MFS International (U.K.) Limited TCFD Disclosure 2026

Introduction and Compliance

MFS is a signatory to the Task Force on Climate-Related Financial Disclosures ("**TCFD**") and we are pleased to present our annual report in line with the TCFD recommendations. This report demonstrates our progress in integrating climate-risk awareness into our business operations and investment strategy.

We consider the disclosures in this report to comply with the requirements in chapter 2 of the Environmental, Social and Governance sourcebook ("**ESG Sourcebook**") of the FCA Handbook that require certain UK asset managers to publish entity level disclosures consistent with the TCFD recommendations.

Overview

MFS International (U.K.) Limited ("**MIL UK**")[1] and its affiliates (collectively "**MFS**") collaborate to provide investment management services to institutional investors on a global basis. As an active long-term investment manager, our purpose is to create long-term value by allocating capital responsibly through the MFS integrated research platform and engagement with issuers. At MFS, we integrate environmental, social and governance ("**ESG**") factors that we believe to be financially material into our investment decision making process.

Given recent and proposed regulatory changes and broader developments, climate change is likely to be a critical investment topic in the decades ahead, creating financially material risks and opportunities for many corporate, sovereign and sub-sovereign issuers.

As the MIL UK approach towards climate risks and opportunities is aligned with the broader MFS group approach, this report relies on and cross-refers to the group level disclosure in the 2025 MFS Strategic Climate Action Plan which is TCFD aligned and published by MIL UK's parent company, MFS Investment Management which is available at:

https://www.mfs.com/content/dam/mfs-enterprise/mfscom/insights/2025/May/pdfs/mfse_fly_3584750.pdf

Each of the 4 TCFD pillars: Governance; Strategy; Risk Management; Metrics and Targets; set out in the MFS Strategic Climate Action Plan are applicable to MIL UK and cover the assets under the management of MIL UK. References are also made to the 2025 MFS Annual Sustainability Report which provides additional information relevant to TCFD pillars that interested stakeholders may find helpful which can be accessed on www.mfs.com.

MIL UK and its affiliates operate as an integrated functional entity and apply the same climate change strategy, investment process and risk management approach. As set out in the MFS Strategic Climate Action Plan, as long-term investors seeking to understand the duration and stability of financial returns, we assess and manage climate change risk at both the issuer (company, sovereign and sub-sovereign), industry and portfolio level.

The reference period covered by this report and the MFS Strategic Climate Action Plan is 1 January 2025 to 31 December 2025.

Governance

At an entity level, the governance framework for climate matters is consistent with the broader group's framework which is described in the Governance section of the MFS Strategic Climate Action Plan. The MIL UK board is ultimately responsible for overseeing the business of the firm, including the entity's framework and strategy regarding climate risks and opportunities.

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[1] MIL UK is authorised and regulated by the UK Financial Conduct Authority ("FCA"). This report has been prepared pursuant to Chapter 2 of the Environmental, Social and Governance sourcebook of the FCA Handbook ("**ESG Sourcebook**").

Strategy

MIL UK's strategy for climate risks and opportunities is consistent with the group-level strategy, as set out in the Strategy section of the 2025 MFS Strategic Climate Action Plan, beginning with in-depth fundamental issuer and industry analysis and focusing on understanding physical, transition, legal and reputational risks. As MIL UK only delegates the management of client portfolios to its affiliates, clients benefit from a consistent MFS-wide strategy on climate risks and opportunities.

We believe that climate change creates systemic and financially material risks and opportunities for certain issuers. As a result, we view climate change as likely to share 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. Our conviction remains clear: integrating financially material climate risks and opportunities 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.

We continuously refine 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. We believe that the market is likely heading into a "disorderly transition" where the shorter-term risks are more pronounced and unpredictable. As a result, our strategy is a 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 risks and within this list maintain a smaller group of Focus Companies where climate risks s higher or transition credibility is less clear. We plan to evaluate these companies using MFS' proprietary Climate Transition Analysis framework ("MFS CTA Framework") framework across five pillars of credibility: management credibility, financial credibility, competitive credibility, technological credibility and stakeholder alignment. These evaluations will drive our engagement approach to prioritise issuers for deeper sustained engagement. The 2025 MFS Strategic Climate Action Plan also explains our approach to climate-related scenario analysis (see page 6).

For information relating to the integration of climate change risks and opportunities in action at MFS, see 2025 MFS Annual Sustainability Report which includes thematic research and case studies:

https://www.mfs.com/content/dam/mfs-enterprise/mfscom/insights/sustainability-report/pdf/mfse_fly_3374450.pdf

While our approach to ESG approach to integration is consistent across asset classes, additional considerations apply to sovereign fixed income instruments. Please refer to page 9 of the 2025 MFS Strategic Climate Action Plan on sovereign analysis.

Risk Management

MIL UK's approach towards identifying, monitoring and managing climate risks within portfolios is consistent with the group level risk framework described in the Risk Management section of the 2025 MFS Strategic Climate Action Report. Our cultural emphasis on risk management process is incorporated into all facets of our investment process. The goal is not to avoid all risk, but rather to understand its sources and effectively manage it. The risk management process is designed to ensure each strategy takes on the level of risks appropriate to the investment philosophy of the mandate while also meeting long-term objectives.

Metrics and Targets

MIL UK uses the same metrics to assess climate related risks and opportunities at security level and portfolio level as set out in the Metrics and Targets section of the 2025 MFS Strategic Climate Action Report. As indicated above, we have developed and rolled out the MFS CTA Framework to evaluate the credibility of issuers, especially those on our Priority List and Focus Companies.

Climate-Related Data

The availability of high quality, reliable and comparable climate-related data underpins the decarbonization transition. It is necessary to scale up financing for adaptation and aligning financial flows with climate resilience development goals. The IMF has noted that strengthening the climate information architecture is paramount to promote transparency and global comparability of data. It will take time for such an architecture to develop which means that users of such data must manage and contend with gaps, time lags, complexity, and a lack of granularity in the meanwhile. This may, for example, mean using proxies, older data and making methodological assumptions. At MFS, we have gathered and used quality climate data from a range of primary sources such as issuers and secondary sources like specialist providers; however, we continue to seek out new sources.

Mitchell Freestone
Director, MIL UK