



**MFS INTERNATIONAL AUSTRALIA PTY LTD'S RESPONSE TO FSC STANDARD 23:
PRINCIPLES OF INTERNAL GOVERNANCE AND ASSET STEWARDSHIP**
as of 1 September 2024

1. Organizational and Investment Approach

About MFS

MFS International Australia Pty Ltd (**MFS Australia**) (AFSL 485343, ABN 68 607 579 537) is a member of the MFS Investment Management group of companies (**MFS** or **us** or **we**). Established in 1924, MFS is an active, global asset manager with investment offices in Boston, Hong Kong, London, Mexico City, São Paulo, Singapore, Sydney, Tokyo and Toronto. MFS is a member of the Sun Life Financial group of companies.

Our clients appoint us as fiduciaries to help them achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolio within appropriate risk parameters. To help our clients achieve this objective, we employ an investment approach that generally focuses on companies with durable, long-term competitive advantages and attributes from which value can be created over a full market cycle. Our fully integrated global research platform is the foundation of our investment process. We analyze opportunities across geographies, across fundamental and quantitative disciplines and across each organization's entire capital structure to develop a fuller perspective on each security. Our investment professionals work out of nine major financial centers around the world, and their efforts are fully integrated through their work on eight global sector teams. The sector teams are comprised of fundamental equity analysts who cover similar industries around the world. Quantitative analysts, credit analysts and portfolio managers also belong to the teams to broaden and deepen their perspective. We believe using a collaborative global structure to share and integrate information builds better insights for our clients. Further detail on our corporate background, investment approach, key management and investment personnel within MFS is available on our website.

In addition, because we believe that certain environmental, social and corporate governance (ESG) issues may impact the economic long-term value of businesses, we integrate them into our investment process and our ownership practices to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests. In general, the integration of these factors into our investment analysis relate to investments in equity and fixed income securities. We established a sustainability strategy and governance structure that is designed to provide for effective integration of sustainability across MFS.

The MFS Sustainability Executive Group (SEG) provides strategic leadership concerning MFS' sustainability strategy. It includes various senior leaders responsible for the integration of sustainability across the firm. The firm has also established committees that are a part of its existing committee governance structure. These committees are responsible for oversight of the implementation of specific aspects of our sustainability strategy.

- The Investment Sustainability Committee (ISC) is accountable for defining and implementing MFS' strategy and policies relating to the integration of ESG factors in the investment process, engagement with issuers and escalation activities. MFS' adherence to relevant stewardship code (including MFS' response to FSC Standard 23 relating to MFS' integration of ESG factors into the investment process) and MFS' membership in investment-led collective engagement groups.



- The MFS Proxy Voting Committee (PVC) (which includes senior personnel from MFS' Investment, Legal and Global Investment Support departments) oversees the adoption and administration of the MFS Proxy Voting Policies and Procedures as well as our proxy voting activities. 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) is accountable for defining and implementing MFS' client and corporate sustainability strategies and policies to ensure consistency in interactions with clients on sustainability issues (e.g., reporting, regulation and education), provide oversight of membership in client-focused collective engagement groups, and coordinate corporate sustainability efforts.

At MFS, it is our belief that our approach to sustainability is part of our fundamental investment process, and as such, our integration and active ownership process requires that all of our investment professionals are actively engaged in, and responsible for, its success. In order to facilitate the implementation and enhancement of these practices across the investment team, we employ a number of individuals who are dedicated to sustainable investing and who provide strategic leadership on sustainability topics. Our investment team includes a Director of Global ESG Integration, an equity research analyst, a fixed income research analyst and a fixed income research associate, who are all dedicated solely to ESG research and stewardship and who facilitate MFS' sustainability efforts by supporting and enhancing ongoing research into ESG topics performed by our portfolio managers and analysts. In addition, our stewardship team's position within the investment team improves the collaboration between our stewardship professionals and our investment professionals with the goal of more efficient and impactful engagements across our holdings. We currently have six individuals on this team responsible for carrying out our stewardship efforts, including exercising our proxy voting rights as well as conducting engagements with investee companies.

Conflicts of Interest

Generally, MFS has adopted policies and procedures that address and mitigate the types of conflicts of interest that arise in the ordinary course of providing services to our clients. These policies specify how and when proprietary accounts are traded in relation to client accounts, how trades are allocated, how shares are voted, use of soft dollars, personal trading and similar matters. Various functional committees are responsible for approving general policies applicable to providing services to clients and ensuring provisions within those policies to address conflicts of a systemic nature. We continuously monitor changes to our business that could give rise to new conflicts of interest and revise our policies, procedures and disclosures to address and mitigate those conflicts, as deemed appropriate.

For further detail in relation to the internal governance structure regarding these general policies (including conflicts of interest), see Section 2.

For further detail in relation to proxy voting and how we manage potential, material conflicts of interest, see Section 3.

2. Internal Governance

Corporate Governance and Committee Structure

MFS' senior leadership comprises the MFS Management Committee, which has responsibility for establishing MFS' strategic goals, approving budgets, overseeing risk management and control environment at an enterprise level, and serving as a forum for material business decisions such as risk



acceptance for business practices or business development opportunities.

In addition to the Management Committee, MFS maintains four senior supervisory committees: Investment Management Committee, Internal Compliance Controls Committee, Employee Conduct Oversight Committee, and Enterprise Risk Management Committee.

Investment Management Committee

The Investment Management Committee ("IMC") is responsible for the management of investment personnel, the oversight of portfolio management, research and trading, and the establishment and monitoring of investment policies and procedures. The IMC is also responsible for performing governance and oversight with respect to the management and monitoring of investment risk. The IMC is chaired by MFS' Chief Investment Risk Officer, and its membership is comprised of certain MFS Management Committee members and other senior leaders from MFS' investment management area.

Internal Compliance Controls Committee

The Internal Compliance Controls Committee ("ICCC") performs governance and oversight of regulatory matters on behalf of MFS and each of its direct and indirect subsidiaries. The ICCC provides a means by which regulatory compliance issues are reported by functional committees to senior management. The Committee evaluates solutions to those matters and actions taken to prevent their re-occurrence. The ICCC is co-chaired by MFS' Head of Compliance – Americas and Head of International Compliance, and its members include certain MFS Management Committee members.

Employee Conduct Oversight Committee

The Employee Conduct Oversight Committee (the "ECOC") performs governance and oversight with respect to matters relating to employee conduct on behalf of MFS and each of its direct and indirect subsidiaries. The ECOC has ownership of MFS' conduct policies (e.g. Personal Investing, Political Contributions, Gifts & Entertainment, Outside Activities) and reviews violations of these policies and determines corrective action (e.g. policy reminders, warning letters, referral to Human Resources). MFS' Head of Compliance – Americas and Head of International Compliance co-chair the ECOC and members of MFS Management Committee generally comprise its membership.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee (the "ERMC") provides a company-wide forum to review significant enterprise risks and to monitor and advise business units concerning the Company's internal control systems and adherence to the MFS Risk Appetite Statement. As an integral part of the Company's corporate governance structure, the ERMC assists the Management Committee and the boards of directors of MFS and its affiliates in fulfilling their oversight responsibilities, by reporting material risk-related matters. MFS' functional committees report on risk-related matters to the ERMC. The ERMC is chaired by MFS' Head of Global Enterprise Risk Management ("ERM"), and its membership is comprised of certain MFS Management Committee members and other senior leaders representing each of MFS' major business areas.



Functional Committees

Functional committees have been established to carry out governance activities with respect to particular business activities or functions. The activities of each functional committee vary based on the needs of the business but are likely to include, to varying degrees, policy governance, risk management, regulatory compliance, and information sharing. Each functional committee is responsible for reporting to a senior supervisory committee (i.e., the IMC, ICC, ECOC, or ERM) issues that are deemed to be significant. These issues may include, but are not limited to, rules violations, policy violations, fiduciary breaches, and operational errors. The chairpersons of the senior supervisory committees are required to keep the Management Committee apprised of significant matters vetted by their committees. This takes place through ad hoc or periodic reporting to the Management Committee or through the inclusion of Management Committee members as members of the senior supervisory committees.

Policies and Policy Review

As mentioned in Section 1, MFS has adopted general policies and procedures that address and mitigate the types of conflicts of interest that arise in the ordinary course of providing services to our clients. These general policies cover a number of areas and specify how and when proprietary accounts are traded in relation to client accounts, how trades are allocated, how shares are voted, personal trading, and similar matters.

MFS has a Policy Governance Framework that requires policies to be reviewed by their owner at least annually to determine if revisions or updates are necessary to respond to developments of a business, operational, legal, or regulatory nature. Owners and their designees may seek the assistance of other departments, including Legal and Compliance, to assist them in this review.

Changes to policies are reviewed and approved by the appropriate oversight committee and are disseminated to the organization where necessary. Policies are ratified on a quarterly basis by the MFS Internal Compliance Controls Committee. Certain policies must be approved by the appropriate fund's board of trustees or the MFS board of directors. Policy changes are also communicated upon request to our clients.

In addition to this process, the Legal and Compliance departments monitor regulatory developments and work with business units to revise or implement new policies and procedures to reflect any new or changed rules or any other regulatory developments. MFS also monitors changes to its business environment that may affect its policies and procedures.

Additionally, we maintain an organizational structure that further mitigates the potential for conflicts through the following:

- segregation of duties;
- establishment of ethical walls and other informational barriers, where appropriate; and
- independence of compliance, risk and internal audit functions.

3. Asset Stewardship

General Approach to Asset Stewardship

In the ordinary course of our research process, our investment team raises issues, including those related to sustainability topics, during meetings with management of investee companies and prospective investee companies when we believe the discussion can enhance our understanding of the company's practices and goals to enhance shareholder value. The analysis is primarily undertaken by the MFS analyst responsible for covering the investee company in collaboration with MFS portfolio decision makers and other investment analysts (e.g. ESG research and strategy team members, stewardship team members, and



quantitative analysts). Our dedicated ESG investment personnel will also often highlight particular sustainability-related issues that members of our investment team can incorporate into their discussion with management teams. Examples of potential engagement topics include: (i) corporate governance matters, including the level of independence of the board and shareholder-friendly orientation of managers; (ii) executive compensation; (iii) labor relations and worker safety; (iv) environmental stewardship and related safety controls and risk management; and (v) interactions with local people groups, governments, and non-governmental organizations.

As part of our stewardship responsibilities, we vote proxies in what we believe to be in the best, long-term economic interest of shareholders. We believe open communication with our portfolio companies on proxy voting issues is an important aspect of our stewardship responsibilities. As such, members of our stewardship team will engage with a company when we believe that the engagement will enhance our understanding of certain matters on the company's proxy statement. Some of the issues we discuss with companies are executive compensation, director accountability, and shareholder proposals on various ESG issues. We may also engage with a company in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals.

Monitoring and Engagement Activities

The monitoring of investee companies is undertaken by members of our investment team, including our ESG research and strategy team members and stewardship team members. Members of our investment team analyze factors such as company's earnings, balance sheet, cash flows, competitive position and management ability. In addition, the investment team regularly meets with company management, as well as suppliers, competitors, consultants and industry contacts in order to develop a comprehensive view of each company they follow. Because we believe that material sustainability issues often impact the long-term economic value of businesses, these topics are also often discussed at these meetings. In order to aid the investment team in their analysis and monitoring of critical issues, our dedicated ESG investment personnel assist members of the investment team in the evaluation of ESG-related issues. In addition, we obtain third party research with respect to ESG issues.

Likewise, members of our stewardship team will also engage with a company or another shareholder when we believe that the engagement will enhance our understanding of certain matters on the company's proxy statement. Some of the issues we discuss with companies are: executive compensation, director accountability, corporate culture, compliance with applicable corporate governance codes, and shareholder proposals on various ESG issues. We may also engage with a company in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals.

In addition to engaging individually with our portfolio companies, MFS believes that working with like-minded organizations, investment managers and asset owners on collaborative engagement initiatives can be an effective way to raise standards and promote good practices within the broader investment industry. MFS regularly assesses whether it should participate in collaborative bodies or organizations that facilitate such initiatives. We also may engage with sponsors of shareholder initiatives or proposals, which helps inform our views on important proxy voting issues. We participate in various industry working groups and industry organizations that seek to develop thought leadership and may provide signatory support for collective engagements and industry initiative with respect to sustainability issues. MFS observes and abides by all laws and regulations that apply to our participation in such organizations. A list of the initiatives in which MFS participates is included in MFS' annual sustainability report. MFS also may meet with or send letters to various regulatory agencies to encourage corporate governance reform when we feel it is warranted.

Proxy Voting Activities



We have adopted a clear and robust policy on voting securities owned by our clients for which we have been delegated voting authority (MFS Proxy Voting Policies and Procedures). MFS' proxy voting activities are overseen by our Proxy Voting Committee (which includes senior personnel from the Investment and Legal teams) with the day-to-day application of the MFS Proxy Voting Policies and Procedures by members of our stewardship team. Proxy voting decisions are made in what MFS believes to be the best long-term economic interest of MFS clients. This overriding principle determines all proxy votes cast by MFS on behalf of clients. MFS Proxy Voting Policies and Procedures include voting guidelines that govern how MFS will generally vote on specific matters. While MFS generally votes consistently on the same matter when securities of an issuer are held by multiple client portfolios, MFS may vote differently on the matter for different client portfolios under certain circumstances (e.g., a client provides explicit instructions to vote differently for its account). MFS generally seeks to vote consistently on similar proxy proposals across all shareholder meetings. However, as many proxy proposals (e.g., mergers, acquisitions, and shareholder proposals) are analyzed on a case-by-case basis in light of relevant facts and circumstances of the issuer and proposal, MFS may vote similar proposals differently at different shareholder meetings. In addition, MFS also reserves the right to override the guidelines with respect to a particular proxy proposal when such an override is, in MFS' best judgment, consistent with the overall principle of voting proxies in the best long-term economic interests of MFS' clients. As noted above, MFS will seek to consider a company's specific context in determining its voting decision. Where there are significant, complex or unusual voting items MFS may seek to engage with a company before making the vote to further inform its decision. To best support improved issuer decision making MFS generally strives to provide clear decisions by voting either "for" or "against" a proposal, but may vote to "abstain" if, in MFS' best judgment, to do so is in the best long-term economic interests of MFS clients. MFS may communicate its vote intention to issuers if it wishes to make its view or corresponding rationale clearly known to the issuer.

We have entered into an agreement with a third-party proxy advisory firm to perform various proxy voting-related administrative services, such as vote processing and recordkeeping. We also receive reports and vote recommendations from proxy advisory firms for investee companies, which may help us identify (i) potentially excessive executive compensation practices, (ii) environmental and social shareholder proposals that may warrant support, and (iii) general best practices within certain markets, including certain aspects of applicable corporate governance codes. We may also use other research tools in order to identify the circumstances described above. While we receive research reports and vote recommendations from proxy advisory firms, such reports are just one input in our comprehensive analysis, which includes other sources of information (e.g., proxy materials, engagement, other third-party research), to determine the votes that we believe are in the best long-term economic interest of our clients. MFS has due diligence procedures in place to help ensure that the research we receive from our proxy advisory firms is accurate and reasonably address any potentially material conflicts of interest of such proxy advisory firms. Additionally, the MFS Proxy Voting Policies and Procedures are developed internally and independent of third-party proxy advisory firms.

The MFS Proxy Voting Policies and Procedures further include a description of how we manage potential, material conflicts of interest in regards to proxy voting at investee 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 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. Furthermore, the Proxy Voting Committee does not include individuals whose job responsibilities primarily include client relationship management, marketing, or sales. Additionally, in cases where MFS (i) is considering overriding a specific guideline in our proxy voting policies or procedures, (ii) consider a matter presented for a vote that is not governed by a specific guideline, (iii) identifies and evaluates a potentially concerning executive compensation issue related to an advisory pay or severance package vote, or (iv) considers a matter that



requires a vote recommendation from our investment team for proposals relating to a merger, an acquisition, a sale of company assets or other similar transactions, MFS will consider whether the matter involves an issuer or is being proposed by a shareholder that has a significant relationship with MFS. Where MFS identifies such a significant relationship and therefore 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 its clients rather than MFS' own corporate interests and then report the matter to the MFS Conflicts officer. In instances where MFS is 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 these same procedures regardless of whether MFS has a significant relationship with the issuer. Moreover, if a client has the right to vote on a matter submitted to shareholders by Sun Life Financial, Inc. or any of its affiliates, MFS will cast a vote on behalf of such MFS client as such client instructs or in the event that a client instruction is unavailable pursuant to the recommendations of Institutional Shareholder Services, Inc.'s ("ISS") benchmark policy, or as required by law. Likewise, if an MFS 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, MFS will cast a vote on behalf of such MFS client as such client instructs or in the event that client instruction is unavailable pursuant to the recommendations of ISS or as required by law. Finally, certain 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 MFS believes to be in the top tier fund's best long-term economic interest. If an MFS client has the right to vote on a matter submitted to shareholders by a pooled investment vehicle advised by MFS (excluding those vehicles for which MFS' role is primarily portfolio management and is overseen by another investment adviser), MFS will cast a vote on behalf of such MFS client in the same proportion as the other shareholders of the pooled investment vehicle.

For a copy of our Proxy Voting Policies and Procedures, please visit www.mfs.com.

Reporting

An in-depth perspective on our sustainability and stewardship activities for the most recent calendar year can be found in MFS' most recent annual sustainability report, which is available at www.mfs.com. A global analysis of MFS' proxy voting activities for the most recently completed calendar year is also included in the MFS' annual sustainability report. Clients who have delegated us with proxy voting authority can receive a vote summary report of their portfolio. MFS publicly discloses its firm-wide proxy voting records. More information about our proxy voting activities is available in the proxy voting section of www.mfs.com.

For clients wishing to discuss MFS Australia's commitment to the FSC Standard, please contact your client service representative.

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