2025 MFS® Annual Sustainability Report

RESPONSIBLY
ACTIVE
FOR OVER
A CENTURY

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Letter from Ted Maloney

The past year has underscored the dynamic and often unpredictable forces influencing our industry and the world in which we invest for our clients. From macroeconomic uncertainty and rapid technological advancements to the accelerating impacts of environmental and social change, these challenges demand adaptability paired with a clear and steady sense of purpose. At MFS, that purpose remains steadfast: delivering long-term value to our clients.

One of MFS' defining strengths is the alignment of how we invest and how we operate. In our portfolios, we rely on deep fundamental research, diverse perspectives and thoughtful collaboration to evaluate what we own on our clients' behalf over the long term. The same principles guide our internal decision-making. A deliberate approach, commitment to inclusion, and forward-looking mindset reflect the long-term perspective we uphold in fulfilling our fiduciary responsibility to our clients.

At the heart of this alignment is a focus on governance. Strong governance transforms vision into action, ensures responsible risk management and fosters accountability to stakeholders. It is the foundation of how we uphold our fiduciary duty, enabling us to allocate resources and maintain continuity of purpose amid evolving conditions. Governance at MFS is not a standalone concept; it underpins everything we do, from how we evaluate risk and steward capital to how we lead — which is always with trust and integrity.

Climate change continues to influence both the risks and the opportunities that investors must consider as it increasingly intersects with the rapid technological shifts transforming industries. Innovations in artificial intelligence, data analytics and automation are redefining how businesses operate, raising important questions about energy use, supply chain design and long-term resiliency. These shifts, combined with evolving climate regulation and physical risks, are driving strategic changes across sectors. At MFS, we are committed to understanding these dynamics through rigorous research, integrating climate and technology into portfolio risk assessments, and helping clients prepare for a future impacted by these forces.

The people of MFS bring these commitments to life. Our culture encourages curiosity, inclusion and the confidence to challenge one another positively. We believe that diversity of backgrounds, experiences and perspectives is critical to working together and delivering the best outcomes for clients. Our commitment to diversity, equity and inclusion is not just a value we uphold; it is a fundamental driver of our success. Just as we expect the companies we invest in to cultivate diverse, resilient teams, we hold ourselves to that same standard. Strong governance and a vibrant culture are mutually reinforcing, enabling us to consistently pursue excellence on behalf of those we serve.

For more than a century, these principles have guided MFS. They continue to define how we invest, how we operate and how we strive to deliver long-term value with discipline and excellence for our clients today and for generations to come.

Ted

Ted Maloney
Chief Executive Officer

Governance at MFS is not a standalone concept; it underpins how we evaluate risk, steward capital and lead with trust and integrity.

/ ADHERENCE TO THE UK STEWARDSHIP CODE /

The UK Stewardship Code 2026 (the "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 and that we annually submit a report on our stewardship activities conducted during the year and their outcomes ("Activities and Outcomes Report"). In the spirit of deep integration, we have incorporated into this report our Activities and Outcomes Report. Pursuant to the Code and attached as Appendices ("Policy and Context Disclosure"), we have also included additional information about our stewardship policies, governance structures and other contextual information.

This report (including the Activities and Outcomes Report and Policy and Context Disclosure) has been reviewed and approved by the MFS Investment Sustainability Committee. To find our response to each principle for asset managers required to be included in our Activities and Outcomes Report and the Policy and Context Disclosure, 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 integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries.	1	4-26, 29-32, 35, 43
Principle 2: Signatories identify and respond to market-wide and systemic risks to promote well-functioning financial markets.	2	10, 12-17, 21-25, 27, 33, 66-71
Principle 3: Signatories engage to maintain or enhance the value of assets.	3	4, 12-16, 18-21, 22-24, 29-36
Principle 4: Signatories actively exercise their rights and responsibilities.	4	26, 33, 37-41, 73-78
Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers.	5	N/A*
Principle 6: Signatories monitor and hold to account stewardship service providers	6	11, 35, 64-65, 72, 77-78

POLICY AND CONTEXT DISCLOSURES	REQUIREMENT	PAGE
A: Describe your organisation, your investment beliefs, your clients or beneficiaries and how that informs your approach to stewardship.	A	29, 43, 61-63
B: Describe how your resources enable effective stewardship.	B	9, 11, 64-72
C: Describe your stewardship policies and processes, and how you review them.	C	43, 73-75
D: Describe how you manage stewardship-related conflicts of interest to put the best interests of clients and beneficiaries first.	D	76-78
E: Describe how you maintain a dialogue with clients and/or beneficiaries.	E	79

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.

* During 2025, we did not engage an external manager to exercise stewardship activities on our behalf.

2025 Highlights

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We include a message from our CIO, Alison O'Neill, on strength in governance, which is a foundational pillar of how we invest and how we operate as a business.

We outline a deep dive into Europe's Carbon Border Adjustment Mechanism (CBAM) and the financial impact of carbon pricing on companies operating in the EU.

With AI at the forefront of the economy, we explore the responsible use of AI as a macro force and its potential to financially impact companies, as well as corresponding implications for culture and workers.

We provide an update on our proprietary Climate Transition Analysis (CTA) framework and examine the steel industry from a climate lens.

We analyze the year 2025 in sustainable-themed bonds and the political environment and associated policy changes that contributed to the types of issuance.

We demonstrate a selection of engagements with companies from across the world conducted by our investment team during the year.

We provide an update on the calendar year in proxy voting, including how we voted on director elections, shareholder proposals and Say-on-Pay votes.

We look at how MFS operates and dig into our workplace culture, talent and diversity.

Strategy & Approach

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/ OUR APPROACH TO SUSTAINABILITY / 1

Financially material environmental, social and governance considerations are important components of our fundamental investment research. To achieve our clients' long-term investment objectives, we combine this research with thoughtful engagement and effective proxy voting (as it pertains to our equity holdings).

INVESTMENT

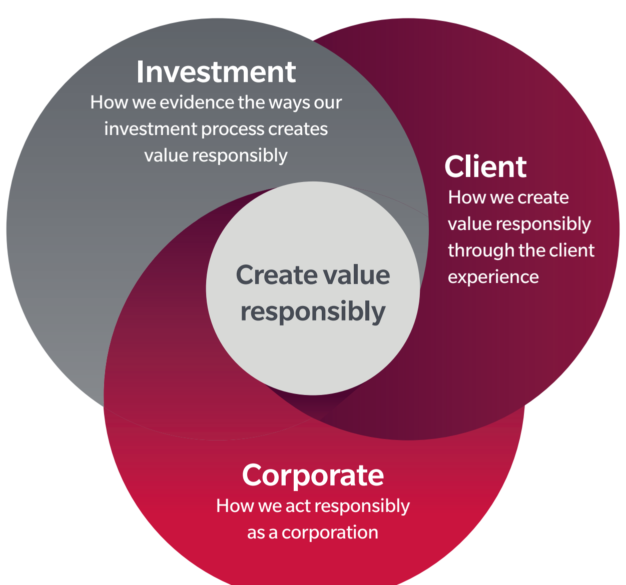
We have formally embedded sustainability into our investment process since 2009. Our work in this area has never been outsourced nor siloed. Instead, it has been integrated into our investment process as the best way to create long-term value for our clients. Integrating financially material ESG factors 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.



/ LONG-TERM INVESTMENT HORIZON / A

We don't chase short-term investment performance. Instead, we aim to be good stewards of our clients' capital, investing our clients' assets with a long-term view. 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.

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ESG Integration

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The MFS investment team relies on deep fundamental research, a long-term view, and risk awareness to generate value for our clients. This investment approach naturally relies on information from a variety of sources and viewpoints. In our view, ESG information is fundamental data that should be considered alongside all other material information.

Our fundamental analysts and portfolio managers integrate their evaluation of a company and issuer's key ESG risks and opportunities into their overall security analysis and portfolio construction if they believe such factors are material to, and have an economic impact on, shareholder and bondholder value. We believe that issuers that account for material risks and opportunities, including those related to ESG issues, are more likely to achieve higher returns with less volatility over the long term.

When an ESG issue is identified as material or potentially material, our investment personnel may engage with the management team or board of directors, government officials or other influential parties to better understand the risks or opportunities the issue may present to the company or issuer. If after engaging, the ESG risk or opportunity is still considered financially material, the analyst may make model or valuation adjustments. Similarly, a portfolio manager who owns a security may make portfolio adjustments to account for the risk or opportunity.

ESG Integration Framework

Steps in the MFS Investment Process		Potential Outcomes
Idea Generation	• Thematic ESG research • Fundamental ESG research	Securities added to or eliminated from broader analyst review
Stock/Industry Review	• Fundamental ESG research • Engagement	Modeling (including scenario analysis), valuation or rating adjustments
Portfolio Construction	• Periodic sustainability reviews • Semi-annual risk reviews	Engagement identification, position sizing, possible divestment
Monitoring & Sell Decision	• Stewardship (voting/engagement) • Additional fundamental & thematic ESG research	All outcomes shown above

Supported by: (1) sustainability experts, (2) comprehensive company data & 3rd party research, (3) internal ESG platform, and (4) unique stakeholder dialogues (e.g., unions)

Resources B

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

Our integrated global investment platform is the foundation of our investment process. Across our 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. 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 decision making.

Dedicated Sustainability Professionals

Investment & Stewardship

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

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**	

Governance as the Foundation of ESG and a Driver of Business Fundamentals — *A Message from Alison O'Neill* 1 2

Strong governance is foundational to long-term shareholder value creation and as a result, understanding a firm's governance is a defining feature of our investment process. We have long believed that the quality of decision-making inside a company — at both a managerial and board level — has a material influence on a company's ability to outperform over long periods of time.

We believe the same principles apply to our own organization. As Ted notes in the opening section, we invest the same way we operate. The standards we expect from the companies in which we invest — clarity of purpose, accountability, transparency, effective capital allocation, proper incentives and long-term thinking — are the same standards we hold ourselves to every day.

This alignment matters. It strengthens the integrity of our investment process and reflects the culture that guides our work. Our teams are empowered to challenge assumptions, seek diverse perspectives and demand rigor in how strategies are set and executed. We expect this same approach to be taken by the directors of the companies in which we invest to ensure their boards are effectively creating value for bondholders and equity holders.

Importantly, governance is not simply the "G" in an ESG framework. It is the mechanism through which environmental and social considerations translate into action. Governance impacts how companies manage risk, adapt to regulatory change, deliver on climate and social commitments, and ultimately remain resilient in the long-term. That is why so many of our stewardship engagements touch on governance considerations such as board effectiveness, incentive structures, and shareholder rights. These levers shape execution, resilience, and long-term performance.

Advancing our ESG integration efforts includes refining how we communicate this work. Clients increasingly want to understand not only what we do, but how our own governance and culture reinforce our investment approach. In the sections that follow, we demonstrate how our governance of sustainability shapes our investment research, active ownership, and corporate activity. Ultimately, we believe that good governance is the foundation of a strong business: within our portfolios and within our own organization. It is how we create clarity, continuity, and long-term value in an increasingly complex environment.

Governance: The Key to ESG

Governance as the Foundation of E and S:
- Governance ensures climate and social goals are aligned with accountability, oversight, and execution. Strong governance ensures that E and S are meaningfully advanced.

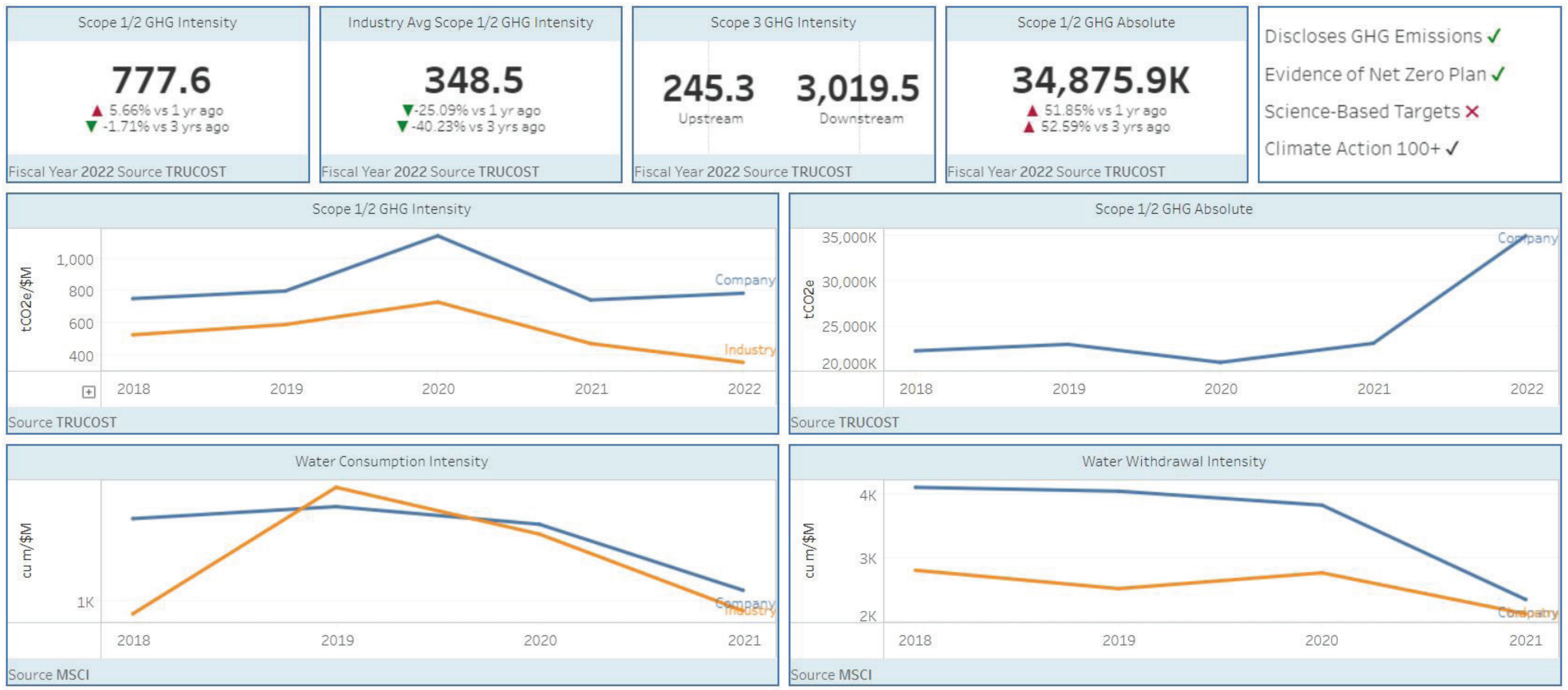
Governance = Execution:
- Governance is foundational to active ownership, from research and analysis to issuer engagements.
- Many analyst notes include governance insights, and governance is inherently linked to business strategy and execution of corresponding goals that lead to long-term success.

Why our Messaging Matters:
- While governance is embedded in our work, the story isn't being told in a client-relevant way.
- Clients need to see how governance ties to real-world outcomes and how it is fundamentally linked to our long-term approach and fiduciary duty.

Data and Tools B 1

To ensure our entire investment team has access to the most reliable data, we have built dashboards that bring together material, company-reported ESG data points at the company, industry, and portfolio level. We have rigorously evaluated the various providers of 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.

Environmental Dashboard 6 B



In 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 EU 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 integrated additional voting and engagement data into these dashboards, while also making other enhancements that will help the team identify 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 what new data or information has been added to our existing subscriptions, the vendor's development roadmap and any challenges we may be having accessing their data. These discussions enable us to continue to optimize our use of third-party tools and data sets.

Thematic Research and Case Studies 1 2 3

/ ESG INTEGRATION IN ACTION: CARBON PRICING — EUROPEAN TRADING SYSTEM (ETS) AND CARBON BORDER ADJUSTMENT MECHANISM (CBAM) /

Over the last year, we further explored the risks and opportunities for investee companies arising from exposures to carbon pricing. One important change to Europe's Emission Trading System (ETS) is the new Carbon Border Adjustment Mechanism (CBAM).

The CBAM puts a price on the carbon emissions of goods imported into the EU, thus leveling the playing field between the companies working within the EU, which is subject to a carbon price in the EU emissions trading scheme, 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, hydrogen and aluminum, and some precursors and downstream products made from cement, iron and steel, and aluminum.

Background

European Emissions Trading System (EU ETS)

The European Emissions Trading System (EU ETS) is a market-based policy instrument designed to reduce greenhouse gas (GHG) emissions through a cap-and-trade mechanism. Under this system, a central authority sets a limit (cap) on the total amount of certain GHGs that can be emitted by the entities covered by the scheme.

The EU ETS uses carbon allowances to encourage decarbonization and set a market price on carbon. Allowances permit the emission of one ton of CO_2. As regulators issue fewer allowances each year, this drives competition and incentivizes decarbonization.

The price of these allowances is influenced by economic fundamentals, fuel prices, and regulatory decisions. Regulatory ambition, particularly the tightening of decarbonization targets, increases allowance scarcity and creates upward price pressure.

To prevent "carbon leakage" — where companies relocate production to countries with laxer emission rules — the EU introduced the CBAM. Starting in 2026, this mechanism will require importers of carbon-intensive goods (such as steel, cement, and aluminum) to pay a carbon price equivalent to what domestic EU producers pay under the ETS. This aligns with the plan to gradually phase out free allowances for EU industries, which is expected to be completed by 2034.

These EU incentives are designed to encourage the development of carbon markets in other countries, which would further contribute to global decarbonization. Instead of paying the EU for carbon-intensive exports, these higher-emitting countries may prefer to develop their own carbon markets, and keep the revenue generated from assets located in their countries to reinvest into decarbonization. This would increase the competitive advantage of their exports. We have already begun to see many non-EU countries launch their own carbon markets.

Recent Developments — CBAM and ETS2

Carbon pricing is becoming increasingly relevant for investors due to:

Expansion of Scope: The EU ETS is broadening its coverage, by introducing CBAM and a potential second trading market (EU ETS2), potentially covering over 80% of EU emissions. Other regions, including China, India, Japan, the US, Canada and Brazil are also establishing carbon markets.

Decline of Free Allowances: Free allowances, initially provided by the EU to allow domestic companies to adapt to the new system, are being reduced. Utilities have not received free allowances since 2013; airlines will lose all free allocations by 2026, and other energy-intensive sectors are seeing reductions. The Chinese government is also likely to decrease free allowances in their carbon scheme looking forward.

Increasingly Challenging Decarbonization Goals: Companies must cover a greater share of their emissions, with fewer free allowances and a shrinking pool of available permits, resulting in potentially higher costs if decarbonization is not achieved by the company. At the same time, many companies have already implemented the easiest decarbonization programs, suggesting continued gains may be more difficult to achieve.

Financial Impact

The financial impact of carbon pricing depends on the following:

- The proportion of emissions covered by pricing schemes.
- The company's decarbonization and energy efficiency efforts, and those of other companies covered by the scheme.
- The allocation of free allowances.
- The use of regulatory mechanisms to manage prices.
- The ability to hedge price risk and pass costs to customers.
- The political landscape in the European Union.
- The availability of energy.

As always, this story isn't just about risk. Some companies may actually benefit from higher carbon prices if they can decarbonize more quickly, as that will allow them to sell excess free allowances. Alternatively, certain companies may be able to pass on carbon costs depending on their competitive moat, position on the cost curve, or other factors. Understanding emissions, allowance allocations, and cost pass-through capability is essential for assessing the net impact on a company's bottom line.

Sectoral Differences in Managing Risk

Companies employ various strategies to manage carbon price volatility. For example:

- Utilities hedge carbon prices several years in advance, aligning with forward power sales.
- Airlines generally hedge over shorter periods, integrating carbon allowances into fuel hedging.
- Industrial companies may purchase allowances more opportunistically.

The European Case:

Currently under the EU ETS about 55% of carbon allowances are handed out for free, though this percentage varies significantly by sector.

- Utilities, which account for roughly 40% of EU emissions, do not receive any free allowances, while industrial sectors such as steel have historically received almost all of their allowances for free.
- Refineries and airlines receive a lower proportion, with airlines getting around 60% of their allowances for free.
- Most industrial sectors still receive at least half of their allowances for free, but this is changing rapidly.

By 2034, all free allowances are scheduled to end, significantly increasing costs for European industries which have not decarbonized. Free allowances worth €80 billion will be eliminated over the next five years, €20 billion of which will affect the steel sector alone. This can tip the balance of decarbonization project economics.

Sector Impacts

- **Steel:** The sector faces significant challenges as CBAM phases in and free allowances are eliminated. Decarbonization options exist but require substantial investment and are not universally feasible. The sector's exposure varies by company, depending on hedging strategies and market focus.
- **Chemicals:** High carbon, gas, and power costs, limited decarbonization options, and no CBAM protection make this sector particularly vulnerable.

Aviation: Airlines face rising costs but generally have strong pass-through ability. The loss of free allowances will increase costs and ticket prices.

Thematic Case Study: European Airline Company (Ryanair)

Airlines frequently include environmental costs within their fuel bills. These costs come from two main sources: carbon emissions costs and sustainable aviation fuel (SAF) blending. For carbon emissions: intra-European flying requires airlines to deliver a certificate to the European Commission (or UK / Swiss authorities) giving them the right to pollute. Until 2024, airlines received free allowances; these will be phased out by 2026. The second environmental cost is SAF. The EU has built a sophisticated policy framework to support SAF demand. The ReFuelEU Aviation Regulation requires fuel suppliers to blend increasing volumes of SAF into the EU's jet fuel supply, with a sub-mandate for synthetic SAF produced from low-carbon electricity. The relevant regulation requires airlines to use a rising blend of non-fossil–derived fuel in their tanks: 2% in 2025 and rising steeply until SAF is the majority of fuel used by airlines by 2050. We expect sufficient supply near-term, but there is much more uncertainty around the adequacy of production into the 2030s.

Ryanair operates under both the EU ETS and UK ETS, with compliance costs recognized under fuel operating expenses. The company has hedged its carbon exposure for the near term but faces uncertainty regarding the availability and cost of SAF. Exposure to ETS costs varies by route, with intra-European flights most affected.

Hedging:

According to the company's 2024 Annual Report, the company had hedged approximately 100% of the Group's estimated carbon exposure for fiscal year 2025 at fluctuating prices between €58 and €76 per EU Allowance.

The carbon price can fluctuate like any other commodity and is expected to rise with the phase out of free allowances.

Sustainable Aviation Fuel:

The European Commission ReFuelEU regulation, and similar UK legislation, sets SAF targets at 2% by 2025, rising to 6% by 2030 in the EU and 10% by 2030 in the UK. There can be no assurance that sufficient SAF will be available in the market for Ryanair to purchase or that the cost of SAF will not have a material adverse effect on Ryanair's financial results.

Areas we are monitoring:

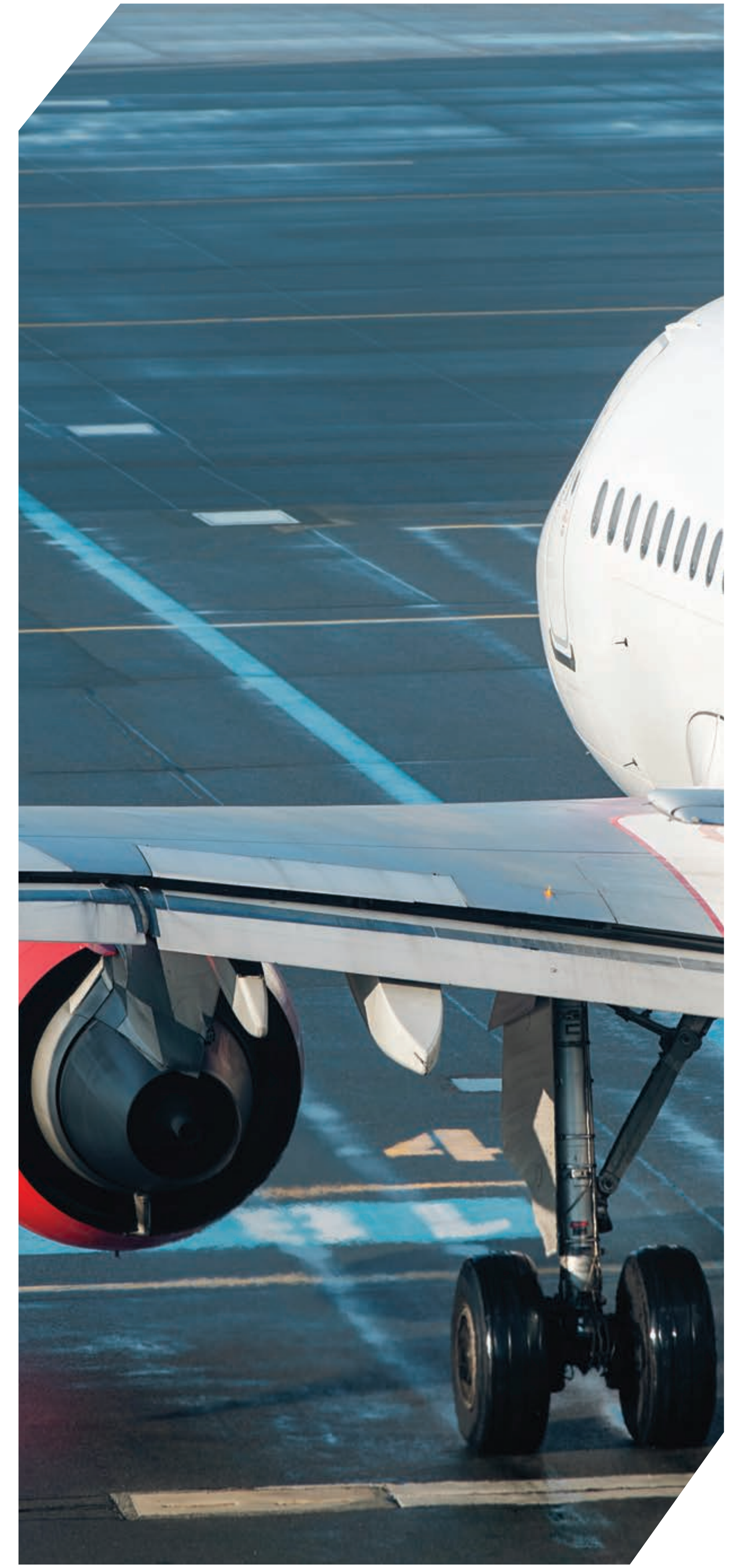
Flight destinations for budget airlines:

Each budget airline has different exposure to route-based taxes/costs. We believe that airlines that have the largest percentage of routes covered by ETS will be most exposed to risk. Currently, the systems cover only intra–European Economic Area flights, which, for example, exclude Turkey and countries in the Eastern EU and Middle East.

Destinations are the key driver for low-cost carriers. For example, Wizz Air has more focus in Eastern Europe and more flights to destinations that are not covered by ETS markets when compared to Ryanair. The route exposure is then adjusted for each kilogram of fuel used per hour which means that even if Wizz has just 5% of its flights as international routes, those 5% consume a lot more fuel per hour during those longer flights, which are not covered by the ETS. This lowers Wizz's carbon compliance burden relative to Easyjet and Ryanair.

SAF availability:

The aviation industry currently favors SAFs (manmade kerosene substitutes) as a solution, but supply of biofuel SAFs is ultimately limited, and they only partly reduce CO_2. Fully synthetic SAFs (Power-to-Liquid) could be very low carbon, with unlimited supply, but are likely to be very expensive (currently 10x kerosene). Green hydrogen (e.g., H2 from renewable electricity) is much cheaper and likely to remain so; however, it needs new and different aircraft designs to accommodate the greater volume of liquid hydrogen (LH2) needed compared to kerosene or SAFs.



/ ESG INTEGRATION IN ACTION: A DEEPER DIVE INTO RESPONSIBLE AI (RAI) / 1 2 3

Over the course of the year, our investment team conducted research into responsible AI and its short- and long-term impact on a variety of companies.

The output from this research provided an overview of how external nongovernmental organizations (NGOs) and others define responsible AI (RAI), drawing on definitions from the World Economic Forum, the Responsible AI Institute and the National Institute of Standards and Technology (NIST). These frameworks are similar in their emphasis of developing AI systems that are safe, fair, transparent and accountable.

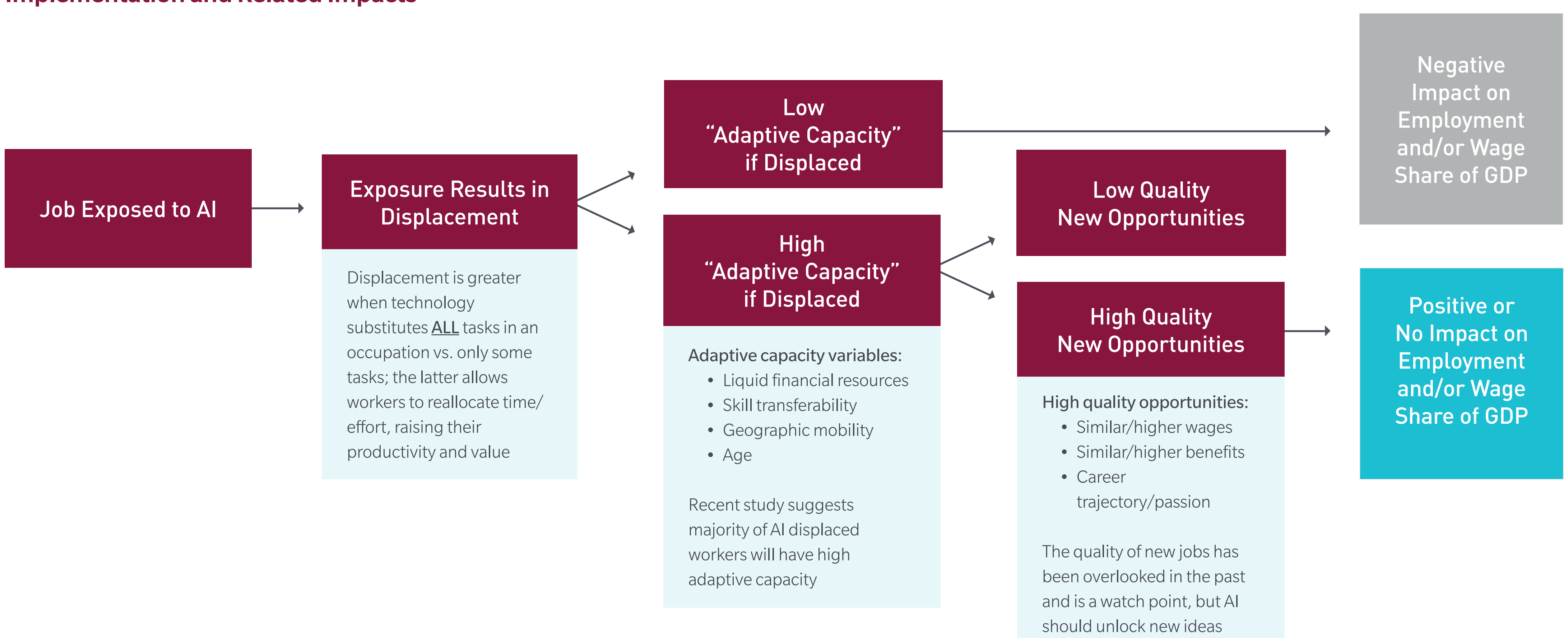
There are many dimensions of RAI, including but not limited to:

- **Model development** — Avoiding bias and training models on appropriate documents and information
- **Environmental impacts** — The carbon and water impacts of data centers
- **Worker impacts** — The "just transition" to AI that addresses its potential social, economic, and ethical impacts

Our research examined each of these areas in detail. For example, to better understand model development, we conducted a review of Microsoft's AI & Ethics Committee, which illustrates best practices in organizing cross-functional teams, internal reporting, and external transparency to address broad societal concerns. Our research on model development was not entirely positive, however, which is outlined in a different company example on the next page.

Another point of discussion, which we believe has potential financially material concerns is AI's likely impact on workers and employment. We believe that shifts such as this one have the potential to result in widespread changes in the economy. While we can't know the answer to this complicated question today, we are not as bearish about the potential impact as some appear to be. For example, there is considerable research that suggests there could be long-term benefits to workers from AI. The graphic below highlights two of those pieces of work in a flow chart format. This research suggests the highly adaptable workers being displaced by AI may still find attractive job opportunities, although this outcome is obviously far from certain.

Implementation and Related Impacts



Later in this document, we'll share more details on AI and climate risk, which is another area where our investment team spent considerable time in 2025.

After completing our initial research and engagements, we developed a framework to monitor the RAI practices of our portfolio companies. To ensure we have confidence in a company's approach to RAI, we believe it should have guidelines around:

- **Commitment** — Companies should offer comprehensive, plain English policies that include metrics stakeholders can use to monitor company adherence to policies.
- **Implementation** — RAI should be managed by an experienced, designated individual with a clear support team. Internal tracking and reporting of RAI metrics and incidents to management is a must, and there should be specific guidelines for communicating with employees whose roles are impacted or likely to be impacted by AI. Model developers should externally state clear positions on controversial concepts and use cases, and have a plan to mitigate environmental impacts of AI use.
- **Oversight** — To ensure RAI is implemented properly, the entire board should receive structured, consistent reporting on RAI, including relevant quantitative metrics, and directors should have the right expertise and training to effectively oversee this fast-moving area.

To support our investment team's engagements with companies on this topic, we developed a list of questions for investee companies in each of the areas above.

Thematic Case Study: Large Technology Company

During a call with a large-cap tech company, we focused on how the company handles responsible AI. We became concerned about the quality of the firm's operational practices and oversight in this area. Instead of having one clear public-facing document that outlines their approach, the company shares technical information across many different websites. What we believe to be more concerning is their RAI work is split among many different committees, and until recently, there was no single person responsible for oversight across these groups. When we asked about board involvement, the company's answers suggested limited oversight and a lack of openness to our feedback. Although portfolios are generally underweight in this company's equity, we will continue to monitor and engage with them in the future.

/ WILDFIRE RISK / 1 3

We have been monitoring significant wildfire risks for power utility companies, particularly in California following the devastating LA fires in 2025. Recent catastrophic wildfires in California have raised concerns about the risks associated with power transmission and distribution in these areas of higher wildfire risk. As part of our ongoing assessments of these companies, we are focused on determining whether utility stocks such as Edison International (Edison) and Pacific Gas & Electric (PG&E) are appropriately priced, reflecting higher catastrophic wildfire risk and the uncertainty surrounding the future of the critical AB 1054 wildfire insurance fund.

Key considerations:

AB 1054 Fund Uncertainty

- The AB 1054 (wildfire insurance) fund, established in 2020 and split 50/50 between ratepayers and utilities, was designed to last 10 years. However, the catastrophic nature of recent fires, which are anticipated to draw on the fund, raises questions about its long-term viability. If liabilities from the current fires materially drain the fund, how it would be replenished remains unclear, which could create affordability challenges and political risks. In our view, this uncertainty is a key consideration for California utility stocks.

Valuation and Pricing

- Both Edison and PG&E are trading at significant discounts relative to the sector, reflecting investor concerns about wildfire risks and liabilities. We believe Edison's discount reflects worst-case liability assumptions, including potential penalties under AB 1054 and outsized wildfire liabilities.
- For PG&E, we believe the discount reflects indirect exposure to AB 1054 depletion and trading dynamics tied to "fire risk" utility stocks. If liabilities from the current fires are outsized and Edison is found responsible, the AB 1054 fund could be materially drained, posing potential risks for the sector. Notably, no plan has ever been detailed for replenishing the fund. However, legislation was passed in 2025 that does have mechanisms to extend the fund capacity. Finally, PG&E often trades down alongside other California utilities implicated in wildfire events, even when the fires occur outside its service territory or in other states.
- Importantly, these valuations appear to price in significant risks, including a theoretical ~$5 billion equity issuance to replenish AB 1054. From a positive standpoint, such an incremental shareholder-funded contribution seems unlikely, and investors appear compensated for this risk.

Wildfire Risk

- We note that after years without fires wildfire risk has returned to the forefront for investors approaching the magnitude of the current events. We believe this renewed focus creates a shadow for all fire-risk utility stocks.
- Edison is under particular scrutiny due to its proximity to ignition points for the Eaton and Hurst fires, though no incident reports have been filed, which is a positive sign. We had an expert call with a transmission operator, which provided incremental confidence in Edison's ability to demonstrate prudence if needed.
- Additionally, we are analyzing the possession of wildfire safety certificates, which require regulatory approval and demonstrate adherence to strict wildfire mitigation standards. Both Edison and PG&E hold these certificates, which could play a critical role in regulatory determinations of prudence. Possession of these certificates increases the probability that utilities acted in accordance with their wildfire mitigation plans, potentially shielding them from penalties under AB 1054. However, we believe the certificates alone may not be sufficient to offset investor concerns if equipment is ultimately linked to ignition points.

While we maintain positions by holding these stocks, we are closely monitoring developments to assess whether Edison and PG&E valuations appropriately reflect wildfire risks and AB 1054 uncertainties. PG&E has not had any notable fires of material damage since the new safety protocols were put into place, which may indicate that overall risk reduction has been achieved. While current pricing suggests investors are compensated for key risks, further clarity on liabilities and fund sustainability will be critical for determining next steps in portfolio positioning.

Due to climate change, we expect that wildfires could become increasingly frequent, widespread and severe. We therefore believe wildfire risk to be a facet of broader physical risk and are incorporating it into our assessments as such.

Thematic Case Study: PacifiCorp Wildfire Liability Risk

PacifiCorp, a Berkshire Hathaway Energy subsidiary, has become one of the most challenged utilities due to escalating wildfire litigation in Oregon. The company has already lost 11 trials, resulting in nearly $600 million in judgments, and faces an accelerated schedule of 48 trials in 2026. This could require up to $3 billion in bonding, well above its current capacity — raising concerns about liquidity — and potential capital market issuance.

While PacifiCorp is appealing verdicts and contesting damages, outcomes remain uncertain. We have multiple scenarios where there is a broad range of liabilities depending on the outcome. These figures would significantly pressure credit metrics, potentially pushing the company toward a high-yield rating. Regulatory headwinds compound the challenge: Utah, PacifiCorp's largest state, recently approved a weak rate case and explicitly rejected wildfire cost recovery.

Although Berkshire Hathaway provides a backstop, support so far has been limited to dividend suspension and indirect measures like sale-leasebacks. In our view, equity injections are possible if liabilities remain near our base case, but the scale of potential damage creates valuation uncertainty. Spreads have widened 30–40bps and now trade wider than California utilities, reflecting these risks. We maintain a cautious stance and believe spreads remain unattractive until more downside is priced in.

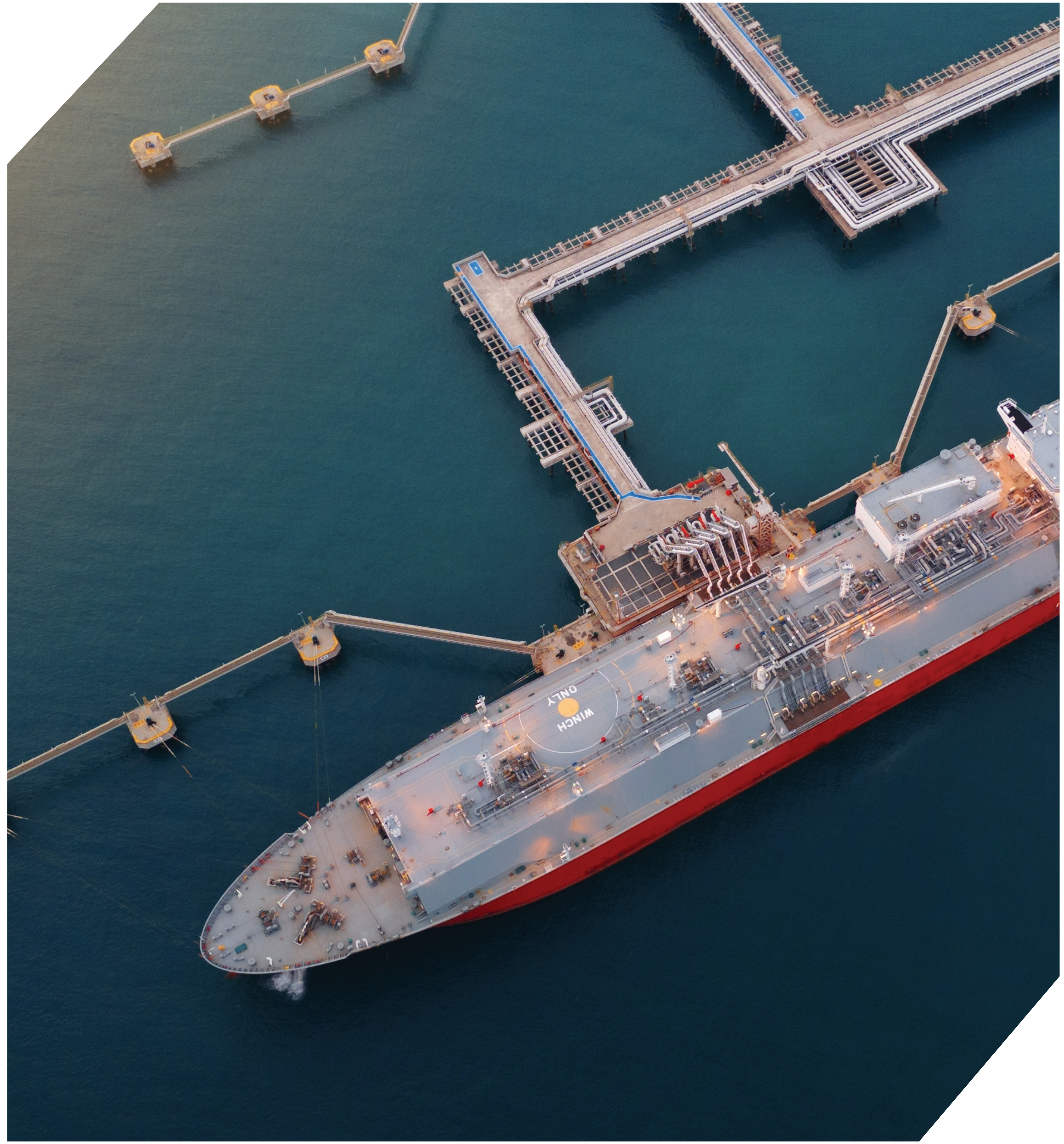
Energy Sector and AI Power

This year, our team conducted an industry review for the energy sector against the backdrop of surges in power requirements driven by AI and data centers. In our view, by 2030, global AI-related electricity demand could require 158 GW of new capacity, with two-thirds of that in the US. Utilities are responding aggressively, increasing capital expenditure plans by more than 50% over the next five years and accelerating generation projects. However, in our view, the challenge is not just about building more power — it's about doing so sustainably and reliably.

From an ESG perspective, we believe the sector faces a delicate balancing act. On one hand, there is strong momentum toward decarbonization and renewables installation, and on the other hand, intermittency and grid constraints mean that flexible generation, such as natural gas, nuclear and large-scale storage, remain essential to keep systems stable. In Asia, coal use is still growing, and physical climate risks, such as heat and water stress near major data center hubs, add another layer of complexity.

Additionally, we believe innovation is reshaping the landscape. To bypass long grid interconnection timelines, hyperscalers are increasingly turning to modular, on-site power solutions (fuel cells, gas turbines, and batteries) that could supply up to 14 GW annually in the US by 2030. While these solutions improve speed and reliability, they raise questions about emissions intensity and lifecycle sustainability. At the same time, in our opinion, labor shortages in engineering and construction threaten to slow new generation deployment, highlighting the importance of workforce planning as part of ESG risk management.

Ultimately, we believe that the energy sector is at an inflection point. Meeting unprecedented demand while advancing the clean energy transition will require not only capital but also policy support, innovation, and resilience planning. For investors, integrating ESG means looking beyond carbon metrics to assess how companies manage resource constraints, labor challenges, and climate risks.



Net Zero Update 1 3

Our Commitment to Net Zero

At MFS, our purpose is to create long-term value for our clients by allocating capital responsibly. We believe that climate change creates systemic and financially material risks and opportunities for certain issuers within the global economy. As a result, we view climate change as likely to shape future investment outcomes. The physical impacts of a warming planet, adaptation, the policy responses to mitigate those impacts, and the evolving expectations of consumers and regulators all have the potential to affect asset prices, capital flows and business models.

We recognize that progress is not linear — the path to net zero is shaped by policy shifts, technological advances and market dynamics. But our conviction remains clear: integrating financially material climate risks and opportunities into our investment process is aligned with our fiduciary duty and critical to delivering positive, risk-adjusted returns for our clients. Our approach to climate integration is grounded in financial materiality, fundamental research, active ownership and long-term stewardship.

Our Evolving Approach: From AUM Alignment Targets to Issuer Transition Credibility

We are continuously refining our climate research and analysis process. While our previous AUM targets reflected our global approach to investment decision making, we believe long-term value is determined at the company level, where capital allocation, technology choices, and governance drive real-world outcomes.

Additionally, shifts in the external environment — particularly those that are policy and regulatory in nature — are becoming increasingly significant. We anticipate that the world is likely heading into a “disorderly transition” climate scenario, where shorter-term risks are more pronounced and unpredictable. As a result, our strategy must adapt to proactively manage these emerging risks, ensuring we remain responsive to rapid changes and maintain our commitment to long-term value creation.

Our focus is now on a Priority List of companies that represent the bulk of financed emissions and transition risk. This list will be based on a variety of factors including industry, company emissions, MFS holding size, and exposure to specific risks (e.g., carbon pricing). We plan to evaluate these companies using MFS’ proprietary Climate Transition Analysis (CTA) framework, which evaluates risk in a variety of ways.

Assessing Transition Plan Credibility

We believe that long-term–oriented asset managers who engage with companies and issuers can support executive teams and boards in their evaluation of the climate-related risks and opportunities facing their industries. Our sector-based engagement program evaluates transition plans across five dimensions.

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 if 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 by their planned climate actions.

4

TECHNOLOGICAL CREDIBILITY

We review if the technologies proposed in transition plans are financially viable, scalable, and regularly re-evaluated.

5

STAKEHOLDER ALIGNMENT

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.

Given that companies are adapting to climate risks and opportunities at different rates, we will maintain a smaller group of Focus Companies within this Priority List where climate risk is higher or transition plan credibility is less clear. We will evaluate their transition plans using MFS' CTA framework and engage to better understand and suggest potential improvements to the plan's credibility and resilience.

Our Ambition:

To deliver better investment outcomes, we aim to support public companies in our portfolios as they navigate the climate transition. We will identify priority companies based on factors such as sub-industry, emissions intensity, holding size, and exposure to transition risks.

How We'll Achieve It:

Using MFS' CTA framework, we will evaluate the credibility of transition plans for issuers on our Priority List. A subset of these — our Focus Companies — where risk is higher or plan credibility is less clear, will be prioritized for deeper, sustained engagement.

Why This Matters:

This evolution centers our engagement efforts where it is most decision-useful: issuer-level capital allocation, technology adoption, and governance. It supports risk-adjusted returns by focusing on sectors and companies that may materially influence portfolio risk.

Stewardship-Driven and Focused on Financially Material Risks and Opportunities

Our approach remains grounded in active ownership. We engage with our portfolio companies to understand transition plans, promote transparency, and encourage improvements that support long-term value creation. Unless directed to by clients with separate accounts, we do not apply blanket exclusions or invest in green companies solely to reduce portfolio emissions. Instead, we focus on understanding the financially material risks and opportunities facing each issuer and how those dynamics affect long-term value creation.

We support this work with:

- Issuer-level ESG knowledge that consolidates internal research, company-reported data and engagement insights.
- Cross-functional engagement across asset classes and geographies.
- Sector-based prioritization of climate engagement based on emissions exposure, transition risk, and materiality.
- Proprietary dashboards that track our engagements as well as climate-related metrics for individual companies such as emissions intensity, target setting, and disclosure quality.
- Sovereign and thematic analysis, including our participation in the ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) initiative to assess climate risk in sovereign debt.

While we remain cautious about the limitations of third-party models, we continue to evaluate tools that may complement our internal research.

Equity and Fixed Income Corporate Bonds AUM — Level Net Zero Alignment Tracker — 2024 (Restated & 2025)

ALIGNMENT STATUS	2024 (CLARITY.AI)	2024 (MSCI RESTATED)	2025 (MSCI)
ALIGNED	26.38%	25.30%	24.50%
ALIGNING	22.95%	11.19%	10.96%
COMMITTED	26.29%	25.99%	27.42%
NOT ALIGNING	24.38%	33.10%	32.89%
N/A		4.42%	4.22%
TOTAL	100	100	100

Engagement Dashboard Highlights* (Cumulative ESG Engagements since 2021)

Total Engagements	Environmental Engagements
920	446

Social Engagements	Governance Engagements
380	709

*Engagements may be classified under more than one category; category counts are not mutually exclusive.

Industry Deep Dive (Steel)

Steel is one of the most carbon-intensive industries, responsible for roughly 8% of global CO_2 emissions, more than three times aviation. Historically, the industry has evolved through long periods of incremental efficiency gains punctuated by technological revolutions.

We believe that decarbonization is reshaping industry economics, trade flows and ESG risk profiles. Furthermore, the steel industry is instrumental for the buildout of transition-related infrastructure, such as windmills, making its decarbonization critical not only for its own future but also for enabling the broader energy transition.

In our view, the challenge lies in ironmaking, which accounts for 60% of steel's emissions. Existing technologies cannot fully solve this problem: scrap-based electric arc furnaces (EAFs) reduce emissions significantly but are constrained by scrap availability, while carbon capture and storage remain costly and somewhat unreliable. Emerging solutions such as direct reduced iron (DRI) using natural gas and, eventually, hydrogen offer potential, but as of now add to overall costs rather than reduce them. This makes decarbonization fundamentally different from past efficiency-driven revolutions. It is our belief that in the current economic environment, many firms cannot absorb these costs alone and government support is needed.

The steel value chain presents a complex decarbonization challenge characterized by misaligned incentives across upstream mining, midstream steelmaking and downstream customers. Midstream steelmakers, especially in Europe, face the sector's most acute challenge:

- Decarbonization-related capex currently earns suboptimal returns at prevailing economics. Hydrogen costs remain well above breakeven, and projects typically require carbon prices of €150–200/ton to be viable versus current EU ETS levels of €70–100/ton. The bottleneck is structural, not technological: proven DRI-EAF pathways can reduce emissions 76–85%, but current policy frameworks do not enable acceptable returns on capital. As a result, delaying transformation is a rational response to mispriced externalities and uncertain subsidy durability.
- Downstream customer willingness to pay remains unclear. Surveys suggest 42% of steel customers would pay premiums to secure green supply — higher than aluminum or copper — yet actual market behavior reveals significant gaps. European green steel premiums collapsed from €140/ton in February 2024 to €50/ton by November 2024 amid weak demand and conventional steel price pressure.
- Automotive original equipment manufacturers (OEMs) show varying levels of awareness and commitment. Major players (e.g., Ford, GM, Mercedes and Volvo) are competing for limited supply and have contracted with pioneers like Stegra (formerly named H2 Green Steel) for 2026 delivery, recognizing that steel contributes only 0.7–1.5% of vehicle cost but 10–27% of carbon footprint; however, most buyers still resist paying significant premiums despite sustainability commitments. The construction sector shows even weaker demand signals due to fragmentation and low embodied carbon awareness.

Case Study: Large-Cap European Steel Manufacturer (ArcelorMittal)

We have used the case study below on ArcelorMittal, which is a company on our Priority List for CTA, to highlight the competing priorities for steel companies in Europe, as the region has the most progressed carbon regulations.

Current Data and Historic Progress

Source: MFS ESG – Climate Dashboard 2025.

Net Zero Targets and Progress

Target Updates	Details
NZ Target Year	2050
Medium-Term Target	2030
Scope 3 Disclosure?	Partial (excludes significant JV operations)
Target/ Disclosure Comments	▪ ArcelorMittal has set targets to reduce its emissions intensity by 25% globally and 35% in Europe by 2030 (vs. 2018 baseline), with net zero by 2050. However, in November 2024, the company stated these 2030 targets are "increasingly unlikely" to be met.

Technology Strategy:

The company is pursuing two pathways:

(1) Innovative DRI using (hydrogen-based direct reduced iron with electric arc furnaces)

(2) "Smart Carbon" blast furnace route with carbon capture

The Hamburg pilot facility has shown technical feasibility on H2-DRI, but commercial-scale deployment remains severely delayed. The company increased the EAF share from 19% (2018) to 25% (2024) of global production, though current progress lags previously announced timelines.

Progress to Date:

- Emissions intensity reduced only 5.4% globally and 5.0% in Europe since 2018 — far below the pace required.
- Only $1 billion of its $10 billion decarbonization budget was deployed through 2024 (10% of commitment) despite securing €3.5 billion from the EU government via subsidies.
- Multiple flagship projects delayed or on hold, including the Sestao "world's first zero-carbon plant."
- Science Based Targets initiative (SBTi) removed after the validation deadline expired without submission.

Climate Risk and Opportunity 1 3

Case Study: Large-Cap European Steel Manufacturer (ArcelorMittal) (continued)

We believe that ArcelorMittal's transition can best be understood within the complex political economy of European steel decarbonization. The company faces mounting pressure from rising EU Emissions Trading Scheme carbon costs (€70–100/ton as of January 2026) and the CBAM being introduced in 2026 which were discussed earlier in this report. However, the company's strategic position differs materially from competitors due to its free allowance position and scale.

The Policy Economy Context:

Here's why decarbonization has been delayed and why we think the odds of government support are high and rising:

1. Free allowance position creates optionality despite rising ETS prices: From 2021–2025, ArcelorMittal received approximately €3.8 billion annually in free EU ETS allowances, representing substantial value that has allowed the company to avoid immediate carbon costs. Free allocations will phase out gradually (starting with 2.5% in 2026, ramping to 100% by 2034). ArcelorMittal's allowances currently cover most EU emissions, with a deficit projected around 2030 as the phaseout accelerates (reaching 48.5% by 2030). This grants extended negotiating time and reduces near-term urgency relative to smaller peers, especially given ArcelorMittal's global footprint and strategic importance to EU governments.
2. Strategic importance of steel: Steel is uniquely positioned at the intersection of multiple policy priorities reducing the risk of carbon costs or nationalization — outcomes which threaten many incumbents' viability.
   - **Defense:** Critical input for military hardware and infrastructure; EU Steel and Metals Action Plan (March 2025) explicitly links steel capacity to Europe's "Defense Readiness 2030" Roadmap.
   - **Employment:** Concentrated in politically sensitive regions, for example, ThyssenKrupp alone supports 26,000 direct jobs.
   - **Industrial sovereignty:** Post-COVID and geopolitical tensions have elevated domestic manufacturing capacity as a strategic priority.

   The EU has not shown willingness to nationalize steel mills; it requires large incumbent producers to remain viable and earn returns above cost of capital — creating "too big to fail dynamics." ArcelorMittal can offer stable domestic supply, which reinforces policy support.
3. Operational timing pressure: The government faces additional pressure from the fact that ArcelorMittal's blast furnaces within the EU are likely to require relining in the next 3–5 years (i.e., over the same period that its free allowances phase out and ETS costs set to rise). Without government support (subsidies, tariffs, import quotas, CBAM or a Europe-wide industry electricity flat-rate) ArcelorMittal would be incentivized to shut down blast furnace capacity instead of locking in a huge carbon liability that would occur (under the new CBAM and ETS regulations) if the company were to extend the lives of these furnaces.
4. There are signs that the EU government's support is intensifying: Recent policy developments suggest an increasing focus on protecting the EU steel sector:
   I. **New steel tariffs (approved December 2025):** Replacing expiring safeguards with 50% tariffs on steel imports exceeding quota, quotas cut 47% to 18.3 million tons per year. This measure will provide substantial import protection particularly against China where steel production continues to the point of overcapacity.

   II. **CBAM export rebate consideration:** Potential carbon leakage protection for exports by Q2 2025, enabling EU producers to compete internationally despite higher carbon costs.

   III. **Energy cost support:** The EU's Steel and Metals Action Plan commits to reduced network tariffs, energy tax flexibility, and faster grid access for energy-intensive industries.

   IV. **Cheap power for EAFs:** Some EU member states offer subsidized electricity rates for electric arc furnace operations to support decarbonization.

   V. **Industrial decarbonization bank (IDB):** Expected to mobilize €100 billion for industrial transformation.
5. Chinese overcapacity and EU response: Global steel overcapacity is projected to reach 721 metric tons (Mt) by 2027 — more than 5x the EU's annual consumption. Combined with Chinese supply-side reforms, the EU's new 50% tariff structure and tightened quotas are a recognition that CBAM alone is insufficient to protect domestic industry.

Case Study: Large-Cap European Steel Manufacturer (ArcelorMittal) (continued)

Dimension	Assessment	Assessment
Management Credibility	Not credible	Sustainability KPIs in compensation lack specificity and appear insufficient to drive meaningful change. Family ownership structure may insulate management from external pressure.
Financial Credibility	Not credible	Returns remain challenging. Only $1B of the $10B budget has been deployed, with only 4 years to 2030 remaining. Green premium for H2-DRI steel is estimated at $225–230/ton with limited customers willing to pay. Hydrogen costs ($10–15/kg) are 5–9x above break-even needed for DRI competitiveness. Required carbon price for economic viability without subsidies: $150–200/ton CO_2 vs. current EU ETS €70–100/ton. Traditional steel ROIC of 8–12% creates high hurdle for decarbonization investments with uncertain payback and technology risk. Free allowance position (€3.8 billion annually 2021–2025) removes immediate cost pressure, with deficit materializing around 2030.
Competitive Credibility	Significant concerns: policy dependency creates risk	ArcelorMittal's competitive dynamics hinge on policy: (1) free allowance surplus (through ~2030), (2) new EU 50% steel tariffs and 47% quota cuts provide substantial import protection, (3) CBAM export rebate considerations may enable international competitiveness despite carbon costs, (4) strategic importance as 15-20% of EU capacity creates government dependency, and (5) exposure to Chinese overcapacity (deflating prices) vs. EU decarbonization costs (inflating costs).
Technology Credibility	Credible technologies, policy-dependent economics	H2-DRI technology has been proven at pilot scale and is being deployed by competitors. However, costs remain 5–9x above break-even prices. Similarly, although European renewable electricity has been growing, its current level is still insufficient for massive green hydrogen production without major grid investment. ArcelorMittal appears to hedge across technology routes reflecting uncertainty about winning pathway. Technology scalability depends critically on: (1) hydrogen supply infrastructure development, (2) renewable electricity availability and pricing, (3) carbon price trajectory, and (4) subsidy availability and duration.
Stakeholder Alignment	Mixed; government alignment critical	Hydrogen Supply: European green hydrogen production remains minimal (~0.1Mt/year capacity, 2024) vs. ArcelorMittal's first DRI plant requirement of ~143,000 tons of hydrogen per year. Pipeline infrastructure delayed. Customers: ArcelorMittal states it can "comfortably" meet current green steel demand with existing capacity, indicating limited market pull. Automotive and construction sectors both challenged. Just Transition: Limited public disclosure on worker retraining despite significant employment footprint.
Is there sufficient credibility to suggest target will be achieved?	No. The Company has stated that its 2030 targets are "increasingly unlikely." However, the fundamental issue is policy-driven, not company-specific.	The company appears to be maximizing policy support before committing capital. This is rational but risks a learning curve disadvantage if peers build operational experience first. Its 2030 targets will not be met without: (1) fundamentally higher carbon prices (€150+/ton), (2) breakthrough in hydrogen costs, (3) massive additional subsidies, or (4) regulatory enforcement with real penalties.

ArcelorMittal represents a complex case where structural policy failures create rational incentives for delay, but company-specific execution and "too big to fail" positioning compound the problem as well as present some opportunities. The fundamental issue is that European steel decarbonization is unlikely to occur at scale until policy provides either much higher carbon prices, much larger subsidies, or genuine enforcement with consequences. With that said, the industry and ArcelorMittal still present an attractive investment opportunity.

Case Study: Large-Cap European Steel Manufacturer (ArcelorMittal) (continued)

Stewardship and Engagement Priorities:

We have been engaging with ArcelorMittal and will continue to do so with a focus on deepening understanding of:

Policy Dependency and Strategic Risk: How does management assess political risk in its delay strategy, particularly on the durability of the steel tariffs, the free allowance phaseout (and possible extensions) and the carbon pricing trajectory?

Competitive Positioning vs. Policy Protection: Does the company view transformation as a competitive necessity or a policy-negotiable outcome? What is the expected market share and profitability impact if peers have lower carbon capacity before ArcelorMittal does?

Technology Economics and Pathways: Understanding the true cost structure and criteria for technology selection: The company's internal carbon pricing assumptions ($50/ton by 2030, $90/ton by 2050) appear conservative vs. current EU ETS €70–100/ton.

Under what break-even conditions do hydrogen DRI vs. Smart Carbon routes become investable? What are the dependencies between hydrogen availability and pricing?

Looking Ahead

As we continue refining our transition-focused approach, our priorities for the year ahead center on deepening issuer-level analysis and strengthening our ability to assess real-economy decarbonization. We expect policy uncertainty, technological evolution, and shifting market dynamics to remain defining features of the transition. Against this backdrop, our work will focus on expanding the application of MFS' Climate Transition Analysis framework across our Priority List, enabling clearer assessments of transition plan credibility and capital-allocation pathways.

We also anticipate a growing divergence in corporate transition trajectories. This will require more targeted, sector-specific engagement, particularly in emissions-intensive industries where credibility thresholds are rising and policy signals remain fluid. As regulatory frameworks evolve globally, we will continue adapting our research, stewardship and portfolio-level insights to ensure our climate integration supports long-term value creation for clients.

Ultimately, our focus remains steady: to support real-world decarbonization by engaging where it is most decision-useful and deepening our understanding of the economic forces shaping companies' transition readiness. We remain committed to transparent reporting, disciplined evaluation of transition risk and the thoughtful stewardship needed to help our clients navigate a complex and fast-moving climate landscape.

/ ADDITIONAL EXAMPLES OF ESG INTEGRATION / 1 2

Fixed-Income ESG Integration in Action: European Real Estate Company

We took a less favorable view of a European real estate development company primarily due to significant governance concerns that have emerged over the past two years. Our initial downgrade in late 2024 followed the sudden departure of the company's CEO, which raised questions about corporate governance, strategy and capital allocation. Subsequent developments reinforced these concerns, including multiple leadership changes including four CEO transitions since 2024 and the abrupt exit of the CFO after less than a year in the role. In our view, this pattern of senior management turnover signaled instability and weak governance structures. Market indicators have also reflected these risks, with S&P downgrading the company to high yield (BB+), citing governance issues as a key driver. Overall, the lack of leadership continuity and transparency around decision-making created uncertainty for us, resulting in the rating downgrade.

ESG Integration Case Study: Assessing Moutai's Natural Capital Risk

We have been analyzing water risk at Kweichow Moutai. Moutai is a leading producer of Baijiu, a popular spirit consumed in Asia and elsewhere. We believe that water and ecosystem integrity are material for Moutai because its entire production is concentrated along the Chishui River in Guizhou province. The company sources 100% of its water from this river, which gives the drink its distinctive taste and is central to its heritage and branding. With water comprising 78% of the product, and production limited to Moutai town, this geographic and resource concentration creates a unique risk profile, in our view.

Our assessment shows that while the Renhuai–Chishui basin faces medium-to-high baseline water stress, Moutai benefits from strong government intervention and governance. As a state-owned enterprise, the company operates in close alignment with provincial authorities, who have implemented strict measures to protect water quality and manage withdrawals. These include the Yangtze River Protection Law, basin restoration programs, and ecological red-line enforcement. Moutai itself contributes to regional conservation efforts and has invested in asset hardening to withstand natural disasters, creating a wide margin of safety for its key inputs: water and locally grown red sorghum.

Despite these safeguards, we recognize a residual tail risk from extreme climate events, given the concentration of production in one location. However, historical droughts and floods have not disrupted operations, and expert insights suggest current water use is well below sustainable thresholds.

Key Considerations

- Natural capital risk is a material consideration for Moutai due to its reliance on a single river and region for water and sorghum.
- Strong governance mitigates risk: Government and company collaboration ensures water quality, controls withdrawals and enforces ecological protections.
- Residual tail risk remains: Geographic concentration creates vulnerability to extreme climate events, but current safeguards and historical resilience provide comfort.

ESG Integration in Action: Philip Morris and Tobacco

We have been analyzing the health risk profile of nicotine pouches to understand where they sit on the public health continuum relative to cigarettes, vapes and other oral tobacco products. This analysis is important for assessing whether reduced-risk products (RRPs) like pouches can structurally lower terminal value risk for tobacco companies as they transition away from combustibles.

In our view, nicotine pouches may present a significantly lower health risk compared to cigarettes and vapes. The FDA's recent marketing authorization for Zyn reinforces this view, stating that pouches offer net public health benefits when they replace higher-risk products. However, we believe youth usage is a critical tail risk. Although current penetration is low (around 4–5%), growth is accelerating, and nicotine's neurotoxic effects on adolescent brain development are well documented. Rising youth adoption could trigger regulatory scrutiny, flavor bans and illicit market growth (similar to what occurred in the vape category).

From an ESG perspective, we believe nicotine pouches are structurally better positioned than vapes, given lower health risks, tighter marketing controls and reduced exposure to illicit trade. However, the trajectory in the US may not mirror Sweden's experience, where oral nicotine adoption drove a sharp decline in smoking rates. Cultural differences, fragmented retail channels and flavor-driven regulation create a more complex outlook. We continue to monitor whether category growth is driven by conversion from higher-risk products or incremental uptake among new users, as this will determine the long-term public health impact and regulatory risk profile.

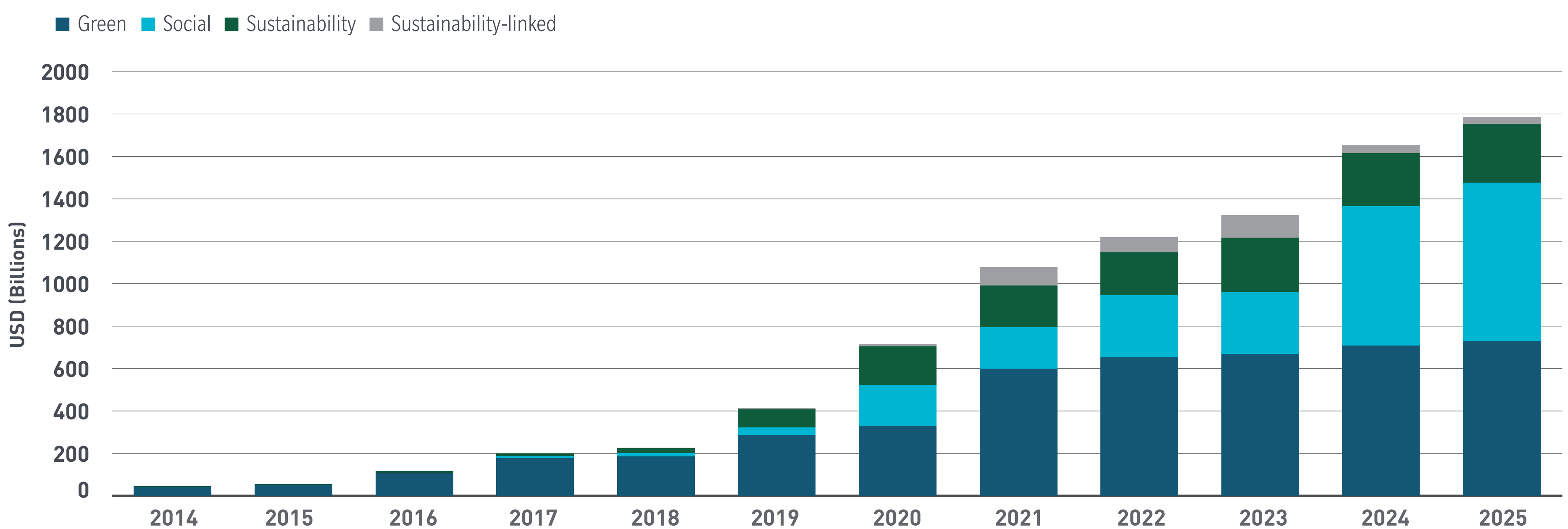
Key considerations

- Lower health risk vs. combustibles and vapes: Pouches bypass the lungs and reduce major disease risks, supporting their role as RRPs.
- Youth usage is the key tail risk: Rapid growth among adolescents could lead to flavor bans and illicit trade, increasing regulatory risk.
- Structural advantage over vapes: Lower health risk and tighter controls create a longer runway for growth, but US adoption will be less linear than Sweden.

/ SUSTAINABILITY-THEMED BONDS / 1 4

Annual issuance of labeled bonds (green, social, sustainability, sustainability-linked, and transition bonds) in 2025 was ~$1.796 trillion, a smaller growth of about 6% compared to 2024. Green bonds and social bonds continued as the dominant categories within this labeled market at close to $730 billion and $745 billion, respectively. Sustainable bonds saw 7% growth leading to issuance of about $278 billion. However, sustainability-linked bonds saw continued YOY decline with some of the smallest issuance volumes since COVID era issuance in 2021 at $33 billion. Cumulatively, since their inception, green and other labeled bonds stood at approximately $8.95 trillion of total issuance by the end of 2025.

Annual Issuance of Sustainable Debt



The political environment and associated policy changes in certain regions contributed to noticeable slowing of issuance in some markets, particularly the US corporate segment, contrasting with stronger activity in other parts of the world such as Europe and Asia. Europe continued to contribute a strong portion of green and social issuance, and China saw notable domestic issuance growth, particularly among government-related issuers, following the release of a green finance taxonomy. Emerging market issuance remained meaningful but smaller in overall volumes compared to developed economies.

The financial sector represented the biggest issuer of green bonds at close to $232.5 billion followed by governments and related agencies at USD $227 billion. The utilities sector rounded out the top three at slightly over $100 billion. US issuance of green corporate debt only amounted to $18.6 billion compared to $24 billion in 2024 and highs set in 2021 of $57 billion. On the other hand, developed EMEA issuance of green debt stood at ten times that of US issuance at $209 billion even though the YoY increase compared to 2024 was small at 3%. Sovereign issuance of green bonds stood at $109.4 billion with majority in developed countries at close to $99 billion.

Social bonds, whose use-of-proceeds are typically allocated to areas like health, housing, microfinance, and education saw issuance grow by 10% to $745 billion, with the biggest contributor being the US government–backed housing finance provider Government National Mortgage Association (GNMA), at $545 billion in 2025 which increased from $460 billion the prior year. The agency's mortgage-backed securities (MBS) are composed of mortgages from loans to certain segments of the US population such as veterans, low-income families, and first-time homebuyers. They have classified their MBS issuance under the social label since September 2023 resulting in outsized contributions in 2024 and this year.

Sustainability bonds cover use-of-proceeds that can be a mix of green and social projects and increased to $278 billion in 2025 marking the highest levels of issuance exceeding previous issuance record levels set during the COVID era in 2021. Major share of issuance came from supranational issuers at $150 billion given their development mission and represented a 20% growth YoY and highest since inception.

SLB issuance was the smallest on record since 2021 at $33 billion and was composed of issuance from sovereigns, such as Chile and Slovenia, along with corporates across a range of sectors in the EMEA region. Apart from broader factors mentioned earlier, additional reasons for decline include investor concerns about credibility and scrutiny of performance targets.

Finally, most of the transition bonds issued (approximately $10 billion) came from Japan due to their ambitious GX transition bonds program. As the authorities had indicated, issuance under this program decreased from the record levels seen in 2024. We may see issuance under this label grow into 2026 and beyond, following the release of ICMA's Transition Bond Guidelines.

/ RISK MANAGEMENT FRAMEWORK / 2

Our cultural emphasis on risk management is incorporated into all facets of our investment process. At MFS, the goal is not to minimize risk, but rather to understand its sources and effectively manage it. The risk management process strives to ensure 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 assess and manage portfolio risk to ensure all types of risks are identified and managed.

SECURITY LEVEL

On a day-to-day basis, fundamental analysts assess the operational, financial and valuation risk characteristics of each issuer they follow, and quantitative models use factors based on earnings momentum, price momentum, valuation and earnings quality. Each 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 and monthly attribution reports to review a portfolio's industry and sector weightings versus the benchmark to confirm that a 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 reviews the portfolio risk reports monthly to ensure that our investment policies are carried out by the team.

FIRM LEVEL

MFS has instituted a comprehensive approach to risk management that is a combination of disciplined internal controls and managerial oversight. Risk policies are dictated, first and foremost, by portfolio limits and regulatory restrictions. But we have established the organization's structure, systems, and processes to identify current and emerging risks to our portfolios and communicate these throughout the investment team.

/ MARKET-WIDE AND SYSTEMIC RISKS / 2

This section provides an overview of many of the specific market-wide and systemic risks that our investment team focused on in 2025 and describes how these risks have influenced our investment and engagement processes. Additionally, consideration of these risks is 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 are 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. As mentioned earlier in our net zero update, we have a proprietary Climate Transition Alignment Framework to help us evaluate the risks that climate change can have on individual portfolio companies.

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 is available on our website.

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 toward 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.

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.

Other Risks

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 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.

Engagement

RESPONSIBLY
ACTIVE
FOR OVER
A CENTURY

Our engagement approach is driven by strong collaboration between all members of our investment platform. Our engagements occur in several different forms, although they typically include meetings with company management or board directors. 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. We are 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 investors, which we believe will ultimately be in the best interest of our clients.

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, we 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.

/ PRIORITIZING ENGAGEMENT TOPICS /

1 3 A

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.

Materiality — We are more likely to engage on issues that present a 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 being recommended for purchase by one of our analysts or PMs.

Proxy voting — In the case of equity holdings, we are more likely to prioritize an engagement if it relates to proxy ballots to ensure we cast votes in the best long-term 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 meetings based on our identification of financially material issues and when it makes sense, request and thoughtfully analyze information on sustainability topics. As noted above, MFS does not engage for the purpose of trying to change or influence control of the company.

As asset managers with a fiduciary duty to our clients, our responsibility is to engage on and advocate for outcomes that are in their best interests. To fulfil this duty, strong bottom-up research and expertise to engage with the individual companies we own is how we best serve our clients. Moreover, this bottom-up approach is how primarily we seek to support change on systemic issues on behalf of our clients.

Collaboration

While most of our engagements are conducted between us and the company, we may engage on a collaborative basis in line with our fair competition policy. 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).

/ ENGAGEMENTS IN ACTION / 1 3

Fixed Income Engagement in Action: Global Alcoholic Beverage Company (Bacardi)

We recently met with members of the investor relations and sustainability team from Bacardi, an alcoholic beverage company, over two separate meetings to understand where the company was on its sustainability journey. On the environmental front, Bacardi is progressing toward net zero emissions, targeting 2040 for operations and 2050 for its value chain. Its climate goals have been validated by the Science Based Targets Initiative (SBTi) and Bacardi has already seen a 10% reduction in its emissions since 2023. The company is investing in renewable energy, water efficiency and innovative packaging solutions, such as recycled aluminum bottles and reduced glass usage. Water stewardship is a priority, with a 12% reduction in consumption and focused efforts in high-stress regions. Responsible sourcing is also a key theme, with 96% of key raw materials intended to come from sustainably accredited sources by 2030, though supply constraints have led to a slight adjustment in targets.

On the social front, the company is focused on its employees and the communities where it operates. The company has launched several safety initiatives and is targeting a Lost Time Accident Rate of less than one. They have launched programs for farmers and agricultural workers that promote safe and responsible farming practices as well as community programs that promote employment and upskilling.

We left these meetings with a strong understanding of the company's corporate sustainability programs as they are well positioned, transparent and open to regular and consistent dialogue as they work toward their targets. As a result of these meetings, we gained greater comfort on ESG performance.

Engagement in Action: Labor Union for Hotel Workers

Early in the year, we met with a union representing hotel and casino workers to better understand the corporate culture of several hotel brands and operators. Overall, we were pleased that the union reported generally positive relations and the ability to find common ground with major hotel brands, noting that these companies generally strive for operational excellence and good customer service through an engaged workforce. We found this to be a positive indicator compared to our discussions with other industry unions, where the relationship with unionized employees has typically appeared more strained.

Despite this constructive relationship with hotel brands, the union expressed significant concern about the growing influence of hotel real estate investment trusts (REITs). The hotel REITs are perceived by the union as exclusively focused on reducing labor costs to boost profitability, and, as a result, the union has taken steps to challenge their involvement in the bargaining process. Importantly, REITs' tax-exempt status could be at risk if they become too involved in the operations of the hotel. The union expects to continue seeking political and legal support to limit REITs' influence on the bargaining process.

In terms of opportunities, the union remains open to collaborating with hotel brands on addressing challenges posted by technology, AI, and immigration changes in the US. Different from engaging directly with issuers, this type of interaction gives us a unique perspective to leverage in our direct company engagements.

Engagement in Action: Japanese Air Conditioning and Heating Manufacturer

During the year, we engaged with a Japanese manufacturing company to discuss the company's approach to refrigerant innovation, climate transition strategy and associated regulatory risks. The company's climate strategy focuses on reducing downstream emissions, which account for 98% of its Scope 3 emissions, through advancements in refrigerants and energy efficiency. The firm is addressing the complexity of innovating refrigerants to lower its global warming potential (GWP) while maintaining product safety and energy efficiency. In our view, this balancing act has potential to create both a competitive moat and product cycle risks as regulatory requirements evolve.

From a regulatory perspective, key regulatory frameworks (including the Kigali Amendment and EU F-gas regulations) are driving the phasedown of hydrofluorocarbons (HFCs). The company's current refrigerants, such as R32, comply with existing thresholds but require ongoing innovation for lower GWP solutions. The potential shift in market preference to alternative refrigerants like R-454B, which faces distinct regulatory challenges, highlights the need for proactive risk management. The company appears well-positioned with a forward-looking approach to stay ahead of these changes.

We also discussed the risks associated with PFAS regulations and water contamination incidents near the company's plants in Japan and France. The company is actively working with regulators to address these issues and has provisions in place for potential liabilities. The team provided confidence that the risks were manageable, with limited impact expected from historical usage in most locations. Overall, we believe that the company's leadership in refrigerant innovation and its strategic focus on energy efficiency are critical to mitigate the impact of regulatory and market risks. We can continue to engage on downstream emissions reduction and regulatory adaptation as they navigate these challenges.

Engagement in Action: Confectionary Food Manufacturing Company and Its Cocoa Supply Chain (Mondelez)

In 2024, we analyzed the structural drivers of cocoa price inflation, focusing on deforestation, climate stress and governance in West Africa. Part of our research found that cocoa's unique supply concentration and climate vulnerability would potentially lead to persistent volatility and higher costs, requiring companies to invest heavily in sustainability without materially improving yields. This year, we continued this work through our engagement with confectionary company Mondelez to understand how these dynamics are evolving and what strategies the company is deploying.

Our discussions with the company's sustainability team confirmed that structural constraints remain. Despite investing $60 million annually through its Cocoa Life program — expected to rise to $80–100 million — the company cannot meaningfully influence yields because government-controlled cocoa boards dictate planting decisions, seed quality and farmer economics. While recent policy shifts allow more planting, cocoa trees require a five- to seven-year maturation cycle, and any progress is vulnerable to weather and disease shocks. Latin America offers a more market-driven model and is growing supply at mid-single digits, but it will take decades before it materially reduces West Africa's dominance.

In our view, cocoa supply normalization is a long-dated process, and prices are unlikely to return to pre-shock levels for at least a decade. The company is responding through farmer support, hedging and selective reformulation, but structural dependence on West African economics and climate variability underscores systemic risk. After this discussion, we believe that similarly to our findings from last year, sustainability spend will remain high, supply volatility will persist, and pricing power will be critical to protecting margins.

Key considerations:

- Structural drivers such as climate stress and governance still dominate cocoa supply dynamics.
- Limited influence despite investment: $1 billion Cocoa Life spend supports farmer livelihoods but cannot overcome government controls.
- Long-term volatility: Supply recovery is slow; prices unlikely to revert for a decade, reinforcing the need for hedging and pricing strategies.

Fixed Income Engagement in Action: French Chemicals Company

In our recent engagement with a French chemicals company, we were pleased to learn more about the company's strong environmental and social story, with clear progress being made on emissions, safety and training initiatives. However, we identified a set of governance concerns, particularly around board independence, limited oversight and absence of key committees.

In our opinion, the company demonstrated strong performance toward its stated environmental goals, with improvements in emissions and energy intensity across its operations. However, Scope 1 and 2 emissions represent only 10% of the company's emissions footprint, leaving Scope 3 as a critical area for improvement. From a product standpoint, the company has implemented rigorous safety protocols for one of its substances under EU REACH scrutiny, ensuring strict controls on exposure and disposal. While the primary chemical product itself is considered non-toxic and unlikely to contaminate groundwater, the company continues to monitor regulatory developments, engage with authorities, and continue its R&D efforts to develop bio-based alternatives.

We believe health and safety performance has improved steadily from 2021 to 2024, with the company emphasizing prevention and robust training for employees. Gender diversity remains a challenge though, particularly in Europe, where professional roles are heavily male dominated. The company attributes this to industry-wide trends and limited female participation in relevant academic programs, but the company is working to raise awareness of opportunities and improve representation over time.

From our meeting, we believe governance remains the most concerning area. The company's share structure leaves no effective shareholder oversight. The nine-member board is dominated by senior management, lacks audit and remuneration committees, and provides no disclosure on compensation practices. While three members are classified as "independent," two have historical ties to the company, raising questions about true independence and the board structure allows management to set its own pay without external checks. These factors underscore the need for stronger governance frameworks, including independent committees and greater transparency.

Future engagements will focus on three key areas: (1) a detailed breakdown of Scope 3 emissions, including lifecycle impacts and upstream feedstock contributions; (2) monitoring EU REACH developments, which could increase compliance costs for the company; and (3) assessing potential risks related to chemical product degradation and groundwater contamination.

Fixed Income Engagement in Action: Global Chemicals and Energy Company (Sasol)

Members of the emerging market and ESG teams have maintained a series of constructive engagements with Sasol over recent months, focusing on the company's response to significant ESG challenges, particularly its coal-based feedstock and high emissions profile, which continue to weigh on its credit outlook. These engagements with this company have been ongoing annually for several years. Despite the headwinds, meetings have revealed that the company is actively embedding sustainability into its capital allocation and growth strategy. The company's two-pillar approach aims to strengthen its core businesses while driving growth through operational ESG initiatives, including a commitment to reduce Scope 1 and 2 greenhouse gas emissions 30% by 2030 (from a 2017 baseline).

Discussions included the company's medium-term sustainability strategy, capital allocation, carbon taxes, the role of gas in operations and the just transition for its workforce. It is pursuing renewable energy and energy efficiency, and the company is directing incremental capital expenditure toward renewables, funded by reduced dividend spending. The company is adapting to changes in South Africa's carbon tax regime, with liabilities expected to rise in coming years. Importantly, the company is committed to protecting jobs during its transition, planning no workforce reductions through 2030 and managing changes through natural attrition and upskilling. While these challenges are expected to persist in the medium term, the engagement has increased confidence in this company's strategic direction.

Sovereign Engagement in Action: Government of Zambia

As part of in-country meetings during a research trip to Zambia, we had the opportunity to engage with multiple bodies of the Government of Zambia to inquire about the current administration's policy agenda, with the help of international financial institutions (IFIs), as it relates to reducing the negative impact of environmental considerations.

Physical climate risk is important for Zambia, given that around 85% of the country's power is derived from hydropower sources. In addition, the agricultural sector provides the country's largest share of GDP and employment. Over 2024, Zambia experienced the worst drought in decades, causing severe food shortages, water scarcity and a national emergency declaration. Water scarcity impacted the power supply, forcing demand reductions for households, businesses, and the mainstay copper sector, while food shortages increased the country's food imports substantially.

Given the government's ambitious plans to target 3 million tons per year of copper production (from ~1 million tons currently), we discussed the authorities' plans for increasing the sector's resilience to potential future droughts, as well as a general structural energy deficit. During 2024, the government took swift action to liberalize the power market to allow independent producers to generate and import from abroad. And while the government's fiscal space remains constrained following the recently concluded debt restructuring, it has offered incentives for private producers to invest in solar and wind projects.

In our opinion, attracting concessional financing for building climate resilience remains critical for Zambia. In early 2025, the World Bank approved a ~$300 million financing of the Zambia-Tanzania Interconnector project, which will lay transmission lines to neighboring Tanzania (which has surplus power). The government's commitments to its reform program under the current IMF program have been important anchors for attracting such investments from multilateral lenders.

Fixed Income Engagement in Action: Aluminum and Renewable Energy Company (Norsk Hydro)

We met with the ESG and IR team at Norsk Hydro, focusing on both fundamental business topics and sustainability strategy. Discussions covered business segments, capital allocation and balance sheet management. We also explored Hydro's decarbonization roadmap, sustainable bond issuance and community relations. Hydro's sustainability strategy is comprehensive, focusing on climate, nature, social and governance initiatives. The company has issued green and sustainability-linked bonds, aligning with the EU Green Bond Standard, which underscores its commitment to best practices in sustainable finance. We believe the company demonstrated strong execution on its decarbonization efforts, aligning environmental progress with financial returns, such as significant CO_2 reductions and cost savings at one of its refineries. Hydro's proactive approach has positioned it near the bottom of the industry cost curve, making it, in our opinion, well-placed to benefit from global carbon pricing. Because of this, we believe the company has a different credit and ESG profile which should set this company apart from its peers.

Fixed Income Engagement in Action: Food Manufacturer (Boparan)

This year MFS engaged with Boparan to assess how its strategy and operating model position the business against evolving ESG risks and opportunities in protein production. During the call, Boparan highlighted meaningful progress across several ESG pillars but also underscored areas of continued engagement and monitoring. The discussion centered around welfare chicken, avian flu, poultry feed/waste, emissions and governance.

Structurally, Boparan's poultry segment should continue to benefit from increased volumes as consumers substitute from red meat to white meat, due to the elevated price differential between chicken and beef in the UK. In turn, this may create a durable demand tailwind for the business.

During the call, Boparan stated that they aim to achieve 100% of poultry sales from high welfare chicken by FY 2026/27, with progress ahead of schedule as over 80% of sales and 89% of farm space already meet the higher welfare standard of 30kg/sqm. While production costs for high welfare chicken are 15% higher, these are recovered from suppliers. Additionally, the company has a competitive advantage as they are the only provider that both own the property and have the planning permissions and land to meet these standards. Moreover, high welfare chicken is priced over 15% higher than conventional chicken, with organic chicken costing up to double. As higher welfare standards become essential for business, some customers demand even stricter standards, allowing for premium pricing.

In terms of poultry waste, Boparan transports waste primarily to power plants or waste-to-energy sites since poultry processing generates a by-product that cannot be managed on-site. In turn, by transporting waste away from farms to third-party facilities, Boparan materially reduces on-site environmental and public-health risks. As a result, the company faces a lower risk to community opposition and enforcement-led reputational damage, helping to preserve its social license to operate as the business scales.

Moreover, the Boparan team acknowledges that the risk of pollution is higher when working with contracted farmers, as maintaining oversight is more challenging, which has led to local authorities rejecting expansion plans.

Fixed Income Engagement in Action: Energy Company (NRG)

This past year, we met with an energy company's investor relations team, chief sustainability officer, and senior director of sustainability, alongside colleagues from our equity, fixed income and ESG research teams. The discussion focused on the company's progress on key sustainability initiatives, with particular emphasis on its decarbonization strategy.

A central theme of the conversation was the impact of rising AI demand on electricity consumption. The company highlighted that AI is driving a structural increase in power demand and creating challenges for its decarbonization trajectory. While the company exceeded its sustainability-linked bond (SLB) target in 2024, achieving a 57% reduction in Scope 1, 2 and 3 emissions versus the stated 50% goal for 2025, they acknowledged that sustaining this progress into the final reporting period may be difficult amid growing energy demand. Beyond decarbonization, the company communicated that it remains focused on ensuring that AI-related load growth does not create hidden costs for legacy customers and is prioritizing solutions for data centers that maintain power grid stability.

Looking forward, we plan to follow up on SLB targets and monitor the impact of data center–driven energy demand on the company's stated sustainability objectives. We also plan to learn more about the company's cybersecurity safeguards for critical infrastructure and customer data.

Engagement in Action: Chemical Company

As part of our Portfolio Sustainability Review process, we identified a chemical company as a potential risk due to its exposure to per- and polyfluoroalkyl substances (PFAS). This finding prompted a deeper internal review of PFAS-related risks, including evolving regulatory requirements, health concerns, and potential financial liabilities. Our team of dedicated sustainability professionals presented these insights internally, which served as a catalyst for formal engagement with the company.

During the engagement, which was led by our stewardship and fixed income team but included participants from across our investment platform, we focused on the company's PFAS management practices and governance approach to potential future litigation. A key takeaway was that the company had reached an agreement to resolve all ongoing and future PFAS-related legal proceedings. However, when we raised the question of whether PFAS could represent the next "asbestos-level" liability event, the tone of the discussion shifted, in our view underscoring the uncertainty and potential scale of long-dated PFAS risk.

Following the engagement, our fixed-income sustainability team collated these insights into a presentation for the broader investment team, highlighting the implications of PFAS-related risks across credit markets. This analysis was further expanded by a colleague who demonstrated how PFAS exposure is emerging within their water and sewer municipal coverage, reinforcing the interconnected nature of PFAS risk across both corporate and municipal credit.

/ ESCALATION / 2 3

Escalation refers to investor use of additional stewardship tools and activities to make progress on unsuccessful earlier efforts or to address issues that we believe are particularly material to an investment thesis. If the outcome of our initial, direct engagement is unsatisfactory, MFS may consider escalating our concerns. 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. A failed engagement may lead to disinvestment should our overall investment thesis be impaired by the company's lack of response to managing specific risks.

Escalation in Action:
Strengthening Governance at a Luxury Goods Company

This company is a luxury goods conglomerate with majority family ownership. Our ongoing stewardship engagement has focused on board effectiveness, governance and transparency. Through a series of dialogues and voting actions, we have sought to ensure robust representation for minority shareholders and to encourage improvements in the company's governance practices.

Board Effectiveness and Independence

Over several years, our engagement with this company on board effectiveness has focused particular attention on the independence of directors. Given the company's ownership structure, it is crucial that the board reflects the interests of all shareholders, not just the majority. A significant turning point came with the appointment of a new CEO. Since then, we believe governance and oversight have improved markedly. The CEO now oversees all subsidiaries and the company has appointed a dedicated HR director. Importantly, 75% of directors on the audit committee are now independent, and the non-independent chair has been replaced.

Changes at the Audit Committee

Over the last few years, we've raised concerns about the non-independent and long-tenured audit committee chair and deputy chair. Despite assurances from the company that a replacement was being considered, no action was initially taken. As a result, we voted against the director at the 2023 and 2024 Annual General Meetings. Since then, the director has been replaced and no longer serves on the audit committee, making it fully independent.

Remuneration Transparency

We have also addressed concerns about the opaqueness of variable compensation. The new chair of the remuneration committee has committed to addressing these issues in our next engagement.

Conclusion: Key Outcomes of Stewardship Engagement

Our sustained engagement with this company has led to meaningful improvements in its governance and oversight. Notable outcomes include:

- Enhanced Board Independence: The audit committee now has a majority of independent directors, and the non-independent chair has been replaced, strengthening minority shareholder representation.
- Improved Governance Structure: The appointment of a new CEO and HR director has brought greater oversight and professionalism to the company's leadership.
- Commitment to Remuneration Transparency: The new chair of the remuneration committee has pledged to address longstanding concerns about variable compensation.

These changes reflect the firm's responsiveness to stewardship priorities and demonstrate the positive impact of ongoing, constructive engagement. Continued dialogue will be essential to ensure that these improvements are sustained and enhanced in the future.

/ CONSIDERATIONS WHEN ENGAGING AS A BONDHOLDER / 1 4

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. We believe this is a significant differentiator for MFS and is a critical contributor to our ability to add value for clients.

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 as well as 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.

Industry Initiatives

SUSTAINABILITY INDUSTRY INITIATIVES

Principles for Responsible Investment (PRI) (2010)

Thinking Ahead Institute (2017)

Focusing Capital on the Long Term (2017)

Global Reporting Initiative (2019)

Asian Corporate Governance Association (ACGA) (2019)

Workforce Disclosure Initiative (2020)

GRESB (2021)

Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC) (2020)

UK Sustainable Investing Foundation (UK SIF) (2021)

FAIRR Initiative (2021)

United Nations Global Compact (2023)

Council of Institutional Investors (CII) (2024)

CLIMATE-FOCUSED INITIATIVES

Carbon Disclosure Project (CDP) (2010)

Task Force on Climate-related Financial Disclosures (TCFD) (2019)

Ceres Investor Network (2021)

The ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risk) (2021)

Institutional Investors Group on Climate Change (IIGCC) (2021)

Asia Investor Group on Climate Change (AIGCC) (2023)

STEWARDSHIP CODES

UK Stewardship Code (2012) (2020)

Japanese Stewardship Code (2014)

Australian Principles of Internal Governance and Asset Stewardship (2018)

/ COLLABORATIVE ENGAGEMENTS AND INITIATIVES / 1 3

PRI Spring

We recently participated in a collaborative engagement with Bunge, a global agribusiness and food company, as part of the Principles for Responsible Investment's (PRI) SPRING stewardship initiative for nature. The meeting focused on Bunge's progress toward deforestation-free supply chains, traceability in soy and palm volumes, and the company's latest global sustainability report. Key discussions centered on gaps in reporting, particularly around whole supply chain traceability, as well as Bunge's role in supporting the Amazon Soy Moratorium amid recent legal challenges. The group discussed the importance of transparency in Bunge's political engagement and monitoring methodologies to strengthen its sustainability commitments.

Looking ahead, the engagement group agreed on next steps, including refining the engagement strategy with a goal of meeting with Bunge again. Potential areas for deeper inquiry include further details on traceability tools, readiness for the EU's deforestation regulation (EUDR), and the company's sourcing volumes from priority regions. This collaborative engagement highlights the ongoing efforts to hold Bunge accountable for its sustainability goals and ensure alignment with industry best practices.

Asian Corporate Governance Association (ACGA) Japan

As a signatory, we participated in the Asian Corporate Governance Association's (ACGA) delegation to Japan in 2025. This initiative provides a platform to engage with leading Japanese companies, regulatory authorities and proxy advisors on governance and sustainability issues. Below is a summary of the sessions we were part of:

- Japanese Automotive Manufacturer

Discussions with a Japanese automotive manufacturer delved into the company's governance mechanisms, including the role of board committees and their approach to integrating sustainability into strategic oversight. We discussed greater transparency in decision-making processes, particularly in light of investor concerns raised during recent management buyouts (MBOs) in Japan. The company's efforts to align with global investor expectations on governance and environmental priorities were noted, with recommendations offered for further enhancing disclosure and accountability.

- Japanese Machinery Company

We participated in a dialogue focusing on governance and sustainability priorities with a Japanese machinery company. Key areas of discussion included board composition and independence, environmental initiatives, talent development and capital allocation strategies. The company shared updates on its alignment with Japan's "Action Programme for Corporate Governance Reform 2025," and we provided feedback on global governance trends in this area. The discussion also highlighted the importance of robust stakeholder engagement and transparency in driving long-term value creation.

- Regulatory Engagements

We engaged with several regulatory authorities — the Financial Services Agency (FSA), Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE) — to address critical governance challenges and advocate for investor-focused reforms.

Discussions highlighted systemic issues related to MBOs, minority shareholder protection and corporate disclosures. We discussed the need for stricter oversight mechanisms to ensure fair valuation processes, particularly in MBOs, where concerns persist about transparency in pricing procedures and the adequacy of disclosures.

With TSE, we explored their efforts to enhance English disclosures for Standard and Growth market segments. While recognizing progress, we encouraged the continued development of initiatives to support international investor participation across all market tiers. Additionally, we discussed TSE's newly implemented MBO rules, noting the importance of ensuring fair valuations and fostering mechanisms for price discovery, including the potential for independent competing bids. Similarly, METI's 2023 guidelines for corporate takeovers were a focal point, where we discussed measures to prevent the misuse of takeover defenses and ensure alignment with shareholder interests.

These engagements collectively aimed to promote greater accountability, transparency, and investor protection within Japan's corporate and regulatory framework.

- Glass Lewis and ISS 6

We also participated in a joint session with Glass Lewis and ISS, which provided a comprehensive overview of voting trends and policy updates in Japan's 2025 proxy season. Discussions centered on board effectiveness, director tenure and environmental and social issues. Proxy advisors shared insights into their evolving voting policies, particularly around the transparency of beneficial ownership, director independence and sustainability-linked governance practices. We emphasized the importance of aligning proxy voting guidelines with global best practices to encourage meaningful governance reforms in Japanese corporates. These sessions provided valuable input for refining our own stewardship approach. While we develop our proxy voting policies and procedures independently from third parties, these session provided meaningful insight into best practices in Japan.

PRI Sustainable Systems Investment Managers Group

Over the last few years, we have been participating in the Sustainable Systems Investment Managers Reference Group (SSIMRG), a PRI initiative. This collaborative platform enables us to engage with other global investment managers to address shared challenges and explore innovative solutions for fostering a more sustainable financial system. The group provides a forum to discuss PRI's key initiatives like the PRI's Progression Pathways, which aim to advance ESG integration and other forms of responsible investment. These discussions allow us to provide feedback on PRI's strategies and contribute to shaping tools and frameworks that enhance responsible investment practices across the industry.

In recent discussions, the group focused on identifying systemic barriers to sustainable investment and exploring actionable ways to overcome these challenges. Topics ranged from advancing ESG incorporation into investment decision-making to strengthening active ownership practices and supporting sustainable financial market reforms. Members also exchanged updates on market-specific developments and shared insights on emerging issues, such as data transparency and regulatory shifts impacting sustainable investments. By participating, we ensure our perspective is part of these important conversations, while gaining valuable insights to refine our own practices. This collaboration reflects our commitment to aligning with global sustainability goals and supporting our clients' interests through investment leadership.

Council of Institutional Investors (CII)

In September, members of our Client Sustainability Strategy team attended the CII conference in San Francisco. The CII is a nonprofit, nonpartisan association made up of US public, corporate and union employee benefit funds, other employee benefit plans, state and local entities charged with investing public assets, and foundations and endowments. At the September 2025 conference, we explored key trends shaping corporate governance, sustainability and investment strategies. Discussions emphasized the growing divergence in governance practices between traditional corporate governance frameworks like in Delaware and current corporate governance trends like those in Texas, as well as the increasing prominence of private market dynamics.

AI governance was a major focus, with emphasis on ethical deployment, board accountability and risk management. Climate risks, including wildfires and extreme heat, were highlighted as critical threats to human capital and infrastructure. Additionally, a discussion about how fixed income investors could use engagement to align sustainability goals with financial outcomes.

These insights will help us navigate evolving market dynamics and refine our approach to responsible, long-term investing for our clients.

/ COMPANIES ENGAGED / 3

888 Acquisitions Ltd
Aalberts NV
Abbott Laboratories
Abu Dhabi National Energy Co
Accenture PLC
Acv Auctions Inc
AES Corp
AGCO Corp
Agilent Technologies Inc
AIA Group Ltd
Air Liquide SA
Allfunds Group PLC
Amadeus It Group SA
Amentum Holdings Inc
American Electric Power Co Inc
Ametek Inc
Amprion Gmbh
Aon PLC
APA Group
Apple Inc
ArcelorMittal SA
Aristocrat Leisure Ltd
Assa Abloy AB
AUB Group Ltd
Barry Callebaut AG
Boparan Finance PLC
Bouygues SA
Braskem Netherlands Finance BV
CAE Inc
Carlyle Group Inc
Carvana Co
Cenovus Energy Inc
CEZ AS
Chemours Co
Chevron Corp
Chubb Ltd
Churchill Downs Inc
Cie Financiere Richemont SA
CME Group Inc
Colgate-Palmolive Co
Columbia Sportswear Co
Comcast Corp
Contourglobal Power Holdings SA
Corp Nacional Del Cobre De Chile
Corteva Inc
Credit Agricole SA
Croda International PLC
Daikin Industries Ltd
DB Insurance Co Ltd
Diageo PLC
Dominion Energy Inc
DP World PLC
Draftkings Inc
Dupont De Nemours Inc
Eastman Chemical Co
Edenred SE
Edison International
Elecom Co Ltd
Electricite De France SA
EnBW Energie
Baden-Wuerttemberg AG
Enel Chile SA
Engie Energia Chile SA
Engie SA
Equifax Inc
Euronext NV
Experian PLC
Exxon Mobil Corp
Ezaki Glico Co Ltd
Fedrigoni SpA
Fibercop SpA
Fidelity National
Information Services Inc
First Abu Dhabi Bank Pjsc
Fiserv Inc
Fortescue Ltd
GCC SAB De CV
General Dynamics Corp
General Electric Co
GFL Environmental Inc
Glencore PLC
Goeasy Ltd
Goldman Sachs Group Inc
Grifols SA
Hilton Worldwide Holdings Inc
Hyatt Hotels Corp
Hyundai Marine & Fire
Insurance Co Ltd
Iberdrola SA
Iceland
IG Group Holdings PLC
International Flavors & Fragrances Inc
Intesa Sanpaolo SpA
Irhythm Technologies Inc
James Hardie Industries PLC
Johnson & Johnson
Johnson Controls International PLC
JPMorgan Chase & Co
Julius Baer Group Ltd
Kao Corp
KazMunayGas National Co JSC
Kendal At Ventura Proj
Kosmos Energy Ltd
Kusuri No Aoki Holdings Co Ltd
Kyocera Corp
LIG Nex1 Co Ltd
Linde PLC
LKQ Corp
Lottery Corp Ltd
Lucky Strike Entertainment Corp
Marriott International Inc
Martin Marietta Materials Inc
Marvell Technology Inc
Mayr Melnhof Karton AG
Mckesson Corp
Meituan
Melrose Industries PLC
Mitsui Fudosan Co Ltd
Mondelez International Inc
Muthoot Finance Ltd
National Grid PLC
Natwest Group PLC
New South Wales Treasury Corp
New Zealand Government
Next PLC
Nextera Energy Inc
Norsk Hydro ASA
Nrg Energy Inc
Nxp Semiconductors NV
Omnicom Group Inc
Onemain Finance Corp
Orlen SA
P3 Group S.a.r.l.
Pemex
Pepsico Inc
Philip Morris International Inc
PPG Industries Inc
PPL Corp
Primo Water Holdings Inc /
Triton Water Holdings
Prologis Inc
Prudential PLC
Qiagen NV
QNB Finance Ltd
Rayonier Inc
Reckitt Benckiser Group PLC
Remy Cointreau SA
Rio Tinto PLC
Rolls-Royce Holdings PLC
RTX Corp
Saab AB
Saavi Energia S.a.r.l.
Samsung Electronics Co Ltd
Samsung Fire & Marine
Insurance Co Ltd
Samsung Life Insurance Co Ltd
San Miguel Industrias Pet SA
Sasol Ltd
Schindler Holding AG
Schneider Electric SE
Schrodinger Inc
Secom Co Ltd
Seven & I Holdings Co Ltd
Shimano Inc
Signify NV
SK Hynix Inc
SK Kaken Co Ltd
SK Square Co Ltd
SMC Corp
Smith & Nephew PLC
SNF Group SACA
Starbucks Corp
Suzano SA
T. Hasegawa Co Ltd
Taisei Corp
Taiwan Semiconductor Co Ltd
Tallgrass Energy LP
Targa Resources Corp
Texas Capital Bancshares Inc
Thermo Fisher Scientific Inc
Toronto-Dominion Bank
Totalenergies SE
Toyota Industries Corp
Turk Telekomunikasyon AS
Turkcell Iletisim Hizmetleri AS
Turkiye Vakiflar Bankasi TAO
UBS Group AG
Unilever PLC
Union Pacific Corp
US Foods Holding Corp
Vale SA
Veeva Systems Inc
Vici Properties Inc
Virtusa Corp
Wells Fargo & Co
Wisetech Global Ltd
XPO Inc

Proxy Voting

RESPONSIBLY
ACTIVE
FOR OVER
A CENTURY

We have adopted a clear and robust policy on voting securities owned by clients for which MFS has been delegated voting authority. The Proxy Voting Policies and Procedures include voting guidelines that govern how MFS generally will vote on specific matters, including ESG-related matters. Proxy voting decisions are made in what MFS believes to be the best long-term economic interest of MFS clients.

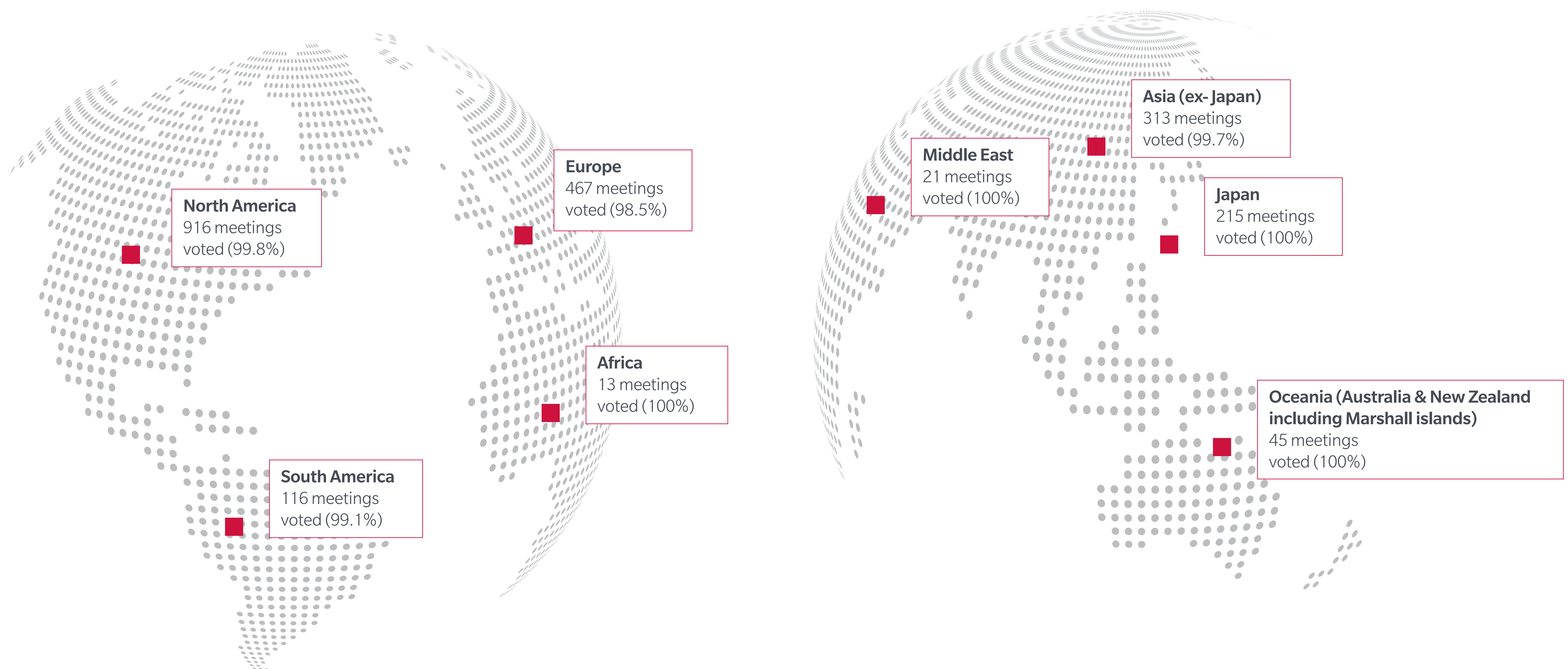
Our votes reflect our bottom-up views of companies; we believe that this approach enables us to encourage boards and management teams to address areas that can result in more sustainable long-term growth and/or returns, which is in the best economic interest of our clients. MFS generally votes on all 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).

/ 2025 PROXY VOTING YEAR IN REVIEW / 4

MFS was eligible to vote on 25,902 ballot items at 2,116 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 (three meetings), or market-specific and other voting impediments (seven 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.



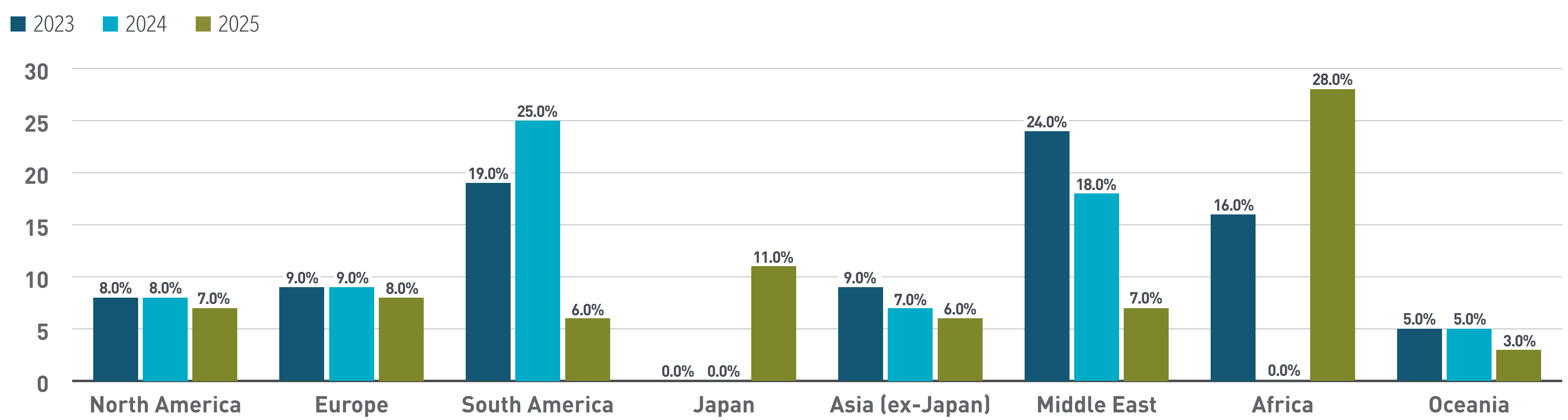
Executive Pay

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. These votes can help ensure that executive pay practices 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.

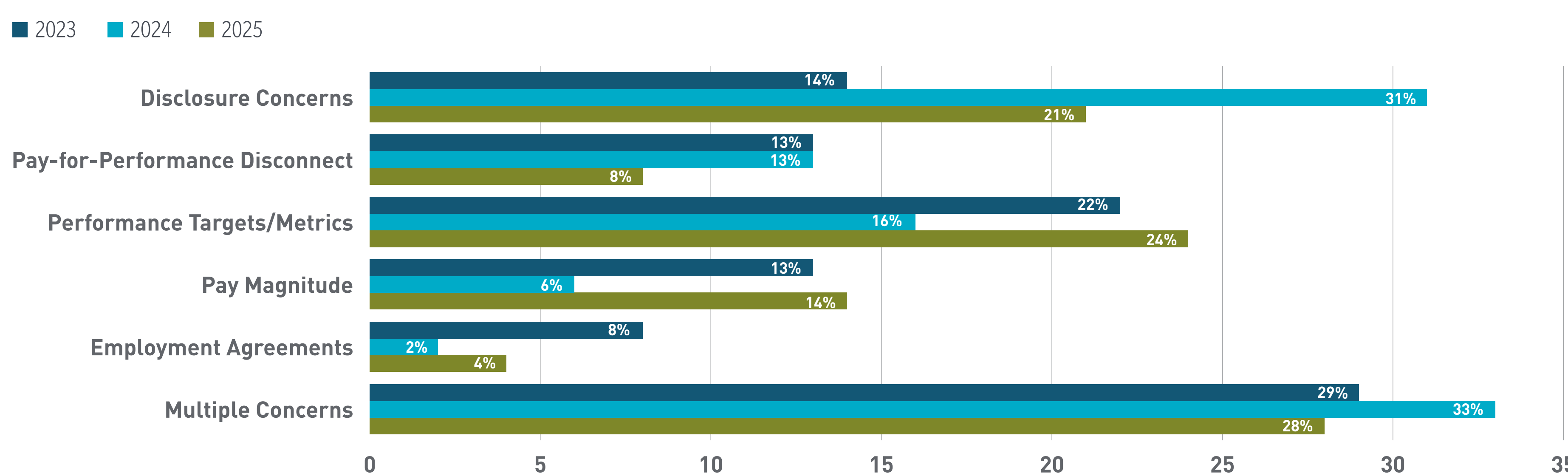
MFS voted against or abstained on approximately 7.4% of executive pay proposals globally. As illustrated below, our rationales for voting against executive compensation practices included:

- 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
- Instances where companies granted excessive payouts or high one-off retention grants to executives

How Often MFS Voted Against Executive Pay



Reasons for Deeming Pay Excessive



INTRODUCTION
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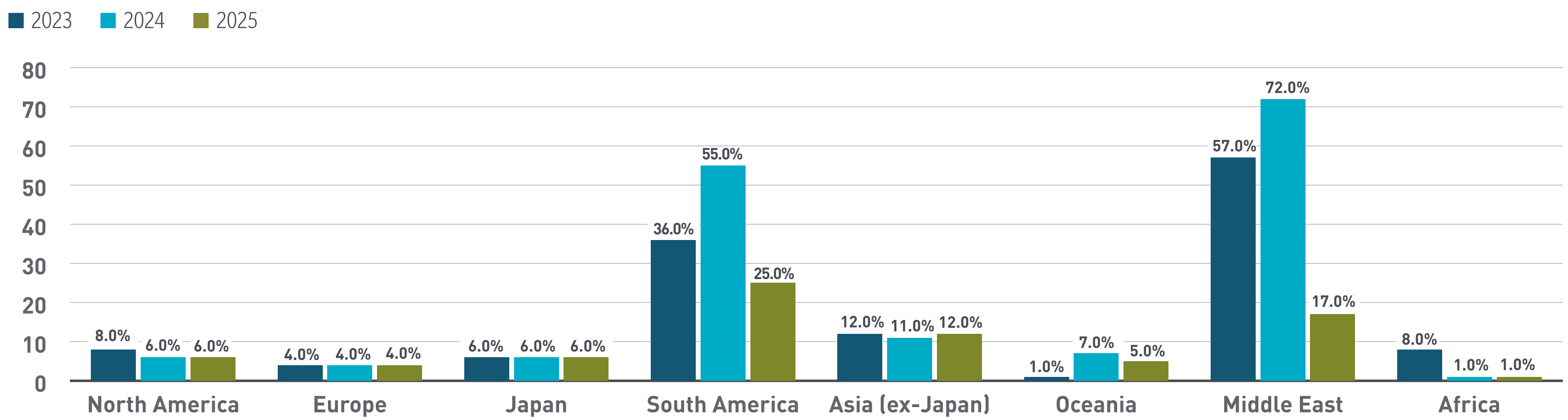
Director Elections

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. We also believe that gender diversity is one of the many ways corporate boards can enhance the diversity of their views, skill sets and collective expertise.

In 2025, there were 960 voted items where MFS voted against management's recommendations on director election-related proposals. Approximately 28% of these votes were due to concerns about director and committee independence, while 21% were cast in situations where the board failed to remove unfriendly shareholder provisions in the company's governance bylaws. Additionally, 19% of the votes were related to the board's failure to meet market-specific board gender diversity expectations, 7% were due to concerns about overboarded directors, and 4% were related to performance and capital misallocation concerns. The remaining 21% of votes against management were attributed to various other governance-related issues, such as directors failing to attend at least 75% of board and committee meetings without a valid excuse, concerns over excessive lead independent director tenure, prolonged shareholder dissatisfaction with the company's executive pay program, and a general lack of timely disclosures by the company regarding director classifications and qualifications.

How Often MFS Voted Against Directors

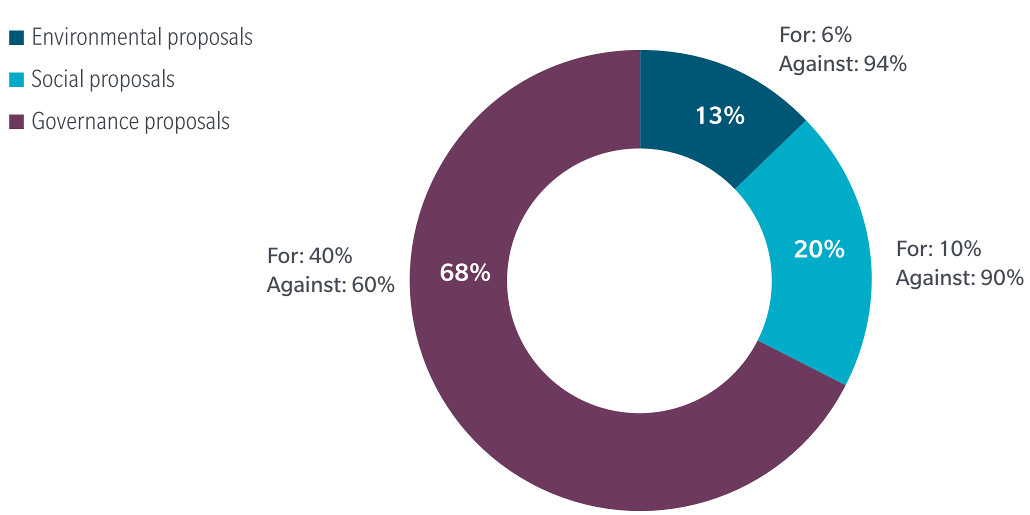


Shareholder Proposals: Gathering Insights and Looking Forward to 2026

In 2025, the number of shareholder proposals voted on slightly decreased compared to 2024. The total number of shareholder proposals on the ballot at issuers held by MFS clients decreased from 802 in 2024 to 792 in 2025. The number of environmental and social proposals declined in 2025, with 100 environmental proposals (compared to 115 in 2024) and 155 social proposals (compared to 224 in 2024). In addition, governance-related shareholder proposals increased in volume, rising from 463 in 2024 to 537 in 2025.

Of the 792 shareholder proposals in 2025, MFS voted in favor of 236 proposals. Among these, 6 were environmental related proposals, 16 were social, and 214 were governance.

How MFS Voted on Shareholder Proposals



Governance Issues

Corporate governance-related shareholder proposals saw the largest year-over-year increase in 2025. MFS reviewed 537 governance-related proposals (compared to 463 in 2024) and supported 40% of these proposals. Of these, 176 proposals pertained to shareholder-nominated director elections while others included internal statutory auditors and fiscal council members, as well as dissident director nominees on the ballot as part of contested elections or proxy contests. Such proposals were most prevalent among Brazilian, Chinese and Italian companies. After carefully considering the qualifications and classifications of these directors, MFS voted in support of 82 proposals. In total, 131 of the reviewed proposals received majority shareholder support.

57 of the governance-related proposals addressed compensation matters. These proposals included requests to submit severance agreements to a shareholder vote, approve remuneration for directors, internal auditors and committee members, and adopt share retention and/or clawback policies for senior executives. MFS supported 21 of these proposals, 8 of which received majority shareholder support.

Additionally, MFS supported 14 of the 15 proposals requesting the elimination of supermajority voting requirements, with 7 of these proposals receiving majority shareholder support. We also supported all 9 proposals requesting the repeal of the company's classified board structure, with 8 of these proposals receiving majority shareholder support. Furthermore, MFS supported 11 proposals relating to shareholders' rights to call a special meeting or act by written consent, with 9 of these proposals receiving majority shareholder support.

Environmental Issues

MFS voted on 100 shareholder proposals related to environmental issues in 2025 (compared to 115 proposals in 2024) and supported 6% of these proposals. Of the 100 environmental proposals reviewed during the year, 81 requested additional company reporting on environmental matters. These included reports on the impact of climate change on the company's business operations, disclosures related to climate lobbying activities, the adoption and reporting of greenhouse gas emissions targets, reports on plastic packaging efforts, and various other environmental-related disclosures. MFS primarily supported proposals focused on improving and report on GHG emissions reduction targets. None of the environmental proposals voted on during the year received majority shareholder support.

Social Issues

MFS voted on 155 shareholder proposals related to social issues in 2025 (compared to 224 proposals in 2024) and supported 10% of these proposals. 46 of the proposals reviewed can be considered ESG-skeptical. The scope of these proposals ranged from requests for reports on how a company's charitable contributions impact risks related to discrimination based on speech or religious exercise, to proposals urging companies to abolish their diversity, equity, and inclusion (DEI) efforts. Other proposals requested companies conduct independent audits analyzing reputational risks associated with race-based and religious initiatives or report on how their policies and practices impact employees' civil rights. MFS voted against all 46 of these proposals, which continue to receive very low shareholder support.

40 of the proposals reviewed were related to human rights. These proposals varied in nature, including requests for companies to report on human rights impact assessments, adopt comprehensive human rights policies, or conduct third-party audits on workplace health and safety conditions. None of these proposals received majority shareholder support.

18 of the proposals reviewed requested reports on political contributions or lobbying activities. While MFS typically supports proposals requesting additional disclosure regarding a company's political contributions and lobbying activities, we vote against these proposals if we believe the companies have already disclosed sufficient information. Only 2 proposals received majority shareholder support.

As part of the emerging focus on artificial intelligence (AI) related assessments and reporting, the number of AI-related shareholder proposals reviewed during the year increased compared to 2024. In 2025, we reviewed 18 AI-related proposals (compared to 6 in 2024) and supported 2 of these proposals.

Use of Proxy Advisory Firms 6

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 and 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 evaluate the reliability and capability of the proxy advisory firms 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 internal controls reports. MFS also reviews the proxy policies, methodologies and peer-group composition methodology of our proxy advisory firms at least annually. Additionally, we request quarterly reports from our proxy advisory firms that include the disclosure of any violations or changes to conflict-of-interest procedures.

Corporate Sustainability

RESPONSIBLY
ACTIVE
FOR OVER
A CENTURY

Corporate Overview

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 consists of the Chairman's Committee and the MFS Enterprise Leadership Team, which collectively oversee the firm. These committees are responsible for setting strategic direction, determining 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 Investment Management Committee, 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

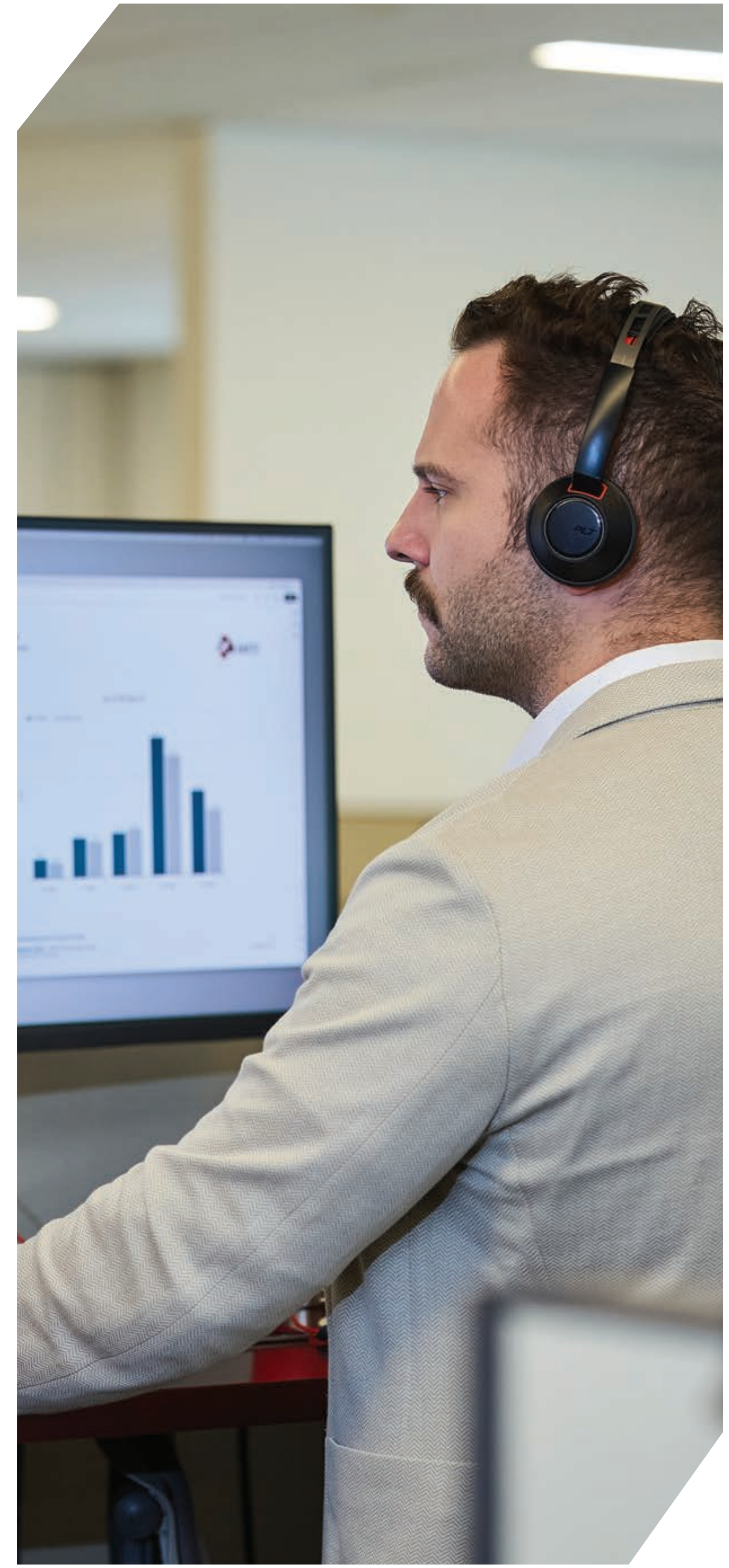
MFS has long been committed to improving the environmental outcomes of its business operations. This focus has resulted in a variety of initiatives aimed at reducing our impact on the environment. Since 2012, MFS's headquarters in Boston, Massachusetts, has met LEED Gold standards, and when possible, 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.

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	Ambitious Climate Results
Darkwoods Forest Conservation (2021	Forestry	Canada	Verified Carbon Standard and Climate, Community and Biodiversity
Rural Clean Cooking (2021)	Household Devices	India	Gold Standard Voluntary Emissions Reductions
Orb Household Solar (2024)	Household Devices	India	Gold Standard Voluntary Emissions Reductions

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 as well as 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.



/ OUR CULTURE /

At MFS, we believe sustainability starts from within. Just as we expect the businesses in our portfolios to uphold the highest standards, we are equally dedicated to embedding those principles into our own culture and operations. An exceptional culture — built on collaboration, inclusion and a shared commitment to excellence — is the foundation of our sustainability efforts and our ability to deliver outstanding results for clients.

For us, sustainability means more than enhancing the spaces where we live and work; it's about empowering our people, prioritizing their well-being and fostering a workplace where diverse perspectives fuel innovation and informed decision-making.

In this section, we explore how we nurture our culture by supporting our employees, strengthening our communities and advancing a sustainable future.

1

Purpose-Driven Impact

At the heart of our culture is a shared commitment to meaningful work that positively impacts people's lives. This enduring purpose, rooted in a century-long legacy, drives decision-making, aligns resources, and inspires employees to contribute to a mission that goes beyond financial success. From managing investments responsibly to creating value for clients through all aspects of our operations, our employees take pride in their role as stewards of others' futures and embrace a set of shared values that prioritize teamwork, integrity, client focus and long-term impact over short-term gains.

2

Collaboration and Inclusion

The MFS culture thrives on collaboration, respect and embracing diverse perspectives. Employees are valued for their unique skills and viewpoints, and we foster an environment where open dialogue and teamwork lead to the best outcomes. By prioritizing inclusion and encouraging authenticity, the organization creates a sense of belonging where all voices are heard, and individuals succeed together to deliver excellence for clients.

3

A Caring and Supportive Community

At MFS, we are more than colleagues — we are a community that genuinely cares for one another. Our culture is built on mutual respect, trust and a deep commitment to supporting each other, both personally and professionally. This sense of care is reflected not only in how we treat one another but also in the comprehensive benefits, resources and opportunities we provide to help employees thrive in all aspects of their lives. MFS invests in people's well-being and growth through robust health and wellness benefits, volunteer opportunities, flexible work models and programming for continuous learning, knowing that this investment will lead to better outcomes for employees, the firm and our clients.

"At MFS, we believe the strength of our culture is the foundation of the value we deliver. By fostering collaboration, embracing diverse perspectives, and uniting around a shared purpose, we empower our people to make thoughtful decisions that drive meaningful outcomes. Our commitment to our employees is deeply intertwined with our dedication to clients — it's how we ensure we're always acting in their best interests."

Anne Marie Bernard
Chief Human Resources Officer

Culture Highlights: A Snapshot of Our Journey

Our culture is built on trust, collaboration and continuous growth. Each year, we strive to enhance the ways we support our people, ensuring they thrive both personally and professionally.

Key highlights this year include:

1 Psychological safety and the power of listening

Psychological safety is central to our inclusive culture at MFS. Building on feedback from our 2025 Employee Experience Survey, we held listening sessions led by local consultants that were open to all employees. These sessions fostered candid conversations about psychological safety, improvement and the value of diverse perspectives. Insights from these sessions now inform enterprise and regional priorities, driving continuous improvement and reinforcing our commitment to an inspired, inclusive workplace.

2 Supporting our people in every moment that matters

We believe that when employees feel truly supported and valued, they can reach their highest potential, at work and beyond. That's why we are committed to meaningful support that extends well beyond the basics. Employees taking medical and parental leave receive full salary, even in regions without required paid leave or where government benefits are limited. For us, standing by our people during life's important milestones isn't just a benefit, it's a responsibility.

3 Empowering growth and development through continuous learning

At MFS, we believe that lifelong learning is vital to personal and professional success. Over the past year:

- We launched a new leadership development initiative to prepare high-potential employees for future leadership roles and to support current leaders as they transition into new positions to build and lead their teams effectively.
- We expanded our mentorship program, connecting over 200 employees globally with experienced mentors to support their career journeys.
- MFS employees devoted more than 15,000 hours to professional development through LinkedIn Learning and internal workshops.
- We've broadened access to LinkedIn Learning with additional licenses to give all employees access to on-demand skill building, and continue to offer tuition reimbursement, providing employees with resources to pursue their educational goals. By prioritizing growth and development, we give our people the tools to thrive, benefiting our clients, communities and each other.

Insights that Inspire Growth

For over a decade, employee engagement surveys have been a cornerstone of our efforts to understand and enhance the employee experience. These surveys provide valuable insights into our strengths and opportunities for growth, reinforcing our commitment to transforming employee feedback into meaningful actions that advance our collaborative culture of excellence.

In 2025, we focused on key areas such as employee engagement, manager effectiveness, inclusion and operational excellence. The results were highly encouraging:

What Employees are Saying:

86% participation rate, reflecting strong employee engagement.

Overall engagement score of 80 out of 100, surpassing industry benchmarks.

These outcomes highlight the pride our employees take in their work, the respect and dignity they feel and the strong sense of belonging that defines our culture. Notably, MFS outperformed the top 10% of companies in key areas:

Collaboration across groups: Scoring two points above the top 10%, showcasing our teams' ability to work effectively toward shared goals.

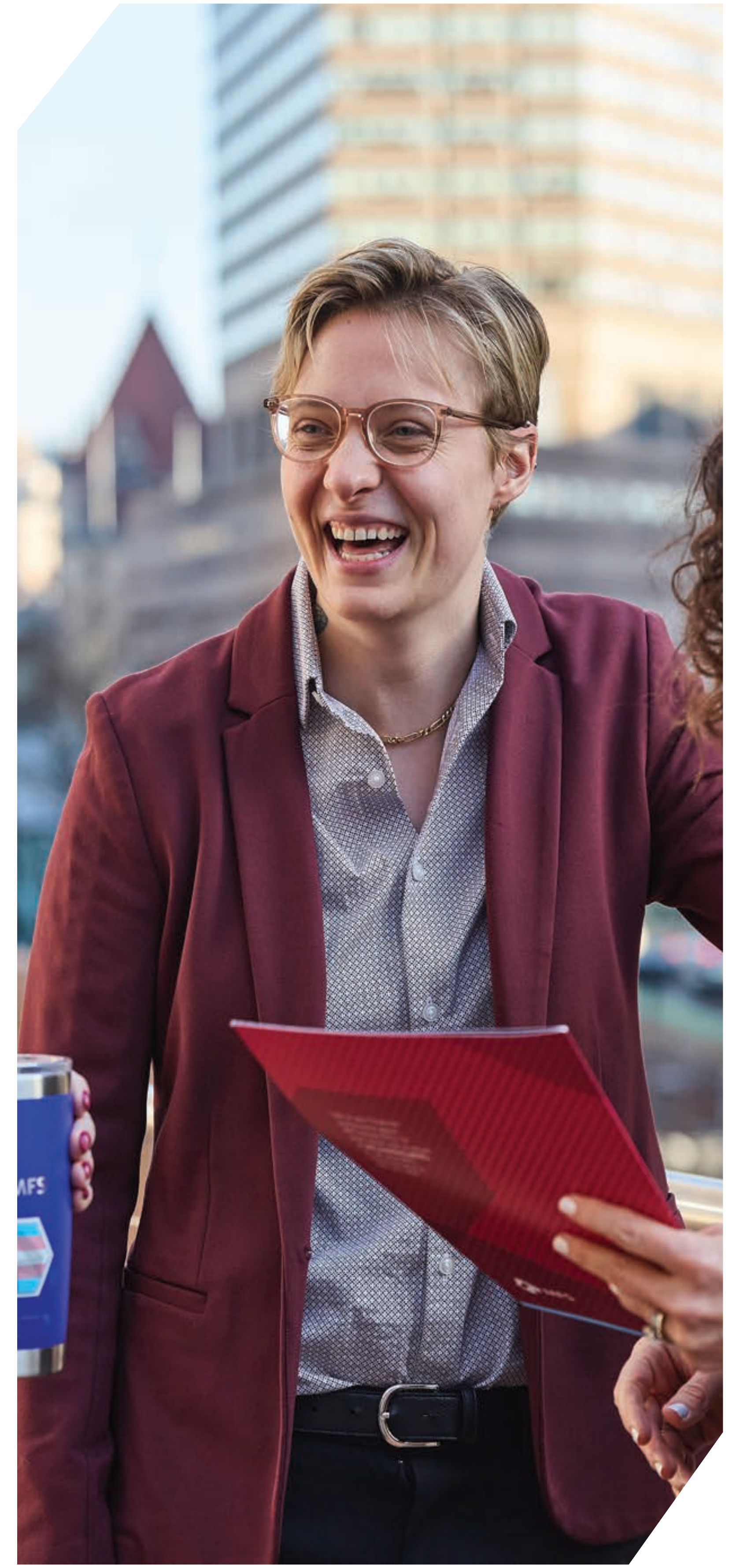
Employees feeling cared for as individuals: Scoring one point above the top 10%, underscoring the genuine support employees feel.

Our evidence-based Inclusion Index, developed through rigorous statistical analysis, measures critical aspects of our culture, including belonging, authenticity, psychological safety and connection. In 2025, we achieved an inclusion score of 82, exceeding industry benchmarks and outperforming the top 25% of organizations by two points on employee belonging. Key highlights include:

"I am treated with respect and dignity": Scored two points above the benchmark.

"I feel a sense of belonging": Scored two points above the benchmark.

These results affirm our commitment to fostering an environment where diverse perspectives are valued and every individual feels connected to our shared purpose. Insights from these surveys guide our actions, equipping leaders with the tools to address their teams' unique needs. While we recognize there is more work to be done, we are inspired by the progress we've made in building a workplace that reflects our purpose, values and dedication to our people.



Diversity, Equity, and Inclusion at MFS

At MFS, diversity, equity and inclusion are fundamental to our culture and operations. We are committed to creating a workplace where every individual feels valued, respected and empowered to contribute their unique perspectives and believe this allows us to make better decisions for clients. We define true belonging as an environment where everyone can thrive authentically and every voice is heard. Our philosophy at MFS is anchored by three pillars:

1 Culture:

We foster a collaborative environment that encourages meaningful relationships across teams and geographies, celebrating each employee's unique skills and experiences.

2025 Highlights

- **120+ events hosted by our employee resource groups (ERGs)** and other inclusion groups: Over 62% of our workforce attended at least one event, fostering connections and celebrating diversity.
- **ERG Fest:** A weeklong celebration across eight global locations, bringing employees together to connect and celebrate our diverse communities.
- **New Inclusion Groups:** Launched BRAVE, New2MFS, MFS Travelers, and MFS Active, creating new spaces for employees to connect and support one another.
- **New Regional Impact Councils:** Established two new Regional Impact Councils, expanding our local influence and partnering with regional ERG leaders and HR teams to drive inclusion at a regional level.
- **Culture and Inclusion Goal:** Reframed and aligned our companywide culture and inclusion goals with MFS' corporate strategy to reinforce the behaviors and expectations that drive excellence for our clients.

2 Talent:

We guide recruitment, development and leadership accountability to support both personal and professional growth, with health and wellness plans, a hybrid work model, ERGs, mentorship and learning opportunities.

2025 Highlights

- **Disability Inclusion Recognition:** Achieved a score of 90 in Disability:IN's Disability Inclusion Index, earning recognition as a Top Scoring Company for Disability Inclusion.
- **Development Opportunities**: 146 ERG members participated in 11 external professional development conferences, enhancing skills and career development while complementing existing firmwide learning opportunities.

3 Community:

We amplify our impact through collaborative efforts in corporate citizenship, including charitable giving and volunteer programs that support our employees and help uplift underserved and diverse communities.

2025 Highlights

- **STEM Education:** Continued our partnership with Horizons for Homeless Children conducting several STEM workshops in their STEM Lab to inspire the next generation of innovators.
- **Equity Collective:** Deepened our involvement in the Equity Collective, a collaboration of wealth and asset management firms spearheaded by Morgan Stanley to foster diversity, equity and inclusion in the financial services industry. By celebrating diverse perspectives, fostering equity and empowering individuals, we aim to cultivate a workplace where everyone can thrive and contribute to meaningful impact.

Creating Spaces for Connection and Growth

Employee Resource Groups:

Our employee resource groups (ERGs) and affinity resource groups (ARGs) provide all employees with opportunities to connect, share experiences and celebrate diversity. These groups welcome individuals of all races, genders and backgrounds and aim to foster a sense of belonging while amplifying diverse voices. Supported by formal structures, strategic plans and dedicated budgets, their programming is thoughtfully aligned to advance organizational goals. ERGs create spaces for open dialogue and mutual support, strengthen relationships and promote an inclusive workplace across MFS.

YPN@MFS

Young Professionals Network (est. 2017)

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)

Promotes LGBTQIA+ focused networking, educational and social opportunities for employees by fostering positive and respectful professional relationships that enrich the overall workplace.

WE@MFS

Women Everywhere (est. 2020)

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)

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

Neurodiversity@MFS

(est. 2023)

Empowers employees of all abilities, including those who identify as neurodiverse and their allies, driving awareness throughout the global MFS community.

Caregiving@MFS

(est. 2023)

Creates a supportive and inclusive community for employees who have caregiving responsibilities, whether for children, spouses, parents, pets or other dependents, helping balance work and caregiving responsibilities.

BRAVE@MFS

BRAVE@MFS (est. 2025)

Supports veterans, first responders, their families, and allies by fostering a sense of community and connection.

Affinity Resource Groups:

MFS ARGs serve as regular support and network for cohorts of employees or colleagues around a shared identity or interest. These groups can host events or conversations with support on an ad-hoc basis.

- **Amplify** – Develops and supports allies and advocates of all inclusion groups at MFS.
- **Healthy Minds** – Focuses on mental health and wellbeing.
- **Infinite Ms** – The MFS band, made up of talented musicians, featuring singers and variety of instruments, including drums, saxophone, and violin.
- **PEACE** – A coalition of subgroups representing various religions, providing education, community and support.
- **MFS Active:** Focuses on promoting personal wellness.

2025 Inclusion Group Highlights

ERG Fest: Celebrating What Brings Us Together

Aligned with World Inclusion Day, ERG Fest highlighted the diverse perspectives, shared values and connections that strengthen our community. The event showcased the impactful work of our ERGs, affinity groups, and social groups through engaging activities, leadership roundtables and global and regional events. Employees across all offices came together to connect and learn.

New Inclusion Groups

In addition to the 2025 launch of a new ERG, BRAVE@MFS, we strengthened our commitment to connection and belonging by launching three other new Inclusion Groups. Learn more about these groups below.

- **BRAVE@MFS:** A community of employee veterans and first responders who support and encourage each other through shared experiences, veteran recruitment, career development, outward engagement, professional growth and retention.
- **New2MFS:** A group for new employees as they onboard into the MFS community, fostering connections and a sense of belonging from day one.
- **MFS Travelers:** A space for employees who frequently travel to connect, share experiences and support one another.
- **MFS Active:** Formerly known as MFS Runners, MFS Active was expanded to provide an inclusive and flexible way to encourage activity, connection and engagement for employees at any pace.

Regional Impact Councils

We enhanced our inclusion efforts with the addition of the Tokyo and Australia Impact Councils, expanding our internal networks that drive local diversity, equity and inclusion initiatives. These councils address region-specific needs, foster meaningful engagement and empower employees to build a more inclusive workplace through local connections and collaboration.

Talent at MFS

Our people are the driving force behind our ability to deliver exceptional outcomes for our clients. We believe that diverse perspectives are essential to enhancing our capabilities. Bringing together individuals with unique experiences, backgrounds and viewpoints helps us reduce bias, evaluate ideas from multiple angles and make better decisions for our clients and the firm.

In 2025, we continued to strengthen our talent strategy by taking a comprehensive look at our processes, including hiring, training and performance management to ensure we are both reaching a broad and diverse pool of candidates and developing and retaining our talent for long-term success. These actions included:

- Continuously refining our hiring processes by introducing interview training and bias mitigation guides to promote fairness and equity throughout the hiring process.
- Partnering with our DEI and Corporate Citizenship teams as well as external organizations to expand our talent pipeline.
- Leveraging tools like Handshake Premium (an early talent recruiting platform connecting organizations with college students and recent graduates) and creating new recruiting resources for our internship program.
- Expanding development and mentorship opportunities globally to promote ongoing skill-building, support career growth and enable greater mobility for all employees.

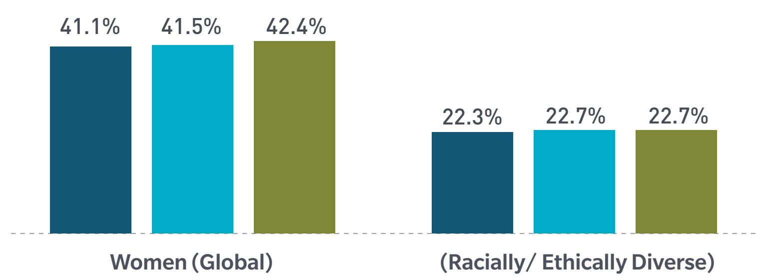
Talent Insights

We are focused on identifying top candidates and accessing broader talent pools 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 it is often difficult to quantify, 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.

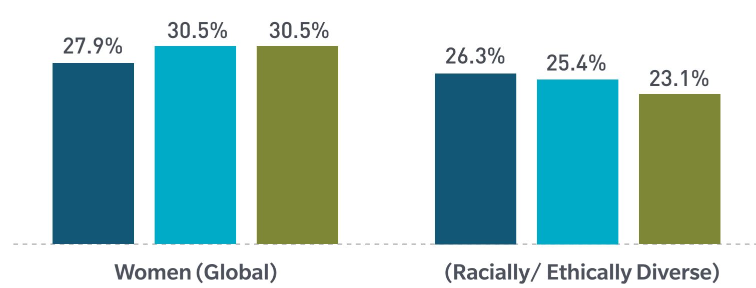
All demographic information is based on voluntary self-identification by our employees. As a result, reported figures may underrepresent actual representation at MFS, particularly for veteran status, disability status and sexual orientation, where some individuals may choose not to disclose this information.

2023 2024 2025

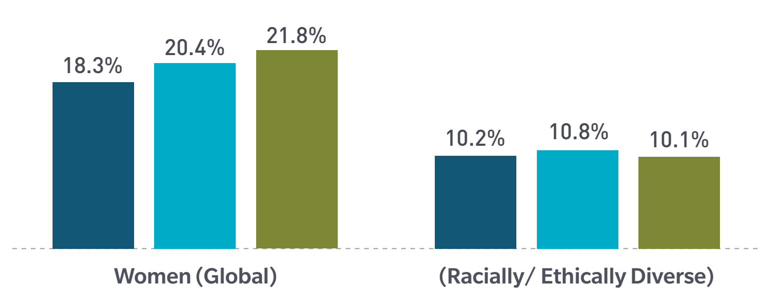
TOTAL FIRM



INVESTMENT PROFESSIONALS



EQUITY OWNERSHIP - % OWNED

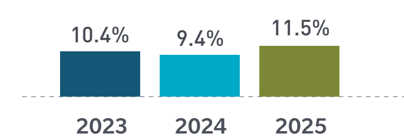


0.7% PROTECTED VETERANS

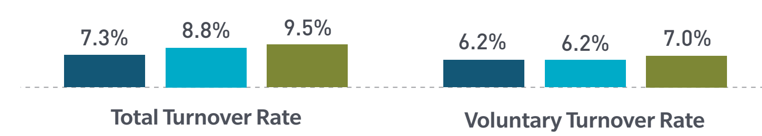
8.3% EMPLOYEES WITH DISABILITIES

2.3% LGBTQ+

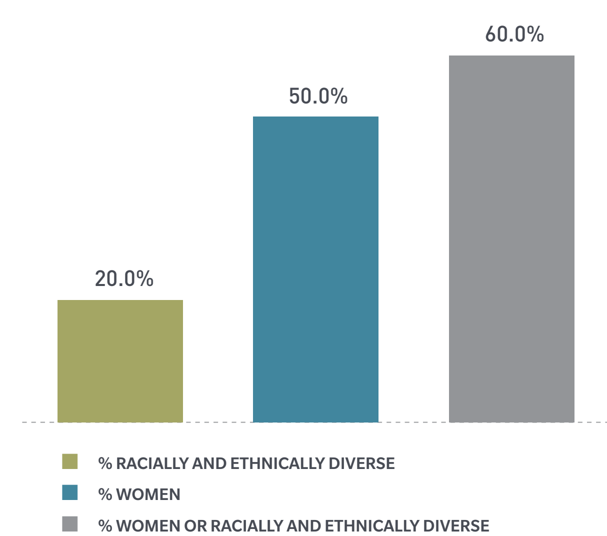
PROMOTION RATE*



TURNOVER RATE*



ENTERPRISE LEADERSHIP TEAM



*The vast majority of MFS is indirectly owned by Sun Life Financial Inc., a publicly traded company. MFS maintains an equity compensation program that provides for the grant of long-term incentive awards to employees who assist in the growth and financial success of the firm. This metric examines the distribution of MFS' allocated equity by demographic group, measuring the share of total equity value held rather than employee participation alone.

*Our promotion and turnover rates highlight the strength of our collaborative and inclusive culture, where all employees feel supported and valued for their unique contributions. By analyzing turnover trends across demographics, we strive to ensure our workplace empowers everyone to succeed and make meaningful contributions.

*All additional percentages shown in the demographic data are based on the voluntary self-identification of US employees.

Expanding Talent Pools Through Strategic Partnerships

We are strengthening external partnerships to broaden and diversify our talent pool through:

- **NSBE Boston and ALPFA Boston:** Participating in career fairs and leveraging professional development opportunities to connect with top talent in the region of our largest talent market.
- **Posse and The Boys and Girls Clubs:** Sharing job postings and encouraging candidates from underrepresented backgrounds to apply.

These collaborations are essential to our commitment to attracting diverse and talented individuals.

Hiring for Diversity of Thought

We believe that cognitive diversity is critical to achieving our purpose of creating long-term value by allocating capital responsibly. By building teams with diverse perspectives, we foster an environment where ideas are fully vetted, respectfully debated and refined. This approach strengthens our ability to make informed decisions that we believe are in the best interest of our clients.

Early Career Hiring and Development

Recognizing the importance of nurturing future talent, we have increased our focus on attracting entry-level candidates. While our firm has historically experienced low turnover, we see early-career hiring as a natural way to access top talent and enhance diversity as an organization.

- **Expanding the Pipeline:** By developing broader pools of candidates for entry-level and early-career opportunities, we ensure that we are identifying top talent while continuing to foster a more inclusive workforce.
- **Specialized Development:** Providing tailored onboarding, mentoring and professional growth opportunities for early-career employees ensures they are well-supported both personally and professionally.

Investment Team Hiring

Our Investment Team offers programs designed to provide aspiring professionals with hands-on experience in portfolio management, financial analysis and strategic decision-making. Through initiatives like the MBA Program and Research Associate Intern Program, participants gain critical skills and a deep understanding of the investment process by collaborating with and learning from seasoned experts. Early-career hires are paired with dedicated mentors and receive clear, constructive feedback over a structured three- to four-year period. These programs not only serve as pathways to internships and full-time roles but also reflect our commitment to nurturing top talent, fostering growth and preparing individuals to excel in impactful roles, including as future investors.

Strengthening Development Partnerships

To support our development strategy, we've expanded our partnerships with leading organizations globally. These collaborations provide access to diverse talent and professional development opportunities. Our partners include:

- 10K Interns Foundation
- Association for Wholesaling Diversity
- Black Women in Asset Management
- Boston While Black
- Bottom Line
- Circa
- Handshake
- Investment 2020
- LGBT Great
- Massachusetts Conference for Women
- Men and Women of Color Conference
- Simmons Leadership Conference
- Simmons Strategic Leadership Accelerator Program
- The Equity Collective (in collaboration with HelloHive)
- UNCF Lighted Pathways

These partnerships are a cornerstone of our efforts to build a more inclusive and dynamic workforce.

Enhancing Employee Development and Retention

We are committed to evaluating and improving our talent practices to best support and retain our employees. This remains a top priority for us in 2025 and beyond. In addition to the global mentoring program, key initiatives include:

- **Rotational Development Program:** Designed to provide participants with exposure to various areas of the business, this program offers targeted learning opportunities to help employees broaden their skill sets and advance their careers.
- **GROW Coaching Program:** A coaching initiative available to all MFS leaders, focused on developing leadership capabilities and fostering a culture of continuous learning and growth.
- **Career Insights Days:** These events provide employees with opportunities to explore career paths, gain valuable insights and connect with mentors and leaders across the organization.
- **Partnerships with Recruiting Programs:** We collaborate with programs such as HelloHive (through The Equity Collective) and Handshake to attract and recruit diverse talent.

Community & Impact

/ CORPORATE CITIZENSHIP: A GLOBAL PROGRAM /

At MFS, giving back is more than an initiative; it's core to who we are. Through **MFS' Corporate Citizenship platform**, we create meaningful opportunities for our teams to connect with charitable partners and make a difference. From hands-on volunteer events to educational programs and skill-sharing initiatives, we empower our employees to engage with causes that align with their passions and address the unique needs of the communities we serve. This commitment to community impact reflects our belief that when we work together, we can create lasting, positive change for generations to come.

/ A CULTURE OF GIVING /

Global Month of Giving Back (GMOGB): A Year-Round Movement for Change

What began as a month-long initiative has blossomed into a year-round movement, with the majority of activities taking place between October and November. During this time, we honor the roots of our GMOGB through hundreds of volunteer opportunities and meaningful internal celebrations. Through partnerships in education, environmental sustainability, civic engagement and health and well-being, we collaborate with charitable organizations to support our communities.

Under this year's theme, "Changing Tomorrow Together," employees united to give back through activities such as food bank distributions, breast cancer walks, toy drives, holiday meal deliveries and fundraising campaigns.

/ BY THE NUMBERS: OCTOBER–NOVEMBER IMPACT /

996	122	4,843	90
EMPLOYEES PARTICIPATED	EVENTS ACROSS 10 COUNTRIES	VOLUNTEER HOURS CONTRIBUTED	NONPROFIT ORGANIZATIONS SUPPORTED

The diversity, dedication and generosity of our global teams drive GMOGB's success, as employees leverage their unique skills and perspectives to address local needs and amplify our impact. Looking ahead, we are committed to building on this momentum. Through year-round volunteer opportunities and partnerships, we will continue to create a positive and lasting impact in the communities we serve.

A Focus on Financial Literacy

As an investment manager with over a century of expertise in the financial systems, MFS is dedicated to making a positive impact within our communities by promoting financial literacy as a key part of economic empowerment. We believe that giving people the right knowledge and tools helps them make smart financial decisions, which leads to stronger and more resilient communities. Our commitment starts with offering financial education to young people early on, so they gain the skills and confidence to make informed choices throughout their lives. We partner with a range of organizations to amplify our impact in this space.

Partnership Spotlight

Council for Economic Education (CEE)

MFS partners with the Council for Economic Education (CEE), a leader in economic and personal finance education for youth. Through initiatives like Invest in Girls and the National and State Personal Finance Challenge, CEE equips students — especially those from underserved communities — with essential financial skills early on. By working together, we are empowering young people with critical financial knowledge and investment management skills that prioritize their long-term interests.

Invest in Girls

MFS supports the Invest in Girls Champions of Literacy annual fundraising breakfast and invites participating schools to MFS for career days. Invest in Girls is a program designed to prepare young women to build financial literacy skills and to explore career opportunities in the world of finance. The program places a special focus on supporting girls of color and those from low-income communities, ensuring that financial literacy education begins early and is accessible to all.

Crayola Creativity Week

In 2025, MFS partnered with Crayola Creativity Week (CCW) as its first-ever financial literacy sponsor. This global initiative reached over 13 million students, inspiring young learners to build confidence, spark curiosity and develop essential life skills through creativity. As part of this collaboration, MFS supported a special session featuring entrepreneur Mikaila Ulmer, who shared her journey from starting a honey-sweetened lemonade stand to founding Me & the Bees Lemonade, now a thriving multi-million-dollar business. Her inspiring story highlighted the importance of financial literacy and entrepreneurship, encouraging students worldwide to dream big and develop the tools to achieve their goals.

Supporting Global Communities

We are dedicated to making a meaningful difference in our global communities by supporting programs that create opportunities and positively impact lives, with a focus on health and well-being, education, civic engagement and environmental sustainability. Many of our partnerships span decades, reflecting our commitment to building long-term relationships and driving lasting positive impact. We are proud to highlight a few of these partnerships below:

Horizons for Homeless Children (HFHC)

We are proud to partner with Horizons for Homeless Children (HFHC) to support their mission of improving the lives of young children experiencing homelessness in Massachusetts, where MFS is headquartered, through early education, play opportunities and family support services. Our collaboration includes:

- **STEM Lab Activities:** Hosted workshops like "Wow, I Can Make Colors," where our tech team engages children in hands-on learning and creativity.
- **Music Sessions:** Hosted musical performances for children by Infinite Ms, our internal band and musical affinity group, to bring joy and connection through music.
- **Customized Field Trips:** Partnered with the Museum of Science to provide interactive and educational experiences for HFHC's children.
- **Toy Drives:** Collected toys and resources to inspire play and support creativity.

ARROWS Tokyo (ARROWS)

Airborne Rescue & Relief Operations with Search (ARROWS) Tokyo provides life-saving emergency response during natural disasters, deploying professional aid workers and search-and-rescue specialists via aircraft. Our support for ARROWS reflect our commitment to supporting disaster relief and helping communities recover and rebuild. Our efforts include:

- **Emergency Relief Donation:** Contributed to ARROWS' mission following the January 2024 earthquake in the Noto Peninsula, which devastated local communities and homes.
- **Medical Assistance:** Supported ARROWS' deployment of doctors and nurses trained in emergency medicine and rescue operations.
- **Cultural and Emotional Recovery:** Assisted in preserving traditional pottery by repairing broken ceramics, helping to restore cultural heritage and aid emotional healing.

Indspire to Empower Indigenous Communities

Indspire Toronto is a national Indigenous charity dedicated to supporting the education of First Nations, Inuit, and Métis people, benefiting individuals, families, communities, and Canada as a whole. Our partnership with Indspire, established in 2021, has focused on creating opportunities for Indigenous students while celebrating the rich diversity of their cultures and tradition through:

- **Education Support:** Empowering Indigenous students through access to education and resources.
- **Mentorship Programs:** Providing guidance and support to help students achieve their goals.
- **Financial Aid:** Assisting students with scholarships and funding to increase graduation rates.

St. Joseph Hospice's Compassionate Care Mission

Since 1905, St. Joseph Hospice London, one of the UK's oldest and largest hospices, has provided compassionate palliative care to individuals with life-limiting illnesses and their families. We are proud to support their vital mission through a long-standing partnership that offers our employees meaningful volunteer opportunities, including assisting in their charity shops, participating in holiday drives, spending time with patients and cooking and serving freshly prepared hot lunches for their dedicated staff.

Culture of Giving

/ 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 REDWOOD / 2019
THE 519 / 2021
CEE CENTRE FOR YOUNG
BLACK PROFESSIONALS / 2021

UK

ST. JOSEPH'S HOSPICE / 2013
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

Supporting Global Communities

Looking Ahead: Our Commitment to Long-Term Value

The themes across this report reflect a simple truth: our ability to invest with discipline and lead with strong governance depends on the people who bring these principles to life. Their dedication, inclusive mindset and shared commitment to long-term thinking strengthen both our investment process and our organizational leadership. We expect the companies we invest in to cultivate resilient teams, and we hold ourselves to that same standard. By supporting our people and our culture, we strengthen the foundation on which lasting value for our clients is built.

Appendix

RESPONSIBLY
ACTIVE
FOR OVER
A CENTURY

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

/ TABLE OF CONTENTS /

Appendix 1: MFS Overview and Investment Beliefs

/ CONSTRUCTIVISM: A COLLABORATIVE APPROACH TO STEWARDSHIP /

Our goal when investing is to create value and uphold our fiduciary duty to our clients. We believe constructive stewardship serves this aim well. Stewardship isn't just about fulfilling a duty (i.e., voting); it is also about collaborating 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. Our 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 and bolsters our relationship with the management of these companies, which we believe will ultimately accrete value for our clients and help us achieve the best risk-adjusted returns possible.

We believe that there are many forms of effective stewardship. Academics from Oxford University published a note on four forms of stewardship: conservatism, activism, opportunism, and constructivism and the diagram below outlines the key features of each approach.

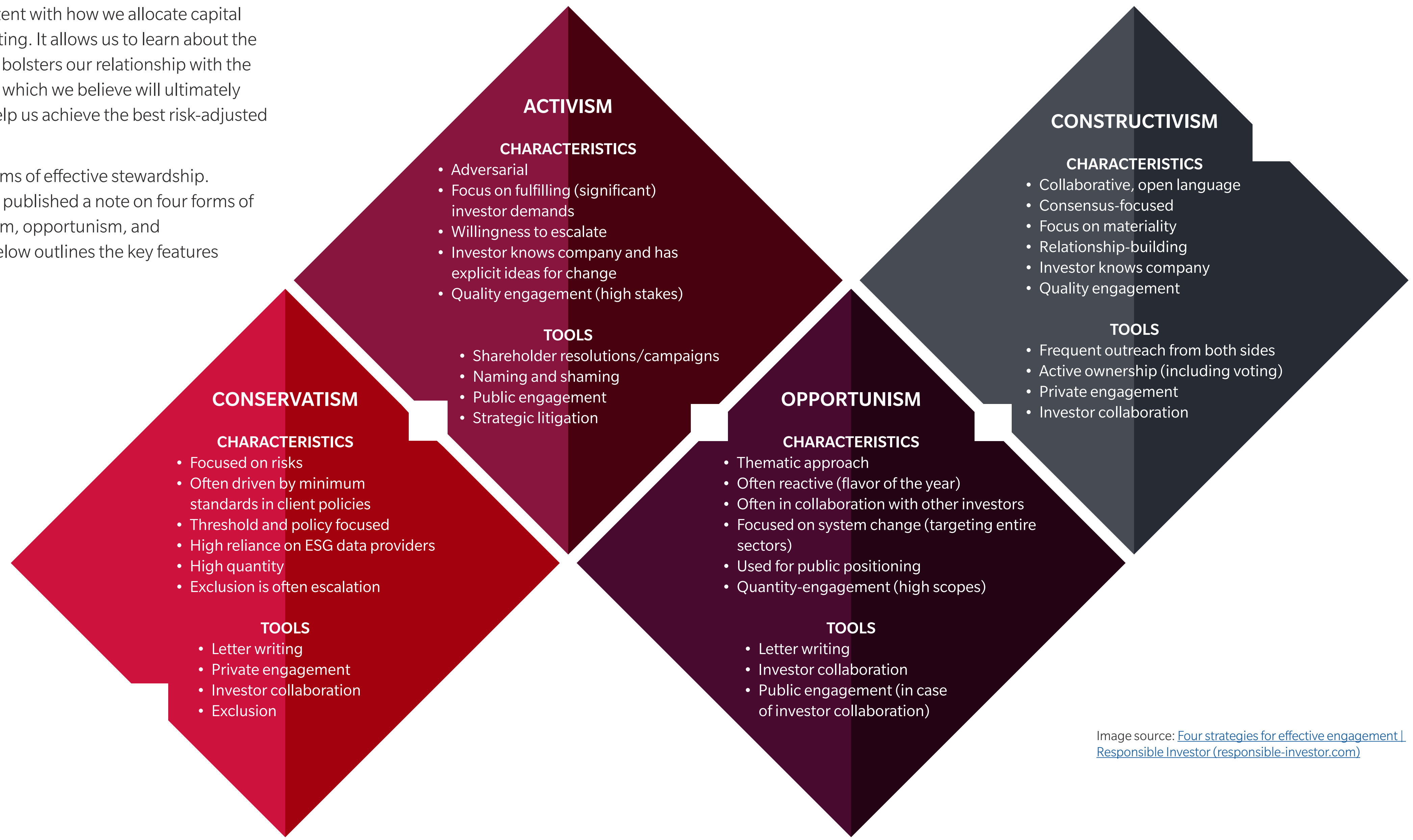


Image source: [Four strategies for effective engagement | Responsible Investor (responsible-investor.com)]

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, including through dialogue with company management, formal letters, and ESG-focused meetings with board directors.

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. We encourage 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 about employee management practices. We believe that our approach to engagement can generate positive impacts for industries, individual companies and investors, we believe which will ultimately be in the best interest of our clients. 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.

Areas of Focus for Engagement 3

MFS' long-term investment horizon, investment process and detailed proxy voting policies and procedures provide a foundation for our stewardship activities, setting 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 at holding executive management accountable for the development and implementation of strategy. Each board member should ensure they are not overcommitted and have sufficient time and attention to fulfil their duties.
- The experience and skills that each non-executive 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 climate and nature because we believe that factors 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 (in a company's own operations and in its supply chain) that properly value employees 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 are critical for accountability.

/ PERFORMANCE EVALUATION AND COMPENSATION OF INVESTMENT PERSONNEL /

MFS' philosophy on compensation calls for us to align investment personnel compensation 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 is 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.

/ MFS AUM AND CLIENT BASE /

We actively manage assets globally for institutional and retail clients in both equity and fixed income strategies. All assets are managed internally; we do not use external asset managers. 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, 2025, were $651.35 billion.

The following tables break down the numbers by asset class and geography as of December 31, 2025.

MFS AUM and Client Base *Assets Managed by Asset Class*

ASSET CLASS	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Equity	$537.29	82.4%
Fixed Income	$90.78	13.9%
Balanced	$23.28	3.5%
Total	**$651.35**	-

Geographic Breakdown of Assets Managed

GEOGRAPHY	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Americas	$576.51	88.51%
Europe/ME/Africa (EMEA)	$53.26	8.18%
United Kingdom*	$6.58	1.0%
Asia Pacific (APAC)	$21.57	3.31%
Total	**$651.35**	-

* 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, 2025.

Accounts by Type

ACCOUNT TYPE	# OF ACCOUNTS	PERCENTAGE OF TOTAL
Retail Accounts	9,165	93.25%
Institutional Accounts	803	8.17%
Total	**9,828**	**100%**

Please note, in the table above, the Retail and Institutional channel totals add up to more than the overall total displayed because some clients are included in both channels. Each client is only counted once in the final total to avoid double-counting.

Accounts by Geography

REGION	# OF CLIENTS	PERCENTAGE OF TOTAL
Asia ex Japan	41	0.42%
Australia/NZ	53	0.54%
Canada	92	0.94%
Central America/Caribbean	242	2.46%
EMEA	497	5.06%
Japan	58	0.59%
United States	8,845	90.0%
Total	**9,828**	**100%**

Appendix 2: Governance and Resources B 6

/ SUSTAINABILITY GOVERNANCE STRUCTURE /

The MFS Sustainability Executive Group (SEG) provides strategic leadership concerning the firm's sustainability strategy. The group includes our chairman, CEO, head of global distribution, 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 integrating sustainability across the firm. The SEG meets periodically to develop a long-term sustainability strategy, including climate change–related issues, guide and coordinate the implementation of that strategy, and resolve any prioritization and resource allocation issues for sustainability-related projects. The firm has also established committees and working groups within its existing governance structure, which are devoted to implementing specific aspects of sustainability in our investment process and 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)

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/ SUSTAINABILITY GOVERNANCE STRUCTURE /

In 2021, the MFS Sustainability Executive Group (a working group of the Enterprise Leadership Team) was created to provide strategic leadership concerning MFS' overall sustainability strategy. The SEG meets regularly to develop a long-term sustainability strategy, including climate change–related issues, guide and coordinate the implementation of that strategy, and resolve any prioritization and resource allocation issues for sustainability-related projects. The firm has also established committees and working groups within its existing governance structure, which are devoted to implementing specific aspects of sustainability in our investment process and corporate practices. They allow us to be agile and focus on key sustainability issues.

The Investment Sustainability Committee (ISC)

The ISC is accountable for integrating MFS' ESG strategy and policies into the investment process, issuer engagement and escalation activities, adherence to relevant stewardship codes (including the Australian, Japan and UK Stewardship codes), and membership in investment-led collective engagement groups. In addition, the ISC has adopted a policy on Responsible Investing and Engagement that outlines MFS' framework for incorporating ESG issues into its investment decisions.

The Proxy Voting Committee (PVC)

The PVC oversees the voting of securities owned by our clients, for which we have been delegated voting authority, as well as the adoption and administration of the MFS Proxy Voting Policies and Procedures. 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 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), provide oversight of membership in client-focused collaborative initiatives, and coordinate corporate sustainability efforts.

/ STRENGTH IN COLLABORATION /

As mentioned above, it is our belief that a successful approach to sustainability and stewardship 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.

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.

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

ESG Research

Robert M. Wilson, Jr. – 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 co-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 PRI's Advance initiative. Rob also has substantial expertise in the application of technology to address business needs.

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 with the investment team 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.

Joseph Baldwin – Fixed Income Research Analyst

Joe Baldwin is a sustainability research analyst at MFS. In this role, he is responsible for working collaboratively across the investment department to integrate ESG considerations into MFS' overall fixed income research process, including working with analysts and portfolio managers to broaden and deepen their understanding of the impact sustainability factors may have on investment outcomes. Joe joined MFS in 2025. He has been in the financial industry since 2016, including the last seven years as an ESG Analyst at T. Rowe Price. Joe earned a Bachelor of Arts degree in finance from Durham University.

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 firm's approach to ESG integration, stewardship and external reporting. She also spent 10 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.

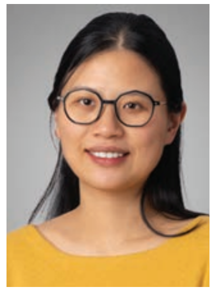
Franziska earned two Master of Administration degrees with honors from Frankfurt University. She studied business ethics (Catholic Theology) and German literature.

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 10 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.

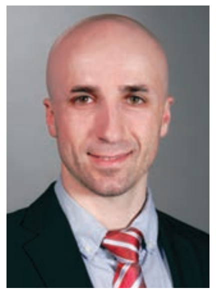


Xinyi Wan, CFA – Senior Stewardship Associate

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

Xinyi joined MFS in 2022 as a business system analyst, becoming the lead ESG business analyst as part of Agile ESG before joining the Stewardship team in her current role in 2024. She has 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 senior stewardship associate at MFS. She is responsible for proxy voting, corporate governance–related research and analysis, and day-to-day 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.

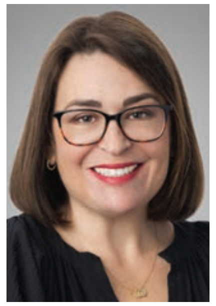
She graduated from George Washington University, where she earned a Bachelor of Science degree summa cum laude in international affairs and economics.

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 in 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 into 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.

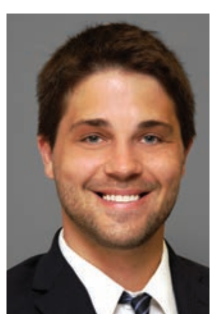
Bess earned a Bachelor of Arts degree in economics from McGill University in North American Studies. She also earned a Juris Doctor from the University of Toronto. She is based in London.

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, communicate investment strategy and provide insights into ESG and sustainability. He works closely with 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.

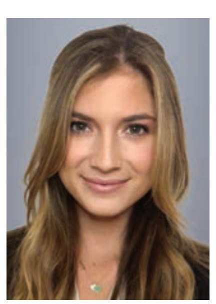


Daniel Popielarski – Strategist, Client Sustainability Strategy

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 toward MFS' thought leadership via client-ready presentations and responses 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.

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Pelumi Olawale, CFA – Strategist, Client Sustainability Strategy

Pelumi Olawale, CFA, is a client sustainability 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 publishing thought leadership, in-depth research and 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 Senior Analyst

Yasmeen Wirth is a client sustainability strategy senior analyst with MFS. In this role, she communicates the MFS stewardship philosophy and our integrated approach to ESG, and generates ESG-related research. She also works closely with the investment team and other subject matter experts to produce client-ready content, such as reports, presentations, query responses and whitepapers. Additionally, she 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 as well as in legal and neuroscience research roles.

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

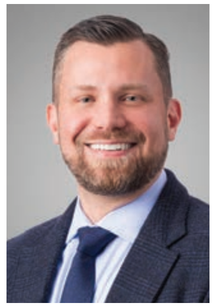
Legal and Compliance

Susan A. Pereira – Vice President, Managing Counsel

Susan Pereira is a vice president and managing counsel at MFS. She is responsible 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 also provides legal support with respect to the firm's proxy voting activities. She currently serves as the co-chair of both the MFS Proxy Voting Committee and the MFS Corporate Sustainability Committee.

Susan originally joined MFS in June 2004 as 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.



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 related to MFS' investment, distribution and corporate activities. The ESG compliance program is in place to identify and monitor adherence to global ESG regulations, principles and 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.

/ STEWARDSHIP VENDOR MANAGEMENT PROGRAM / 6 B

MFS uses 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. The MFS Supplier Code of Conduct describes MFS' expectations of how its third-party services providers conduct business, inclusive of ESG practices. All third-party service providers are provided with the code of conduct and 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 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 using tools and techniques detailed in the program. Third parties are expected to evaluate their own operations and their supply chain on a periodic basis to assess alignment with the code of conduct. MFS performs ongoing monitoring of third parties through publicly available information. To the extent MFS identifies that third-party practices are not 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 to18 months and (2) required to provide the results of independent audits on their operations where applicable. Service providers that are not 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 2025, MFS conducted due diligence reviews of MSCI, Bloomberg and RisQ. These reviews included, among other things, a review of the adequacy and quality of staff, any internal control reports, data security and business continuity planning. Other ESG data and research providers used by MFS in 2025, namely TruCost, Equilar and RepRisk, were classified as lower risk and therefore were not subject to a due diligence review this year. Additionally, MFS conducted a due diligence review of both proxy advisory firms. This review included an analysis of the adequacy and quality of the their staff, their conflict-of-interest policies and procedures and any internal controls reports. We also regularly request reports from these firms that include disclosure of any violations or changes to their conflict- of-interest procedures. On an annual basis, the Proxy Voting Committee reviews their benchmark proxy policies, methodologies and peer-group composition methodology.

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 2025. MFS believes that all ESG research and data providers and proxy voting advisory firms used by the firm in 2025 met the firm's expectations and added value to our stewardship program.

Engagement Dashboard and Other Resources

Our investment team uses our Engagement Dashboard to record stewardship activities. This dashboard can be used to look at the number of engagements during a certain period, including denoting whether it was an E, S or G engagement, attendees, subtopics discussed, if it was part of an industry initiative, and more. This is intended to help us track and report on topics we're engaging on and progress made to date. The system allows us to search engagements by portfolios.

In addition to the engagement dashboard, we have an ESG dashboard where we can look at different ESG factors at the portfolio and company level. We also have a sovereign EM dashboard, a sovereign emissions dashboard, a climate transition alignment dashboard and an SFDR dashboard. These systems house data which support our investment team's stewardship and ESG integration activities.

Appendix 3: Stewardship Policies 4 C

/ MFS RESPONSIBLE INVESTING POLICY /

The MFS Policy on Responsible Investing and Engagement, which was adopted in 2009, broadly describes how MFS incorporates material environmental, social and corporate governance considerations into our investment process for all portfolios managed by MFS. The policy also covers the incorporation of ESG issues into ownership practices, ESG-related engagement activities, conflicts of interest, adherence to external ESG-related codes and guidelines, collaborative opportunities and reporting. The policy is reviewed at least annually by the Investment Sustainability Committee and updated as needed. Please visit our website to view the MFS Responsible Investing Policy Statement.

/ STEWARDSHIP POLICIES AND POLICY OVERSIGHT PROGRAM /

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 activities and processes related to compliance, risk management, investment management and operations. 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 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 2025 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:

<table>
<tr><td>Policy on Responsible Investing and Engagement</td><td>No material changes</td></tr>
<tr><td>Policy on Cluster Munitions</td><td>No material changes</td></tr>
<tr><td>MFS Supplier Code of Conduct</td><td>No material changes</td></tr>
<tr><td>Proxy Voting Policies and Procedures</td><td>Changes effective January 1, 2026:
• Restructured our proxy voting guidelines to make them clearer and more understandable by eliminating market-specific information, examples of historical votes, and other unnecessary details. The guidelines were revised to instead provide our general approach when considering particular ballot items.
• Revised the approach described in the 2025 voting guidelines with respect to the following two matters:
  • First, the 2025 voting guidelines provided that we would vote against the chair of the nominating and governance committee at US, Canadian, European, Australian and New Zealand companies with boards with less than 24% female directors. We revised this approach by subjecting all boards with representation between 20% and 24% to a more enhanced review by our stewardship team to determine whether the facts and circumstances merit a vote against the chair of the nominating and governance committee. This change is a departure from our previous approach whereby if representation falls below 24%, we would vote against the chair unless the MFS Proxy Voting Committee determined that an override is warranted.
  • Second, previous proxy voting guidelines provided that when analyzing stock plans we would focus solely on the aggregate amount of dilution. We clarified our approach to instead consider both aggregate dilution and burn rate because we believe that the burn rate is an important element to consider when analyzing stock plans.
• Revised the process that the MFS Proxy Voting Committee used to identify certain material conflicts of interest. Prior to 2026, the Committee used a two-step approach to identify certain material conflicts of interest. First, in cases where ballots were voted in accordance with an explicit proxy voting guideline, no material conflict of interest was deemed to exist. However, in cases where (i) we considered an override of a proxy voting guideline, (ii) we considered a matter for which we do not have a voting guideline to apply or which requires a case-by-case analysis, (iii) we identified and are evaluating a potentially concerning executive compensation issue in relation to an advisory pay or severance package vote, or (iv) we considered a proposal relating to a merger, an acquisition, a sale of company assets or other similar transactions (collectively, "Non-Standard Ballot Items"), we determined if the issuer was a significant distributor or client. Second, if the issuer was not a significant distributor or client, then no material conflict of interest was deemed to exist; however, if the issuer was a significant distributor or client, then the Committee would determine how to vote the Non-Standard Ballot Item. For 2026, we eliminated this two-step approach and instead the Proxy Voting Committee will vote all ballot items at a meeting of an issuer that is a significant distributor or client. The Committee will also vote all ballot items at a meeting of a company for which an MFS Fund director/trustee serves as director. We believe this change will result in more material conflicts of interest being identified.

Changes effective January 1, 2025:
• Communicated 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.
• Increased 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.</td></tr>
</table>

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 2025 we continued to develop our compliance oversight of our sustainability and stewardship activities.

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 consider these reviews to be 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 assess our clients' reporting expectations and work with our investment, proxy voting and marketing team members to determine the type, frequency and content of reporting that most effectively satisfies those expectations and meets clients' needs. As a result of this work, we publicly provide this report. We also provide quarterly stewardship reports and periodic 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.

/ PROXY VOTING OVERVIEW /

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 or at www.mfs.com.

Monitoring Our Voting Rights

We have entered into agreements with two proxy advisory firms, ISS and Glass Lewis, to perform various proxy voting related administrative services such as vote processing and recordkeeping functions. ISS performs these services on behalf of most of our clients that have delegated us with the right to vote with Glass Lewis providing these services to our remaining clients. As part of these services, ISS or Glass Lewis receives proxy statements and proxy ballots directly or indirectly from our clients' custodian banks, logs these materials into a database and matches upcoming meetings with client portfolio holdings, which are entered into the proxy advisory firm's system by an MFS holdings data-feed.

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. For more information about our use of proxy advisory firms and how we vote and analyze proxies please refer to our proxy voting policies and procedures.

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 receives 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 4: Stewardship Conflicts of Interest

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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 clients' best interests by treating our clients fairly and equitably at all times or disclosing circumstances where fair and equitable treatment is not possible. 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 and/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.

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.
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."
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 of stewardship integration within MFS investment management processes. Additionally, 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 how well the group aligns to MFS' purpose/values, potential for conflicts of interest, and legal/compliance issues, among other concerns.

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 he or she must recuse himself or 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, we will check to see whether the proxy voting matter involves an issuer or is being proposed by a shareholder that has a significant relationship with MFS. In such a situation, 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/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 MFS Fund.

Appendix 5: Aligning with Clients

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/ MEETING CLIENT EXPECTATIONS AND INCORPORATING INDUSTRY FEEDBACK /

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 1, 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 to get feedback. These partners are ultimately the client-facing entities for investors in our retail funds, and therefore we have assigned 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.

/ CLIENT ALIGNMENT /

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. 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 vote according to the MFS Proxy Voting Policies and Procedures. In the event we deviate from a client mandate or fail to comply our proxy voting policies and procedures, we will promptly notify the impact client and take appropriate action.

/ REPORTING /

We report on our ESG-related investing and stewardship activities as required by any collaborative bodies or organizations which we join or regulatory body that governs our activities. We may in our discretion share such reports with clients, prospective clients, and other interested parties. In addition to this report, we also publish quarterly stewardship reports that include updates on our progress toward the integration of ESG factors into our investment, proxy voting and/or engagement activities, which are available in the sustainability section of www.mfs.com. Additionally, clients who have delegated us with proxy voting authority can receive a vote summary report of their portfolio. We also publicly disclose the votes of certain pooled vehicles for which we serve as the investment adviser as well as our firm-wide proxy voting records on a quarterly basis. To access these records, please visit the appropriate proxy voting section of our website.

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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