CFA, FRM – Research Analyst

Mahesh Jayakumar, CFA, FRM, is a fixed income research analyst focusing on ESG issues at MFS. In this role, he works collaboratively across the investment department to integrate ESG considerations into MFS' overall fixed income research process, working with analysts and portfolio managers to broaden and deepen their understanding of the impact sustainability factors may have on investment outcomes. He is a member of the working groups that guide the firm's ESG investment strategy and assess global collaborative initiatives and partnerships. Mahesh also leads our internal data and systems development activities alongside Robert Wilson.

Mahesh joined MFS in 2019 in his current role following a year as a senior portfolio manager at Oppenheimer Funds. He previously worked for State Street Global Advisors for ten years, serving as a senior portfolio manager for the first nine, before transitioning to a senior ESG investment strategist role for his final year with the firm.

Mahesh began his career in the financial services industry in 2008. He earned a BS in Information Systems from Purdue University, an MS in Computer Science from Boston University and an MBA from the MIT Sloan School of Management. He is based in Boston.

Gabrielle Guillemette – Fixed Income Research Associate

Gabrielle Guillemette is a fixed income research associate with MFS. In her role, she is responsible for assisting analysts and portfolio managers with their investment processes by gathering and analyzing data with a focus on environmental, social and governance industry factors.

Gabrielle joined MFS in 2021 in her current role. She was previously a senior client account manager with Brown Brothers Harriman for three years.

Gabrielle earned a Bachelor of Arts degree in economics and environmental studies from Hobart and William Smith Colleges.

Stewardship

Franziska Jahn-Madell – Director, Global Stewardship

Franziska Jahn-Madell is director of global stewardship at MFS. In this role, she is responsible for creating a companywide global stewardship strategy, incorporating sustainability, engagement and proxy voting. She currently co-chairs the MFS Proxy Voting Committee and is a member of the Investment Sustainability Committee. She is based in London.

Franziska joined MFS in 2021 in her current role. Prior to joining the firm, she spent seven years at Ruffer as head of responsible investment, developing the firms approach to ESG Integration, Stewardship, external reporting. She also spent ten years as a principal research analyst at EIRIS in London undertaking company analysis with a particular focus on bribery and corruption, human rights and supply chain issues, controversies, financial institutions and project finance. She also worked at Frankfurt University as an academic assistant focusing on the development of a methodology on how to assess companies on the dimensions of social, environmental and cultural sustainability.

Franziska earned two Master of Administration degrees with honors from Frankfurt University. She studied business ethics (Catholic Theology) and German literature.

Andrew Jones, CFA – Stewardship Analyst

Andy Jones, CFA, is a stewardship analyst with MFS. In this role, he is responsible for working across the full portfolio of MFS holdings to deliver our internal stewardship strategy and external stewardship commitments. He is based in London.

Andy joined MFS in 2021 in his current role. He was previously a director and stewardship lead for Europe in Federated Hermes EOS for more than three years. Prior to that, he was a sustainability consultant with PwC for ten years, working across a broad range of sustainability and governance topics for corporate and public sector clients. He was also a strategy and risk consultant with Deloitte and began his career in financial services in 2004.

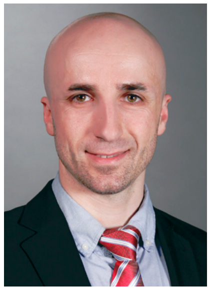
Andy earned a Bachelor of Science degree in physics from the University of Warwick. He holds the Chartered Financial Analyst designation.

Xinyi Wan, CFA – Senior Stewardship Associate

Xinyi Wan, CFA, is a senior stewardship associate with MFS. She is responsible for proxy voting, engagement and research for Health Care sector, as well as working with Agile ESG team on the integrated technology solutions.

Xinyi joined MFS in 2022 as business system analyst and then lead ESG business analyst on Agile ESG before joining Stewardship in her current role in 2024. She had over a decade of experience in socially responsible investing as a general equity analyst and portfolio manager assistant.

Xinyi earned a Bachelor of Economics degree in Financial Engineering from Southwestern University of Finance and Economics and a Master of Science in Finance from Clark University. She is a CFA charter holder.



Herald Nikollara – Senior Stewardship Associate

Herald Nikollara is a senior stewardship associate with MFS. He is responsible for proxy voting and corporate governance related research and analysis and day-to-day proxy voting operations, as well as assisting with reporting and engagement activities.

Herald joined MFS in 2018 as a proxy voting analyst before being named to his current position in 2021. He was previously a paralegal at the Boston law firm Holland & Knight LLP for two years.

He earned a Bachelor of Science degree in criminal justice from the University of Massachusetts Boston.

Hailey Scatchard, CFA – Senior Stewardship Associate

Hailey Scatchard is a stewardship associate at MFS. She is responsible for proxy voting and corporate governance–related research and analysis and day- today voting operations, as well as assisting with reporting and engagement activities.

Hailey joined the firm in 2024. Prior to working at MFS, she served for two years as a business associate at Wellington Management Company, working in sustainability on the investment team.

She graduated from George Washington University, where she earned a Bachelor of Science degree summa cum laude in international affairs and economics.

Alexandra Schoepke – Stewardship Coordinator

Alexandra Schoepke is a stewardship coordinator with MFS. She assists the broader team in various ways, including scheduling engagement meetings, participating in certain voting decisions and participating special analytical projects.

Alexandra received a Bachelor of Arts degree summa cum laude from Northeastern University with an environmental studies major and a minor in economics. She later received a Master of Science degree in Environmental Science and Policy from Northeastern University.

Client Sustainability Strategy

Bess Joffe, JD – Managing Director, Global Head of Sustainability Strategy

Bess Joffe is a managing director and global head of sustainability strategy at MFS. In this role, she works with clients and other stakeholders globally to develop solutions and provide insights on sustainable investment trends and best practices. She is focused on ensuring that sustainability is integrated across investment, client and corporate pillars. She currently serves as the co-chair of the MFS Corporate Sustainability Committee.

Bess was previously the head of responsible investment at the Church Commissioners for England. She has held numerous other positions in the industry, including associate director – Americas at Hermes Equity Ownership Services, head of stewardship and corporate governance at TIAA and vice president of investor relations at Goldman Sachs.

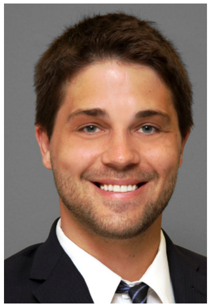
Bess earned a Bachelor of Arts degree in economics from McGill University in North American Studies. She also earned a Juris Doctor from the University of Toronto. She is based in London.

George Beesley, CFA – Senior Strategist, Client Sustainability Strategy

George Beesley, CFA, is a senior strategist on the Sustainability Strategy Team at MFS. In this role, he is responsible for working with clients to develop solutions, communicating investment strategy and providing insights on ESG and sustainability. He works closely with members of the firm's investors to identify and prioritize research topics most relevant to the investment process. He is based in Madrid.

George joined MFS in 2021 as a strategist. Prior to this, he spent one year at Plan for Life Wealth Management and four years in investment consulting with Willis Towers Watson. He began his career in the financial services industry in 2013.

George received a Bachelor of Arts degree from The University of Manchester with a concentration in economics and social sciences. He later received a Master of Science degree in international business and management from The University of Manchester with honors. He holds the Chartered Financial Analyst designation and is a member of the UK CFA Society.

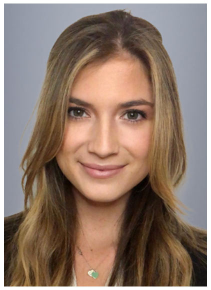


Daniel Popielarski – Strategist, Client Sustainability Strategy

Daniel Popielarski is a strategist on the Client Sustainability Strategy team at MFS. With a focus on sustainability, he is responsible for conducting research, developing MFS' views and delivering in-depth analysis, insight and thought leadership. He works closely with other technical experts to create and deliver content, as well as contribute towards MFS' thought leadership via client ready presentations and response to client inquiries. Along with the rest of the team, he is also accountable for developing and delivering on a strategic plan to ensure that MFS is adopting and promoting best practices in our marketplace.

Dan joined MFS in 2012 as a client service representative. He became a senior relationship management coordinator in 2015 and an analyst in the firm's Investment Solutions Group in 2019. He assumed his current role in 2023.

Dan earned a Bachelor of Science in business administration from the University of Vermont. He also served as a microfinance development volunteer in the Peace Corps for two years.

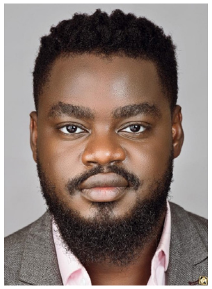


Tessa Fitzgerald– Client Sustainability Strategy Lead Analyst

Tessa Fitzgerald is a lead analyst on the Sustainability Strategy team with MFS. With a focus on sustainability, she is responsible for conducting research, developing MFS' views and delivering in-depth analysis, insight and thought leadership. She works closely with subject matter experts across the firm to develop and maintain content and she contributes to the firm's sustainability thought leadership via client-ready presentations, white papers, conference presentations and client responses. She is based in London.

Tessa joined MFS in 2019 as a request-for-proposal analyst and was named to her current role in 2023. She began her career in financial services with the Bank of Montreal as a service representative in 2018.

Tessa earned a Bachelor of Arts degree in political studies from Queen’s University and a CFA Institute Certificate in ESG Investing.



Pelumi Olawale, CFA – Strategist, Client Sustainability Strategy

Pelumi Olawale, CFA, is a client sustainability strategy strategist at MFS. In this role, he is responsible for working with clients, investors and our distribution teams to develop, evolve and effectively communicate MFS' sustainability strategy. This includes thought leadership, in-depth research and publishing whitepapers on sustainability and sustainable investing–related topics. In addition, he takes the lead on engagements with regulators and industry bodies with a specific focus on Net Zero initiatives.

Pelumi joined MFS in 2022. He was previously a fixed income and currencies trader and investment banking analyst at Rand Merchant Bank.

Pelumi earned a Bachelor of Science degree in accounting and finance from the University of Lagos and holds a Master of Business Administration degree with a concentration in sustainability from the University of Oxford. He is a CFA charter holder and holds the Associated Chartered Account qualification.

Yasmeen Wirth– Client Sustainability Strategy Analyst

Yasmeen Wirth is a client sustainability strategy analyst with MFS. In this role, she communicates MFS philosophy and approaches regarding stewardship and our integrated approach to ESG, generates ESG-related topical research, works closely with the investment team and other subject matter experts to produce client-ready content such as reports, presentations, query responses and whitepapers. She also contributes to internal sustainability-related training and education.

Yas joined MFS in 2022 in her current role. During her collegiate career, she worked as an analyst at UBS and in legal and neuroscience research roles.

Yas earned a Bachelor of Arts degree from Bowdoin College, with majors in neuroscience, government and policy.

Legal and Compliance

Susan A. Pereira – Vice President, Managing Counsel

Susan Pereira is a vice president and managing counsel at MFS. Prior to March 1, 2024, she managed the team that provides day-to-day legal support to the firm's US investment funds, including funds registered under the US Investment Company Act of 1940, and also provided legal support with respect to the firm's proxy voting activities. On March 1, 2024, she assumed responsibility for coordinating legal support for the firm's global sustainability efforts, including the integration of material ESG factors into its investment process and its stewardship activities as well as its corporate sustainability practices. She currently serves as the cochair of both the MFS Proxy Voting Committee and the MFS Corporate Sustainability Committee.

Susan originally joined MFS in June 2004 as a counsel. Before that, she was an associate at the law firms of Bingham McCutchen LLP in Boston and Preti, Flaherty & Pachios LLP in Portland, Maine.

Susan earned a Bachelor of Arts degree in history and humanities from Providence College and a Juris Doctor from the University of Maine School of Law.

Nick Pirrotta – Regulatory Senior Specialist

Nicholas M. Pirrotta is a regulatory senior specialist with MFS, focusing on stewardship and sustainability matters. In this role, he is responsible for assisting in the implementation of regulations and requirements applicable to MFS' stewardship activities and the integration of ESG factors into its investment process.

Nicholas joined MFS in 2013 as a regulatory analyst. He was named to current position in 2021. He previously served as a senior associate and paralegal at State Street Bank & Trust Company. He began his career in financial services in 2011.

Nicholas earned a Bachelor of Science degree from Westfield State University and holds a Master of Business Administration degree from the New England College of Business and Finance.

Justin McGuffee – Assistant Vice President, Compliance Officer

Justin McGuffee is a compliance officer with MFS. In this role, he is responsible for developing and maintaining the global ESG compliance program relating MFS' investment, distribution and corporate activities. The ESG compliance program is in place to identify and monitor adherence to global regulations relating to ESG, principles or guidelines arising from ESG groups MFS has joined, and internal ESG standards.

Justin joined the firm in 2007 as a compliance specialist on the firm's Sales Literature and Advertising Review team.

During his tenure at the firm, he has held multiple roles in the Compliance Department, serving as a compliance manager for both its Global Sales Practices and Marketing Communications functions. He was named to his current role in 2021. He began his career in financial services in 2005 as a compliance analyst with MetLife.

Justin attended Louisiana State University and earned a Bachelor of Science degree in business administration from New England College of Business and Finance. He holds Series 6, 7, 26 and 51 licenses from the Financial Industry Regulatory Authority (FINRA). He is also a certified securities compliance professional (CSCP).

Corey Bradley – Compliance Lead Specialist

Corey Bradley is a compliance lead specialist at MFS. In this role, she is responsible for the oversight and monitoring of the ESG and Records Management programs. She supports procedures related to both programs using knowledge of the securities markets and advanced project management skills. Corey also served as the co-chair of MFS' Young Professionals Network employee resource group from 2022 to 2024.

Corey joined MFS in 2017 as a regulatory analyst and was named an independent risk senior analyst in 2021. She was named to her current position in 2023. Prior to joining MFS, Corey was a securities litigation paralegal with Mintz, Levin, Colin, Ferris, Glovsky and Popeo, P.C. She began her career in 2015.

Corey earned a Bachelor of Arts in English from Fairfield University and holds a Master of Business Administration from Boston College.

/ APPENDIX 3: MFS' COLLABORATIVE ORGANIZATIONS AND INITIATIVES / 4 9 10

MFS believes that collaborative engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including shareholders and bondholders. We participate in a number of industry initiatives, organizations and working groups that seek to improve, and provide guidance on corporate and investor best practices, sustainability and proxy voting issues. We typically join an industry initiative or other collaborative group for one of two reasons: 1) the work or objective of the group or initiative aligns with our investment philosophy on a specific topic or 2) the initiative or group provides access to research or data that enhance our investment process and that is in the long-term best interests of our clients.

The table on the following pages lists the collaborative initiatives and organizations that MFS is affiliated with and shows our role.

COLLABORATIVE INITIATIVE/ORGANIZATION MEMBERSHIPS	DESCRIPTION	MFS' ROLE	YEAR JOINED
Asian Corporate Governance Association (ACGA)	Organization dedicated to working with companies, regulators and investors on the implementation of effective corporate governance practices throughout Asia	Signatory	2019
Asia Investor Group on Climate Change (AIGCC)	Initiative to create awareness and encourage action among Asia's asset owners and asset managers about the risks and opportunities associated with climate change	Member	2023
ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risk)	Project to support investors in their assessment of sovereign climate-related risks and opportunities; will develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared	Advisory Committee Member	2021
Carbon Disclosure Project (CDP)	Nonprofit that runs a global disclosure system for investors, companies and governments to manage their environmental impact	Signatory	2010
Ceres Investor Network on Climate Risk and Sustainability (Ceres)	Nonprofit organization focused on working with capital market leaders to solve the world's most pressing sustainability challenges	Signatory	2021
Council of Institutional Investors (CII)	A nonprofit, nonpartisan association of entities charged with investing public assets and a voice for effective corporate governance, strong shareowner rights and sensible financial regulations that foster fair, vibrant capital markets	Signatory	2024
Farm Animal Investment Risk & Return (FAIRR) Initiative	Investor network focusing on ESG risks in the global food sector.	Signatory	2021
Focusing Capital on Long Term (FCLT Global)	Nonprofit that works to encourage a longer-term focus in business and investment decision-making by developing practical tools and approaches to support long-term behaviors across the investment value chain	Signatory	2018
Global Reporting Initiative (GRI)	Organization that aims to create a common global language to assess and report on environmental, social and economic impacts and provides standards, tools and training that enable organizations of all sizes to create sustainable, long-term value	Supporter	2019
GRESB	Investor-led organization that provides actionable and transparent ESG data to financial markets relating to the real estate and infrastructure industries	Signatory	2021
Institutional Investors Group on Climate Change (IIGCC)	Europe-centric investor collaboration on climate change and investors taking action to drive real progress toward a low carbon future	Signatory	2021
Investor Stewardship Group (ISG)	Collective of some of the largest US-based institutional investors and global asset managers, along with several of its international counterparts; formed to establish a framework of basic standards for investment stewardship and corporate governance for US institutional investors and corporations	Founding Member	2017

Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)	Investor-led initiative convened to promote effective action among investee companies in the APAC region in order to find, fix and prevent modern slavery, labor exploitation and human trafficking in their value chains	Signatory	2020
Net Zero Asset Managers (NZAM) Initiative	Collective group of asset managers committed to supporting investing aligned with net zero emissions by 2050 or sooner	Signatory	2021
Principles of Responsible Investing (PRI)	UN-supported network of investors that works to promote sustainable investment through the incorporation of ESG issues	Signatory	2010
PRI's SPRING	A stewardship initiative for nature, addressing the systemic risks of biodiversity loss to protect the long-term interests of investors	Member – Advisory Committee	2023
PRI's Advance	A stewardship initiative in which institutional investors work together to act on human rights and social issues	Member – Advisory Committee	2022
Science-Based Targets Initiative (SBTi)	Calls on high-emitting companies to set science-based emission reduction targets	Supporter	2020
Thinking Ahead Institute (TAI)	Global nonprofit whose aim is to influence change for the better in the investment world by improving the provision of savings; comprises asset owners, investment managers and other groups motivated to influence the industry for the good of savers worldwide	Signatory	2017
International Financial Reporting Standards S2 (Formerly the Task Force on Climate Related Financial Disclosures)	A not-for-profit responsible for developing global accounting and sustainability disclosure standards (The requirements in IFRS S2 are consistent with the four core recommendations and eleven recommended disclosures originally published by the TCFD)	Supporter/ Reporter	2019
UK Sustainable Investment and Financial Association (UK SIF)	Brings together the UK's sustainable finance and investment community and supports members' efforts to expand, enhance and promote this key sector; drives growth and new opportunities for members, who are global leaders in the sustainable finance industry	Signatory	2021
United Nations Global Compact (UNGC)	A non-binding United Nations pact to get businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation	Signatory	2023

/ APPENDIX 4: STEWARDSHIP CONFLICTS OF INTEREST IDENTIFICATION/OVERSIGHT / 3

MFS has adopted a firm-wide policy on managing conflicts of interests (the "Conflicts Policy"), which is grounded in the core principle that we act in our client's best interests by treating our clients fairly and equitably at all times. The Conflicts Policy establishes a framework for managing conflicts of interest across MFS and requires that MFS take reasonable steps to identify, prevent and manage our conflicts of interest. Pursuant to the Conflicts Policy, MFS may take a variety of actions based on the facts and circumstances of an identified conflict, including, but not limited to: avoidance (where possible); disclosure; implementing tailored policies and procedures for a specific conflict; establishing informational/physical/operational barriers (ethical walls); and segregation of duties. To deliver on this commitment, MFS has established a network of policies and procedures that incorporate considerations related to or are specifically designed to address and mitigate applicable conflicts of interest that arise in the ordinary course of providing services to our clients (e.g., the allocation of investment opportunities or trades, voting proxies, or outside business activities). Additionally, MFS has implemented the following to support its conflicts of interest program:

- **Conflicts of Interest Inventory** – MFS maintains an inventory of actual and potential conflicts of interest relating to firm and client activities. This inventory is updated as necessary to reflect any new conflicts or changes to already identified conflicts arising from MFS' business activities. Additionally, on an annual basis, the inventory is reviewed to help ensure the inventory continues to reflect any known or potential conflicts.
- **Employee Code of Conduct** – The MFS Code of Business Conduct requires that conflicts relating to employee activities are required to be disclosed to an individual's manager or the MFS Compliance Department. MFS' Compliance Department reviews any disclosed conflicts and, if deemed necessary, puts in place measures to remove, mitigate or manage the conflict.
- **Conflict Officers** – MFS has designated specific individuals within its Compliance Department to serve as conflict officers in each jurisdiction in which MFS conducts business operations. These conflict officers serve as local contact points for employees to report, discuss or otherwise escalate an actual or potential conflict of interest.
- **Organizational Structure** – MFS maintains an organizational structure that further mitigates the potential for conflicts through establishing various committees, each of which oversees one or more business activities and either directly or indirectly reports violations to a central compliance oversight committee.

Conflicts Related to MFS' Stewardship Activities

Below are conflicts that we have identified related to our stewardship activities and the steps we have taken to mitigate the conflict. While these conflicts of interest exist in our business activities, we believe the conflicts have been sufficiently mitigated, that the conflicts haven't materially influenced MFS' activities, and there have been no instances where we have violated the Conflicts Policy during the reporting period.

CONFLICT	HOW WE MANAGE THE CONFLICT
MFS' OWNERSHIP STRUCTURE	
MFS is owned by a public company, Sun Life Financial, Inc., and therefore if MFS were to invest in Sun Life's securities, we may have an incentive to vote in the interests of Sun Life or members of the Sun Life Board of Directors and against the interests of MFS' clients.	To address this conflict, and for other reasons, MFS generally does not invest in shares of Sun Life on behalf of our clients. However, if an MFS client has the right to vote on a matter submitted to shareholders by Sun Life, we will cast the vote as such client instructs or in the event that a client instruction is unavailable pursuant to the recommendations of the relevant proxy advisory firm's benchmark policy, or as required by law.
MFS' investment, engagement, or proxy voting activities may be in conflict with the activities or views of our parent company, Sun Life, which could seek to influence our activities.	MFS maintains an MFS-SLF Ethical Wall Policy which outlines that no employee, officer or director of Sun Life may be involved in voting or investment decisions for securities or derivatives owned or managed by MFS or provide direction or information to individuals at MFS with the intent of influencing voting or investment decisions.

CONFLICT	HOW WE MANAGE THE CONFLICT
MANAGING CLIENT ACCOUNTS	
As MFS manages both fixed income and equity portfolios there may be instances where conflicts arise between equity and credit holders in the same company.	MFS has a fiduciary obligation to each of our clients and every investment in a client's account must be made based on the financial interests of the specific client. While we expect that there may be instances of conflicting priorities between our different asset classes, we expect portfolio managers to make decisions with respect to such securities that are in the best interests of the applicable client without regard to the interests of other MFS clients. Likewise, we vote in what we believe to be the best, long-term economic interest of our clients entitled to vote at the shareholder meeting, regardless of whether other MFS clients hold "short" positions in the same issuer or whether MFS clients hold an interest in the company that is not entitled to vote at the shareholder meeting (*e.g.*, bond holder). Additionally, MFS has adopted the MFS Policy Concerning Conflicts Arising from Clients Holding Investments in Certain Parts of a Distressed Issuer's Capital Structure to address when two or more clients of MFS are invested in certain parts of the same issuer's capital structure and the issuer will not perform its obligations in accordance with the terms of the securities held. The policy requires, among other things, that the portfolio manager assigned to a particular security of a distressed issuer shall make decisions with respect to such security that are in the best interests of the holder of the security without regard to the interests of any other MFS client.
MFS may have incentives to limit or not conduct engagement and stewardship activities where the portfolio company is also a client of MFS or a key vendor of products/ services utilized by MFS.	MFS believes that its active engagement practices have a positive impact on a portfolio company by identifying issues, risks, or challenges that may impact the company's long- term performance. Given this belief and our incentives to ensure that our clients are well positioned for the long-term, we conduct any engagement activities for these portfolio companies in line with our Policy on Responsible Investing and Engagement. For information about how we address this potential conflict of interest with respect to our proxy voting activities, please see below under "Other Potential Conflicts Matters related to MFS' Proxy Voting Activities".

CONFLICT	HOW WE MANAGE THE CONFLICT
MANAGING CLIENT ACCOUNTS	
MFS may have an incentive to over-state or under-state our stewardship activities to present our activities favorably to clients with differing views on the value of integration.	MFS' Policy on Responsible Investing and Engagement and various marketing related procedures establish guidelines to accurately depict the role stewardship integration within MFS investment management processes. Additionally, annually MFS publishes a Sustainability Annual Report that is available to the public outlining our approach to integration.
INDUSTRY ORGANIZATIONS AND INITIATIVES	
MFS may join an ESG or stewardship focused industry group or collaboration initiative that neither adds value to the investment management process nor is in line with MFS' strategy but provides greater potential to increase sales and distribution opportunities.	MFS' maintains oversight committees covering different areas of its stewardship program, which are responsible for reviewing and approving MFS joining applicable ESG or stewardship related industry groups or collaborative initiatives. As part of the approval process each committee reviews a standardized form outlining responses to questions relating to alignment of the group to MFS' purpose/values, potential for conflicts of interest, legal/compliance issues, among others.

Other Conflicts Matters Related to MFS Proxy Voting Activities

Proxy voting may present unique challenges concerning conflicts of interests and as such, our proxy voting policies and procedures include a description of how we manage potential, material conflicts of interest in regard to proxy voting at portfolio companies. Our policy is that proxy voting decisions are made in what we believe to be in the best long-term economic interests of our clients, and not in the interests of any other party or in our corporate interests. If a member of the MFS Proxy Voting Committee or any other employee involved in a voting decision identifies a personal interest with respect to such voting decision, then that employee must recuse himself/herself from participating in the voting process. Further, the Proxy Voting Committee does not include individuals whose job responsibilities primarily include client relationship management, marketing, or sales. Additionally, in cases where we (i) consider overriding a specific guideline in our proxy voting policies or procedures, (ii) consider a matter that isn't governed by a specific guideline in our policies, (iii) evaluate an excessive executive compensation issue related to the election of directors, advisory pay or severance package vote or (iv) consider a matter that requires consultation with members of the investment team (other than members of our stewardship team), we will check to see whether the matter involves an issuer that has a significant relationship with MFS. Where we identify a potential conflict, the Proxy Voting Committee (with participation of an MFS Conflicts Officer) will carefully evaluate the proposed vote to ensure that the proxy is ultimately voted in what we believe to be the best long-term economic interests of our clients and not in our corporate interests.

Moreover, in instances where we are evaluating a director nominee who also serves as a director of the MFS Funds (i.e., pooled investment vehicles sponsored by MFS), then the Proxy Voting Committee will adhere to the process described in the previous sentence regardless of whether MFS has a significant relationship with the issuer. Likewise, if a client has the right to vote on a matter submitted to shareholders by a public company for which an MFS Fund director or trustee serves as an executive officer, we will cast the vote as such client instructs or in the event that client instruction is unavailable pursuant to the recommendations of the proxy advisory firm or as required by law.

Moreover, certain of the MFS Funds (each a "top tier fund") from time to time may own shares of other MFS Funds (each an "underlying fund"). If an underlying fund submits a matter to a shareholder vote, the top tier fund will generally vote its shares in the same proportion as the other shareholders of the underlying fund. If there are no other shareholders in the underlying fund, the top tier fund will vote in what we believe to be in the top tier fund's best long-term economic interest. If a client has the right to vote on a matter submitted to shareholders by an MFS Fund, we will cast a vote on behalf of such client in the same proportion as the other shareholders of the pooled investment vehicle.

/ APPENDIX 5: STEWARDSHIP POLICIES AND POLICY OVERSIGHT PROGRAM / 5

All policies are overseen through the MFS committee governance structure. Four internal supervisory committees, the Internal Compliance Controls Committee, the Enterprise Risk Management Committee, the Employee Conduct Oversight Committee, and the Investment Management Committee, oversee compliance activities, risk management functions, investment management and operational processes. Supporting the supervisory committees is a group of key business process or functional committees that offer a forum for the discussion of any issues that arise with respect to a given committee's charge, including any relevant policies or procedures.

MFS policies are reviewed by their owner and the assigned functional committee at least annually. This review is focused on determining whether revisions or updates are necessary to respond to developments of a business, operational, legal or regulatory nature. The MFS Legal and Compliance departments assist policy owners in their review. Changes to policies are approved by the applicable functional committee.

Material changes are ratified on a quarterly basis by the MFS Internal Compliance Controls Committee before becoming effective. As part of its our stewardship program and oversight of ESG integration, engagement and proxy-voting processes, MFS has established the following functional committees: the Investment Sustainability Committee, the Corporate Sustainability Committee and the Proxy Voting Committee. These committees are responsible for overseeing and updating the following policies and procedures related to stewardship and/or sustainability:

MFS COMMITTEE	MFS POLICY/PROCEDURE
Investment Sustainability Committee	Policy on Responsible Investing and Engagement Policy on Cluster Munitions and Anti-Personnel Mines
Corporate Sustainability Committee	MFS Supplier Code of Conduct MFS International (U.K.) Limited Slavery and Human Trafficking Statement MFS International Holdings Pty Limited and MFS International Australia Pty Limited Modern Slavery Statement MFS Statement on Human Rights
Proxy Voting Committee	MFS Proxy Voting Policies and Procedures

Policy Enhancements and Changes During the 2024 Reporting Period

As discussed above, all policies, including those related to stewardship, are reviewed by MFS at least annually to ensure they accurately reflect current practices and requirements. This policy review framework also provides an opportunity to consider enhancements of the firm's practices based on client, market or internal expectations. We view this process as critical to ensuring appropriate oversight by senior staff and relevant MFS committees. During the most recent annual policy review, the following material changes were incorporated into the above policies and procedures:

Policy on Responsible Investing and Engagement	No material changes.
Policy on Cluster Munitions	No material changes
MFS Supplier Code of Conduct	No material changes
Modern Slavery Policy	No material changes
Proxy Voting Policies and Procedures	Changes effective January 1, 2025: • Communicating our expectation for (i) a majority independent board for Japanese companies with a controlling shareholder and listed on the Prime Market, and (ii) an independent chair and a majority independent compensation/ remuneration committees for companies in South Korea • Increasing our gender diversity expectation for boards of companies by revising our guidelines to vote against the chair of the nominating and governance committee or other relevant position in cases where there is less than 10% board representation of women at Latin American companies (other than Brazilian companies). Our expectation for Brazilian companies remains at 20% board representation of women. Changes effective January 1, 2024: • Communicating our expectation for (i) fully independent audit and compensation committees for companies in Australia, Benelux, Ireland, and New Zealand to align with our existing expectations for Canada, UK, US and Swiss companies and (ii) fully independent audit committees for companies in South Korea. • Increasing our gender diversity expectations for boards by revising our guidelines to vote against the chair of the nominating and governance committee or other relevant position in cases where (i) there is less than 24% board representation of women at U.S., European, Canadian, Australian and New Zealand companies; (ii) there is less than 10% board representation of women at Chinese, Hong Kong, Indian, Korean, Chilean and Mexican companies to align with our existing expectations for boards of Japanese companies; and (iii) there is less than 20% board representation of women at Brazilian companies.

Proxy Voting Policies and Procedures	• Clarifying our view with respect to shareholders' right to call a special meeting or act by written consent. Specifically, we believe that thresholds of 15% to 25% are an appropriate balance of shareholder and company interests, with a preferred threshold of 15% for large and widely held companies. As a result, we generally support shareholder proposals adjusting existing rights within these thresholds, and shareholder proposals establishing thresholds of 10% or above in cases where no such rights already exist, and management has not presented a proposal within these thresholds. • Revising our executive compensation voting guideline to add (i) more information about the factors that we consider when determining whether a plan is geared towards durable long-term value creation and aligned with shareholder interests; (ii) a description of our two-step process in analyzing compensation practices; and (iii) more information about the drivers for a vote against a board's compensation committee for compensation practices.

Internal and External Assurances in Relation to MFS' Stewardship

As discussed above, MFS has established an extensive internal committee structure to oversee its various policies and procedures, including those related to our stewardship program. Our investment team has also implemented regular risk reviews — including semiannual general investment risk reviews and more targeted periodic "deep dive" sustainability reviews — that provide valuable input on each strategy's integration of ESG factors. Additionally, in 2024 we continued to develop our compliance oversight of our sustainability and stewardship activities, in part by adding dedicated Compliance staff.

The MFS Internal Audit Department conducts routine and targeted audits based on internal risk assessments. While these reviews don't occur every calendar year, the firm's stewardship activities, including, but not limited to, its proxy voting practices and sustainability practices, are subject to these audits. As a matter of company policy, we don't disclose the results of internal audits publicly, but we do view these reviews as an essential component of our oversight program in that they provide a mechanism for ensuring MFS is continually reviewing and improving the activities that represent the cornerstones of our stewardship program.

We believe that overall, the above approach offers a robust and consistent framework of assurance that leverages both senior management and subject matter experts in the review of each component of the firm's stewardship program.

Clear, Fair and Balanced Reporting of Stewardship

Our stewardship reporting and client communications take several forms, ranging from bespoke individual/client reporting to webinars and stewardship reports intended for public audiences. Regardless of the type of report or client communication, we use a collaborative approach, which includes input from subject matter experts but also checks and balances. Our client services and investor solutions teams continually work with our clients to assess reporting expectations and with our investment, proxy voting and marketing team members to determine the type, frequency and content of reporting that most effectively satisfies our clients' expectations and meets their needs. As a result of this work, we publicly provide this report and quarterly stewardship reports and research insights on targeted sustainability topics.

All external communications are subject to a review by Legal or Compliance team members prior to being published to ensure the accuracy of the content and its compliance with local regulatory standards. Additionally, to ensure clarity and consistency in our communications, all public reporting is reviewed by dedicated members of our Editorial Standards team prior to being published. For nonpublic client-specific reporting, we rely on relationship managers assigned to each client to ensure (1) our clients are receiving the necessary information from us, (2) all reporting expectations are communicated to the relevant business units within MFS and (3) any reporting expectations are codified in client agreements or other written instructions. As with our public communications, all materials are subject to review by subject matter experts and the appropriate checks and balances.

/ APPENDIX 6: STEWARDSHIP VENDOR MANAGEMENT PROGRAM / 8

MFS utilizes the following third-party service providers in implementing its ESG integration and proxy voting programs.

PROXY ADVISORY FIRMS	
Institutional Shareholder Services, Inc. (ISS)	Glass, Lewis, & Co., Inc.

ESG RESEARCH AND DATA PROVIDERS							
MSCI ESG Research	S&P/Trucost	RepRisk	Bloomberg	ISS	RisQ	Equilar	Clarity AI

All our selected third-party service providers receive clear and actionable criteria to support the integration of ESG into our investment and proxy voting processes. During onboarding of third parties as well as ongoing oversight of existing third parties, the MFS Supplier Code of Conduct is provided which describes MFS' expectations of how its third-party services providers conduct business, inclusive of ESG practices. All third-party service providers are expected to adopt policies and practices consistent with the spirit of the code. We hire these third-party service providers for a specific purpose or to fill an existing data or research need. Each provider is evaluated through multiple channels. As described further below, MFS has implemented a robust vendor management program, which includes a due diligence framework driven by a risk analysis of each service provider. We also have a vendor contract process, which ensures material terms are considered and clear expectations are reflected and achieved. Finally, on a more informal basis, members of our investment team regularly communicate with these service providers to provide feedback on the quality of research and data received. These meetings help ensure our data providers understand our needs.

MFS monitors all its service providers, including the proxy advisory firms and ESG research and data providers listed in the above tables, through a centrally organized vendor management program. This program provides a framework management can use to identify, measure, monitor and control the risks associated with outsourced vendors and other vendor services. Our vendor selection and monitoring process employs a risk-based approach utilizing tools and techniques detailed in the program.

MFS expects its third-party service providers to adopt policies and practices consistent with the spirit of this Code. Third parties are expected to evaluate their own operations and their supply chain on a periodic basis to assess alignment with the Code. MFS performs ongoing monitoring of third parties through publicly available information. To the extent, MFS identifies that third party practices aren't consistent with the Code; MFS may require a formal response and mitigation plan from the third party or may cease to do business with the third party. The program is administered through the MFS Vendor Management Policy and Procedures, which are under the oversight of the firm's Enterprise Risk Management Department.

Our policy also provides a framework for vendor selection and ongoing due diligence. Specifically, a vendor relationship manager is assigned to each service provider, is ultimately responsible for the management and oversight of the relationship and serves as the primary point of contact between MFS and the provider. Each provider is assigned a materiality risk rating, which determines the type of oversight and monitoring that is performed. Providers that have access to nonpublic information regarding MFS' portfolio holdings or other confidential information, such as proxy advisory firms and ESG research and data providers, are considered "critical vendors" and therefore 1) subject to due diligence reviews every 12 to 18 months 2) required to provide the results of independent audits on their operations where applicable. Service providers that aren't considered critical are subject to the same due diligence reviews but less frequently, typically every 18 to 24 months, or, in the case of service providers that provide products solely for MFS' consumption, subject only to the ongoing monitoring of deficiencies and other red flags.

Other key monitoring techniques employed in the program include the following:

- Ad hoc or informal feedback
- Site visits
- Identification of fourth-party sub-service providers
- Periodic meetings
- Establishment and monitoring of service levels

When appropriate, service providers are evaluated by the MFS Business Continuity and Information Technology and Security groups to ensure their compliance with the respective MFS standards.

Written agreements are in place with each service provider. These agreements generally include contractual assurances appropriate to the nature of the services being performed. Contractual terms are maintained in accordance with MFS standards that are developed in partnership with the firm's subject matter experts. For example, our Information Security team and privacy officer are responsible for the contractual terms governing data protection and information security terms. Service provider invoices are evaluated for accuracy upon receipt and prior to payment.

During 2024, MFS conducted due diligence reviews of both proxy advisory firms, Glass Lewis and ISS, along with MSCI, Bloomberg, RisQ and Clarity AI. These reviews involved an analysis of each firm's 1) adequacy and quality of staff, 2) conflict of interest procedures, 3) independent audit reports, 4) data security, 5) business continuity planning and 6) the voting guidelines and methodologies, where applicable. Additionally, the firm required quarterly reports from these service providers concerning any violations or changes to their conflict-of-interest procedures. Other ESG data and research providers used by MFS in 2024, namely TruCost, Equilar and RepRisk, were classified as lower risk and therefore were not subject to a due diligence review this year.

Based on the reviews conducted of each ESG research and data provider and proxy advisory firms used by MFS in accordance with the above process, there were no material deficiencies or issues or violations of the relevant written agreements to report for 2024. MFS believes that all ESG research and data providers and proxy voting advisory firms used by the firm in 2024 met the firm's expectations and added value to our stewardship program.

/ APPENDIX 7: MFS AUM BREAKDOWN BY CATEGORY / 6

We actively manage assets globally for institutional and retail clients in both equity and fixed income strategies. These are available through a variety of account types, including separate accounts and pooled vehicles. The defining feature of our active investment approach is our centralized global research platform through which we manage our clients' assets without regard to geography, client type or account type.

We believe this centralized strategy gives us a competitive advantage, allowing us to potentially provide long-term investment performance for our clients by focusing our resources, encouraging global collaboration and maintaining consistency in our decision making.

MFS' assets under management (AUM) as of December 31, 2024, were $605.1 billion.

The following tables break down the numbers by asset class and geography as of December 31, 2024.

/ MFS AUM AND CLIENT BASE /

Assets Managed by Asset Class

ASSET CLASS	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Equity	$502.8	83.1%
Fixed Income	$79.3	13.1%
Balanced	$22.9	3.8%
Total	$605.1	-

Geographic Breakdown of Assets Managed

GEOGRAPHY	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Americas	$530.0	87.6%
Europe/ME/Africa (EMEA)	$48.8	8.1%
United Kingdom*	$6.0	1.0%
Asia Pacific (APAC)	$26.3	4.3%
Total	$605.1	-

* Included with EMEA total for purposes of calculating MFS' total AUM.

The table below provides a further breakdown of the firm's global client by client type and geographic region as of December 31, 2023.

Accounts by Type

ACCOUNT TYPE	# OF ACCOUNTS	PERCENTAGE OF TOTAL
Retail Accounts	8918	93.8%
Institutional Accounts	745	7.8%
Total	**9506**	**100%**

Accounts by Geography

REGION	# OF CLIENTS	PERCENTAGE OF TOTAL
Asia ex Japan	48	0.50%
Australia/NZ	62	0.65%
Canada	93	0.98%
Central America/Caribbean	241	5.46%
EMEA	519	0.63%
Japan	60	2.54%
United States	8483	89.24%
Total	**9506**	**100%**

/ APPENDIX 8: PROXY VOTING / 12

MFS Proxy Voting Policies and Procedures

MFS has adopted a clear and robust policy on voting securities owned by clients in relation to which the firm has been delegated voting authority. In summary, proxy voting decisions are made in what MFS believes to be the best long-term economic interest of our clients, for which we have been delegated with the authority to vote on their behalf. In addition to this overriding principle, MFS' Proxy Voting Policies and Procedures set forth in the firm's voting policy and approach with respect to specific issues, including but not limited to the election and independence of directors, classified boards (i.e., a board in which only one-third of board members are elected each year), proxy access (i.e., the ability of shareholders to nominate directors on an issuer's proxy statement), advisory votes on executive compensation and shareholder proposals on executive compensation, as well as proposals relating to ESG matters.

Generally, across shareholder meetings, MFS aims to vote consistently on proxy voting proposals that are similar to each other. However, certain proposals, such as those the firm feels could result in excessive executive compensation or that involve ESG considerations, are analyzed on a case-by-case basis by looking at the relevant facts and circumstances. Such proposals are considered by MFS' dedicated stewardship professionals in collaboration with the relevant investment professionals. They seek to ensure that when the votes are cast, it is in the long-term economic interests of the applicable clients. MFS may therefore vote similar proposals differently based on the company, the circumstances or the terms of the proposal. We seek to vote all shares held by our clients, except when subject to cross-border voting impediments such as "share-blocking" requirements.

While the firm generally votes consistently when the securities of an issuer are held across multiple client portfolios, certain MFS separate account clients may retain or reserve voting authority in relation to voting rights attached to securities acquired by MFS on their behalf. Additionally, certain clients may override the firm's intended voting decision by explicitly instructing us to vote differently on behalf of their portfolio. Moreover, MFS may vote differently if the portfolio management team responsible for a particular client account believes that a different voting instruction are in the best long-term economic interest of such account. When it comes to MFS' pooled accounts and vehicles, such as its mutual funds, individual shareholders don't have the ability to direct MFS' voting due to the collective nature of the products.

MFS' proxy voting activities are overseen by the MFS Proxy Voting Committee (which includes senior personnel from the Investment and Legal teams), with the day-to-day management of proxy voting and engagement activity managed and performed by our stewardship professionals. The committee's responsibilities include maintaining and updating the policies as necessary, monitoring and resolving potential conflicts of interest that arise in our proxy voting activities, considering any special proxy voting issues that come up and determining engagement priorities and strategies with respect to the firm's proxy voting activities. The committee does not include MFS personnel whose primary duties relate to client relationship management, marketing or sales. A copy of our current policies is available to clients and prospective clients upon request.

Monitoring Our Voting Rights

As discussed in the MFS Proxy Voting Policies and Procedures, we work with our proxy advisory firms to monitor and track the shares and voting rights we have. Depending on the client, we use one of two proxy advisory firms, ISS and Glass Lewis, who (1) receive proxy statements and proxy ballots directly or indirectly from our clients' custodian banks, (2) log these materials into a database and (3) match upcoming meetings with client portfolio holdings, which are entered into the proxy advisory firm's system by an MFS holdings data-feed. Through the use of the relevant proxy advisory firm's system, ballots and proxy material summaries for upcoming shareholders' meetings are available online to certain employees and members of the Proxy Voting Committee.

The relevant proxy advisory firm reconciles a list of all MFS client accounts that hold shares of a company's stock and the number of shares held on the record date by these accounts with the proxy advisory firm's list of any upcoming shareholders' meeting of that company. If a proxy ballot has not been received, the proxy advisory firm or MFS contacts the relevant custodian bank to determine why a ballot has not been received.

Securities Lending

As discussed in MFS' Proxy Voting Policies and Procedures, some MFS sponsored pooled investment vehicles, such as the firm's US-registered mutual funds, may participate in a securities lending program. For these vehicles, MFS will attempt to recall US securities on loan if the firm or its agent receive timely notice of a shareholder meeting before the relevant record date. There may be instances in which the firm is unable to recall in a timely manner US securities on loan to vote these shares. MFS does not generally recall non-US securities on loan because there may be insufficient advanced notice of proxy materials, record dates or vote cutoff dates to allow the firm to recall the shares in a timely manner in certain markets on an automated basis. As a result, non-US securities that are on loan will generally not be voted. If MFS receives timely notice of what the firm determines to be an unusual, significant vote for a non-US security on loan and the firm determines that voting is in the best long-term economic interest of its shareholders, then we will attempt to recall the loaned shares in a timely manner.

/ APPENDIX 9: COMPANIES ENGAGED / 9

Abbott Laboratories
Abu Dhabi National Energy Co PJSC
AES Corp
AIB Group PLC
Air Products and Chemicals Inc
Allfunds Group PLC
American Express Co
Analog Devices Inc
Anhui Conch Cement Co Ltd
Aon PLC
APA Group
Apple Inc
ArcelorMittal
Assurant Inc
AUB Group Ltd
Australian Government
Avery Dennison Corp
Babcock International Group PLC
Bank of Ireland Group PLC
Beazley PLC
Blackrock Inc
Bunge Global SA
Cable One Inc
CAE Inc
Canadian National Railway Co
Canadian Pacific Kansas City Ltd
CapitaLand Investment Ltd/Singapore
Cboe Global Markets Inc
Cenovus Energy Inc
CenterPoint Energy Inc
Central American Bottling Corp
Chemours Co
Chevron Corp
Cia de Saneamento Basico do Estado de Sao Paulo
Cie Financiere Richemont SA
Cigna Group
Cikarang Listrindo Tbk PT
Citigroup Inc
CME Group Inc
CNH Industrial NV
Colgate-Palmolive Co
Columbia Banking System Inc
Comcast Corp
Compass Group PLC
Comstock Resources Inc
ConocoPhillips
Credicorp Ltd
Croda International PLC
CSX Corp
Danone SA
Danske Bank AS
Delta Air Lines Inc
Denso Corp
Deutsche Bank AG
Deutsche Boerse AG
Diageo PLC
Dominion Energy Inc
DTE Energy Co
Duckhorn Portfolio Inc
Duke Energy Corp
Edenred SE
Edison International
Electronic Arts Inc
Encompass Health Corp
Enel SpA
Engie SA
EP Infrastructure AS
Ephios Subco 3 Sarl
Equifax Inc
Equinix Inc REIT
Eroski S Coop
Essentra PLC
Estee Lauder Cos Inc
Euronext NV
Flora Food Management BV
Flutter Entertainment PLC
FormFactor Inc
FP Corp
Gartner Inc
GEA Group AG
GFL Environmental Inc
Glencore PLC
Goldman Sachs Group Inc
Graphic Packaging Holding Co
Hilton Worldwide Holdings Inc
Howmet Aerospace Inc
Iberdrola SA
Illinois Tool Works Inc
Inner Mongolia Yili Industrial Group Co Ltd
Intertek Group PLC
ITT Corp
Johnson & Johnson
Johnson Controls International PLC
JPMorgan Chase & Co
Julius Baer Group Ltd
Kamigumi Co Ltd
KBR Inc
Keisei Electric Railway Co Ltd
Kinaxis Inc
Kingsoft Corp Ltd
Kitz Corp
Kyocera Corp
Lear Corp
Legrand SA
Linde PLC
LKQ Corp
Lloyds Banking Group PLC
Lowe's Cos Inc
Macquarie Group Ltd
Marriott International Inc
Marvell Technology Inc
Masco Corp
Mattamy Group Corp
Mattel Inc
McKesson Corp
Meituan
Minerva SA/Brazil
Mitsubishi Estate Co Ltd
Mitsui Fudosan Co Ltd
Mondelez International Inc
MTU Aero Engines AG
Multiplan Empreendimentos Imobiliarios SA
Nasdaq Inc
Naturenergie Holding AG
NatWest Group PLC
Newell Brands Inc
NIKE Inc
Nippon Steel Corp
Nippon Television Holdings Inc
Nishimatsuya Chain Co Ltd
Nomura Research Institute Ltd
Norfolk Southern Corp
NS Solutions Corp
Option Care Health Inc
PACCAR Inc
Petroleos Mexicanos
Philip Morris International Inc
Plains All American Pipeline LP
PostNL NV
PPG Industries Inc
PPL Corp
ProLogis REIT
Prosperity Bancshares Inc
Prudential PLC
RELX PLC
Repsol SA
Rio Tinto PLC
Ryanair Holdings PLC
Sage Group PLC
Samsung Electronics Co Ltd
Sankyu Inc
Sasol Ltd
SBA Communications Corp REIT
Schneider Electric SE
Schrodinger Inc
Sodexo SA
Southern Co
Southwest Gas Holdings Inc
Starbucks Corp
Steadfast Group Ltd
Sun Communities Inc REIT
Symrise AG
Taisei Corp
TBS Holdings Inc
Techne Corp
Techtronic Industries Co Ltd
Telefonaktiebolaget LM Ericsson
Tesco PLC
Thermo Fisher Scientific Inc
Toei Co Ltd
Toho Co Ltd Tokyo
Tokyo Tatemono Co Ltd
Toronto-Dominion Bank
Tosoh Corp
TotalEnergies SE
Toyota Industries Corp
TP ICAP Group PLC
TransDigm Group Inc
Treasury Corp of Victoria
UBS Group AG
Union Pacific Corp
United Utilities Group PLC
USS Co Ltd
Vale SA
Verisk Analytics Inc
Volkswagen AG
Vulcan Materials Co
Walt Disney Co
Weir Group PLC
Weyerhaeuser Co REIT
Whitbread PLC
Wingstop Inc
Wolters Kluwer NV
Woodside Energy Group Ltd
WW Grainger Inc
Xcel Energy Inc
Yum China Holdings Inc
Zebra Technologies Corp
Zeta Global Holdings Corp

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