



Information on the Remuneration Policy of MFS Investment Management Company (Lux) S.à r.l.

14 July 2023

MFS Investment Management Company (Lux) S.à r.l. (the "Management Company"), an indirect subsidiary of Massachusetts Financial Services Company ("MFS"), acts as the management company for the MFS Meridian Funds and MFS Investment Funds, each of which are open-ended investment companies that qualify as Undertakings for Collective Investment in Transferable Securities (UCITS) under Directive 2009/65/EC, as amended ("UCITS V"), and has extended its permissions to also provide the services in relation to managing separate accounts, i.e. (a) management of portfolios of investments on a discretionary, client-by-client basis, and (b) investment advice, as both contemplated in Article 101(3) of the Luxembourg law of 17 December 2010 on undertakings for collective investment, as amended.

The Management Company has adopted a policy pursuant to which it adheres to remuneration practices that (i) are consistent with, and promote, sound and effective risk management, (ii) do not encourage risk taking which is inconsistent with the risk profiles or constitutive documents of the UCITS funds managed by the Management Company and (iii) encourage conduct that is in the best interest of the UCITS, in each case, as articulated by applicable regulatory authorities (e.g., the Luxembourg CSSF). The Management Company's remuneration policy and related practices are based on the remuneration practices and philosophy adopted by its parent company, MFS. Further, the Management Company will implement its Remuneration Policy and related practices in a manner appropriate to the Management Company's size, internal organization, and the nature, scope and complexity of its activities.

The Remuneration Policy applies to those categories of staff of the Management Company, including executives, senior management, control functions or other staff, whose activities may have a significant impact on the risk profile of the Management Company or the UCITS or separate accounts it manages.

The Management Company's compensation structure currently includes the following components, not all of which may be paid or available to all employees of the Management Company: (i) base salary, (ii) cash incentive compensation; (iii) deferred cash incentive compensation; (iv) long-term (non-cash) incentives, (v) sales commissions and (vi) benefits. The Management Company strives to establish an appropriate balance between base salary (fixed) and incentive compensation (variable), emphasizes a culture of compliance and ethics with its employees, and does not approve, condone or support employees taking inappropriate risks for the purpose of maximising individual bonuses.

The Management Company may before any variable remuneration is paid, reduce the amount which is payable in respect of such variable remuneration, lapse the variable remuneration, impose additional payment conditions for such variable remuneration, and/or reduce the level of any future award, bonus or benefit payable under any arrangement ("malus"). Such malus

may be applied at the Management Company's discretion, including, but not limited to, in the following circumstances:

- (i) where there is evidence of misbehaviour or serious error by the individual;
- (ii) where the Management Company, the Funds, or the business unit in which an individual works suffers a significant downturn in financial performance;
- (iii) where the Management Company, the Funds, or the business unit in which an individual works suffers a significant failure of risk management; and
- (iv) where there are significant negative changes in the Management Company's overall financial situation.

The Management Company may for 3 years from the date of award of any variable remuneration, recover all or part of the variable remuneration already paid ("clawback"). Such clawback may be applied at the Management Company's discretion, including, but not limited to, in the following circumstances:

- (i) where the individual has committed fraud; and
- (ii) where the individual has been paid variable remuneration on the basis of misleading or incorrect information.

The Management Company may also delay the payment or vesting of all, or part of any variable remuneration award.

In making incentive compensation decisions for eligible employees, all relevant financial and non-financial factors are considered including, but not exclusively, the following:

- (i) Employee's performance, based on management's assessments
- (ii) Sustained effort, actual achievement and quality of output
- (iii) The behaviors employed to achieve the output
- (iv) Contribution to meeting the goals and objectives of the work unit
- (v) Relative impact on MFS strategic goals and achievements
- (vi) Reasons employees are subject to disciplinary or similar actions

Additionally, the variable remuneration of staff that are responsible for making investment decisions for the UCITS and separate accounts managed by the Company includes, as a component of such variable remuneration, the integration of sustainability risks, as this term is defined under the SFDR (Regulation (EU) 2019/2088). Specifically, in determining variable remuneration, such staff will be evaluated on, among other factors, their consideration and communication of material environmental, social, and governance factors in forming opinions about long-term investment decisions.

Oversight and Implementation

The Management Company's Remuneration Policy has been approved by its Board of Managers, which will review the Policy at least annually. The Board has appointed the Remuneration Committee of MFS to oversee the implementation of the Management Company's remuneration policy and related compensation practices. The Remuneration Committee of MFS, composed of members of MFS executive management and its human

resources team, is responsible for ensuring that the Management Company's remuneration practices incent appropriate behavior and do not reward excessive risk taking and reporting on its activities relating to the Remuneration Policy to the Management Company's Board.