

MFS INVESTMENT MANAGEMENT RESPONSIBLE INVESTING POLICY STATEMENT

At MFS, our purpose is to create value responsibly. As stewards of capital, our clients appoint us to help them achieve their long-term investment objectives. To achieve these objectives, we employ an investment approach that focuses on issuers with long-term competitive advantages. We believe that incorporating financially material ESG analysis and engagement insights into our investment decision making is integral to skilled asset management and an essential part of our ability to achieve our clients' objectives and fulfil our fiduciary duty. To deliver on this commitment, we adopted the MFS Policy on Responsible Investing and Engagement which provides a framework for integrating ESG factors into our investment and ownership practices. The main components are summarized below.

Incorporation of ESG issues into the Investment Process

We integrate ESG factors into our investment analysis to the extent we believe these factors are financially material to an issuer's long-term 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. In general, the integration of ESG factors into our investment analysis relates to investments in equity and fixed income securities, however we may elect to extend the integration of ESG factors into other asset classes under certain circumstances.

In order to aid members of our investment team in their analysis of ESG issues, we obtain issuer-reported and third-party data to supplement our proprietary ESG research and analysis. Our investment team also includes dedicated analysts and other personnel with ESG expertise who support the evaluation of ESG-related issues across our global research platform.

The extent to which an individual member of our investment team considers any ESG factors in conducting fundamental investment analysis and the extent to which ESG factors impact investment return for a given portfolio will depend on a number of variables, such as the investment strategy, the types of asset classes held, regional and geographic exposures, and the team member's views and analysis of a specific ESG issue.

Screens and ESG-related restrictions

Given our investment principles, purpose-driven culture and fiduciary duty, we believe long-term engagement is likely to yield better real-world outcomes than excluding sectors and industries from a client's portfolio. We believe our clients are best served through constructive, long-term engagement and carefully considered proxy voting. We expect companies to be managed in the interest of longevity, not short-term profit maximization. We believe as responsible active managers, we cannot simply avoid every material ESG risk that may arise. Instead, we must focus our efforts on ensuring the companies we invest in are well positioned to manage those risks, while also taking advantage of ESG opportunities.

We generally only introduce ESG-related restrictions or screens for an account when directed by a client or to comply with applicable law. For example, we will restrict investments in issuers that use, develop, produce, acquire, stockpile, retain or transfer cluster munitions for client accounts located in countries that implemented laws prohibiting such investments. We may, however, also develop strategies that have an ESG-focus or incorporate ESG investment criteria as a result of jurisdiction-specific regulations or local market preferences or demand.

As described above, MFS has always focused our ESG integration efforts on process, not product. Our goal is to create unique ESG insights and share those insights across all of our investment strategies. In limited circumstances, we may develop strategies that have an ESG-focus or incorporate ESG investment criteria as a result of jurisdiction-specific regulations or other factors, but the primary foundation of our ESG research will always be aimed at world class integration across all of our equity and fixed income strategies.

Incorporation of ESG issues into Ownership Practices

Proxy Voting

We incorporate ESG issues when voting securities owned by MFS' clients for which MFS has been delegated voting authority. The exercise of voting rights is overseen by the MFS Proxy Voting Committee, and the MFS Proxy Voting Policies and Procedures contain guidelines that describe how we vote proxies with respect to certain issues, including ESG issues. All votes will be cast in the best long-term economic interest of MFS' clients, with the understanding that ESG and broader stakeholder concerns often impact long-term shareholder value. For more information about our proxy voting practices and for a current copy of the MFS Proxy Voting Policies and Procedures, please visit the proxy voting section of our website at www.mfs.com.

Engagement Activities

We believe open communication with issuers is an important aspect of our ownership responsibilities. Our goal when engaging is to exchange views on ESG topics that represent material risks or opportunities for issuers, and to effect positive change on such issues. We believe that long-term oriented asset managers who engage issuers on ESG topics can positively influence governance and business practices by encouraging executive teams and other influential parties to view these issues as relevant to the long-term economic performance of their company. Our engagement efforts center around two aims – knowledge exchange/monitoring and real economy change.

Our engagement approach is driven by strong collaboration among all members of our investment platform, including our stewardship team. Our team raises material issues during meetings with management of current and prospective issuers when we believe the discussion can enhance either our understanding of the issuer's practices and/or stakeholder value. Our dedicated ESG analysts will also often highlight particular ESG-related issues that members of our investment team can incorporate into their discussion with

management teams. Likewise, we will also engage with an issuer or other stakeholders when we believe that the engagement will enhance our understanding of certain matters on the issuer's proxy statement. We may also engage with an issuer in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals involving ESG matters.

These activities can take place solely by members of our team, or in collaboration with other industry participants. We believe that working with other like-minded investment managers and asset owners on collaborative engagement initiatives is often helpful in understanding ESG issues and the challenges that the integration of those issues into the investment process pose to our industry. We regularly assess whether we should participate in collaborative bodies or organizations or support various collaborative initiatives relating to specific ESG issues. MFS may also work with industry groups to communicate with regulatory agencies on issues that we believe warrant consideration.

Governance Structure

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

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

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

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

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

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

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

Industry Groups, Initiatives and Codes

We actively participate in a number of 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 typically join an industry initiative or other collaborative group for one of two reasons:

- ❖ The work or objective of the group or initiative aligns with our research and assessment of financial materiality on a specific topic; or
- ❖ The initiative or group provides access to research or data that enhances our investment or stewardship process and ultimately is in the long-term best interests of our clients.

Many industry groups, trade associations and other initiatives have adopted stewardship codes and other guidelines relating to the incorporation of ESG factors in investment and ownership practices. While we believe that it is not always in our clients' economic interests for us to take a formalistic approach to following the letter of a particular code or guideline, we will support these initiatives to the extent we believe they are generally consistent with the long-term economic interests of our clients and our policies described above.

Importantly, however, our investment and voting decisions are not guided by adherence to codes and guidelines, as we evaluate each issuer and vote based on the specific circumstances relevant to each specific issuer.

For more information on our participation in various ESG-related organizations and initiatives, please visit www.mfs.com/sustainability.

Conflicts of Interest

MFS has adopted a firm-wide policy on managing conflicts of interests (the "Conflicts Policy"), which is grounded in the core principle that we act in our client's best interests. The Conflicts Policy establishes a framework to identify, prevent, and manage conflicts of interest that may arise in the ordinary course of providing services to clients, including our integration of ESG factors into our investment and ownership practices. Conflicts of interest may occur in a variety of activities and interactions, such as through the collective initiatives we join or our ownership of different asset classes in the same company. To address this risk, and pursuant to the Conflicts Policy, MFS may take a variety of actions based on the circumstances of an identified conflict, including, but is 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.

Potential Conflicts Related to MFS' Stewardship Activities

MFS has identified potential conflicts related to our stewardship activities and have taken steps to mitigate these conflicts. For instance, MFS' investment, engagement or proxy voting activities may be in conflict with the activities of our parent company, Sun Life, which could seek to influence our activities. Thus, 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 to individuals at MFS with the intent of influencing voting or investment decisions.

Potential Conflicts Related to MFS Proxy Voting Activities

Proxy voting may present unique challenges concerning conflicts of interests. As a result, our proxy voting policies and procedures describe how we manage potential, material conflicts of interest in regard to proxy voting. 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, including interests such as the distribution of MFS Fund shares and institutional client relationships. If a member of the MFS Proxy Voting Committee or any other employee (including investment professionals) involved in a voting decision (including the ownership of securities in their individual portfolio) 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, in cases where we (i) consider overriding a specific guideline in our proxy voting policies or procedures, (ii) consider a matter that is not governed by a specific guideline in our policies, (iii) evaluate an excessive executive compensation issue related to the election of directors, or advisory pay or severance package vote, or (iv) consider a matter that requires consultation with our investment team, we will check to see whether the matter involves an issuer that has a significant relationship with MFS. Where we identify a potential conflict, the MFS Proxy Voting Committee 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 and then report the matter to the MFS Conflicts Officer.

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. We also publish an annual sustainable investing report and quarterly sustainable investing reports that include updates on our progress toward the integration of ESG factors into our investment, proxy voting and engagement activities, which are available in the sustainable investing 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 on a quarterly basis. To access the proxy voting records of such pooled vehicles, please visit the appropriate proxy voting section of our website.

Related Documents

Please visit the sustainable investing section of www.mfs.com for further information on:

- ❖ MFS' Proxy Voting Policies and Procedures
- ❖ MFS' Strategic Action Climate Plan (Report on the Task Force on Climate-Related Financial Disclosures)
- ❖ MFS' Cluster Munitions Policy
- ❖ MFS' Stewardship Code Statements
- ❖ MFS' Quarterly and Annual Sustainable Investing Reports
- ❖ MFS Policy on Responsible Investing and Engagement

For Further Information

For MFS clients wishing to discuss the contents of this document, please contact your client service representative.

For media inquiries wishing to discuss the contents of this document, please contact:

Daniel Flaherty
Senior Public Relations Manager
MFS Investment Management
111 Huntington Avenue
Boston MA 02199-7618
U.S.A.
Telephone: +1-617-954-4256
Email: dflaherty@mfs.com

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