MFS®
Investment Management

Sustainable Investing 2021 Annual Report

RESPONSIBLY ACTIVE FOR A CENTURY

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Letter from Michael Roberge

Society, our planet and our economy are changing profoundly, and the investment industry is changing alongside it, aiming to serve the growing number of stakeholders who are interested in sustainability. They are no longer focused solely on *what* level of risk-adjusted returns we are providing. They are now also interested in *how* we are providing returns. We are faced with the unique opportunity to step up as leaders, driving real world change that will be pivotal to our firm, our stakeholders and the industry.

At MFS, our view has always been that incorporating relevant ESG factors into our decisions is common sense — and as important to fundamental analysis as evaluating any other material factor. I believe that integrating ESG underpins our license to operate as an active investment manager and that what we are witnessing is going to redefine the role of the active investor. MFS is built for such change — built to be a value creator (not a value taker); to exert influence for long-term impact; to be a dependable partner that acts with integrity; to learn from, educate and challenge everyone in our industry to improve the system in which we operate; and to provide responsible ownership rather than simple exposure.

As I have met with clients and regulators recently, I have been keenly aware that the marketplace is deeply skeptical of investors who simply claim "integration," and I've been aware that trust is low. It is also clear to me that ESG adoption is still in its infancy; there is much confusion about it and a need for more education. Greenwashing and the mass-commercialization of ESG that we have seen in the investment management industry is making life even harder for clients. We believe that transparency is the key to separating the truly sustainable investors from the herd. That is why we are publishing our inaugural TCFD-aligned report this year and are continuing to invest heavily in data, tools and technology to provide our clients with the transparency they deserve on these issues.

We also notice some pervasive industry narratives which we believe will be corrected as the industry matures, namely that

- ESG is somehow a separate consideration to other fundamental factors
- exclusion or divestment is the best way to evaluate an asset manager's authenticity in regards to sustainable investing
- To count, ESG considerations must result in a binary buy or sell outcome

We reject these narratives. Done right, the evaluation of material ESG factors is akin to our broader fundamental research. It is an area in which we can potentially develop an analytical edge and therefore could be valuable in delivering the best risk-adjusted returns we can to our clients. Simply put, integrating ESG into our fundamental analysis makes us better investors.

As stewards of capital in large, public markets, we feel that ESG strategies based on exclusion and divestment are misaligned with our clients' objectives and our stated purpose of creating value responsibly. In fact, we believe that pursuing an exclusion-based approach would be an abdication of our responsibility — not the exercise of it. Instead, we choose to engage as proactive stewards of capital — to create the point of leverage on which we can move the world, influencing companies to manage for long-term value creation rather than short-term profit maximization, and encouraging them to pay close attention to social and environmental externalities that could incur material financial costs.

The prospect of those costs is real. As the Intergovernmental Panel on Climate Change (IPCC) said in its 2022 report: "The cumulative scientific evidence is unequivocal: Climate change is a threat to human well-being and planetary health. Any further delay in concerted anticipatory global action on adaptation and mitigation will [cause us to] miss a brief and rapidly closing window of opportunity to secure a livable and sustainable future for all." As you will read in this report, we are treating climate change as a systemic risk and taking on the challenge of engaging with our companies to contribute to the future that we all want to see.

While climate risk is ubiquitous and critically important, social issues continue to come to the fore as well in equally urgent and dynamic ways. As I write this letter, we have just entered Day 15 of Russia's invasion of Ukraine. Most important, this is an urgent humanitarian crisis involving a tragic loss of life and unimaginable destruction, and our first thoughts must be with the victims. But as investment managers, we know that our clients are anxious about the impact on the markets and are looking to partners like MFS for guidance. Helping clients navigate changing landscapes and stay focused on achieving long-term value is essential to what we do.

MFS has been through many turbulent times in its nearly 100-year history — from wars to recessions to the ongoing COVID-19 pandemic. Thankfully, the firm and investment platform we have built are designed to endure in times of uncertainty and to lead in times of change. And speaking of change, I believe the investment industry today is on the brink of a major transformation.

So while I recognize the enormity and complexity of the challenge ahead, I am very excited about how we are approaching it. And I am convinced that as long as we focus on doing the right thing for our clients over the long term, have the courage of our convictions and practice humility, MFS will play a leading role in how the industry, and particularly sustainable investing, evolves. It is in pivotal moments like these that organizations are tested — and I know we are more than ready for the challenge.

Michael W. Roberge

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Chair and Chief Executive Officer

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/ ADHERENCE TO THE UK STEWARDSHIP CODE /

Stewardship codes promote active and engaged ownership and can encourage integration of wider economic and societal concerns into corporate finance. There are a number of public stewardship codes across various countries. However, the UK Stewardship Code is widely recognized as one of the most prominent and robust standards that guides investor stewardship and has influenced other stewardship codes across the world. The report and our approach to satisfying each of the principles under the code has been reviewed and approved by the MFS Sustainable Investment and Stewardship Committee. To find our response to each principle, see the table below. We have notated the page numbers below and placed a symbol within the page.

PRINCIPLES OF THE UK STEWARDSHIP CODE	PRINCIPLE	PAGE
Principle 1: Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries, leading to sustainable benefits for the economy, the environment and society.	1	1-2, 5-9, 14-15, 19-22, 32-33, 37, 43-45, 56-57, 59, 64, 70-86
Principle 2: Signatories' governance, resources and incentives support stewardship.	2	10-12, 16-18, 23-25, 64-68, 70-86, 87-96, 104-105
Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.	3	99 - 101
Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.	4	14-22, 26-31, 38-42, 60-62, 70-86
Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.	5	102-103
Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.	6	56-60, 105
Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues and climate change, to fulfill their responsibilities.	7	5-9, 14-22, 32-37, 60-62, 70-86, 104-105
Principle 8: Signatories monitor and hold to account managers and/or service providers.	8	54, 104-105
Principle 9: Signatories engage with issuers to maintain or enhance the value of assets.	9	14, 16-18, 32-45, 108
Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.	10	19-22, 26-31, 37-40, 70-86, 96-98
Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers.	11	34-36
Principle 12: Signatories actively exercise their rights and responsibilities.	12	34, 43, 46-54, 106-107

Our symbols 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.

Sustainable Investing Overview

This section gives a high-level overview of our sustainable investing approach and the structures we have put in place to ensure our firm's goals are aligned with our core purpose: to create value responsibly for our clients.

Sustainable Investing Overview

Sustainable Investing Overview 1 7

/ OUR PHILOSOPHY AND APPROACH /

Our Philosophy

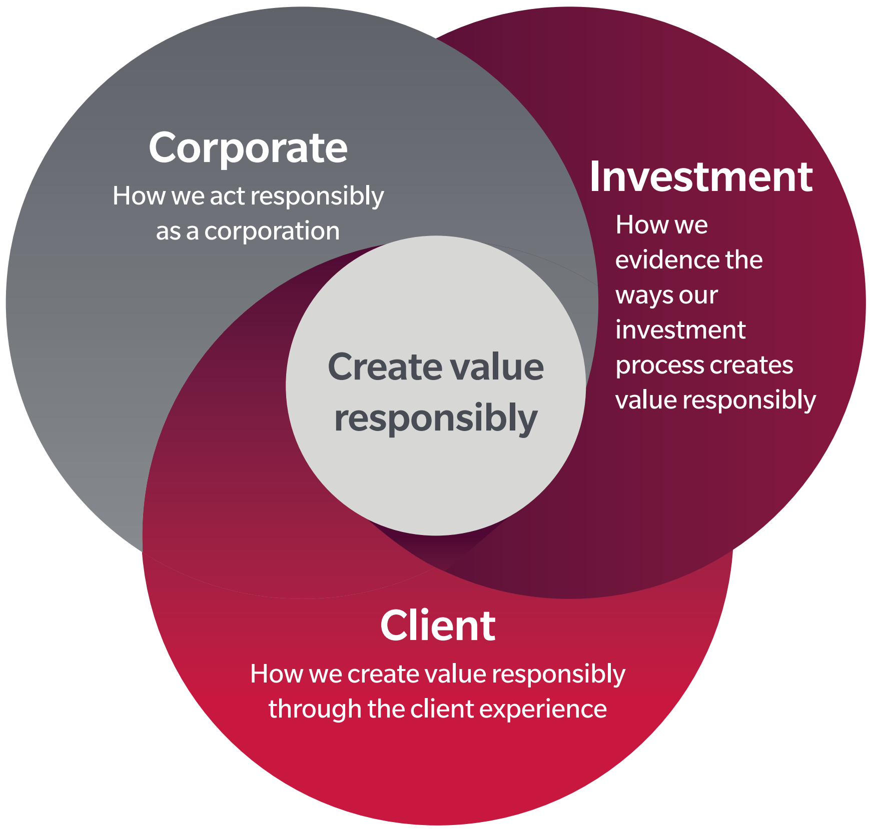
At MFS, our core purpose is to create value responsibly, a purpose we believe is synonymous with sustainable investing. We believe that incorporating ESG into our investment process is integral to skilled asset management and an essential part of our ability to achieve our clients' objectives. Our goal is for ESG considerations to impact our investment decision-making process in every instance that such factors could materially affect the long-term value of a business. We are convinced that our robust ESG integration framework, carefully considered proxy voting policies and thoughtful issuer engagement improves our ability to achieve our clients' objectives and fulfill our fiduciary duty.

Our Culture

Sustainability is not confined to our investment approach at MFS. Rather, it is reflected in the core tenets of our corporate culture. We believe those tenets are critical to the success of our business and that creating value for our employees, our communities and our environment is not just a fundamental responsibility but foundational to our ability to create long-term value for our clients. Here are the four core values we share:

- **Succeed Together** – We collaborate across departments and regions, take a humble approach to our work and leverage diverse perspectives to reach better outcomes.
- **Never Settle** – We hold ourselves to high standards, assume accountability for our work and believe intellectual curiosity is essential to strengthening our expertise.
- **Do the Right Thing** – We have an unwavering commitment to acting in the best interest of clients and showing respect and compassion for our community and each other.
- **Lead, Don't Follow** – We act with purpose and authenticity, stay true to our beliefs and have the courage to go against the grain.

Our Approach



/ THREE PILLARS UNDERPIN OUR STRATEGIC APPROACH /

INVESTMENT

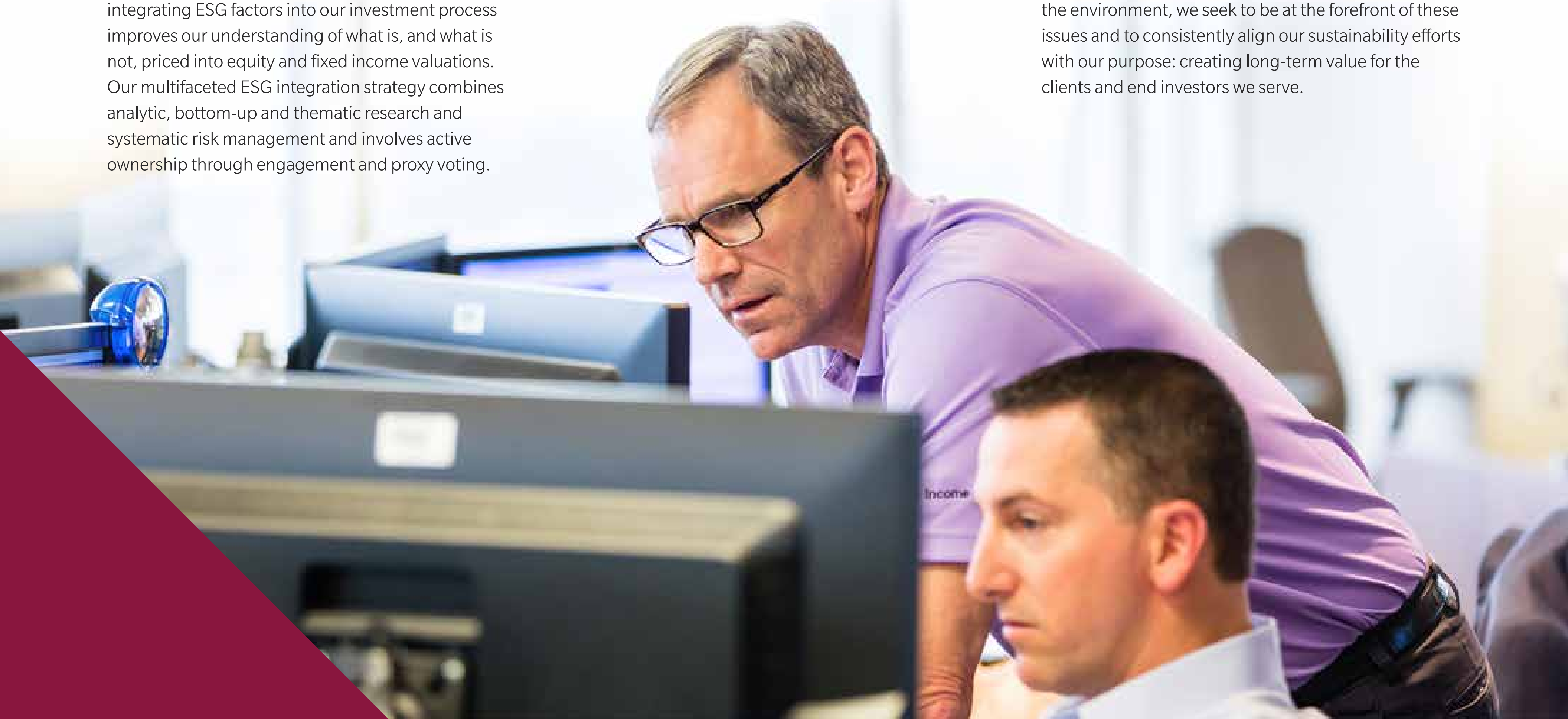
Sustainability has been formally embedded in our investment process since 2009. Rather than outsource or create silos, we integrate the consideration of ESG issues into our investment process because we believe that is the best way to responsibly manage our clients' money and create long-term value. Our approach to sustainability has remained consistent and process-focused, ensuring that ESG considerations are a part of our fundamental investment decisions. Systematically integrating ESG factors into our investment process improves our understanding of what is, and what is not, priced into equity and fixed income valuations. Our multifaceted ESG integration strategy combines analytic, bottom-up and thematic research and systematic risk management and involves active ownership through engagement and proxy voting.

CLIENT

Creating value responsibly will be critical to our license to operate in the future. We have a crucial opportunity to empower our clients to fulfill their fiduciary duties and better integrate sustainability. We take that responsibility seriously and remain focused on serving the needs of our stakeholders.

CORPORATE

We believe companies with sustainable business practices improve their ability to perform financially and deliver for their stakeholders over time. We manage our business the same way we invest: with a long-term focus. We aim to hold ourselves to the standards we expect from the businesses owned in our portfolios. Whether it's treating and compensating our employees fairly, advancing our diversity and inclusion efforts 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: creating long-term value for the clients and end investors we serve.



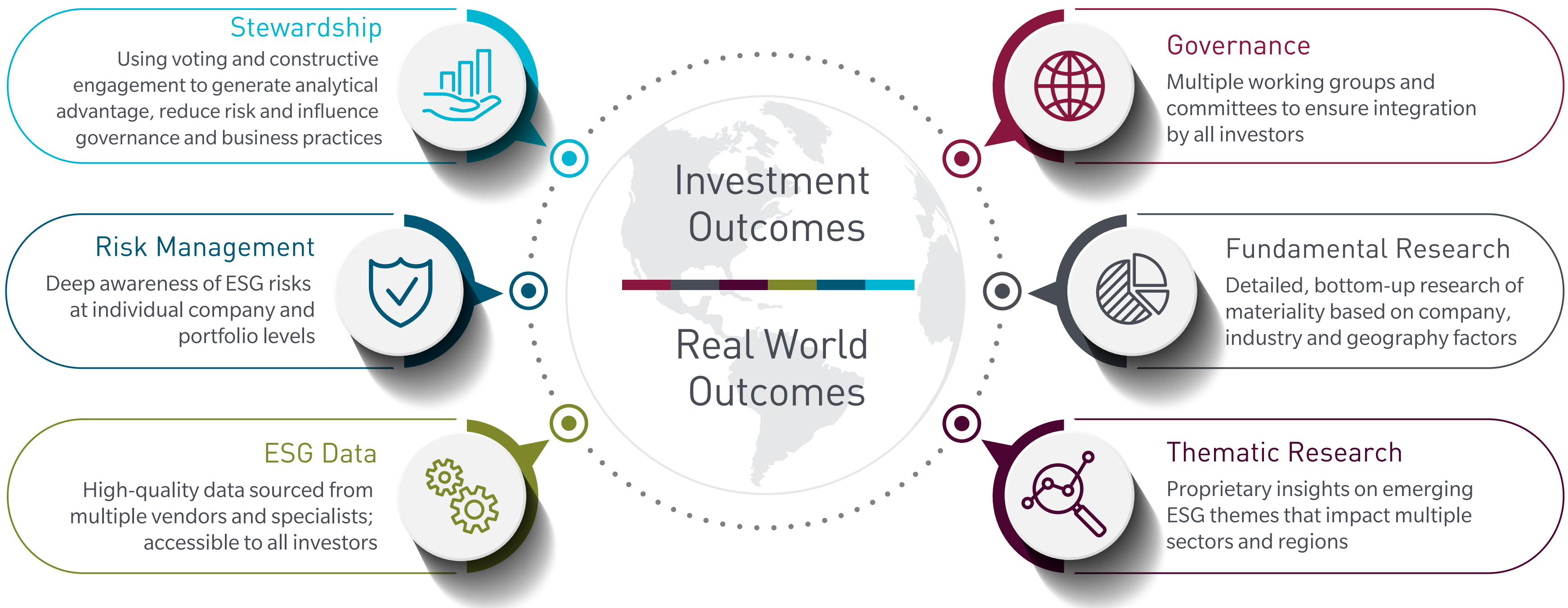
/ SUSTAINABLE INVESTING FRAMEWORK /

Our focus is on identifying businesses that we believe have the potential to offer long-term growth and returns. A variety of activities, processes, data sets and governance structures support our ability to make sound long term investment decisions on behalf of our clients. The illustration below highlights the principal areas in which we focus our time and attention. We have noticed that our approach can result in two outcomes: We serve our clients better by aiming to deliver positive investment outcomes and as a result these investment outcomes can influence positive real world change. Throughout this report, we demonstrate the processes, data sets and governance structures that support both these outcomes.

/ ESG INTEGRATION ACROSS GEOGRAPHIC REGIONS, CLIENT TYPES AND ASSET CLASSES /

Our investment team operates on a global research and investment platform. Our investment decisions are rooted in collaboration and consensus across our globally located investment teams and as such we do manage our clients' assets the same no matter the geographic location, client type or asset class. That said, we have investment personnel located in major financial centers all over 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 tailored research, which can be leveraged by our global investment team. Examples of this research addressing sustainability issues can be found by visiting www.mfs.com/sustainability.

COLLABORATION ACROSS DEPARTMENTS AND FUNCTIONS



/ ENGAGEMENT, DIVESTMENT AND EXCLUSION / 1 7

Our fiduciary duty as active managers is to preserve the long-term value of the assets we manage. In this pursuit, it is crucial to recognize the realities of the wider system in which capital allocators like MFS exist. A neglected ecosystem or social system threatens everyone. As prudent investors, we recognize strong investment outcomes cannot be achieved without the incorporation of sustainability into all facets of our investment process. To this end, we believe we create value by taking a long-term view on our investment decisions and engagements, which can result in positive real-world outcomes.

Exclusion is a tempting approach to take. The idea of constructing a portfolio of high-performing ESG companies while reducing exposure to controversial business activity may seem compelling, particularly when seeking short-term solutions. The exclusion argument seems even more compelling in the face of issues such as climate change. It would be irresponsible to ignore questions such as: how do we justify our investment in fossil fuels, coal and other high-emitting industries? When asked why we do not blacklist these companies, we remember our responsibility as active managers. And we do not believe value is created by excluding a company from a portfolio. Because in our view, exclusions in public markets do not have the real-economy impact that ESG-minded investors are hoping to achieve.

The Efficacy of Exclusion

Proponents of exclusion suggest that excluding companies increases their cost of capital. The more investors exclude "sin" companies, the higher their cost of capital becomes, making their business models less economically viable over time. Indeed, some companies were in the past brought to justice by investors in this way. But is this argument compelling today? In the large, liquid public markets in which most of the investable universe operates, we think not. For one, the "pacification" of capital is likely to undermine the ability of the capital markets at large to exert a sufficient level of pressure.

Additionally, a higher cost of capital doesn't remove an asset from the real world. In fact, perversely, a higher cost of capital driven by one group of investors can increase the future return potential of an asset or security, making it more attractive to future buyers that may be less focused on ESG factors. Consider the case of fossil fuels: Growing exclusions in this area coupled with stringent domestic environmental regulations could lead to banks providing more financing to oil and gas companies overseas, where environmental, health and safety and other regulations are less stringent. Meanwhile, as companies rush to divest coal assets, those assets are being sold to private owners rather than discontinued, thus canceling out any significant relief for the environment.

It is worth noting that we have carefully considered the benefits of exclusion and appreciate that some of our clients seek to better align their values with their investment decision-making process. Additionally, we recognize that some clients may view exclusion as a tool to sway public opinion over time. While this argument certainly has merit, we believe proactively using engagement to drive influence with our portfolio companies is a more powerful method of driving both strong risk-adjusted returns and real-world outcomes. In most cases, we believe exclusions are simply not an effective solution to the problem at hand.

Exercising Our Responsibility

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 expect them to pay due care and attention to social and environmental externalities that could incur a material financial cost at some point down the line. As is true in all aspects of investing, 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. This report is a demonstration of the continual effort we have made to ensure we are creating value responsibly.

Part of the Solution

In April, two of our growth strategies purchased their first-ever utilities stock.

Why invest in a utility? The investment team is attuned to the increasing urgency of reducing carbon emissions to address climate change. Electric utilities are an important part of the solution. In short, we believe that US utilities are likely to be better businesses going forward as decarbonization leads to

1) higher investment and growth

2) better-aligned incentives as both management and regulators step-up investment

3) a potential rerating for the stock if the market incorporates a sustainability premium

Representing 40% of annual emissions, the global electricity sector is responsible for more emissions than any other sector, with many sectors dependent on the decarbonization of electricity for their own net zero plans. With electricity demand predicted to grow over 166% globally by 2050, urgent action is needed now to decarbonize the sector and limit the global temperature rise to 1.5 degrees Celsius. In order to align with the IEA's Net Zero by 2050 scenario, emissions from electricity generation need to reach net zero by 2040 globally and by 2035 in advanced economies.

Source: IEA Net Zero by 2050 – A Roadmap for the Global Energy Sector: https://www.iea.org/reports/net-zero-by-2050.

We expect future growth to be even higher than in the past given the need to upgrade the utility distribution network and transition of power generation to renewables. In addition, we expect electricity to take share from gasoline in the transition to electric vehicles and from residential gas as there is agreement across society, regulators and the utilities on the need to invest heavily. Lastly, the new US push for an earlier net zero timeline (2035 versus 2050) would require even heavier investment. The historical confining factor on growth is the political reality that customer bill inflation must be kept low. However, there is upside potential if the consensus view shifts and more inflation is allowed as an acceptable tradeoff for reducing emissions.

The company meets our above-market growth criteria as a sustainable 9% to 10% total shareholder return compounder through a combination of demand for strong rate base growth and continued good execution. We like its attractive geographies in Colorado and Minnesota, which possess favorable demographics and regulatory jurisdictions in which wind and sun are plentiful. We also appreciate that the company has a strong management team with a serious plan to decarbonize. The seriousness is evident: Thirty percent of the company's long-term pay incentives are tied to carbon reduction, which is something very rare in the industry.

Of course, there are risks to this viewpoint. If the returns allowed by regulators are reduced as a way to limit increases in customer bills, it could negatively impact our investment; however, we view the current multiple as an attractive entry point due to the company's long history of consistent execution and strong growth that has apparently been underappreciated by the market. In addition, we are convinced that this company being part of the solution could lead to better relationships with regulators or customers, which could cause a positive rerating of the stock.

/ CORPORATE GOVERNANCE / 2

MFS Sustainability Strategy and Governance Structure

At MFS, it is our firm belief that a successful approach to sustainable investing cannot be accomplished by building a separate team. The groups described below provide strategic leadership and support the effective integration of sustainability across the firm.

While we believe our former committee and working group structure has served our sustainability and stewardship objectives well up to this point, we recognize that sustainability is an area of ever-increasing complexity. We therefore continue to invest significant time and resources in enhancing our stewardship capabilities, and we recognize that this is a process that requires continual reassessment. This year, in recognition of how quickly the landscape is changing and the need for us to be agile in response, we conducted a thorough review of our governance structure and have evolved it as a result. We believe change was needed to reflect the growing complexity and volume of issues in this area. The new structure allows more decision making by subject matter experts on these increasingly challenging topics. Having taken effect January 1, 2022, we believe the new structure better aligns with the core pillars of our strategic approach and will serve us well in the coming years.

Sustainability Governance Structure

The MFS Sustainability Executive Group (SEG) provides strategic leadership concerning MFS' sustainability strategy. It includes our chair and CEO, president, CIO, CSO, general counsel and other senior leaders responsible for the integration of sustainability across the firm. The SEG meets at least monthly to

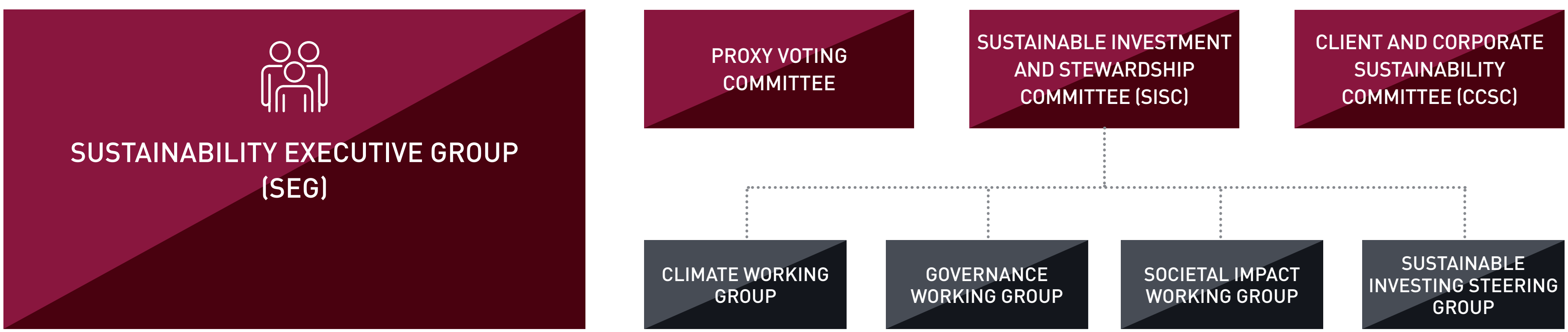
- develop long-term sustainability strategy, including climate change related issues
- advise on and coordinate the implementation of that strategy
- resolve any issues of prioritization and resource allocation for sustainability-related projects

We believe incorporating executive management into our newly formed SEG will help streamline our decision making and strategic direction. Specifically, with respect to membership, we recognize that sustainable investing and stewardship more broadly is becoming more data intensive. Accordingly, we have added a member of MFS' global technology team to the SEG.

Although the SEG is responsible for our sustainability strategy, the firm has also established committees and working groups that are a part of its existing committee governance structure. These committees and working groups are devoted to the implementation of specific aspects of the strategy. They allow us to be agile and focus on key sustainability issues.

Overall, our approach to governance is designed to ensure that we remain coherent, focused and relevant on all matters of sustainability. It is also designed to reflect the three core pillars of our strategic response — investment, client and corporate.

MFS SUSTAINABILITY STRATEGY AND GOVERNANCE STRUCTURE



Sustainable Investment and Stewardship Committee (SISC)

In our new structure, a new committee — the Sustainable Investment and Stewardship Committee (SISC) — was formed and is now accountable for ensuring the investment team is properly integrating ESG factors into its research and engagement activities. This committee will define and implement MFS' ESG investment strategy and policies related to

- consistency and progress of integration of ESG into the investment process
- engagement and escalation activities
- adherence to stewardship codes
- membership to investment-led collective engagement groups

Proxy Voting Committee

The role and responsibilities of the MFS Proxy Voting Committee and its composition (which includes senior personnel from MFS' Investment, Legal and Global Investment Support departments) did not change much in the restructuring. The committee 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 SISC to create an integrated approach to setting engagement goals and priorities.

Client and Corporate Sustainability Committee (CCSC)

The Responsible Investing Committee was reconstituted as the Client and Corporate Sustainability Committee (CCSC). Along with coordinating corporate sustainability efforts, this committee will be accountable for determining and implementing MFS' ESG client and corporate strategies and policies related to the consistency of interactions with clients on sustainability issues.

Given that the new structure was implemented in early 2022, we have not yet been able to comprehensively assess its benefits or look for areas for continued improvement. We acknowledge, given the dynamic nature of sustainability and how it manifests across our enterprise and industry, that we need to evolve our governance structures over time to ensure we maintain effective decision making and appropriate accountability. We look forward to providing an update on this as soon as we are able.

In the area of engagement, our investment team developed a set of standard principles to be used by the team when engaging with our issuers. Structured within each working group described on page 16, these principles, we believe, will build on our existing engagement policies, ensure consistency in our engagement practices and help further communicate our stewardship expectations.

ESG Integration and Investment Outcomes

We have consistently and thoughtfully combined analytic, bottom-up and thematic research and systematic risk management with robust active ownership in making our investment decisions. Remaining committed to this process, we have presented an overview of our ESG initiatives, research and stewardship activities throughout the year.

ESG Integration and Investment Outcomes

ESG Integration and Investment Outcomes

/ FUNDAMENTAL AND THEMATIC RESEARCH / 1 4 7 9

In 2021, our investment team produced in-depth research on a variety of ESG themes we believe to be financially material to the companies we own.

Climate Framework: Energy and Utilities

During the year, members of our energy/utilities team developed a framework to consistently evaluate all holdings for energy and utility companies in their 2025/2030 alignment targets through a single lens. Components of the framework include the following:

Transition risk – guidance on assessing a company's carbon intensity, current generation/reserve mix, reduction targets and other impacts, as needed

Management awareness and governance – guidance on assessing the quality of a company's target-setting, forward-thinking strategy and board robustness

Transition opportunity – guidance on assessing a company's solar/wind resource availability and how well their current and future products/services align with a low carbon transition

Physical risk – guidance on assessing how impacts from a changing climate could potentially affect the company

Legal/Reputational risk – guidance on assessing how increasing regulation relating to climate change could potentially impact the company, as well as any other reputational risks that may impact financial results or valuation

Sector Team Meetings

Several sector teams held meetings to evaluate executive compensation. These discussions included an overview of the level of pay and incentives for each management team, along with an evaluation of the alignment of the incentives with both investor expectations and outcomes. Other sector teams held meetings to discuss key social factors impacting the sector. The financials sector discussion, for example, focused on corporate culture, product "safety" and data security, with each company evaluated on those topics to assess the need for additional engagement.

Net Zero Commitments Versus Science-Based Targets

We believe future investment returns are likely to be impacted by climate change and the policies designed to combat it. We expect our companies to have a climate plan to reduce, and in many cases eliminate, their emissions in line with the Paris Agreement goal of "limiting global warming to well below 2 degrees, preferably to 1.5 degrees Celsius, compared to preindustrial levels. To achieve this long-term temperature goal, countries' greenhouse gas emissions must peak as soon as possible to achieve a "climate-neutral world by midcentury." In connection with this, we published a thought leadership piece in the first quarter of 2021 outlining how company-defined targets, net zero commitments and science-based targets (SBTs) differ from each other. Industry analysts can use this research to assess the quality of the targets set by the companies they cover. We believe this information is valuable as evaluating company emissions targets allows for a better understanding of the long-term cost trajectory, operational quality and resilience of investee companies. In addition, a clear understanding of climate issues may lead to new business opportunities for certain companies. More information on this research can be found here: ESG in Depth: Net Zero Commitments Versus Science-Based Targets.

We have already begun engaging with companies to better understand their transition targets. For example, we recently engaged with a Brazilian clothing company held in several portfolios. As a retail clothing company, it operates in a high-polluting sector. We have been engaging with this company on an ongoing basis, and were pleased by our assessments of its long-term emissions targets. The company is currently working to have its goals align with SBT protocols, and it has already set a reductions target date of 2030 and net zero target date of 2050. The company also includes scope-3 emissions in its targets, in addition to auditing its suppliers regarding labor, safety and climate issues to ensure adherence to the company's ESG guidelines and policies. This engagement reinforced our decision to keep the company as a core position in some of our emerging market portfolios.

ESG in Action: Environmental Opportunities

Our investment thesis for a heating, ventilation and air conditioning company was almost exclusively based on its increasing focus on providing environmental solutions through one of its main services, which uses AI technology to try to substantially increase the sustainability of buildings. The company had transformed itself by selling a segment associated with an environmentally harmful lead acid battery, but we felt the market was not giving it credit for its transition to sustainability in its valuation. As a result, we felt the company could potentially benefit from both strong financial results and improved valuation as investors recognized the potential of the business to add value for both shareholders and society.

In a separate instance, we added to a French utility company in one of our equity strategies during the year. The company has undergone a significant transformation over the past few years, notably increasing its investment in renewables and stepping up its climate goals.

ESG in Action: Solar Energy

One of our equity strategies owns an industrial components company that went public at the beginning of 2021. The company provides a "plug-and-play" solution for wiring utility-scale solar installations. Its unique offering significantly reduces time and the cost of labor as its process doesn't require digging ditches and professional electricians who need to crimp and consolidate wires. The company has a share of the US solar install base in excess of 50% and can claim more than 75% of new installs. While we are attracted to their business model and the criticality of their product, we believe that secular growth in solar in the US and internationally over the next several decades will help drive sustained growth for the company over our investment time horizon.

ESG in Action: Technology

We added to our position in a technology company in one of our equity strategies following its underperformance. This underperformance was mainly due to a deceleration in the company's business but was also affected by concerns over litigation risks, particularly vis à vis PFAS, a chemical agent used in many products whose effects persist for years, and on earplugs supplied to the US army that came with design flaws and inadequate safety warnings and may cause hearing loss. Our analyst and portfolio managers have been reviewing and evaluating these risks on a regular basis. We added to the stock as we felt both the business slowdown and the ESG (litigation) risks were more than discounted in the low valuation of the company.

/ ESG WORKING GROUPS / 2 4 7 9

In late 2020, within our investment team, a sustainable investing steering group worked to enhance and promote the ongoing evaluation of sustainability topics to support the development of frameworks and processes that improve the effectiveness of our ESG research and to also provide general guidance. The steering group is supported by four working groups whose objectives are described below.

- **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

As mentioned above, we recognize that sustainability and stewardship are areas of ever-increasing complexity. For that reason, we believe our work in developing our stewardship efforts is never finished. However, throughout the year, our working groups have made strides in driving our stewardship goals across the firm. Described below are some highlights of the groups' efforts in 2021.

Climate Working Group:

From an investment standpoint, the group developed a climate framework that is Paris-aligned as well as facilitated the ongoing integration of climate risks and opportunities across our global research platform. It also assisted with the communication of MFS' climate position, both internally through our Climate Manifesto and working with the Investment and Global distribution teams. The Climate Manifesto, which accompanied the climate letter described below, was also sent to our 700 largest holdings across our platform. From a stewardship standpoint, the group actively reviewed and advised on approximately 30 environment-related proxy votes to support MFS' active ownership goals. It also collaborated externally on climate initiatives with multiple industry groups.

Looking forward, the group will continue to enhance our climate efforts across the firm. One particular focus will be developing a climate framework for our fixed income assets. Beyond climate, the group hopes to broaden their scope to account for other pressing environmental factors, such as biodiversity loss and water stewardship. They will also focus their efforts on enhancing participation across the entire investment team and will work with the newly formed stewardship team to help support our engagement goals.

We believe our work in developing our stewardship efforts

IS NEVER FINISHED.

Climate Letter 9

Given that climate change poses a ubiquitous material risk, MFS sent a letter on climate described below to 700 companies that we have a significant shareholding in. The letter outlines the firm's support of the Paris Agreement and the goal of limiting temperature increases to 1.5 degrees Celsius above preindustrial levels. It also notes that MFS recently became a signatory of the Net Zero Asset Managers Initiative, so we expect our portfolios to be aligned with Paris Agreement goals by 2050, if not sooner.

Specifically, we believe the companies in which we invest should be taking three steps:

1 DISCLOSE

To make long-term investment decisions, investors need disclosure that is consistent, audited and decision-useful. The TCFD and CDP are among the most prominent climate disclosure frameworks, but others may be applicable in specific industries or regions.

2 PLAN

To mitigate risk, companies should develop carbon reduction plans with credible short-medium-and long-term targets. Two examples of widely recognized commitments include the Science Based Targets initiative and setting a net zero goal.

3 ACT

Companies' ultimate goal should be to realize absolute emissions reduction consistent with the Paris Agreement through company-specific and industry-wide initiatives.

The letter has been well received by and large and has led to increased engagement on the topic of climate risk.

For more details, please refer to our website, www.mfs.com/sustainability, where you can view our MFS Climate Manifesto, which sets forth our beliefs and our purpose as investors with regard to the risks and opportunities associated with climate change along with our expectation that companies will take action toward achieving net zero emissions by 2050.

Governance Working Group

As part of the ongoing efforts of this group, members have established a set of governance principles and discussed it with the broader investment team. These principles discuss the crucial role that the board of directors plays in overseeing and advising management as well as acting as shareholder representatives to ensure that decisions are made in the best long-term interest of the company. The principles cover the objectives, qualities and powers that a board should ideally possess to effectively lead the company. At the end of 2021, the group finalized this document, and it will be used to guide the group's discussion on, appraisal of, and engagement with companies going forward.

Societal Impact Working Group

It is our belief that a company is more likely to maximize and sustain long-term shareholder returns if, in addition to taking care of its shareholders, it takes care of its other stakeholders, such as employees, vendors, customers and communities. We seek to engage with companies and encourage them to improve their treatment of all stakeholders. We do this not only because we seek to be responsible shareholders and members of society at large but also because it is part our fiduciary duty to MFS.

The goal of the societal impact group is to identify societal issues that impact industries or companies with the aim of developing strategies to address these issues using the power of engagement. In 2021, the group developed the guide "Societal Principles and Corporate Responsibilities" to help it achieve its purpose and to provide a framework for engaging with companies on this topic. The group's first task will be to create a framework for supply chain sustainability.

The Importance of Company Culture 4 7

The following example highlighting social impact involves a long-term holding of ours — an electronic gaming company with a strong track record of delivery and great profit margins. Over the course of early 2021, there was incremental news of deep internal issues surrounding the treatment of the company's employees. Upon examining these risks, our analyst assessed them as being a potentially large magnifier of the risk profile of the stock, especially when we have access to the space through many other names. A lawsuit was filed against the company that drove a series of high-level resignations, employee firings and disciplinary action. The details outlined in the suit and press reports are indicative of systemic cultural issues in one of the firm's key divisions. As a result of these accusations, which had previously been under the radar, our analyst downgraded the stock, leading several PMs to sell out of it.

Shortly thereafter, the company announced it was unable to release important game titles on time, partially due to talent and culture issues, which supported our decision to sell as the company's stock price decreased significantly. While the company began the process of repairing the damage done in 2021, cultural changes are complex and can create retention or recruiting issues, which is particularly relevant for a company that relies on hard-to-find tech and creative talent.

Interestingly, several months after we made our decision to sell this security and the subsequent fall of its stock price, a large multinational company announced its intent to purchase the company. The acquisition is likely as a result of the decreased valuation due to the culture issues we identified. The acquisition will likely bring new management and a new CEO.

This example highlights how challenging sustainable investing can be. While we believe we made the right decision initially, the subsequent drop in stock price opened the door for an acquisition. Such is the kind of complexity that we face each day as we aim to integrate ESG factors into our research. We must understand not just the ESG factors at play but also the fundamentals, unique business attributes and valuation. Sustainability goes far beyond divestment.

/ ESG IN FIXED INCOME / 1 4 7 10

During 2021, we continued to focus on strengthening our ESG integration frameworks for various fixed income sub-asset classes including corporate debt, emerging market sovereign debt and US municipal sub-sovereign debt, among many others. Some examples of this work are described below.

Sovereign Debt

Members of the Sovereign Risk Working Group made progress towards the development of a proprietary ESG sovereign risk dashboard that provides a quantitative view of the various E, S and G indicators chosen by the team. This working group includes emerging and developed market sovereign fixed income analysts, our fixed income ESG analyst and one of our emerging market equity portfolio managers. Apart from core governance factors, the dashboard covers ESG factors in categories including Climate Change and Natural Resource Management in the Environmental pillar alongside Human Capital, Innovation, and Infrastructure in the Social pillar. The dashboard will enable the broader investment team to study country risk through an ESG lens and better understand how it might be impacting their investments.

During 2021, we continued to focus on strengthening our ESG integration frameworks for various fixed income sub-asset classes including corporate debt, emerging market sovereign debt and US municipal sub-sovereign debt, among many others.

ESG in Action: Sovereign Debt

ESG analysis is a part of our sovereign debt framework. we analyzed the particular ESG attributes of the country of Turkey.

ENVIRONMENTAL

Turkey is vulnerable to water stress. Western Turkey has seen reductions in winter rainfall for the past several decades. This has had an impact on the quantity and quality of water in Turkey's rivers, which are important sources of drinking water, irrigation and power generation. The country is exposed to extreme drought events due to climate change. After China banned waste imports, European waste exporters began to send their waste to Turkey, and the country is now the EU's largest destination for exported waste. Turkey's overall waste-recovery rate is the worst in the OECD.

SOCIAL

Turkey's labor force does not have the skills and education demanded by employers. The government is resistant to education reform.

GOVERNANCE

There are mounting concerns over press freedom, the right to dissent and political freedoms. And there have been additional worries over state overreach and the independence of the judiciary. Turkey faces geopolitical and security threats and is involved in conflicts with neighboring countries. Bilateral relationships with key allies have been volatile, involving the threat of US sanctions and periodic tensions with the EU.

INVESTMENT OUTCOME

We are underweight Turkey in our emerging market debt strategy given weak governance indicators, increasing concerns about political and press freedoms, geopolitical threats and volatile bilateral relationships with key Western allies.

Municipal Debt

Given our close relationship with the PRI, MFS was invited to contribute to the report on "ESG Integration in Sub-Sovereign Debt: The US Municipal Bond Market." Members of our municipal fixed income research team and our fixed income ESG analyst served on the PRI's Sub-Sovereign Debt Advisory Committee. The committee's research and deliberations led to the release of this inaugural report on ESG integration guidance for US municipal bonds. The project began in late 2020, and the report was published in July 2021. We will continue our participation in this committee in the coming months so that we might collaborate on other reports, including a follow-up focusing on screening and thematic bonds in the US muni market. The final report can be found here: www.unpri.org/sub-sovereign-debt.

We also took part in the Carbon Disclosure Project's (CDP) inaugural pilot investor letter requesting municipal disclosure. Alongside other investors, we demonstrated our support for the CDP's initiative — seeking increased environmental disclosure from municipal issuers, including cities, countries, states and local authorities.

Corporate Bonds

During the year, our analysts engaged in robust conversations on material ESG issues in their issuer coverage. ESG topics are routinely discussed during investment discussions on issuers or sectors. One of the additional ways we increase awareness of both the materiality and the implications of ESG issues is for the analysts to deliver a thematic presentation to the broader team and facilitate a discussion.

Members of the Investment Grade Credit team covered a wide variety of issues throughout the year. Our credit analyst in Canada, along with the fixed income ESG analyst, held a discussion on the sustainability factors of various oil sands producers in order to understand the impact of perceived environmental risks on the credit. The conversation also addressed social issues around indigenous communities, land rights and local employment. Similarly, energy analysts from the various fixed income teams (Investment Grade, High Yield and Emerging Markets) spearheaded a discussion on the impact of the energy transition on their respective coverages to score them according to a proprietary environmental framework looking at major categories such as Transition Risk, Transition Opportunity, Management Awareness of Climate Risk and Governance, Physical Risk and Legal/Regulatory risk. The team held significant discussions in regard to ESG and the US utilities, European utilities, and beverages and metals & mining sectors.

Members of the High Yield Credit team covered a variety of sectors in their ESG discussions. Some examples of this include a conversation on sustainability factors in the cruise line industry. With the perceived recovery of the travel industry and an increasing demand for cruising in a post-COVID environment, it was a timely discussion on various aspects of the cruise industry, including environmental factors such as emissions and waste, along with labor. Another discussion revolved around European plastics and potential winners and losers due to regulatory changes on plastic use and recycling in EU countries.

ESG in Action: Corporate Bonds

An example of our ESG-related research within a corporate debt sector is a global conglomerate that has grown to become an integrated infrastructure company with energy businesses across key industry verticals. The company's MSCI ESG rating remains CCC, due in part to increased public and regulatory scrutiny because of environmental issues, in particular of its coal mine and rail projects and their potentially detrimental effects on biodiversity. The presence of certain related-party transactions, paired with the company's lack of an independent board majority and issues related to executives who serve on numerous boards of public companies, has hindered effective management oversight. However, the company's green energy segment is a newer company that provides clean energy through wind and solar in a country with an energy infrastructure dominated by coal.

Additionally, the firm is taking governance concerns seriously and is actively working to make progress where it is needed, specifically on related-party transactions and improving board composition. Thus, we retain a positive view on this security and own bonds in various segments of the company, including green energy, transmission and ports. This example highlights the value we can provide in distinguishing between assets at the subsidiary level, where responsible ESG practices are present, and those at the conglomerate's aggregate level, where ESG practices have been deficient. In short, we consider third-party ratings in our research but we are willing to further investigate a credit to uncover opportunities in component businesses that are executing well.

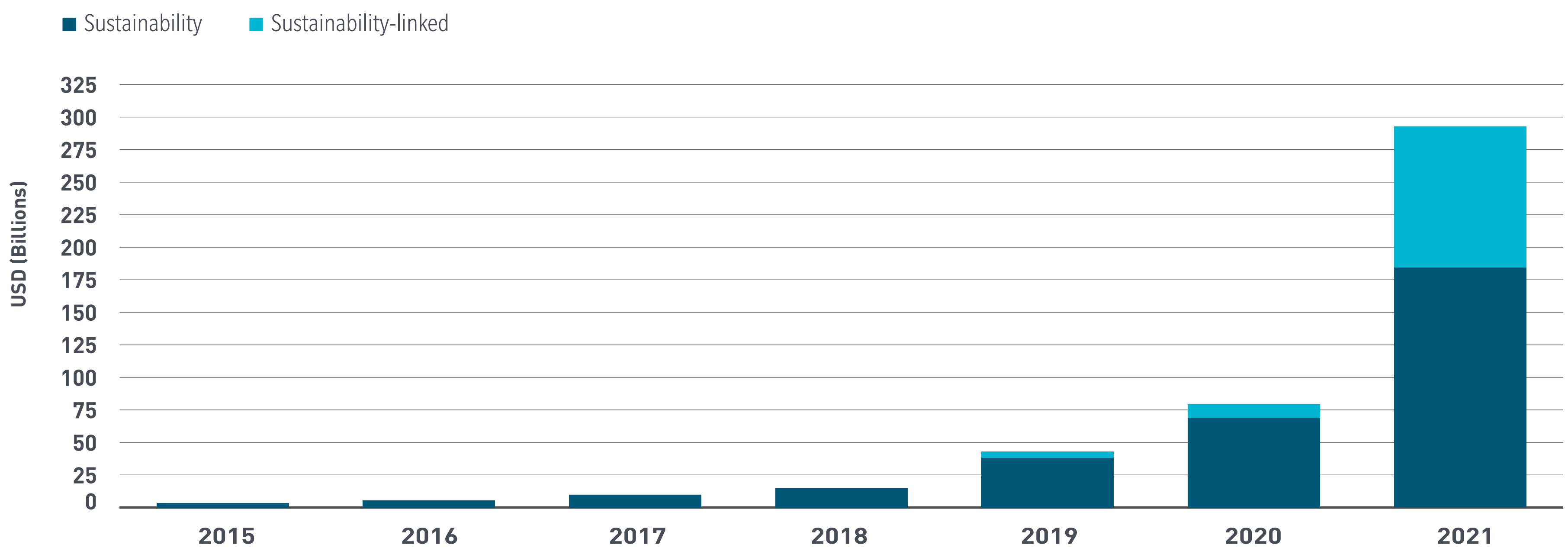
ESG-Themed Bonds

We continue to own ESG themed debt, including green, social, sustainability and sustainability-linked bonds, across various mainstream portfolios. Our exposure to these bonds continued to grow through the year and more than doubled in market value, reflecting greater issuance and our increasing asset base. We purchase green bonds because we believe they represent strong investments for our clients from a risk/return standpoint.

While the growth in sustainability and sustainability-linked bond issuance outpaced that of green bond issuance, it was a record-breaking year for sustainability-linked bond issuance, which in 2020 increased nearly 10 times, to more than $100 billion from just slightly over $10 billion.

In terms of overall issuance, 2021 was another banner year in which ESG-labelled debt issuance totaled close to $1.1 trillion compared to 2020 figures, with the largest issuance in green bonds at slightly more than $600 billion followed by other categories of ESG-labelled. Growth in social bond issuance slowed after record issuance at the peak of the pandemic.

Annual Issuance of Sustainability and Sustainability-Linked Bonds



Source: Bloomberg. Green bonds are specifically earmarked to raise money for climate and environmental projects. Social bonds are dedicated to funding social projects or activities that have a positive impact on individuals, communities or society. Sustainability bonds are bonds the proceeds of which are exclusively applied to financing or refinancing a combination of both green and social projects. Sustainability-linked bonds are a fixed income instrument the financial and/or structural characteristics of which are tied to predefined sustainability or ESG objectives. The objectives are measured through predefined Key Performance Indicators and evaluated against predefined Sustainability Performance Targets.

/ ESG DATA AND TOOLS / 2

ESG issues are complex, interconnected and evolving too quickly for a single rating or data point to reflect the full extent of sustainability-related risks and opportunities facing a company or investment. There are still many inadequacies when it comes to the availability and comparability of ESG data remains inadequate, which is one reason we believe there is no substitute for in-depth issuer analysis. The assessment of materiality cannot be automated.

Many asset managers overrely on third party ESG ratings. ESG is by its nature subjective and often involves considering risks or opportunities that are intangible and hard to measure. This leads us to the conclusion that weighing the risks facing an individual company (be they financial or nonfinancial) is very difficult to do accurately using the one-size-fits-all approach that the credit rating agencies must take. In addition, ratings are often backward-looking and may not consider recent progress a company has made to improve its ESG profile. While we have access to many third-party data and ratings providers and these data can be very useful, they are often just one more input in our bottom-up fundamental research process.

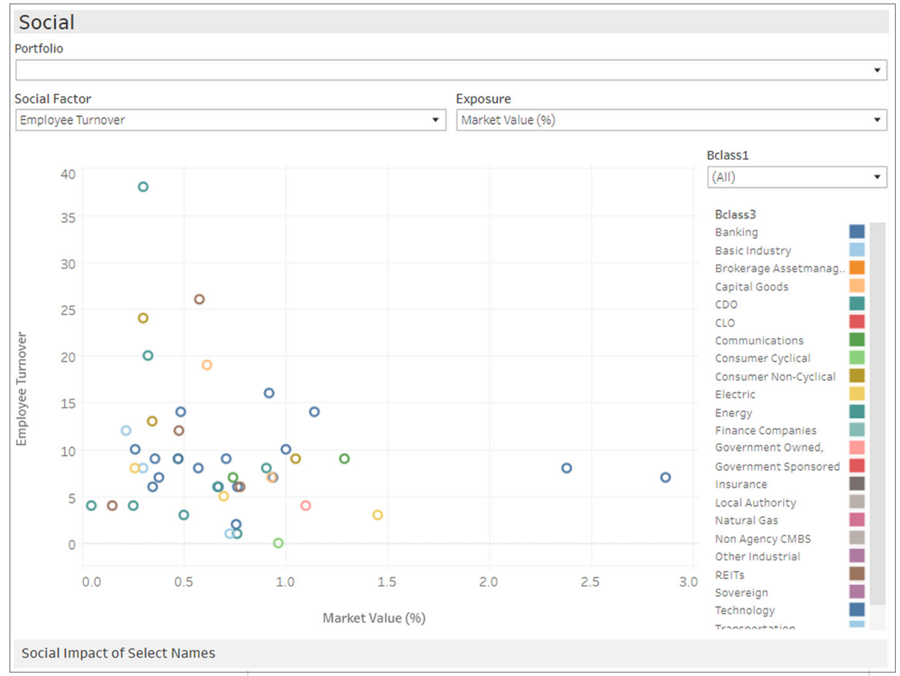
> There are still many inadequacies when it comes to the availability and comparability of ESG data, which is one reason that we believe there is no substitute for in-depth issuer analysis.

ESG Data Update

We completed the initial development of our proprietary engagement platform in 2021. The platform is housed within our existing research database and augments the investment team's ability to capture, track and collaborate on ongoing engagements with company management teams. It is one of many information technology and data-related solutions we have implemented over the past year with the goal of further improving access to third-party and company-reported ESG data.

For example, we recently made Institutional Shareholder Services (ISS) research reports on companies we don't own available to our investment team, along with reports we already provide on the companies we do own. While we don't rely on ISS' ratings in our research process, its reports accurately summarize many key pieces of governance information, such as shareholder rights, individual director information and executive compensation plans. These summaries help us more efficiently evaluate that information.

Given that ESG analysis plays a critical role in risk mitigation and alpha generation, MFS has devised a red and green flag system whereby analysts can highlight companies in their coverage for situations where, on balance, material ESG factors represent a more substantial risk or opportunity for a security. The flags are designed to highlight extreme cases in which an ESG factor is material and more likely to affect the investment outcome. As a result, most companies we cover have neither a red nor a green flag, and we do not intend to require a flag for each issuer. This system enhances our analysts' ability to communicate their views on a security and can help with climate reporting, regulatory developments and identifying engagement priorities. Its primary aim is to highlight areas of further research, engagement and discussion, not to be prescriptive.



We have also begun to employ a dashboard built using the Tableau platform to guide our fixed income sustainability reviews (our sustainability reviews are discussed more broadly in the risk management section below). The platform includes other interactive dashboards that allow the investment teams to visualize and analyze various E, S and G sustainability data in conjunction with portfolio risk analytics. This enables them to understand the impact of specific ESG data elements on the portfolios they manage and make informed investment decisions. The platform facilitates portfolio analysis across multiple ESG factors utilizing best-in-class data providers. The analysis within the platform considers a range of metrics, from carbon and water intensity in Environment to human capital and product safety in Social to board diversity and compensation structure in Governance.

In 2021, we onboarded several data providers, including these:

- Refinitiv/Thomson Reuters
- Sustainalytics
- GRESB
- RepRisk
- Know the Chain

To house our proprietary ESG research and relevant third-party data, MFS maintains easily accessible, issuer-specific ESG data hubs within our investment research system. Our team can access a wide range of data and reports from a centralized location, making it a powerful ESG research tool.

/ ESG DATA HUB /

MFS | Engage | MSCI | Trucost | ISS

Centralized location for both internal and external research

Links to relevant research notes written by equity, fixed income and ESG analysts

RATING	PRICE	SUBJECT	ANALYST	DATE
Notes: 11/01/2020 to Present			Slingsby, Benjamin	1/14/22
			Wilson, Robert	10/11/21
Company rating, pricing and note subjects removed for display purposes			Slingsby, Benjamin	8/6/21
			Jassur, Lior	7/1/21
			Slingsby, Benjamin	5/7/21
			Slingsby, Benjamin	1/27/21
			Slingsby, Benjamin	11/10/20

Sector Map: Textiles, Apparel & Luxury Goods Industry

Higher risk   Moderate/Tail risk

TOPIC	MFS COMMENTARY	MANAGEMENT QUESTIONS
Income Inequality/ Labor Practices	Summary: Society's growing focus on inequality could increase labor costs for these companies, which often offer their front line employees near-minimum-wage pay with limited or no benefits. Metrics: Employee turnover, CEO: Median employee pay gap, Glassdoor ratings, average pay of front line worker, % of front line workers who receive benefits (healthcare, insurance, paid vacation and sick leave, overtime pay), % of workers that are part time vs. full time and difference in benefits, Safety metrics such as injury rates and insurance policy for workplace accidents, fatalities, freedom of association/unionization.	Have you estimated a living wage for majority of your employees and how do you compare that vs. minimum wage? What are your targets for reaching a living wage over a 3 and 5 year period? Do you have a comprehensive employee survey and if so, what are the 3 major focus areas? Is there a material difference between full time and part time salaries and benefits and do you expect regulators to move towards closing that gap? How do you think about managing or flexing labor costs through a restructuring or slowdown? How flexible is your labor cost base, and how sustainabile do you think this strategy is over the long term?
Sustainable Sourcing of Raw Materials	Summary: The pressure to source materials responsibly and clearly audit the supply chain for compliance is increasing. Quality companies understand the reasons behind sustainable sourcing and set targets to increase the % of goods they source sustainably. Metrics: Tier 1, 2 & 3 Supplier Audits all the way to farm/mine level. % of raw materials sustainably sourced and certified by a third party. Knowthechain rankings.	Can you outline your policies on sustainable sourcing and auditing of raw materials? Do you audit all three tiers of suppliers all the way to source? Do you report on the number of audit violations every year and remediation results? Do you disclose the name of all suppliers publicly? What third party certifications do you rely on to ensure sustainability compliance?
Supply Chain Mgmt & Modern Slavery	Summary: Supply chains are an increasing source of operational & reputational risk in these industries. Firms should outline unacceptable supplier practices (e.g. forced labor and/or overtime) and develop rigorous audit practices to uncover and correct non-compliance. Best practice also includes supplier transparency (publicly listing all suppliers) and offering long term contracts to suppliers to drive safety investments & living wages. Metrics: % of Tier 1,2 and 3 suppliers that are audited, reported number and type of labor code violations and specific remediation measures taken, % of suppliers committed to paying a living wage, % of supply chain that receives consistent training on labor mgmt and modern slavery.	What business/operational risk does modern slavery in the supply chain pose to your business and how are you working to eradicate it? What technological investments are you making to increase transparency within your supply chain? Does the board and C-Suite weigh in on supply chain labor management and if not then which group in the organization does so? What remediation action do you take when you find labor rights violations within the supply chain?

Notes written by our analysts and portfolio managers that address relevant ESG issues are automatically linked, enabling the broader team to quickly identify and evaluate internal viewpoints on material ESG factors impacting the issuers they cover or hold in a portfolio. Last year, we added two flags that highlight when a research note is ESG-focused or contains information about an engagement.

Each company ESG page also displays our proprietary ESG sector map for the relevant industry. MFS' sector maps outline the key environmental and social issues we believe are material to the industry and subindustry in which a company operates. Each topic shown on a company's map includes an assessment of the magnitude of the risk or opportunity, an overview of the topic (including key data points to analyze) and potential questions.

In addition to having access to the ESG hubs, our investment team can make use of an ESG dashboard that provides a wide variety of up-to-the-minute third-party data and insights for multiple issuers. 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 much more.

In 2021, we continued to add data points and enhance the dashboard, including by incorporating a Net Zero Asset Manager Dashboard measuring progress in the areas below.

- Climate Action 100+ indicators
- Science Based Interim Targets and commitments made
- Net zero targets
- Transition Pathway Initiative alignment

/ RISK MANAGEMENT / 4 10

MFS Investment Risk Management Framework

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 assessing and managing portfolio risk in order to ensure all types of risk 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 considerations for inclusion in its 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 so they can confirm that the 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 an organizational structure, systems and processes for identifying current and emerging risks to our portfolios and communicating them to the investment team.

Specifically, with respect to ESG, we consider both risks and opportunities when evaluating ESG factors and trends, and we have implemented systematic processes designed to help our investment team manage ESG-related risks at the security and portfolio levels. As part of our systematic approach to understanding ESG risks and opportunities, all MFS equity and fixed income strategies are subject to annual sustainability reviews. Starting in 2020, we introduced annual portfolio sustainability reviews designed by our ESG analysts to provide portfolio managers with a comprehensive view of the ESG risks and opportunities in their portfolios based on MFS' own internal research and viewpoints. These reviews cover a wide variety of company-reported data points while also providing an opportunity for the portfolio manager to ask questions regarding a portfolio, changes in the ESG industry or broad MFS ESG initiatives. These reviews complement both the bottom-up research being conducted across the firm and the ESG portion of our semiannual portfolio risk review process, which is described below.

Separately, the firm's chief risk officer and respective asset class CIOs perform a broader semiannual portfolio risk review of each portfolio covering a wide variety of topics, including investment risk exposures, investment philosophy and current portfolio positioning. These reviews also incorporate third-party ESG ratings and perspectives such that each portfolio's ESG profile is evaluated against that of its benchmark and ESG rating changes since the last review. Both the annual portfolio sustainability reviews and the semiannual risk reviews are intended to prompt additional research and collaboration among the investment team.

As part of our systematic approach to understanding ESG risks and opportunities, all MFS equity and fixed income strategies are subject to annual sustainability reviews.

/ MARKET-WIDE AND SYSTEMIC ESG RISKS /

This section provides an overview of many of the specific market-wide and systemic risks that our investment team focused on in 2021 and describes how these risks have influenced our investment and engagement processes. The consideration of these risks is additionally reflected throughout this report in the discussion of our investment, engagement and collective initiative activities.

Climate Change

We believe that climate change will be a defining investment topic in the decade 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 is having on all companies held in our clients' portfolios, as well as on those companies being considered for future investment. We invite you to read the firm's initial report aligned with the Task Force for Climate-Related Financial Disclosures (TCFD) framework. For more information regarding our approach to integrating the consideration of climate risk into our investment practices, see Appendix 1.

The Shift to Stakeholder Capitalism

In a 2021 thought-leadership piece, Sustainability May Be Problematic for Some, two members of our investment team explored the concept of stakeholder capitalism and its effect on some businesses and investors. Our view is that many companies that are exclusively shareholder-focused are operating at the expense of the environment, suppliers, workers and other stakeholders. Society's shift toward the interests of all stakeholders has led to the widespread demand for more sustainable products and services. Companies that are unable to adapt to these trends will see their enterprise value significantly impaired, perhaps to the point of bankruptcy. This shift will define the investment landscape for the foreseeable future, making the responsible allocation of capital increasingly important. Our view is that investors should note these societal forces at play, taking into consideration how well-positioned companies are to adapt. This piece of research was shared with many MFS clients and other investors in hopes of driving systemic changes in the investment industry and across publicly listed businesses more generally.

Corporate Culture and Diversity

MFS' investment team spends considerable time evaluating the impact of corporate culture on individual companies. We have seen circumstances in which culture has clearly helped a company but also situations in which culture has apparently led to negative outcomes for a company, its employees and ultimately its stock price. We firmly believe an organization's culture is critical to its long-term success or failure. In addition to factors like employee engagement, turnover, pay, composition, diversity, gender, race, cognitive and other measures of diversity such as gender pay-gap, analysis is an important part of our evaluation of corporate culture at any organization.

Over the past several years, our investment team has spent a great deal of time discussing the importance and potential impact of corporate culture on sustainability. As investors, we believe enhanced transparency and disclosure is critical and can have a material impact on our investment decisions. We feel strongly that we should be willing to disclose the same data we expect our portfolio companies to disclose. Accordingly, MFS sent a letter on these corporate culture topics to our 100 largest holdings in 2020 and joined the Workforce Disclosure Initiative (WDI) in September of that year. The WDI focuses on how companies treat their employees, with the goal of improving both the quantity and quality of company disclosure on employee management practices. The WDI survey provides companies a standardized format for reporting on such issues as human rights diligence, workforce composition, diversity and inclusion, wage levels and pay gaps. Our investment team has been engaging with our portfolio companies to improve disclosure (*e.g.*, by sending our 2020 culture letter to more firms in 2021 and encouraging participation in the WDI survey). We have also been using WDI data to enhance our due diligence on employee management practices at a number of companies. In addition to advocating for greater disclosure among our portfolio companies, we believe we need to lead in sharing our own firm's data, which we have done in various reports and the 2020 culture letter referenced above.

Focusing more specifically on diversity, MFS wrote a letter supporting a proposed Nasdaq rule change to adopt listing rules related to board diversity. We stated our support for the proposed rule's general requirement that listed companies have to, or explain why they do not have, two members on its board of directors representing underrepresented communities. We also stated our support for the proposed rule's requirement that NASDAQ-listed companies disclose on an annual basis each director's self-identifying allowing him or her to be classified as an underrepresented minority. In our view, this rule change would enhance transparency and consistency for investors and align with our goal of advocating for greater disclosure in our investee companies. A copy of our letter can be found at NASDAQ Letter.

Additionally, as part of our focus on diversity, we increased the threshold in our proxy voting policies for the proportion of female board directors at any US, Canadian, European or Australian company from 15% to 20%. MFS will generally vote against the chair of the nominating and governance committees for boards that do not meet this hurdle. We also had many productive engagements on this topic throughout the year, during which we supported diversity-related shareholder proposals. We will continue this into 2022, and we will likely raise this board threshold further in coming years.

We believe all our actions to encourage better corporate culture will help address structural inequalities that have permeated the business world and society more generally.

Plastics

Plastic waste was an emerging theme for our team in 2020. Our ESG analysts developed a framework for assessing the environmental impacts of single-use plastic packaging and the implications for the entire plastics value chain. This framework initially focused on the chemicals, plastic packaging, consumer staples and waste management industries. It provided a basis for identifying the associated risks and opportunities, especially in regard to changing consumer preferences, regulation and the costs associated with plastic packaging that may affect the competitive positioning and profitability of many companies over the long term. Our analysts' evaluation included engagements with various companies and the development of data sets to compare company progress to stated targets.

During 2021, our consumer staples team built on past thematic research on plastic packaging, analyzing the earnings impact of the increased use of recycled feedstock and substrate substitution on brands with very high exposure to plastic packaging. The team's research involved meetings with company managements, building internal data sets of corporate targets and commitments measured against the progress that companies had made toward achieving those targets, and engaging with different nonprofit research platforms, including the Ellen MacArthur foundation.

Human Rights

During 2021, human rights–related issues continued to reflect a market-wide risk that is significant to us as investors. 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. In December 2021, the PRI launched a new collaborative initiative to help investors address human rights and social issues through their stewardship activities. The initiative will act as a platform to encourage investors to prioritize the most salient human rights risks and outcomes within their stewardship activities. One of our ESG analysts was appointed to the advisory committee of this initiative and will continue to work with the group in the coming year. The firm has also begun to develop an MFS global human rights policy in 2022 to codify our approach to these risks.

Modern Slavery

During 2020, one of our ESG research analysts produced in-depth research on the risks of modern slavery in the supply chain of retailers, consumer staples brands and other impacted industries. The potential risks relating to modern slavery are increasing due to regulatory activity, increasing consumer awareness of the issue and growing investor interest in ESG in general. These factors are likely to result in various financial impacts, supply chain disruptions, fines or lowered valuations for companies that cannot effectively manage this risk.

Steps that our analysts and portfolio managers may take to better evaluate the companies we own include the following:

- Evaluating proprietary research produced by our internal ESG experts on modern slavery risks
- Analyzing which companies are likely to be engaged in activities or industries that commonly face modern slavery issues
- Making use of our in-depth security- and sector-level expertise by evaluating the sustainability reports and corporate policies of potentially impacted companies to assess the strength of their efforts to eradicate modern slavery in their operations and supply chains
- Incorporating the views of organizations that are experts in this area, such as Know the Chain, into the research process
- Engaging with company management teams about the risk and the company's efforts to combat modern slavery
- Modeling and valuing modern slavery risks that we identify as material to the business case of the companies we own
- Engaging with other investors through collaborative initiatives focused on modern slavery risks, such as Investors Against Slavery and Trafficking

To further our research on issues related to modern slavery, during 2021, we began to work with Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC). IAST APACT has issued an investor statement that sets out clear reporting expectations for companies and collectively engages with them on this topic in the Asia Pacific region. As part of our work on the initiative, we became the lead investor on a particular engagement at the end of last year. We did this in order to collectively and constructively work with the company so we could

- deepen our understanding of the company's processes for detecting modern slavery, labor exploitation and human trafficking in its own business and supply chain
- understand how the company will respond if it identifies instances of modern slavery or human trafficking in its business or supply chain
- determine how the company can prevent instances of modern slavery before they occur, especially throughout its supply chain

During 2021, we joined the Interfaith Centre on Corporate Responsibility (ICCR), an association advocating for corporate social responsibility, and we share its commitment to moving the current business focus away from achieving short-term returns toward sustainable business strategies and decisions. One example of an ICCR investor initiative that we joined is a letter we signed supporting the "just transition" to a net zero economy. Such a just transition would address the interconnected issues of climate change, racial injustice, public health and economic inequity. The letter calls on companies, investors and policymakers to ensure that the transition to a decarbonized economy supports racial and economic equality by prioritizing "high-road" jobs (ones that provide family-friendly benefits, pay a livable wage, promote health and safety, etc.), a respect for human rights, positive community impacts and the remediation of harms.

Our hope is that our ongoing research and work with these external groups will influence not only our investment decisions but also create positive real-world impacts in the area of human rights.

Corporate Tax Practices and Transparency

During 2021, our ESG analysts continued to work with industry groups and government representatives to emphasize the importance of transparency and fairness in global corporate tax practices. Specifically, as a result of substantial changes at a national and supranational level, as well as greater scrutiny by civil society more broadly, we have spent considerable time researching and evaluating corporate tax practices over the past decade. We believe a company's tax practices offer an important signal regarding a management team's and board's risk tolerance. In connection with this, we wrote a letter to FASB expressing our desire for greater disclosure in this area as we believe there is currently a lack of transparency surrounding companies' tax practices. Additionally, we joined a small group led by the FACT Coalition in a discussion with the US Securities and Exchange Commission to encourage improved tax transparency and public country-by-country reporting. We believe this level of tax transparency would have substantial knock-on effects for society by bringing clarity to an area that has historically lacked it.

MFS' Commitment to Well-Functioning Financial Markets

In addition to identifying material risks that may impact our portfolio investments, we are committed to supporting and playing our part in developing efficient and fair financial markets. We believe this is an important component of being a responsible participant in the asset management industry and ultimately a good steward of our clients' capital. Our commitment in this area is illustrated by our role as a part owner of Luminex. Luminex is an equity trading venue that is owned, operated and governed by a consortium of buy-side firms to benefit the clients of the investment managers that trade on the platform. Luminex allows investment managers to source blocks of equity liquidity while minimizing information leakage and market impact, enabling participants to pass along to their clients the benefits of lower trading costs, the enhanced transparency of trading protocols and improved portfolio performance. Rather than making money, Luminex aims to operate as close to breakeven as possible while remaining financially sound and self-sustaining.

We believe that the above approach has been and continues to be effective in identifying the relevant risks, including the systemic and market-wide risks discussed above, and adjusting our investment process to deal with them. We believe this approach strikes the right balance between being structured to ensure the systematic risk analysis of each of our strategies in a uniform and consistent manner while being flexible enough to properly identify and mitigate emerging risks as they arise.

/ CONSTRUCTIVISM: A COLLABORATIVE APPROACH TO STEWARDSHIP / 1 7 9

Our goal when investing is to be value makers, not just value takers. We believe constructive stewardship serves this aim well. And it is not just about the discharge of a duty. It is also about collaboration and understanding. It gives us an analytical advantage and can act as a source of alpha generation. This approach to stewardship is consistent with how we allocate capital and our culture of long-term investing because it allows us to learn more about and more effectively influence the companies in which we invest, which we believe will ultimately accrete value for our clients and help us achieve the best risk-adjusted returns we can for them.

In the investment industry, the prevailing wisdom seems to be that the stewardship decision is a binary one: you are either an activist or you are passive. We do not believe that this is true — there are many forms of effective stewardship. Last year, academics from Oxford published a note on the four forms of stewardship: conservatism, opportunism, constructivism and activism. The diagram below outlines the key features of each approach.

ACTIVISM

CHARACTERISTICS
- Adversarial
- Focus on fulfilling (significant) investor demands
- Willingness to escalate
- Investor knows company and has explicit ideas for change
- Quality engagement (high stakes)

TOOLS
- Shareholder resolutions/campaigns
- Naming and shaming
- Public engagement
- Strategic litigation

CONSTRUCTIVISM

CHARACTERISTICS
- Collaborative, open language
- Consensus-focused
- Focus on materiality
- Relationship-building
- Investor knows company
- Quality engagement

TOOLS
- Frequent outreach from both sides
- Active ownership (including voting)
- Private engagement
- Investor collaboration

CONSERVATISM

CHARACTERISTICS
- Focused on risks
- Often driven by minimum standards in client policies
- Threshold and policy focused
- High reliance on ESG data providers
- High quantity
- Exclusion is often escalation

TOOLS
- Letter writing
- Private engagement
- Investor collaboration
- Exclusion

OPPORTUNISM

CHARACTERISTICS
- Thematic approach
- Often reactive (flavor of the year)
- Often in collaboration with other investors
- Focused on system change (targeting entire sectors)
- Used for public positioning
- Quantity-engagement (high scopes)

TOOLS
- Letter writing
- Investor collaboration
- Public engagement (in case of investor collaboration)

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

At MFS, we are in the constructivism camp. This doesn't mean that we are afraid of escalating when necessary, but we think that the best outcomes are more likely to be achieved through strong relationships and regular dialogue with the companies that we have chosen to invest in.

There are many features of our investment philosophy that lend themselves well to taking this approach, including these:

- **Our mindset –** Investing is ownership, not merely exposure. Because we are purely active managers with a strong selection discipline, companies face a high hurdle when they seek to be included in our portfolio, and we hope to own them for a long time.
- **Our long-term horizon –** The average holding horizon in our portfolios is typically many multiples of the benchmark and longer than our peers.
- **Our strength of resources –** Within our global research platform we conduct high-quality, bottom-up engagement. We have over 250 investors across the major markets in which we invest.
- **Our focus on the materiality of all fundamental risks and opportunities –** This enables us to focus on the relevant issues with management teams in high-quality engagements.
- **Our belief that engagement provides valuable information –** This belief has helped us develop an analytical edge. In recent years we have written letters and sought board meetings on pertinent E, S and G topics.
- **Our long track record of proactive participation –** This collaboration happens during engagements and key industry initiatives.

We are confident that our approach of long-term, constructive stewardship is the best way for us to fulfill our duty to clients. We are excited about our ability to create value in a way that is so complementary to our investment process. What you should expect to continue to see from us in the future is

- outcome-focused engagement rooted in a deep knowledge of the company
- highly collaborative, long-term, persistent engagement
- holding companies accountable, not simply jumping immediately to exclusion or divestment or being overly aggressive or short-termist in our tactics

Prioritizing Engagement Targets

Our engagement targets are identified in a number of ways. Our stewardship team engages with companies based on, among other factors, ownership size, vote results and certain thematic topics (*e.g.*, executive compensation, board composition, political contributions disclosures). Additionally, our investment team identifies engagement targets via our own internal ESG research — which is conducted at a stock, industry and thematic level — and shares our views regarding key topics relevant to all companies (*e.g.*, corporate culture, governance structure and leadership, capital allocation).

The factors that we assess and engage on for a given security will vary over time and by industry; however, over the past three years, some common topics of engagement have included

- corporate culture, including diversity
- climate change
- income inequality, including the impact of the gig economy
- technology ethics
- product quality
- executive compensation
- board composition
- health and safety
- nutrition and obesity
- tax transparency and avoidance
- natural capital and biodiversity

While we will continue to survey the investment landscape for new ESG-related risks and opportunities, we expect to continue engaging on many of those outlined above.

/ ESCALATION / 9 11 12

We believe escalating an engagement is an effective way to assert our influence and ultimately be a good steward of our client's capital. At MFS, we do not maintain a prescriptive framework with rigid milestones for engagement escalation as we view every engagement as a unique endeavor. Also, we do not prioritize specific issues for escalation as all of our engagement and investment decisions are rooted in economic materiality, which by its nature varies depending on the company and the circumstances it faces. We do, however, recognize that our unique position as a large shareholder in companies often allows us to garner more attention from management. So when we deem it in the best long-term interests of our clients, we do not hesitate to escalate an engagement on issues that we consider economically material. Our escalation methods are the same regardless of account type, asset or geography. However, the option of exercising our vote on fixed income securities is very limited given the nature of the asset class.

If the outcome of our direct engagement is unsatisfactory, MFS may consider using a variety of escalatory tactics. The approach taken depends on the circumstances and may change in light of progress by the company or other developments. One of the core priorities for the stewardship team in 2022 is to develop escalation mechanisms in line with our strategic engagement themes including climate change and racial equity audits, along with more formal mechanisms on gender diversity.

Our business model is based on global investment and engagement platforms, and therefore we do not significantly vary our processes for specific accounts or geographies. We believe this approach builds consistency in our practices and allows us to leverage centralized resources, which we believe in turn ultimately benefits our clients through a collaborative and non-siloed process. As with engagement and other stewardship activities generally, the practices are more developed for equity owners. As we note elsewhere in this report, bondholder ownership practices are a developing area for us, but we do not have different engagement escalation practices for different asset classes.

ESG Escalation: Our Toolbox

Our escalation toolbox includes the following:

- Additional targeted meetings with company management or nonexecutive directors
- Writing letters to relevant people in the company
- Withholding support or voting against management and nonexecutive directors
- Withholding support or voting against specific resolutions such as the report and accounts
- Collaboration with third parties
- Filing or co-filing a shareholder resolution
- Making a statement at a company's AGM
- Making a public statement
- Divesting of the asset

Voting in favor of shareholder resolutions is not reserved for escalation following unsuccessful engagement, and should not be seen as an implicit criticism of the board's or management's overall approach.

We seek to provide the company transparent feedback on our voting decisions, complementing and reinforcing messages that may have been shared through private engagement.

ESG Escalation: Deeper Look at Certain Methods

CONTINUED AND CONSISTENT RAISING OF ISSUES

If our stewardship team is not getting the requisite attention from a company or achieving sufficient progress on an issue we deem economically material to our clients, the team will simply keep raising the issue until we see the results we believe are in the best interest of clients.

LETTER WRITING CAMPAIGNS

We may send a written communication to a board of directors to explain the rationale behind our votes, express our expectations as investors or invite a dialogue with the issuer on a specific topic in order to seek a resolution.

COLLECTIVE ENGAGEMENTS

In 2020 we joined both Climate Action 100+ and ShareAction and continued our work with them in 2021, joining multiple new company engagements and discussions with data providers. Both of these organizations are centered around collective engagements, and we have already committed to seven engagements with Climate Action 100+. While these engagements are not intended to serve as an explicit mechanism for escalating or replacing our investment-led and proxy-led engagements, there is significant crossover in topics, and we view these collective forums as potentially providing a "louder" platform.

DIVESTMENT

When other methods of engagement have proven to be or appear likely to be unsuccessful, we may divest our holdings in a company. Our investment team does not generally view divesting as a productive outcome of an engagement. In fact, we view it as an abnegation of our stewardship responsibilities as it does not solve a problem but makes it someone else's. Ultimately, however, in some instances divestment is the best course of action for protecting our clients' long-term economic interest.

ESG Escalation: Real Estate

In a recent letter that was a follow-up to past engagements, we raised with a real estate company our concerns over the lack of relevant experience of an independent director whose personal interests had also been called into question. This particular director will be stepping off the board next year. We also encouraged the company to reduce the number of directors on its board as we feel a large board reduces individual board member accountability. Additionally, we asked the company to increase the gender diversity of its board as limited gender diversity can suggest a lack of openness to new ideas and perspectives.

ESG Escalation: Telecommunications

We engaged with a telecommunications company regarding executive compensation concerns. One critical role of the board of directors is to determine a remuneration structure that aligns management with shareholder interests and ensures decisions are made in the best long-term interest of the company. We feel that this company's current long-term incentive plan falls short with regard to certain targets in its remuneration policy and that the metrics on which the targets are based are not appropriate given the capital structure of the industry.

After sending a letter to the board, we engaged with the company's management team and members of the board. While the company was receptive to our concerns, we ultimately voted against the compensation plan and abstained from supporting the chair of the remuneration committee (we did not have the option of voting against). We will continue to engage with the company on this issue until we feel its incentives are better aligned with shareholder interests.

/ ENGAGEMENT HIGHLIGHTS / 1 7 9 10

We believe open communication with companies and issuers is an important aspect of our ownership responsibilities. Our goal when engaging is to exchange views on environmental, social and governance issues that in our view represent material risks or opportunities for companies or issuers and to effect positive change on such issues. We believe that large, long-term-oriented asset managers who engage companies and issuers can positively influence governance and business practices by encouraging executive teams and boards to view these issues as relevant and worthy of further consideration.

We engage in regular discussions on proxy voting and corporate governance matters with management teams, board members and other senior representatives of MFS' portfolio companies. Our multiyear engagement horizon on these discussions typically allows us to develop strong relationships with portfolio companies, in turn enabling us to have more candid and insightful discussions.

Our primary objectives in discussions focusing on proxy voting matters are to 1) communicate our voting policies and the rationale behind our voting decisions, 2) exchange views on relevant ESG issues and advocate for meaningful progress and 3) address MFS' thematic and long-term engagement priories. Over time, we have found that robust engagement combined with thoughtful proxy voting can have a strong positive effect on ESG practices. Please see Appendix 9 for a list of companies engaged in proxy-focused discussions led by our stewardship team.

Another way in which we strive to positively influence the governance and business practices of the companies we invest in is through collective engagements. We believe these can generate positive impacts for industries, individual companies and our clients. 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.

MFS is a member of a variety of organizations and initiatives that promote and coordinate collaborative engagement on ESG topics, including the Principles for Responsible Investment (PRI), the US Investor Stewardship Group (ISG), the Asian Corporate Governance Association (ACGA), the Workforce Disclosure Initiative (WDI), Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC), the CDP and the CDP Science-Based Targets Campaign, Climate Action 100+ (CA100+), Ceres and others. MFS is an active participant in seven CA100+ company engagements. We encourage our portfolio companies to enhance disclosure and adopt best practices across a variety of ESG topics by taking such actions as setting science-based emissions reduction targets, addressing modern slavery and forced labor concerns and enhancing disclosure around employee management practices.

We are pleased to see that industry initiatives are continually being formed. However, we recognize that our resources are finite. We have therefore developed the framework below to assess potential new initiatives we are considering joining.

Industry Initiative Framework

CONSIDERATION	DESCRIPTION
Alignment	Is it aligned to our purpose, values and investment process?
Benefit to MFS	What can we learn/gain as members (*e.g.*, research, access, etc.)?
Membership/Objective	Are the other members or the objective (*e.g.*, climate engagement) a priority for us?
Impact	How effective and impactful is the group likely to be? How material are the target issues and companies to our portfolio? Can MFS add value to the initiative?
Opportunity Cost	What are the risks of not signing up?
Resources	How much will we need to invest (in time and money) to make it worthwhile?
Internal Implications	Will we need to address anything in our business as a result of joining?
Conflicts of Interest	Is there potential for any real or perceived conflicts of interest?
Legal/Compliance	Are there any legal, regulatory or compliance challenges associated with joining?
Technology	Are there any technological challenges related to joining?

We trust that this framework will concentrate our efforts on the areas that will prove the most fruitful. *For a complete list of our organizations and initiatives, please see Appendix 3 of this report.*

New Collective Engagements and Industry Initiatives 4 10

In January 2021, we joined the FAIRR Initiative (Farm Animal Investment Risk and Return), which is a collaborative investor network that raises awareness of the ESG risks and opportunities brought about by intensive animal agriculture. We joined this initiative to improve our access to research on and the analysis of ESG risks and opportunities in protein supply chains as well as to enhance our engagement opportunities and outcomes with relevant companies.

In March of last year, we joined the Ceres Investor Network. Ceres is a nonprofit organization focused on transforming the economy to build a just and sustainable future for people and the planet. It includes over 180 institutional investors that collectively manage more than $30 trillion in assets. Ceres is a major sponsor of collaborative initiatives such as Climate Action 100+, The Investor Agenda and the Net Zero Asset Managers initiative. We are a longtime member of the Carbon Disclosure Project (CDP), and we felt that Ceres could enhance our ability to engage on sustainability issues across the industry with companies, other asset managers, asset owners and policymakers.

In July 2021, MFS became a signatory to the Net Zero Asset Managers Initiative (NZAM). Launched in December 2020, NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner in line with global efforts to limit warming to 1.5° Celsius above preindustrial levels. MFS is proud to make this commitment, and we believe the initiative's goals are well aligned with our active ownership approach and the expectations we have for the companies held in our portfolios.

During the second quarter, we made the decision to become a member of GRESB. GRESB is an industry-driven organization committed to assessing the ESG performance of real assets globally, including real estate portfolios and infrastructure. GRESB's annual survey registers the views of approximately 240 REITs and many more private organizations. Most questions are focused on environmental issues, but some social topics are covered as well. These surveys are evaluated and scored by the organization, and feedback is provided to each organization that responds. As members, we plan to use and evaluate the reports and data that GRESB offers.

During the third quarter, we joined the UK Sustainable Investment and Finance Association (UKSIF), which exists to bring together the UK's sustainable finance and investment community and supports members as they enhance, promote and expand this key sector. The UKSIF and its members have been active in and supportive of efforts to promote the sustainable finance agenda. They have worked closely with policymakers and others to find new ways to overcome the barriers to sustainability and decarbonize the economy. We met with the organization a number of times and think it is well aligned with our philosophy and process. We plan to use its training and education platform and attend and participate in industry events associated with the group.

During the fourth quarter, we joined the Institutional Investors Group on Climate Change (IIGCC), the European membership body for investor collaboration on climate change. The IIGCC's mission is to support the investment community in driving significant progress, by 2030, toward achieving net zero emissions, accomplished through capital allocation decisions, stewardship and successful engagement with policymakers and fellow investors. We also joined the Interfaith Centre on Corporate Responsibility (ICCR), an association advocating for corporate social responsibility, and we share its commitment to moving the current business focus away from achieving short-term returns and toward sustainable strategies.

MFS joined the Project Advisory Committee of the ASCOR (Assessing Sovereign Climate-Related Opportunities and Risk) project in the latter half of the year. The ASCOR Project has been established by two UK-based institutional investors alongside the Net-Zero Asset Owner Alliance (AOA), Ceres, the Institutional Investors Group on Climate Change (IIGCC), the Principles for Responsible Investment (PRI) and the Transition Pathway Initiative (TPI).

The overarching aim of the project is to create a practical tool to support investors in their assessment of sovereign climate-related risks and opportunities. The project will develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared. The framework will then be used to produce an annual public assessment of the climate change governance and climate change performance of sovereigns. These assessments will provide insights that investors can use in their investment research, decision making and engagement efforts.

/ COLLECTIVE ENGAGEMENT HIGHLIGHT: CLIMATE ACTION 100+ / 4 9 10

In late 2020, MFS became a signatory of the Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Climate Action 100+ focuses on engaging with 167 companies that are critical to the net zero emissions transition. Investor members are responsible for driving engagement and developing and implementing company-specific engagement strategies. Over the past year, MFS has increased its involvement in and support of the initiative and the achievement of its objectives. There is more we can and will do to support the initiative from 2022 onwards as it enters its second phase.

Activity in 2021

MFS initially joined as supporting members of three engagements. In November 2021, the firm also joined a further four engagements, at the same time stepping up to lead or co-lead on a subset of these going forward. During 2021 we built our internal capability to contribute to this and other industry initiatives through research and analysis, developing internal governance on climate change, training and hiring.

During 2021 we led or co-led three engagements and participated in others. In most cases, the MFS covering analyst participated in the engagement along with members of the firm's ESG research analyst and stewardship teams. We have also addressed climate action in our own bilateral meetings with these companies.

We continued to engage on the objectives of Climate Action 100+ and the areas of the Climate Action 100+ benchmark. The first company assessments under the benchmark were released in Q1 2021 and help investors understand the alignment between company ambition and action against the goals and expectations set out by Climate Action 100+.

One area we increased our attention to and engagement on during 2021 was the alignment of financial reporting with net zero goals. At one company we contributed to detailed feedback on its annual reporting that was later discussed in an engagement with the CFO. At another we wrote to the audit committee chair to understand why the appropriate disclosures had not been included in the company's financial statements and what its next steps might be.

We understand that to tackle the systemic risk associated with the transition away from carbon, we must take a look at how it will affect the whole market and the value chains associated with it. Thus we have met with subject experts, companies and CA100+ leads along the value chain in order to better understand the challenges. We have also participated in Climate Action 100+ industry working groups.

Outcomes in Line With Objectives

We were pleased to see continued progress and an ongoing commitment to climate action from the companies we engaged in 2021, even in those sectors more affected by the pandemic. We saw new targets and more detailed pathways to net zero and Paris alignment, commitments to trade association reviews, enhanced reporting including scenario analysis, and climate-related metrics included in executive compensation plans.

Focus Areas for 2022

We will continue to engage with all companies, informed by the latest benchmark results due in March. Areas of focus requiring attention in engagements include interim targets consistent with a 1.50° Celsius pathway; a clear pathway to achievement of the targets; the alignment of capital allocations, goals and actions to reduce material value chain emissions; and a just transition. As we enter the last year of the first phase of Climate Action 100+, we will consider the need to escalate engagements where progress to date has been insufficient.

We understand that to tackle this systemic risk we must seek to take a market-wide and value chain view of a

LOW-CARBON TRANSITION

/ ESG ENGAGEMENT IN ACTION / 4 9 10

ESG Engagement in Action: Aerospace and Defense

Our team of analysts and portfolio managers had several engagements with executives from an aerospace and defense company, including its chief people's officer and non-executive director (to discuss restructuring and employee relations) and its chief sustainability officer and chief technology officer (to discuss the company's climate policy).

MFS also engaged on a collective basis as part as our membership of the Climate Action 100+ working group for this company. Our conversations focused on the company's efforts to reduce the climate impacts of air travel; we discussed aviation fuels and alternative propulsion technologies (*e.g.*, hydrogen). The company has already run both large and small engines on 100% sustainable aviation fuels. However, the adoption of such fuels will likely continue to be constrained by regulation for some time.

Going forward, the team will track the firm's progress on publishing a clearer pathway towards net zero emissions—including its approach to lowering Scope 3 emissions, which represent the bulk of its total emissions—and engage where necessary. Additionally, the team plans to closely monitor and engage on the company's strategic investment in technology.

Impact on Investment Decisions

MFS' current approach to stewardship focuses on using active ownership and engagement. We do not intend to use divestment as we do not believe this is a viable approach to reducing real world emissions. However, we have developed escalation mechanisms that we will deploy when we see insufficient progress, and the companies under Climate Action 100+ will be a focus of this review.

ESG Engagement in Action: Governance in Japan

In 2019, we published thematic research on governance improvements in Japan and have continued monitoring the companies examined. The governance and capital allocation practices of most Japanese companies have lagged developed market peers by a substantial margin. Economic reforms put forth by the country over the past decade, which have emphasized corporate governance, have started to drive modest but meaningful improvements among companies. But as a result of lingering issues, most of our engagement efforts in Japan have generally focused on governance.

In 2021, our Japanese equity team refreshed and updated our Japan corporate governance scoring model. The team looked at portfolio holdings through this tool to find companies with a material improvement or deterioration in key governance and capital allocation measures, including board independence, diversity, size, return on invested capital, cross shareholdings, etc. This exercise helped the team identify companies that required additional encouragement to improve their governance structure.

ESG Engagement in Action: Governance in Japan (cont.)

Given the long-term nature of our engagements, tangible engagement outcomes do not tend to present themselves quarterly but instead evolve over time as a result of the mutual dialogue between investors and the companies. For example, we recently made headway with a Japanese global automotive parts company we have long engaged with, one that scores poorly on governance as measured by a third-party ratings provider. At its 2021 board meeting, the company decided to halve the number of internal directors on its board. The company also plans to add one female independent board member; currently there are two independent directors. Finally, it announced that the Nomination and Compensation Committee will become majority-independent over time. We view these changes as a step in the right direction and will continue to monitor and engage with the company.

Aside from yielding a positive outcome, this engagement reinforced our views on third-party ratings. We employ an investment discipline that focuses less on short-term information about companies and more on the long-term drivers of their businesses. We believe that third-party ratings are often inherently backward-looking and thus not indicative of the progress a company could be making to improve the E, S or G aspects of their operations. In this instance, the company's third-party scores were not reflective of the progress the company had made in improving its board structure, an improvement we believe will strengthen the long-term performance of the board over time.

Given the long-term nature of our engagements, tangible engagement outcomes tend to not present themselves quarterly, but evolve over time as a result of mutual dialogue between investors and companies.

ESG Engagement in Action: Board Representation of Women

We have held a North American payments company in one of our growth strategies since its IPO in 2018. After receiving a call from the company's CEO regarding a proxy vote for the renewal of an existing board member's term, we launched a discussion regarding board diversity as the company fell short of our 15% minimum threshold for the representation of women. We discussed the rationale behind our policy and how we would be standing firm on our vote against the board member being considered. The CEO let us know that after reflecting on our discussions, he had decided to accelerate his plan to add a woman to the board in the following year. Four months later, two women were added to the board, meeting and exceeding even our new 20% threshold.

IN 2022, we raised (from at least 15% to at least 20%) the percentage of directors who must be women on the boards of US, Canadian, European and Australian companies we own.

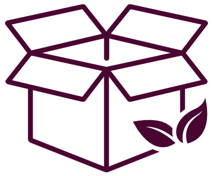
ESG Engagement in Action: Employee Satisfaction

Throughout the year we engaged with a telecommunications company regarding its 2020 year-end sustainability risk review. We were concerned about its high employee turnover and Glassdoor reviews as reported to the Workforce Disclosure Initiative, which provided the data. We engaged with the company's top management and its head of talent and discovered that most of the data provided to this third party were incorrect. This reinforced our views on taking an integrated approach to assessing a company and not overrelying on third-party data. As a result of the engagement, we learned more about the company's practices — for example how it pays above-market, has introduced living wages in some markets, provides health benefits to all employees (including part time) and offers training programs and opportunities for advancement. We gained greater comfort on the company's employee practices by discussing them with management instead of simply relying on third-party data.

/ FIXED INCOME STEWARDSHIP / 1 9 12

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 as they engage companies by encouraging executive teams to recognize that certain issues, such as ESG issues, are relevant to an increasingly broad investor base and require further consideration. Accordingly, since 2020 our fixed income investment professionals have been included in all issuer engagement meetings conducted by the stewardship team. We believe that fixed income investment professionals offer a unique perspective at these meetings and that their inclusion may serve as a means of encouraging more open communication between issuers and bondholders. In addition to engaging individually with portfolio companies, investors, including bondholders, can participate in industry working groups and organizations that seek to develop thought leadership on emerging issues.

When compared to proxy voting and stewardship activities available to holders of equity, opportunities for fixed income instruments and other asset classes are significantly less developed. At MFS, fixed income strategies in particular represent a large percentage of our assets under management, and so we are continually seeking ways to better assert our rights as owners of an issuer's debt. In reality, however, the depth of fixed income markets generally and the nature of the typical instruments that we invest in (*i.e.*, larger debt offerings) limit our ability to influence terms or covenants. Our investment team instead 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. Occasionally, however, when participating in certain debt offerings (typically smaller offerings), we do have more flexibility to assert our influence. This generally takes the form of engaging with management around a proposed waiver of a covenant or adding additional indebtedness. In all circumstances, we agree only to terms that we believe generate or otherwise 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, durable solutions that we believe benefit our clients and are reflective of the good stewardship of capital.

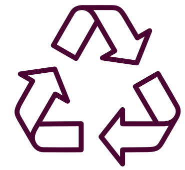


ESG ENGAGEMENT: SUSTAINABLE PACKAGING

Members of the fixed income investment teams engaged with the sustainability teams at three of the biggest global metal can and container manufacturing companies, commencing dialogues on the companies' sustainability practices and reporting and discussed other issues across the three E, S and G pillars.

The focus of our discussions varied depending on the mix of substrates used by a given company (*e.g.*, metal versus glass packaging) and company-specific factors such as non–packaging business segments and spinoffs. Topics of discussion included company emissions profiles, overall environmental footprint due to the use of aluminum and steel as major inputs into manufacturing processes, and high-quality carbon reduction targets.

Other areas of discussion included metal sourcing (virgin versus recycled inputs) as well as each company's ability to influence public policy on can recycling across its geographic segments. The use of renewable energy in operations was also discussed, as well as waste management. Finally, social factors such as voluntary and involuntary turnover and workforce training were addressed, given the specialized nature and high-skill requirements of many of the positions in these companies.



ESG ENGAGEMENT: ENVIRONMENTAL SERVICES

The covering high-yield analyst, ESG analyst and members of the Equity team engaged with a North American environmental services company that went public in 2020 after a series of mergers and acquisitions of smaller waste companies. The company's sustainability reporting was still in its infancy, which gave us the chance to provide feedback on disclosure and the metrics we asked for along with a better understanding of the company's path forward from a carbon reductions emissions perspective, including the consideration of methane capture in its landfills. Other topics of discussion included recycling processes and collaboration with local and city governments to foster a better understanding among residential end users of the recycling services the company provides.

ESG ENGAGEMENT: GLOBAL AUTOMOTIVE OEM

We have continued to pay close attention to sustainability and governance issues at a large global automotive company due to its past controversies on emissions and the associated disciplinary action from various governmental bodies. Our fixed income team engaged with this company on several key issues. We wanted to understand the progress made on resolving legal issues and the implementation of processes and policies following the agreement with government authorities. We also discussed issues on labor rights in the supply chain due to events in a key market. Other matters discussed included the third-party provider ESG ratings of the company and the engagement between the company and the providers. Finally, we gathered information on progress toward the decarbonization of its fleet, investments in EV related infrastructure and regulatory tailwinds.

ENGAGEMENT ACROSS MARKETS

While MFS is a global asset manager, we operate through a centralized platform and therefore do not significantly vary our practices based on geographic regions. That said, we do have offices and investment staff located in major financial centers throughout the world, which provides efficiencies and insights into local market dynamics that we leverage in our engagement and investment practices. For example, investment staff typically lead engagements involving companies located in their region of coverage. However, overall, we use the same approach and methodologies in all our engagements. We think this approach best serves our clients because it allows us to focus our resources and ownership stakes and ensure consistency in our process.

WE HAVE CONTINUED to pay close attention to sustainability and governance issues at a large global automotive company due to past controversies on emissions.

WE HAVE OFFICES and investment staff located in major financial centers throughout the world.

/ PROXY VOTING: A PILLAR OF STEWARDSHIP / 12

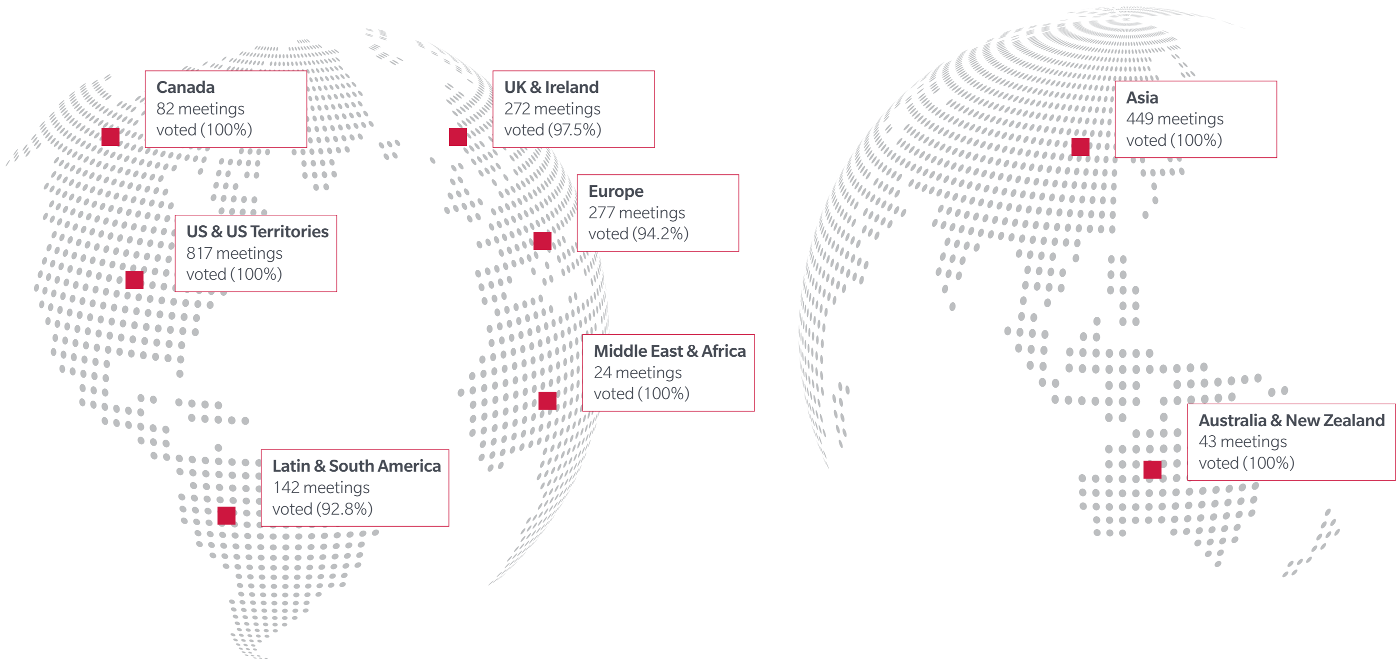
MFS maintains its own publicly available proxy voting policies and procedures, which provide a framework that guides our proxy voting decisions at approximately 2,000 meetings in over 50 different markets each year and includes procedures governing how we address potentially material conflicts of interest.

The MFS Proxy Voting Committee oversees the administration of the MFS Proxy Voting Policies and Procedures. We believe that having a diverse range of perspectives leads to a thoughtful and collaborative process that guides MFS' voting decisions and policy development. Franziska Jahn-Madell, MFS director of global stewardship, and Susan Pereira, vice president and assistant general counsel, co-chair the committee, which consists of senior members of our Investment, Legal and Global Investment Support departments. In order to mitigate the potential for material conflicts of interest, individuals whose primary duties relate to client relationship management, marketing or sales are not allowed to serve on the committee.

The day-to-day management of our proxy voting and engagement activity is performed by our stewardship team. While many voting issues fall within the scope of our policies, many votes require a case-by-case analysis. As an active manager, we are able to leverage the collective expertise of the team with the unique perspectives and expertise of our global team of investment professionals. This process enables us to formulate viewpoints with multiple inputs, which we believe leads to well-informed voting decisions. The process also provides the investment team with opportunities to better understand the stewardship team's viewpoints on a variety of topics, which in turn enables our investment professionals to integrate those viewpoints into their research process. As a result, when deciding on our position on certain types of votes the MFS Proxy Policies and Procedures do not provide explicit guidance on, the stewardship team often collaborates with other members of the investment team.

2021 Year in Review

During the 2021 calendar year, MFS was eligible to vote on 24,503 ballot items at 2,141 shareholder meetings across 59 markets. The firm voted shares at approximately 98% of these meetings, with the remaining meetings not voted due to share-blocking concerns (16 meetings), late receipt of ballot (one meeting) or market-specific voting impediments (18 meetings). A full record of MFS' proxy votes cast, including any votes that were withheld and votes against management, is publicly available at the following website: Proxy Voting (www.mfs.com/sustainability) (select location and role to access our records). The map below shows the number of meetings voted around the world along with the overall percentage of meetings voted within each region.



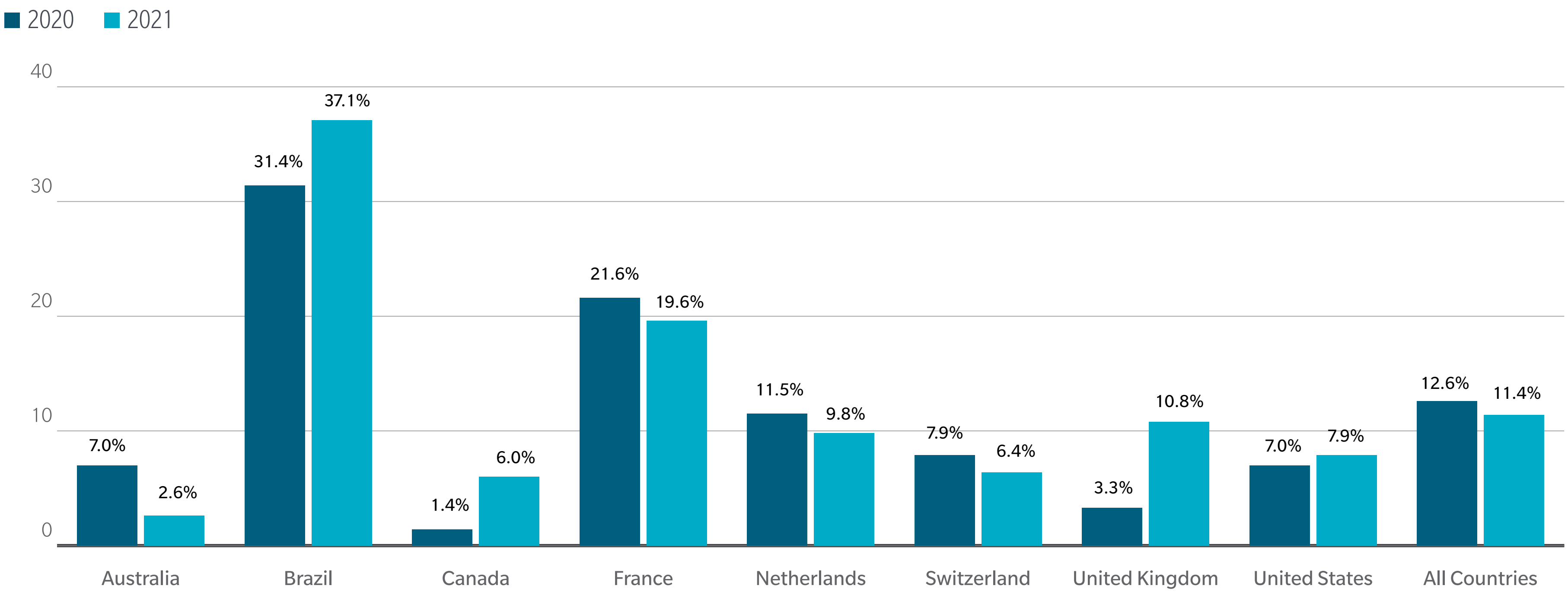
Over the year, MFS voted as follows:

- Against management recommendations on approximately 7% of all ballot items globally
- Against management recommendations on at least one ballot item at approximately 38% of all shareholder meetings
- Against approximately 11% of executive remuneration proposals
- Against 232 director nominees at 124 companies due to concerns around director or board independence
- Against 110 director nominees at 99 US companies due to concerns around excessive outside board service (overboarding)
- Against 76 board members of Australian, Canadian, European and US companies due to a lack of board gender diversity

Executive Pay

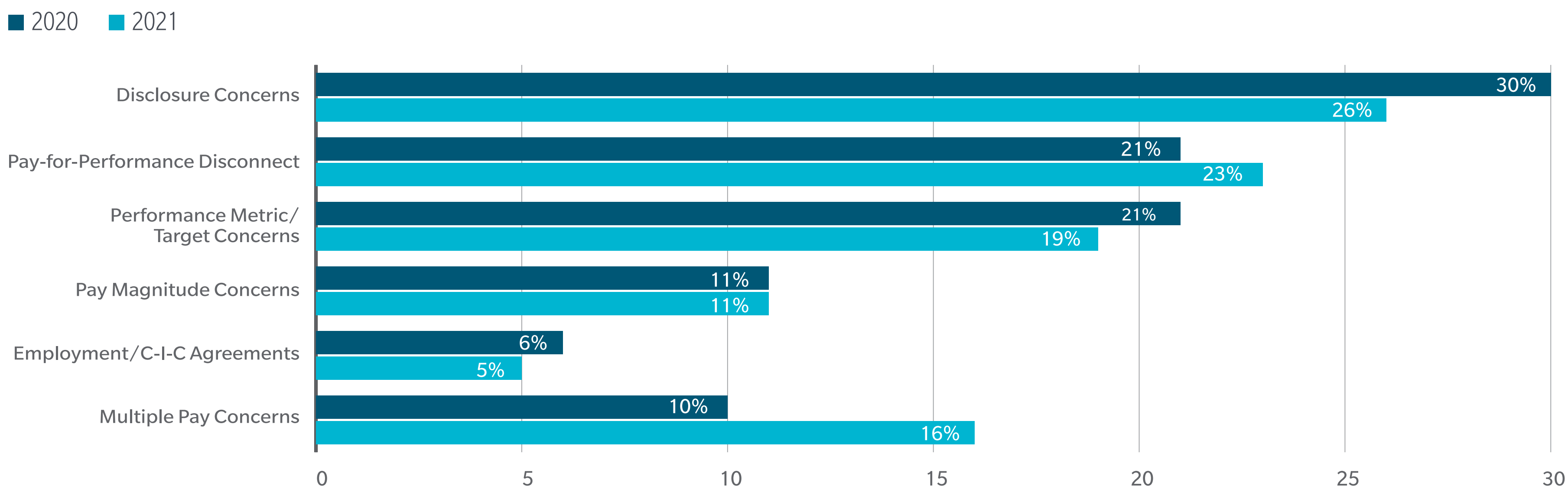
MFS believes Say on Pay votes are an effective mechanism for expressing our view on a company's executive pay practices and can help ensure that they are aligned with shareholder interests and do not incentivize excessive risk taking. Competitive pay packages are necessary to attract, motivate and retain executives; however, excessive or short-term-oriented compensation schemes are unlikely to be in the best long-term interests of shareholders.

How Often MFS Voted Against Executive Pay



In 2021, MFS voted against or abstained on approximately 11% of executive pay proposals globally. As illustrated below, our rationale for voting against executive compensation practices ranged from disconnects between company performance and executive pay to poor disclosure of pay.

Reasons for Deeming Pay Excessive



As in 2020, we voted against executive pay proposals most frequently in 2021 due to concerns around disclosure (26% in 2021 compared with 30% in 2020). Concerns around disclosure in 2021 were most frequently noted on pay proposals at Brazilian and French issuers. We have observed an increase in the share of votes against management attributable to disconnects identified between executive pay and performance (23% in 2021 compared with 21% in 2020).

STEWARDSHIP IN ACTION: advocating for long-term linkage between pay and performance.

We engaged on multiple occasions in 2021 with a US-based apparel manufacturer to clarify our concerns leading to a vote against the company's executive pay program at the 2020 annual shareholder meeting, which received less than 60% shareholder support.

We discussed our concerns around the cash-based portion of executives' long-term incentive and advocated for a stronger link between pay and long-term performance. While the proposal was supported by a majority of shareholders, many had concerns. We expressed MFS' expectations around the board's hearing those concerns and encouraged the company to thoughtfully disclose information on their shareholder outreach efforts on the matter, including how it intends to respond to shareholder concerns.

We engaged with the company again before its 2021 annual shareholder meeting, discussing in particular the compensation committee's responsiveness to shareholder concerns reflected in the 2020 say-on-pay vote and in the resulting outreach. The company shared that they had replaced the cash-based portion of the long-term incentive with one more closely linked to long-term performance in direct response to shareholder feedback. Observing lower overall pay, fewer one-off awards and a stronger link between pay and long-term performance, MFS found it appropriate to support the 2021 say-on-pay proposal.

Director Elections

MFS believes good corporate governance begins with a board committed to accountability to its shareholders. While we generally support director nominees in uncontested elections, we will not 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 and that gender diversity is one of the many ways corporate boards can enhance the diversity of their views, skill sets and collective expertise.

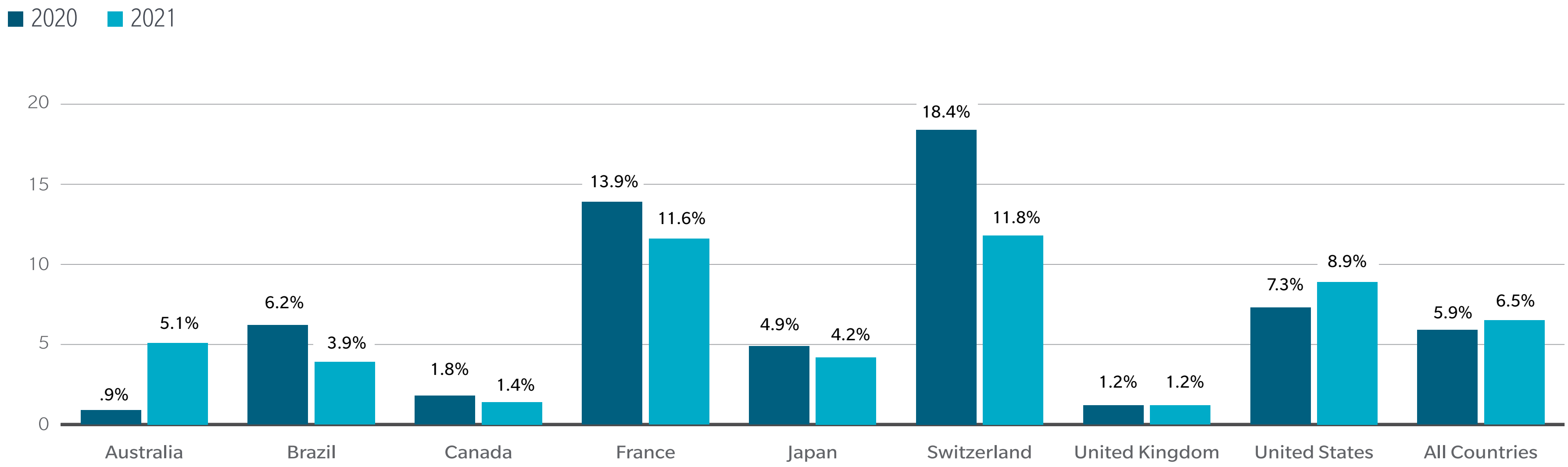
Ahead of the 2018 proxy season, we amended the MFS Proxy Policies to explicitly consider board gender diversity in our voting activity and began voting against the chair of the nominating and governance committee of any US company at which women made up of less than 10% of its board of directors. Over the following years, we expanded this guideline's geographical scope and made it more rigorous. As of January 1, 2022, MFS generally votes against the chair of the nominating and governance committee at any Australian, Canadian, European or US company at which women make up less than 20% of its board of directors (increased from 15% in 2021). In 2021, we voted against 76 director nominees at companies across Australia, Canada, Europe and the US due to insufficient board gender diversity. We expect this figure to increase significantly in 2022 with the new, more rigorous, 20% threshold. While our voting guideline on board diversity hinges on director nominee gender, as it is the most readily available data point, we believe there are other forms of diversity to take into consideration when evaluating board composition. Thus board diversity continues to be a topic of discussion when we engage with companies.

MFS may also vote against director nominees if the board maintains what MFS considers to be shareholder-unfriendly provisions, such as a supermajority vote requirement, or if the board has not responded adequately to major issues of concern to shareholders (*i.e.*, majority supported shareholder proposals, executive pay proposals that have failed or have garnered significant shareholder dissent). If a significant number of shareholders has expressed dissatisfaction with a company's executive pay program and the board has not addressed the issue, MFS may vote against members of the compensation committee or the full board.

During 2021, MFS voted against management's recommendation of 6.5% of director nominees globally (compared with 6.9% in 2020).

In the nearly 800 director nominations MFS did not support, concerns over four primary issues accounted for 83% of the votes against management. They were 1) boards' failure to remove shareholder-unfriendly provisions (32% of director votes against management); 2) insufficient director or board independence (29% of director votes against management); 3) overboarding or excessive board service (14% of director votes against management); and 4) insufficient board gender diversity (10% of director votes against management).

How Often MFS Voted Against Directors



Shareholder Proposals: Gathering Insights from 2021 and Looking Forward to 2022

Shareholder proposals can catalyze positive change on ESG issues. In 2021, at companies where we had a vote, more than 550 proposals were submitted by shareholders seeking a vote on a wide variety of ESG issues. The most prevalent topics included climate change, lobbying and political activities, human capital management and independent board chairs.

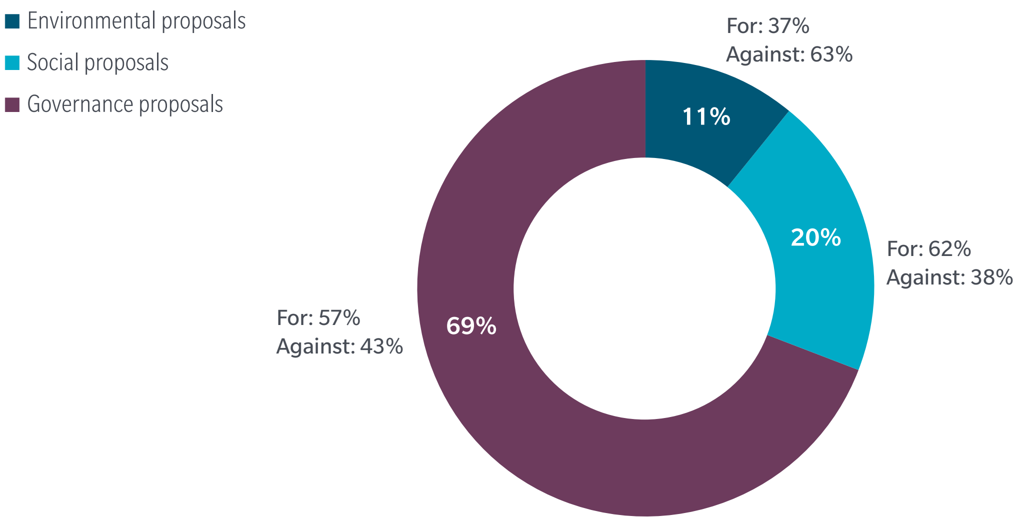
Shareholders submitted many more proposals in 2021 than in 2020. It is unclear whether this was a result of the uniqueness of the global environment of 2021 (*i.e.*, the global pandemic, the spotlight on social justice issues and representation, the focus on the impact of climate change). While it is also unclear whether this upward trend of the overall number of shareholder submissions will continue in 2022, we expect many of the proposals to be on the ballot again in light of the significant amount of support they received.

For example, in 2021 we considered and voted on several shareholder proposals calling for companies to conduct and report on a third-party racial equity or civil rights audit. Although none of these proposals received majority support, the level of support received was high for a first-time proposal: The nine proposals requesting either racial equity or civil rights audits that MFS voted received an average of 32% support. Additionally, many of these proposals were withdrawn by proponents and not brought to a shareholder vote based on the company's agreement to conduct such an audit. As a result, we believe we will be voting on similar proposals in 2022.

Climate change is also expected to be a prominent theme in 2022 voting activity, as it was in 2021. The number of environmental-related shareholder proposals submitted increased from 2021. Many of these proposals were ultimately withdrawn by proponents based on the company's agreement to take the requested action. Likewise, environmental-related proposals that did go to vote received greater shareholder support, with more proposals receiving majority support than last year. We expect this trend to continue in 2022. We also anticipate that we will see a record number of management proposals calling for shareholder votes on the company's climate transition plans.

With respect to executive compensation plans, as was the case for 2021, we expect to continue our discussions with companies to understand the impact of COVID-19 on executive compensation decisions. We also expect to see shareholder proposals seeking the incorporation of ESG metrics (*e.g.*, sustainability, data privacy, employee health and safety, workforce diversity) into executive compensation metrics and expect to conduct engagements with respect to the same.

How MFS Voted on Shareholder Proposals



Climate change is also expected to be a prominent theme in 2022 voting activity, as it was in 2021.

Environmental Issues

MFS voted on 60 shareholder proposals relating to environmental issues during 2021 and supported 37% of these proposals. The firm generally supports proposals that request additional disclosure on the impact of environmental issues such as climate change on a company's operations unless we believe the company already provides enough information on the topic to allow shareholders to assess the relevant risks.

A notable share of the environmental proposals we reviewed requested additional reporting on the impact of climate change on companies' operations, climate lobbying activities and greenhouse emission targets.

We reviewed a proposal in 2021 calling for companies to perform a cost-benefit analysis of their climate-related activity and environmental-related expenditures. In the five such proposals that we have reviewed, we have found that the activity undertaken by these companies, and the expenditures made, were in fact well-justified and producing meaningful benefits to shareholders, and so the firm voted against these proposals in all five instances. On average, these proposals received less than 4% shareholder support, indicating that this is not a material concern for the vast majority of shareholders.

Social Issues

MFS voted on 111 shareholder proposals relating to social issues during 2021 and supported 62% of these proposals.

Shareholder requests for increased disclosure around political contributions and lobbying activity represented nearly a third of the social shareholder proposals we reviewed. These proposals typically focus on increasing the disclosure of oversight mechanisms relating to a company's political spending. Of the 35 proposals reviewed throughout the year, MFS voted in support of 89% as in many cases we believed greater transparency around political contributions, lobbying activity and trade associations would provide information helpful to shareholders. If we believe that a company already provides enough publicly available information to enable shareholders to evaluate the potential risks around political contributions, we may not support this type of proposal.

Of the 35 proposals reviewed throughout the year, MFS voted

IN SUPPORT OF

89%

of proposals regarding political contributions and lobbying activity

Governance Issues

Corporate governance continues to be the most common focus of shareholder proposals we review each year. MFS voted on 376 such proposals in 2021 and supported 56%.

The number of proposals calling for the right or the amendment of the right of shareholders to call a special meeting decreased by approximately 25% to only 20 proposals. Meanwhile, we have again observed an increase in the number of proposals pertaining to a shareholder's right to act by written consent.

Use of Proxy Advisory Firms

MFS analyzes all proxy voting issues within the context of the MFS Proxy Policies, which are developed internally and independent of third-party proxy advisory firms. The firm uses a proxy advisory firm to perform various administrative services related to proxy voting, such as vote processing and recordkeeping.

MFS also receives 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, other third-party research and data. These sources of information help us the most in our effort to vote 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 that we address any material conflicts of interest involving these proxy advisory firms. 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 independent audit reports. MFS also reviews the proxy policies, methodologies and peer-group-composition methodology of our proxy advisory firms at least annually. Additionally, the firm requests quarterly reports from our proxy advisory firms that include the disclosure of any violations or changes to conflict of interest procedures.

MFS requests

QUARTERLY REPORTS

from our proxy advisory firms that include the disclosure of any violations or changes to conflicts of interest procedures.

Client and Industry Alignment

As important as our investment approach is our steadfast focus on creating value responsibly for our clients. This section illuminates the ways in which we have sought to service, empower and align with the needs of our clients to help them fulfill their fiduciary duties.

Client and Industry Alignment

Client and Industry Alignment 1 6

/ MEETING CLIENT EXPECTATIONS AND INCORPORATING FEEDBACK /

In managing our clients' assets, we believe it is critical to understand and incorporate their views in order 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 7, 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, the client's investment objectives, restrictions and reporting expectations are reflected in a tailored written agreement, which is updated as necessary to ensure we are meeting that client's 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. These partners are ultimately the client-facing entities for investors in our retail funds, and therefore we have assigned relationship managers for each distributor, regular due diligence, and 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.

Additionally, we believe client surveys are highly effective. We use them from time to time to gather information on our clients' views and needs. Surveys are also an effective way to educate our clients on our investment and stewardship process. In 2021, we conducted two surveys, described here:

- The MFS Institutional Investor Compass survey, now in its sixth year of publication, gathers the views and sentiments of over 500 of our global institutional clients on issues such as asset allocation, the role of active management and product and strategy implementation. This year's survey focused on participants' views on sustainable investing and the role of engagement.
- We surveyed over four thousand retirement plan investors across the US, the UK, Canada and Australia, gaining valuable insight into the current demand and their expectations regarding the performance of investment products in their portfolios that incorporate the consideration of ESG factors.

Surveys such as these, in addition to information gathered through both institutional and retail communication channels, help to inform our decisions on what products we should offer and how these portfolios are managed to meet our clients' expectation. We believe our approach in this area continues to be effective and helps us further improve our client communications and stewardship processes generally.

Assessing Effectiveness

One of the benefits of a long-term sustainability and stewardship program is the ability to continuously assess and evolve our processes to better serve the interests of our clients. Maintaining a mutual dialogue allows us to ensure we stay apprised of, and respond appropriately to, our clients' needs.

One way to assess our effectiveness in serving the interests of our clients is to reflect on the enhancements we have made throughout the year. Many of these are discussed at length in this report, but we feel two are particularly helpful:

- **Investing heavily in sustainability data and tools –** Expanding our relationships with existing external data providers and investing in new ones, as well as developing proprietary tools in-house, has enriched our research capabilities, which could lead to more thoughtful investment decisions for our clients.
- **Broadening our reporting capabilities –** We have been developing our reporting capabilities for our clients in an effort to be more transparent in our investment activities.

Another effective assessment tool is client feedback. We regularly attend meetings with clients and try to be available to them when they need us. We are also receptive to ad hoc client feedback and questions.

For example, we had been receiving client inquiries about modern slavery risks in our portfolios. In 2020, we published thought leadership on a consumer apparel producer as part of a thematic research initiative on modern slavery in the supply chain. This particular company has a history of transparency and has acted as an industry leader in monitoring the activities of its supply chain.

After reading one of our white papers in 2021, one of our clients reached out to us to ask if we had had discussions with this company given that they were a sponsor of a major world sporting event. The country in which the event was being hosted had been involved in several modern slavery–related controversies recently because of its use of borrowed labor from other countries. While the company was not directly responsible for the event, it was a major partner.

In response to the concern, we probed the company on the issue during one of our regular engagements. Management assured us that as a sponsor, the company had made its concerns known and its standards clear to the organization running the event. The company also joined the organization's Human Rights Council and plans to use this partnership to keep up with audits and due diligence to limit the risk of modern slavery controversies in the future.

Client Alignment

As active managers, we are expected 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. Failure to do so would render our services useless. Beyond frequent dialogue with our clients, we have comprehensive compliance and risk review systems in place, discussed in this report, to ensure that we adhere to our clients' expectations.

Because we take meeting our clients' expectations seriously, we are not aware of any instances during calendar year 2021 in which we intentionally deviated from a client's stewardship and investment policies. With respect to our investment activities, we do not 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, 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 and vote proxies not in accordance with our policies only if we receive written instructions from our clients. Whenever a client's expectation is not satisfied, we do whatever we can to remedy the issue and make the client whole.

Long-Term Investment Horizon

At MFS, we invest our clients' assets with a long-term view and do not generally focus on or chase short-term investment performance. We focus instead on the long term because we believe that that approach reflects what it means to be a good steward of our clients' capital. While we do not set specific investment horizons, our investment team generally views a full market cycle as a seven-year holding period. Ultimately, our investment horizon depends on a number of factors, including but not limited to a client's stated expectations and goals, the asset class and overall market conditions.

/ SUSTAINABILITY AND RETIREMENT ASSETS / 6

DC Sustainability Toolkit

To help in the effort to incorporate sustainability into workplace retirement plan investment menus, during 2021 we launched a sustainability toolkit called "Making the ESG Connection." Designed as a guide for defined contribution (DC) plan sponsors, consultants and advisors, it is aimed at empowering fiduciaries to bring sustainability into their own operations and processes.

It is a toolkit with four modules:

1. **Educate** – Discusses the nuances of ESG investing and provides perspective on implementation considerations to help plan sponsors understand why ESG matters
2. **Support** – Helps sponsors think through how ESG issues are currently considered by the employer and how an ESG approach could be implemented
3. **Implement** – Provides steps for implementation through tools such as sample RFP questions and evaluation techniques
4. **Communicate** – Illustrates what investing responsibly means and how ESG factors can be considered in the investment decision–making process

The toolkit serves as a concise but comprehensive guide for plan sponsors, advisors and consultants and will assist them in implementing their own ESG integration approach. It is currently available in the US and Canada. We will expand it for broader audiences again in 2022.

Additionally, in 2021 MFS cosponsored a DC-focused ESG advice certification program delivered by the National Association of Plan Advisors (NAPA). The ESG(k) certificate curriculum comprises three actionable modules covering a range of ESG concepts for retirement plan advisors followed by an assessment that advisors must pass to receive their certificate.

Separately, we wrote a letter to the US Department of Labor in response to its proposed "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights" rule. We stated our support for the department's initiative that makes clear that all material factors may be appropriate considerations when managing US retirement assets, and we requested a modification of the proposed language to encourage fiduciary discretion in considering ESG factors. A copy of our letter can be found at DOL Letter.

/ ESG CLIENT REPORTING / 1 6

We have made a concerted effort to improve client reporting over the past few years. After much interest from our clients, we have had to evaluate multiple different data providers and how they could meet our clients' needs while providing metrics that still align with our investment process.

Carbon Metrics

In 2021, we began including the Trucost Scope 1 and Scope 2 carbon intensity climate metric in many client materials for equity strategies, including both fundamental and Blended Research® equity products. These metrics can now be found on the portfolio characteristics page currently included in those pieces. There are several metrics we can choose from when disclosing carbon emissions. For example, we have the option of disclosing carbon intensity (which measures how many tons of carbon dioxide equivalents, or CO_2e, a company emits for every $1 million of revenue generated) or absolute carbon emissions (which measures how many tons of carbon dioxide equivalents (CO_2e) a company emits.)

We believe carbon intensity is preferable when looking at portfolio-level statistics for the following reasons:

- It allows investors to compare the emissions of different-sized companies and aggregate them more appropriately.
- It gives investors a better sense of how efficiently an entity uses resources and whether changes in total emissions are due to positive or negative economic growth.
- It is more appropriate to use if clients are comparing different managers or making comparisons relative to a benchmark.

That said, it is certainly relevant to monitor companies' absolute emissions since absolute emissions are what ultimately must be reduced to reach a variety of climate goals. We anticipate adding absolute emissions information in the future, as well as other measures of climate change exposure, as data quality and comparability improve.

Pilot ESG Report

As part of an ongoing effort to meet our clients' needs, we have developed a comprehensive pilot ESG reporting package for some institutional clients. Below are the key principles we tried to adhere to when building the report.

- Authenticity to our investment process
- Veracity and conviction in data
- Relevance to our regulatory obligations
- Proactively meets client demand where possible

The report considers a mix of carbon data, ESG ratings data from multiple providers and high-level information on controversies associated with individual securities. We provided it to select interested clients and sought feedback from them on how to improve it. Several clients were very pleased with the report and asked to receive the next one. We hope to improve it in the coming year.

Firm-Wide Reporting

MFS, upon request, shares information on our stewardship-related activities as well as portfolio-level data and metrics (including ESG-related attributes) with our clients. We publish this report and our Quarterly Stewardship Reports summarizing developments in our ESG integration approach, as well as reports on our proxy voting and engagement activities each quarter and year. Additionally, we report on our responsible investing efforts in accordance with collaborative initiatives that we join, such as the PRI. We also regularly publish thematic ESG research performed by our investment team and sustainable investing thought leadership, which can be found on our website: www.mfs.com/sustainability. One notable development in 2021 was the publication of our *MFS All Angles* podcast series. Each episode features senior members of the firm sharing perspectives and insights on various topics relating to sustainability. They are available on our website, Apple Music and Spotify.

Our clients who have delegated to us proxy voting authority receive a periodic vote summary report for their portfolio. We also publicly disclose on a quarterly basis the votes of certain pooled vehicles for which we serve as investment advisor. These are available on our website at Proxy Voting (mfs.com). We additionally include a summary of our proxy voting and engagement activities in this report.

We believe that the above approach to communicating our stewardship activities to our clients continued to be effective in 2021 because it incorporates the flexibility to provide client-specific information, such as proxy voting reports (where applicable) and bespoke portfolio-level metrics, and also more general reporting, such as our annual and quarterly sustainability reports that provide insights into MFS' views of current and emerging issues and how these may impact our investment and stewardship processes.

/ THE EU'S SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR) / 4 7

Note: SFDR impacts European clients and European-domiciled products only.

The SFDR (Sustainable Finance Disclosures Regulation) is a European disclosure-based regulation meant to help asset allocators make informed decisions when evaluating different approaches to sustainable investing. The SFDR is part of the EU sustainable finance work stream supporting its Green Deal — the transition to a sustainable EU economy. The EU is encouraging the allocation of capital toward sustainable activities. The disclosures under the SFDR are intended to facilitate this transition by providing investors with more information on the role and level of intensity as to how sustainable factors are incorporated into investment products to mitigate the risk of greenwashing (the practice of claiming a product is sustainable when it is not). Under Article 8 of the SFDR, disclosure must be made in relation to a specific environmental or social characteristic that is promoted through the investment process.

As with any regulation, our intent is to meet it in both spirit and practice. Having spent time with key regulatory bodies and advisors in Europe over the past two years, we understand that the SFDR is ultimately about protecting end investors by ensuring that investment managers who claim they are taking an ESG approach make transparent the process by which they are effecting change in the real economy.

Therefore, our approach to SFDR has been guided by and is directly aligned with our mission as a firm. It leverages a platform-wide approach and a culture of investing over the long-term that is rooted in bottom-up fundamental analysis.

When thinking about how MFS can best effect change in the real economy, we considered that the size and power of our global research platform combined with our long-term horizon, deep knowledge of the companies in which we invest and understanding of all aspects of an issuer's capital structure differentiates us: We have an ability to engage with corporates that many investors do not.

In this context, we strongly believe that active ownership should be at the heart of our approach to creating value responsibly, and the most authentic way for us to meet the spirit of the SFDR.

In order to remain true to our approach to sustainability — which integrates the consideration of all the material ESG factors associated with the companies we invest in — we have chosen to focus our disclosure framework on an issue we believe is universally material: climate change.

The transition to a lower-carbon economy represents a risk or opportunity for all companies. This is also where the data available to us (and our clients) is the most robust, which is an important consideration.

Owing to the work of our Climate Working Group, as well as our participation in industry groups such as Climate Action 100+, CDP, the Science-Based Targets Initiative, the PRI and others, we have been trying to move companies down the path to net zero for the past few years. We are publicly in support of the Paris Agreement, have published our Climate Manifesto and are members of the Net Zero Asset Managers initiative.

Therefore, in addition to our approach to ESG integration and active ownership, we will apply a disclosure framework around a Low-Carbon Transition Characteristic, meaning that through active engagement with investee companies and the encouragement of good governance and improved disclosure, we aim to have at least 50% of our portfolio invested in companies that meet at least one of the following criteria:

- A decline in carbon emissions on a rolling three-year basis
- A commitment to a recognized high-quality carbon reduction plan or target aligned with national and global carbon emissions reduction goals, such as a science-based target or net zero commitment
- Operating on a "net zero" basis
- Corporate debt instruments issued to finance activities that facilitate the transition to a lower-carbon economy

As we write, 26 of the 50 MFS funds in scope of SFDR are designated as Article 8 compliant. We continue to work on designating our remaining funds in scope of SFDR as Article 8 compliant.

We believe that our response to the SFDR represents an authentic and honest approach that is aligned with our investment process and the role we play in the capital markets. We are proud to be able to commit to criteria that target real economy GhG emissions reductions and incentivize the actions we believe will be necessary to achieve global and national net zero goals. We recognize that our approach is different from many of our peers, who have sought Article 8 approval by applying exclusionary policies or relying on third-party ratings. As we have commented on in a recent thought piece on engagement and exclusion (Engagement vs. Exclusion in Public Markets), we firmly believe that our approach stands out because it holds us accountable for using the power of our platform to influence changes in the real economy through long-term, constructive stewardship.

In summary, we believe that our approach to setting our targets is genuine, realistic, ambitious, innovative and differentiated.

MFS funds Article 8–compliant as of December 31, 2021

MFS MERIDIAN® FUNDS SICAV	MFS INVESTMENT FUNDS FCP
1. Continental European Equity Fund	21. European Research Fund
2. Contrarian Value Fund	22. Global Concentrated Equity Fund
3. European Core Equity Fund	23. Global Equity Fund
4. Euro Credit Fund	24. Global Equity Euro Hedged Fund
5. European Research Fund	25. Global Value Fund
6. European Smaller Companies Fund	26. Global Value Ex-Japan Fund
7. European Value Fund	
8. Global Concentrated Fund	
9. Global Credit Fund	
10. Global Equity Fund	
11. Global Intrinsic Value Fund	
12. Global Opportunistic Bond Fund	
13. Global Research Focused Fund	
14. Prudent Capital Fund	
15. Prudent Wealth Fund	
16. U.K. Equity Fund	
17. U.S. Concentrated Growth Fund	
18. U.S. Corporate Bond Fund	
19. U.S. Growth Fund	
20. U.S. Value Fund	

Corporate Sustainability at MFS

We aim to hold ourselves to the same standard we hold the businesses owned in our portfolios to. As a result, we recognize the importance of implementing our sustainability philosophy into our own operations. Demonstrated in the following section are our efforts to better serve our employees, communities, the environment and all other stakeholders in order to foster a workplace reflective of our core values.

Corporate Sustainability at MFS

Corporate Sustainability at MFS

/ OUR CORPORATE STRUCTURE AND GOVERNANCE / 1 2

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.

MFS currently operates from offices located in 20 countries around the globe, including nine investment centers — Boston, Hong Kong, London, Mexico City, 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 comprises the MFS Management Committee, which oversees the firm. The committee is responsible for setting strategic direction, determining the 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 Management Committee 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 27 other committees helping the firm in areas such as 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.

We believe that the committees play an important role in the culture we strive to maintain and also 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' headquarters in Boston, Massachusetts has met LEED Gold standards, and the firm, when possible, has applied similar measures and standards across its 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 minimize our overall environmental footprint. The group was tasked with developing goals and initiatives to reduce our environmental impact and continued this work throughout 2021. As part of this effort, and in partnership with our parent organization, Sun Life, we adopted a carbon neutrality plan. This program ensured that MFS achieved net zero carbon emissions in its business operations in 2021. Going forward, the working group will examine all aspects of MFS business operations to identify where improvements can be made to further reduce emissions and resource consumption. This is discussed later in our first-ever TCFD-aligned report, which begins on page 70.

/ INTERNAL ESG TRAINING / 2

In 2020, members of our sustainability strategy team launched an ESG and sustainable investing training program that offers all MFS employees the opportunity to deepen their understanding of sustainability-related topics. The course was updated and improved in 2021. We plan to continue to refresh the content each year to remain current.

The goal of this program is to raise the level of expertise on ESG-related topics across the firm and empower all MFS employees to incorporate sustainability practices into their work and their discussions with clients, vendors and other stakeholders.

The course includes both introductory and advanced learning tracks covering the history and current state of sustainable investing, detailed information about MFS' approach to sustainable investing through ESG integration and stewardship, and discussions about evolving ESG topics, trends and research. During 2021, over 750 MFS colleagues participated in the curriculum, which takes about 10 to 15 hours to complete.

To supplement our training curriculum, in 2021 we launched a new series, *Strategic to Tactical: Stories to Bring Sustainable Investing to Life*. The purpose of this series is to help clients better understand our investment process through stories. Members of our investment team volunteer as speakers monthly to help bridge the gap between theory and practice by sharing tangible examples of how they navigate sustainable investing. Sessions during the year focused on several topical issues, including the benefits of active ownership, sustainability in credit, ESG in emerging market debt and climate change. Most recently, we held an "Ask Me Anything" session in which employees had the opportunity to fill any gaps in their understanding of sustainability. This session was well received in 2021 and will be continued in 2022.

Sustainability Speaker Series

Also in 2021, we launched a monthly Sustainability Speaker Series for the entire investment team. Aimed at broadening the team's perspective on sustainability, the program features a wide range of external presenters, including asset owners and managers, academics and other industry stakeholders who have interesting views on sustainability-related issues. The sessions have been very well received; over 100 investment team members have attended each. Some notable ones were given by Know the Chain, an organization focused on corporate supply chain practices. Also presenting were a former corporate director, who reflected on the changes in governance he observed during his 30-year tenure, and the head of a major Australian super fund. We feel this series adds significant value to our investment team, and we will be continuing it this year.

ALSO IN 2021, we launched a monthly Sustainability Speaker Series for the entire investment team.

/ DIVERSITY, EQUITY AND INCLUSION AT MFS / 2

Diversity, Equity and Inclusion (DEI) is among our most important endeavors. Not only does DEI shape the way we operate as an organization and align with our clients, but it also drives us to support social justice pursuits, both in our communities and globally. Importantly, our progress on this journey starts with transparency and accountability.

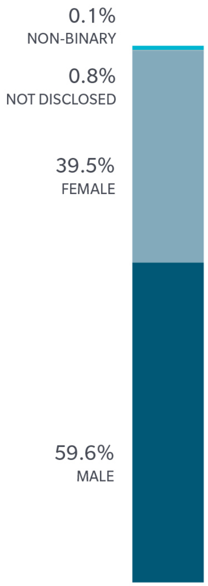
40% of MFS global employees were women

19% of MFS US employees were racially/ethnically diverse

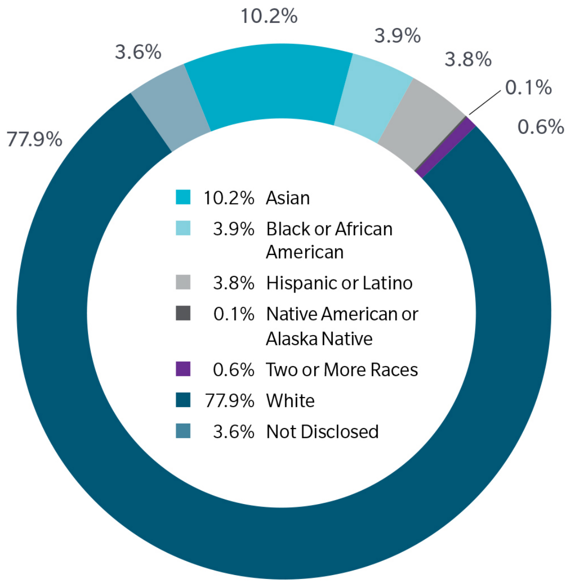
23% of MFS UK employees were racially/ethnically diverse

Global Snapshot

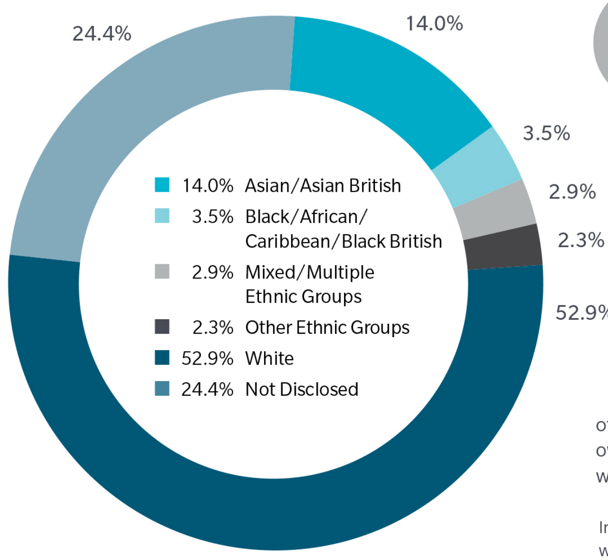
/ GLOBAL HEADCOUNT GENDER /



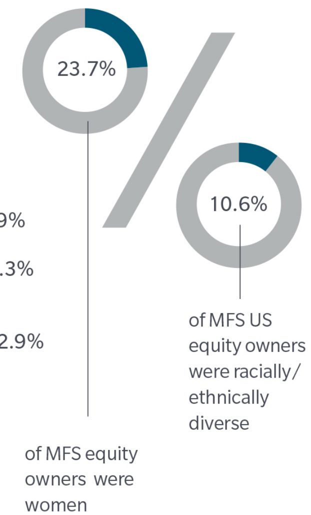
/ US HEADCOUNT RACIAL/ETHNIC DIVERSITY /



/ UK HEADCOUNT RACIAL/ETHNIC DIVERSITY /



/ MFS – EQUITY OWNERS /



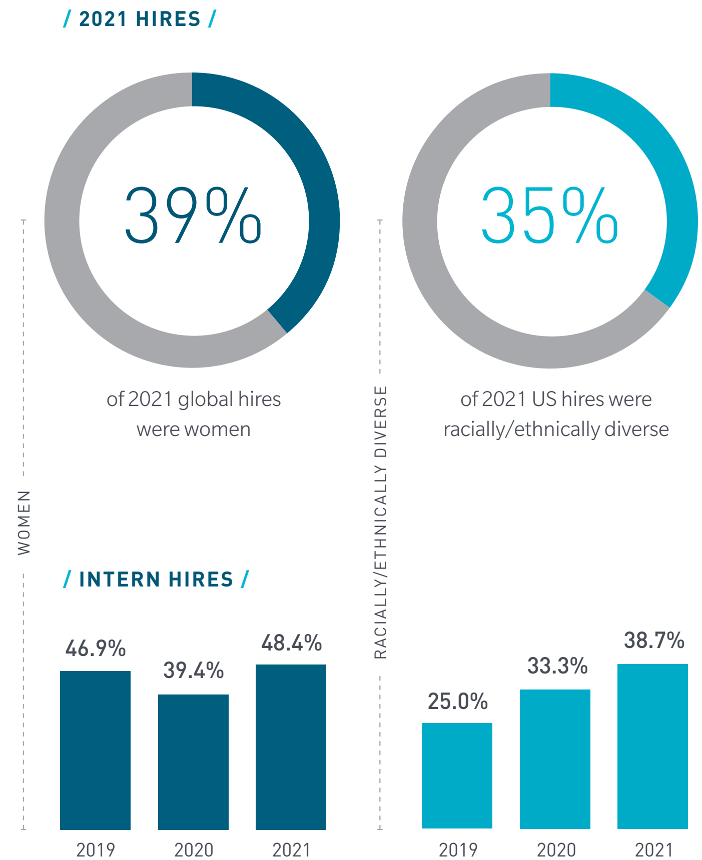
Includes those who received equity within the past four years – 2017–2021

In 2021, we made significant strides in setting the foundation for our DEI vision at MFS. Over the past year, to better understand the diversity of our employees and take the proper measures to support them we've undertaken several initiatives. The following are some of the highlights from the year:

- In 2021, we changed our recruiting model to both refine our strategy and set a solid foundation for hiring and retaining an increasingly more diverse workforce in three ways:
  - Research and attend more diverse career fairs
  - Target a more diverse population
  - Augment our campus recruiting efforts
- We have four Employee Resource Groups (ERGs) which provide programming, events, networking opportunities and recruiting support and partner with outside charities to support diverse or underserved communities. At present, nearly 600 full-time employees are involved in one or more ERGs and these groups held nearly 40 events in 2021.
- We conducted multiple firm-wide DEI training and education programs during the year:
  - Inclusion training was required for all MFS employees
  - All managers required to attend a specific inclusion training focused on their responsibility to create an inclusive work environment
  - Required at least 3 hours of DEI training to be included in all employees' goals

As an affirmative action employer, MFS recognizes the importance of accountability. We maintain a written affirmative action plan outlining the policies, practices and procedures we have implemented in order to uphold our commitment to nondiscrimination and affirmative action. We also work to educate our leadership team, managers and employees on MFS' responsibilities as an affirmative action employer. In addition, we're working on a submission to the Human Rights Campaign (HRC) to make sure that we operate in a way that fully supports our LGBTQ+ community and helps create an environment that feels welcoming to current and prospective employees.

We believe the process of accessing and ultimately hiring more diverse talent starts with transparency on where we are today. In 2021, women accounted for 39% of our global hires. In addition, more than a third of our US hires were from racially/ethnically diverse populations.



We know we still have a lot of work to do—and we will do it together. As we approach our 100-year anniversary, we can take pride in both the inclusive culture we've built and our firm-wide commitment to making it even better for centuries to come. We encourage you to read our full MFS 2021 Diversity Report.

/ CORPORATE CITIZENSHIP /

Supporting Diverse and Underserved Communities

As a firm committed to a culture of giving, MFS supports many organizations working in underserved communities — both financially and through the generous volunteerism of our employees. We participate in programs that empower our communities in key areas including health, education, civic engagement, the environment and social justice.

Many of the organizations we support have been our partners for years. We believe that if we are going to support underserved populations, it's important both to have long-term partnerships and to forge new ones when we see an opportunity to make a difference.

While we have always embraced a culture of giving at MFS, we recently increased our commitment by adding resources to our Corporate Citizenship team and appointing a new director. As we look ahead to 2022, our corporate citizenship director envisions these undertakings:

- **Fortifying Partnerships —** Fortifying partnerships with organizations that tie directly back to our purpose and engaging our employees in volunteer opportunities that are meaningful to them
- **Expanding Our Outreach —** Working with our recruiting team to expand our outreach to a more diverse field of candidates, focusing on underserved communities
- **Leveraging ERG Partnerships —** Supporting community organizations through our ERGs, potentially helping to generate more support for causes employees support
- **Responding to Global Crises —** Responding to humanitarian needs arising from crisis situations (working through the American Red Cross, the firm donated $100,000 in 2021 to help fight the COVID-19 crisis in India and $100,000 in 2022 to aid in relief efforts and provide assistance on the ground in Ukraine)

SUSTAIN AND ENHANCE AN INCLUSIVE WORKPLACE

Appendix

Appendix

MFS® Investment Management

1 2 4 7 10

MFS® Strategic Climate Action Plan

In line With the Task Force on Climate-Related Financial Disclosures (TCFD)

RESPONSIBLY ACTIVE FOR A CENTURY

> "At MFS, our purpose is to create long-term value by allocating capital responsibly."

Mike Roberge
in letter to clients, January 2021

Allocating capital responsibly

MFS View on Climate Change

Climate change will be a defining investment topic for the decades ahead, creating risks and opportunities for all businesses. As long-term stewards of capital, we aim to evaluate and manage the associated climate-related risks and opportunities in our portfolios responsibly. We support the Paris Agreement and the efforts to limit global warming to 1.5 degrees Celsius above preindustrial levels. Given the current trajectory of global emissions, achieving this target will require meaningful action by a range of stakeholders.

Though the financial sector generates a limited amount of direct carbon emissions, asset managers play a critical role in encouraging the companies that we own to mitigate risks and properly address opportunities, including those related to the transition to a lower-carbon economy. As long-term investors seeking to allocate capital responsibly, we can use a variety of tools at our disposal to boost the rate of change in this space, which we believe will improve investment results and create value for our clients.

Our journey with the TCFD began in 2019 when we first became a user signatory; however, researching climate risks and opportunities — incorporating carbon data into certain investment analyses, for example — has been a part of our investment process for many years. In addition, to bolster our understanding of the topic, we joined the Carbon Disclosure Project (CDP) in 2010, and we have joined numerous other industry initiatives over the years, such as the Climate Action 100+, the CDP's Science-based Targets Campaign and the Net Zero Asset Manager's Initiative.

We have reduced our own carbon footprint, and we achieved carbon neutrality in 2021. In addition, we have engaged with policymakers to encourage the increased disclosure of climate risks and opportunities.

As part of our commitment to the TCFD, we have produced our first 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. While keeping in mind that our reports will evolve and improve in future years, we are excited to share our inaugural one with you now.

Sustainability Governance Structure

The MFS Sustainability Executive Group (SEG) provides strategic leadership concerning MFS' sustainability strategy. It includes our chair and CEO, president, CIO, CSO, general counsel and other senior leaders responsible for the integration of sustainability across the firm. The SEG meets at least monthly to develop long-term sustainability strategy, including on climate change related issues, advise on and coordinate the implementation of that strategy, as well as resolve any issues of prioritization and resource allocation for sustainability-related projects.

We believe incorporating executive management into our newly formed SEG will help streamline our decision making and strategic direction. Specifically, with respect to membership, we recognize that sustainable investing and stewardship more broadly is becoming more data intensive and accordingly, we have added a member of MFS' global technology team to the SEG.

Although the SEG is responsible for our sustainability strategy, the firm has also established committees and working groups that are a part of its existing committee governance structure. These committees and working groups are devoted to the implementation of specific aspects of the strategy. They allow us to be agile and focus on key sustainability issues.

Overall, our approach to governance is designed to ensure that we remain coherent, focused and relevant on all matters of sustainability. It is also designed to reflect the three core pillars of our strategic response — investment, client and corporate.

/ SUSTAINABLE INVESTMENT AND STEWARDSHIP COMMITTEE (SISC) /

In our new structure, a new committee — the Sustainable Investment and Stewardship Committee (SISC) — was formed and is now accountable for ensuring the investment team is properly integrating ESG factors into its research and engagement activities. This committee will define and implement MFS' ESG investment strategy and policies related to consistency and progress of integration of ESG into the investment process, engagement and escalation activities, adherence to stewardship codes as well as membership into investment-led collective engagement groups.

/ PROXY VOTING COMMITTEE /

The role and responsibilities of MFS' Proxy Voting Committee and its composition (which includes senior personnel from MFS' Investment, Legal and Global Investment Support departments) did not change much in the restructuring. The committee 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 SISC to create an integrated approach to setting engagement goals and priorities.

/ CLIENT AND CORPORATE SUSTAINABILITY COMMITTEE (CCSC) /

The Responsible Investing Committee was reconstituted as the Client and Corporate Sustainability Committee (CCSC). Along with coordinating corporate sustainability efforts, this committee will be accountable for determining and implementing MFS' ESG client and corporate strategies and policies related to the consistency of interactions with clients on sustainability issues.

Given that the new structure was implemented in early 2022, we have not yet been able to comprehensively assess its benefits, or look for areas for continued improvement. We acknowledge, given the dynamic nature of sustainability and how it manifests across our enterprise and industry, that we need to evolve our governance structures over time to ensure we maintain effective decision making and appropriate accountability. We look forward to providing an update on this as soon as we are able.

In the area of engagement, our investment team developed a set of standard principles to be used by the team when engaging with our issuers. Structured within each working group described in the following section, these principles, we believe, will build on our existing engagement policies, ensure consistency in our engagement practices and help further socialize our stewardship expectations.

every member of the investment team is fully committed to MFS' sustainability goals

every investment decision is made only after the proper consideration of material ESG factors

we are collectively fulfilling our stewardship obligations by engaging with our investee companies and issuers

Strategy – Investments

Climate change and regulations associated with climate change are materially impacting businesses' revenue growth, margins and returns, cash flows, capital expenditures and valuation. These impacts are arising due to regional and country commitments (*e.g.*, carbon prices and taxes), changing consumer expectations and increased demand for lower-impact products and services, physical disruptions caused by a warming climate, and increased divestment/investment based on certain companies' preparedness for climate change. As long-term investors seeking to understand the duration and stability of financial returns, we are assessing and managing this important issue at both the issuer (company, sovereign and subsovereign) and portfolio level.

/ COMPANY AND INDUSTRY ANALYSIS /

As with all risks and opportunities, our assessment of environmental issues such as climate change begins with in-depth fundamental company and industry analysis. Our investment team has conducted a substantial amount of climate research. It has been shared in sector team discussions, regional investment meetings, thematic presentations and one-on-one interactions. The research has covered a wide range of industries, from the highly affected energy, utility and industrials sectors to other industries increasingly impacted by climate change (*e.g.*, real estate, insurance, consumer staples).

Our work has focused on understanding risk in the four areas shown in the illustration to the right.

Risks
- Rising sea levels
- Storm frequency

Opportunities
- Prevention, maintenance, design

Risks
- Technological/regulatory
- Asset stranding

Opportunities
- Direct
- Indirect

Risks
- Legal liability regarding climate impacts

Opportunities
- N/A

Risks
- Consumer/investor stigmatization of certain industries

Opportunities
- Innovators gain share

Our investment staff uses both proprietary and third-party tools to monitor data on ESG factors relevant to each security. Over the past several years, our efforts to enhance our ESG data integration strategy have advanced substantially. We have broadened datasets from existing providers and added additional datasets from new providers. Our focus has always been on identifying the highest-quality data available and developing tools that deliver them effectively to our investment team. To house our proprietary ESG analysis and relevant third-party data, MFS maintains easily accessible ESG hubs for each issuer within our investment research system. Notes written by our analysts and portfolio managers tagged as containing ESG content are automatically linked, enabling the broader team to quickly identify and evaluate internal viewpoints on material ESG factors impacting the companies they cover or hold in a portfolio. Each issuer's ESG hub also includes our proprietary ESG "sector maps" for the industry most relevant to its business. MFS' sector maps outline the key environmental and social issues we believe are most material to the industry in which a company operates. They include an overview of the topic (including key data points to analyze), a heat map indicating the magnitude of the risk or opportunity and guidance on addressing the issue during company engagements.

Our investment team has also developed a proprietary ESG dashboard that can instantly display a wide variety of company-reported data and other insights for one or more issuers, including data associated with climate commitments, emissions, water usage, diversity, injury rates, employee attrition, data security and bribery and corruption practices, executive compensation and governance information, audit quality and controversies.

SCENARIO ANALYSIS

Our investment team has sought to evaluate how different climate outcomes impact certain companies. It should be noted, however, that climate scenario analyses are highly complex and require many forecasts, including of commodity prices, mix shifts in various types of energy, market share changes at the industry and company level and costs related to carbon taxes and regulations. We have evaluated various scenario analysis tools and run certain holdings and portfolios through those tools, but the output has not led to insights beyond those already generated by our bottom-up fundamental research on thousands of companies around the globe. Furthermore, due to the intense focus on climate change globally — by both society and regulators — we strongly believe that the goal of achieving a net zero world will be realized. As a result, we believe that instead of prioritizing the analysis of a wide range of temperature scenarios, we should seek to understand the risks and opportunities companies face in one scenario — the one in which society moves to a net zero world by 2050.

PORTFOLIO ANALYSIS

In addition to the company-specific research outlined above, MFS has used carbon intensity analysis and otherwise sought to determine the strength of individual company carbon reduction targets in order to assess the climate risk of various portfolios relative to their benchmarks. Many of our equity portfolios have typically exhibited a lower carbon footprint than their benchmarks, and we have invested, across many portfolios, in companies that are helping to drive the transition to a lower-carbon world. Because of this and the depth of our fundamental company analysis, we believe most of our portfolios would respond favorably in scenarios where global temperature increases are severely limited by increased regulation and physical impacts.

SOVEREIGN ANALYSIS

Climate change can pose material risks to sovereign debt due to its impact on national expenditures associated with disaster recovery from extreme weather events or preparedness through climate change mitigation and adaptation projects. Emerging market countries are particularly vulnerable since they often lack capital or have higher funding costs — risks added to the myriad risks they already face. Many of these countries could face food insecurity due to the impact of climate change on their own agricultural production and the price of imports. Our investment team members are increasingly focused on better understanding environmental risk in sovereigns and its complex association with fiscal and monetary conditions, which in turn affects bond yields and credit ratings.

GREEN AND THEMATIC BONDS

We are seeing more issuers such as companies, countries and subsovereigns come to the market with green bonds. The proceeds of many of these bonds are earmarked for environmental projects to combat climate change across various categories such as alternative energy, green buildings and infrastructure, water and waste management and environmental remediation. We purchase green bonds along with traditional bonds from various issuers in our fixed income portfolios based solely on our analysis of the risk and return potential of these instruments and continue to account for the benefits of holding them.

We are increasingly focused on better understanding environmental risks in

SOVEREIGNS

ENGAGEMENT

MFS supports the Paris Agreement and the goal of limiting temperature increases to less than 1.5° Celsius above preindustrial levels. We regularly engage with our portfolio companies to inform our understanding of the materiality of the ESG risks and opportunities arising from climate change and to advocate for improvements in corporate behavior and disclosure. Over the past several years, we have seen a significant increase in shareholder resolutions seeking increased disclosure around the financial impact of climate change and the long-term implications of a transition to a low-carbon economy. MFS has supported most of these resolutions.

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. MFS has joined a variety of organizations and initiatives that promote and coordinate collaborative engagement on climate change, including the Principles for Responsible Investment (PRI), the CDP and the CDP Science-Based Targets Campaign, Climate Action 100+ (CA100+), Ceres and others.

MFS is an active participant in four CA100+ company engagements, and we are encouraging our portfolio companies to enhance climate disclosures and develop and carry out an emissions reduction plan, preferably one that includes science-based targets that align with the goals of the Paris Agreement.

The firm was an active participant in the PRI's collaborative methane engagement from 2017 to 2019. Our work with Exxon Mobil contributed to meaningful commitments by the company to improve disclosure and mitigate fugitive emissions.

MFS has published a climate manifesto that sets forth our beliefs and our purpose as investors with regard to the risks and opportunities associated with climate change. The MFS Climate Manifesto details our expectations for company planning, disclosure and action in support of achieving net zero emissions by 2050. We invite you to view the manifesto on our website.

Strategy – Business Operations

MFS has long been committed to improving the environmental outcomes of its own business operations. This focus has resulted in a variety of initiatives to reduce our impact on the environment.

In 2008, MFS launched a program called "A Green MFS" aimed at improving our environmental footprint. The initiative included an employee outreach program that gave all MFS employees a forum to suggest actions that would help us become a more environmentally sound company. Since 2012, MFS' headquarters location 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. Also, 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 save energy.

These and other actions resulting from this initiative include the following:

/ REAL ESTATE AND ENERGY CONSUMPTION /

- Used modular interior materials to reduce costs and waste
- Installed high-efficiency light fixtures, Energy Star appliances and low-flow plumbing fixtures wherever possible
- Implemented auto-shutoff for lighting in corporate office and auto-sleep mode for all computers
- Consolidated and upgraded servers that achieved 40% greater energy efficiency
- Contracted with custodial vendor that uses 100% biodegradable cleaning products
- Using highly efficient data center partners to minimize electricity use and cooling needs

/ TRAVEL /

- Implemented video conferencing for all employees to reduce nonessential travel and enhanced work-from-home capabilities
- Installed commuter bike racks and showers in corporate headquarters and most global offices to promote carbon-free commuting

/ PAPER AND PLASTIC /

- Eliminated 90% of physical file cabinets by making almost all processes paperless
- Inventoried and recycled all unnecessary historical paper documents
- Implemented pull printing and default two-sided printing in all offices to reduce print waste
- Offered paperless web and app access for client reports, shareholder and proxy statements, marketing materials and fund documents
- Stopped using plastic from marketing materials
- Provided all employees with reusable mugs and eliminated disposable cups from offices
- Eliminated single-use bottled water

/ RECYCLING /

- Working with an industry-recognized (ISO and R2 certified) firm to remarket and recycle legacy computing assets
- Implemented single-stream recycling wherever possible along with alkaloid and lithium ion battery recycling
- Implemented pilot composting program in corporate headquarters

In 2020, as noted above, we established a global, cross-functional Environmental Impact Working Group (currently overseen by the MFS Client and Corporate Sustainability Committee) to improve our ability to measure and minimize our overall environmental footprint. In partnership with our parent organization, Sun Life, we have adopted a carbon neutrality plan. As part of this plan, MFS, along with the entire Sun Life global group, has met its goal of achieving net zero carbon emissions as of the end of 2021. We have chosen three carbon offset projects to invest in over the next two years to achieve net zero carbon emissions in our operations:

- Darkwoods Forest Conservation – Canada
- Mississippi Valley Reforestation – United States
- Rural Clean Cooking – India

We continue to assess our operations and their impact on a changing climate in order to further our goal of creating more sustainable practices around business travel, 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. To achieve more-carbon-neutral operations, we are committed to improving our climate-related measurement, monitoring and reporting while acknowledging the past and future impacts of the pandemic on our environmental footprint and the opportunities and challenges that will arise as operations begin to normalize.

Risk Management

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 is designed to ensure each strategy takes on the level of risk appropriate to the investment philosophy of its mandate while also meeting long-term investment objectives.

We consider both risks and opportunities when evaluating ESG factors and trends, and we have implemented systematic processes to help our investment team manage ESG-related risks at the security and portfolio levels. As part of this systematic approach to ESG risk management, all MFS strategies are subject to annual ESG reviews focused exclusively on sustainability topics. These reviews are designed by our ESG analysts to provide portfolio managers with a comprehensive view of the ESG risks and opportunities in their portfolios based on MFS' own internal research, company-reported data and other relevant viewpoints.

The goal is not to minimize risk, but rather to understand its sources and effectively manage it

Metrics and Targets– Investments

We rely on a wide range of data and analysis when monitoring climate risk at the security and portfolio levels. This includes the level and quality of climate risk disclosure (*e.g.*, CDP reporting), the adoption and quality of company carbon reduction targets (*e.g.*, net zero targets, science-based targets, etc.) and progress toward reduction targets such as rolling three- and five-year emissions trends. Given the role many companies in high-emitting sectors might play in facilitating the transition to a low-carbon economy, simply measuring portfolio exposure to such sectors may not provide enough information on important climate opportunities and cooling potential.

Other important metrics we use to monitor climate risk include the following:

/ SECURITY-LEVEL /

- Physical risk indicators
- Current carbon intensity
- Water intensity
- Industry carbon intensity (global and by region)
- Forward-looking carbon reduction targets
    - – Is there an action plan?
    - – Is it focused on absolute reduction or does it rely heavily on offsets?
- Cooling potential (*e.g.*, what are company revenues tied to products that can help reduce customer emissions?)
- Are climate metrics included in executive compensation?
- Strength of management/governance climate oversight

/ PORTFOLIO-LEVEL /

- Portfolio carbon intensity vs. benchmark
- Rolling three- and five-year emissions trends
- Annual portfolio sustainability reviews include discussion of high emitters and the risk/reward they represent

/ NET ZERO COMMITMENT, TARGET AND APPROACH /

MFS signed on to the Net Zero Asset Managers Initiative (NZAM) in July 2021.

Metrics and Targets–Business Operations

Going forward, our Environmental Impact Working Group will examine all aspects of MFS' business operations to understand where we are as an organization, establish goals to reduce our absolute emissions in accordance with the Paris Agreement and determine where improvements can be made that will enable us to achieve those goals and reduce our total resource consumption to the greatest extent possible.

/ MEASURING OUR EMISSIONS /

- Real estate/building emissions: We do not own any of our current building occupancy; however, as part of this initiative, we are conducting a full inventory of each of our locations, looking at issues such as lighting efficiency, water consumption, sources of electricity and renewable alternatives and waste practices. We will also try to collaborate with our landlords to understand their climate strategy and find ways to partner with them in order to reduce emissions.
- Travel: We are working with clients to engage with them virtually for more routine meetings and otherwise reduce the number of in-person meetings. We are also determining where we can consolidate trips, seek alternative modes of transportation and make fewer layovers. Additionally, we are looking at our preferred airlines to understand their climate action plans. We continue to improve our ability to assess and report the emissions produced from travel.

/ EDUCATING EMPLOYEES /

- We are engaging our own employees not just to create awareness of the climate crisis but also to educate them and provide tools that can help them have an impact by making small changes in their lifestyles. We have launched an internal portal to collect employee suggestions on how to make the firm more environmentally friendly.

Roadmap for 2022

MFS' core priority for 2022 is the identification and sourcing of additional climate-related financial data across the investment function and the rollout of the firm-wide climate change engagement theme in line with our commitments to NZAM and SFDR.

We will submit our NZAM methodology document and the required interim targets in Q1 2022 . Our approach on setting these targets focused on using active ownership and engagement. We will engage with our issuers, encourage them to set climate net zero goals in line with the Science-Based Targets initiative (SBTi) and monitor overall alignment with sectoral decarbonization pathways. We do not intend to use divestment or to purchase "green"companies solely for the purpose of achieving our net zero goals as this approach does not contribute to reducing real world emissions. We expect all covered assets to be "aligned to a net zero pathway" by 2040 and "achieving net zero" by 2050, as defined by the Net Zero Investment Framework (NZIF) methodology.

TCFD PILLARS	ACTIVITIES AND OBJECTIVES IN 2021 AND PRIOR YEARS	ACTIVITIES AND TARGETS FOR 2022	ACTIVITIES IN 2023 AND BEYOND
Governance	Restructured MFS' sustainability governance framework Actively participated in industry-wide Climate Change working groups such as CA 100+, CERES and IIGCC	Implement new sustainability governance framework Enhance climate-related voting and escalation policies	Further develop governance structure and voting policies to support continued progress toward interim targets and net zero goals
Strategy	Committed to Net-Zero Asset Management Initiative Rolled out centralized engagement platform to better track engagement activities, next steps and outcomes	Implement firm-wide climate engagement program Develop sectoral pathways in line with our commitments under NZAM and EU's Sustainable Finance Disclosure Regulation (SFDR) Integrate new forms of climate-related financial data for use in our research and engagement programs	Roll out portfolio-level TCFD reports for UK-managed accounts Develop more structured framework to assess corporate transition plans for supporting the forward-looking assessment of risk and alignment with NZAM and SFDR
Risk Management	Rolled out strategy-level sustainability risk reviews, including the review of carbon data	Start portfolio-level TCFD analysis, including the review of climate-related financial data, including forward- looking physical and transition risks	Integrate climate-related risks into MFS investment risk management processes
Metrics	Made ESG data dashboard, including substantial amounts of climate and target data, available to all appropriate MFS employees	Identify climate-related financial data gaps and sourcing of relevant data from external data provider Implement new data sets across the investment function Reevaluate forward-looking, climate-related data and scenario analysis	Expand MFS climate data to cover our sovereign bond allocation Develop process to monitor progress against net zero commitments and the alignment of portfolios with the decarbonization goals of the Paris Agreement

Conclusion

MFS supports alignment with the Paris Agreement and the goal of limiting temperature increases to less than 1.5° Celsius above preindustrial levels. We are focused on improving our ability to support this goal in both our investment process and our business operations. We will continue to engage with our clients, companies and industry peers to help build effective and resilient carbon-reduction strategies, and we will continue to encourage policies and practices that facilitate the transition to a low-carbon economy.

/ REPRESENTATIVE STRATEGIES CARBON INTENSITY[1] /

Equity - Global	WACI	Coverage (%)		WACI[1]	Coverage (%)
MFS® Global Equity	102	97	MSCI World Index	134	97
MFS® Transformative Capital	99	88	MSCI World Index	134	97
MFS® Global Value Equity	90	99	MSCI World Value Index	219	99
MFS® Global Growth Equity	70	97	MSCI All Country World Growth Index	75	93
MFS® Low Volatility Global Equity	313	99	MSCI All Country World Index	161	96
Equity - Global ex-US					
MFS® International Equity	123	99	MSCI EAFE Index	132	98
MFS® International Intrinsic Value Equity	58	99	MSCI EAFE Value Index	194	99
MFS® International Growth Equity	116	97	MSCI All Country World Ex-United States Growth Index	132	93
Equity - US					
MFS® Large Cap Value Equity	280	97	Russell 1000® Value Index	222	93
MFS® Large Cap Growth Equity	59	96	Russell 1000® Growth Index	41	87
MFS® Mid Cap Value Equity	280	76	Russell Midcap® Value Index	290	92
MFS® Mid Cap Growth Equity	63	75	Russell Midcap® Growth Index	67	85
MFS® Low Volatility US Equity	241	99	S&P 500	134	99
Equity - Regional					
MFS® European Research	103	94	MSCI Europe	136	97
MFS® Japan Equity	75	98	TOPIX	99	98
MFS® U.K. Equity	67	98	FTSE All Share	136	64
MFS® Canadian Research Equity	281	81	S&P/TSX Capped Composite Index	310	94
MFS® Asia Pacific Ex-Japan	129	93	MSCI All Country Asia Pacific Ex-Japan	304	94
Equity - Emerging Markets					
MFS® Emerging Markets Equity	119	95	MSCI Emerging Markets Index	359	95
MFS® Latin American Equity	325	85	MSCI EM Latin America 10-40	298	97
Equity - Sector					
MFS® Utilities Equity	1810	94	S&P Utilities	2458	100
MFS® Global Real Estate Equity	109	93	FTSE EPRA/NAREIT Developed Real Estate Index	120	97
Fixed Income					
MFS® Global Credit	338	77	Bloomberg Global Aggregate Credit Index	254	70
MFS® U.S. Credit	254	84	Bloomberg US Credit Bond Index	265	83
MFS® Euro Credit	214	76	Bloomberg Euro Aggregate Credit - Corporate (EUR Hedged)	156	88

[1]Weighted Average Carbon Intensity (Scope 1+2)(tonnes CO^2e/$revenues). Source: S&P/Trucost, FactSet. trademark and service mark.

/ APPENDIX 2: PERSONNEL CHANGES AND KEY STAFF / 2

As we have continued to enhance our stewardship efforts, we have made the strategic decision to expand our stewardship capabilities by merging our proxy voting team with our investment team. This will enhance the collaboration between our stewardship and investment professionals, enable a better integration of their work into our investment decision–making process and make for more strategic, coordinated and influential engagements across our holdings.

Proxy analysts Margaret Therrien and Herald Nikollara joined the Investment team as stewardship associates in September 2021. We also recently made the following hires, who bring a wealth of voting, engagement, ESG and investment integration experience:

- Franziska Jahn-Madell joined MFS in late October 2021 as our director of global stewardship. She joined us from UK-based active investment manager Ruffer, where beginning in 2014 she served as the director of responsible investment and led the organization in all aspects of stewardship and ESG integration.
- Andy Jones joined MFS in November 2021 as a stewardship analyst. He joined us from Hermes EOS, where he operated as the European team lead, providing outsourced voting and engagement services for asset owners. Prior to that, he worked in professional services, including 10 years in sustainability consulting. He holds a degree in physics and is a CFA charterholder.

Fran and Andy are based in London. The administration of the MFS Proxy Policies is overseen by the MFS Proxy Voting Committee.

Other personnel changes include the recruitment of George Beesley and Tessa Fitzgerald to our Sustainability Strategy team as senior analyst and content writer, respectively. We added Gabrielle Johnson as a research associate on our investment team focusing on ESG in fixed income. In addition, Justin McGuffee was promoted to ESG program compliance manager and Nick Pirrotta was promoted to regulatory specialist – Sustainable Investing. Both are longtime MFS employees.

Dedicated Sustainable Investing Professionals

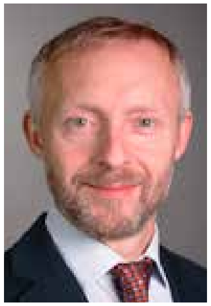
At MFS, it is our firm belief that a successful approach to sustainable investing requires the participation of our entire firm. Sustainable investing describes our fundamental investment process; it is not a separate discipline with different inputs or outcomes. All our investment professionals are actively engaged in, and responsible for, its success.

In order to facilitate the adoption, implementation and enhancement of sustainable investing practices across the firm, we employ a number of individuals positioned to provide strategic leadership and support the effective integration of sustainability considerations across teams and disciplines.

Investments

Barnaby Wiener, one of our most seasoned portfolio managers, serves as Chief Sustainability Officer. A leader and culture carrier who has long been a champion of sustainability, Barnaby works closely with our three ESG-dedicated research analysts to engage with investment leadership, portfolio managers and analysts to ensure that all of our investors truly understand and have ownership of sustainability in their research and portfolio management duties. He also plays a strategic role with regard to issuer engagement on sustainability topics.

Our investment team includes two equity research analysts, one fixed income research analyst and one fixed income research associate who are dedicated solely to ESG research and who have done much to advance our investment team's thinking on ESG topics. Our ESG analysts fulfill a critical role in facilitating our sustainable investing efforts. However, they are not intended to be the source of all ESG research. Their role is to support and enhance the ongoing research into ESG topics performed by our portfolio managers and analysts.



Barnaby Wiener – Chief Sustainability Officer

Barnaby joined MFS in 1998 as a research analyst. He became a portfolio manager in 2003 and currently manages the firm's Prudent Wealth, Prudent Capital and Prudent Investor strategies. He previously held the role of director of European Research and was co-portfolio manager of MFS International Value and Global Value equity strategies.

Prior to joining MFS, he was an equity research analyst for both Merrill Lynch and Crédit Lyonnais. He also served as a captain in the British Army.

Barnaby is a graduate of Oxford University and the Royal Military Academy, Sandhurst. He is based in London.

Pooja Daftary – Research Analyst

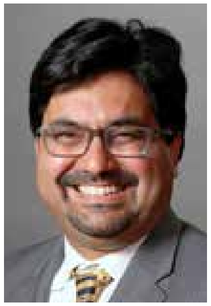
Pooja joined MFS in 2009 as an investment research associate. In 2012, she left the firm to complete her Master of Business Administration degree before returning in 2014 as a "traditional" equity research analyst. She served in that role until 2018, when she assumed her current position.

Pooja earned a BA from Mount Holyoke College and an MBA from Harvard Business School. She is based in Singapore.

Rob Wilson – Research Analyst

Before joining MFS as the firm's first ESG-dedicated research analyst in April 2013, Rob spent six years as a "traditional" equity analyst at American Century Investments. Prior to that, he spent five years at Bain & Company, working as a manager in the Financial Planning & Analysis group.

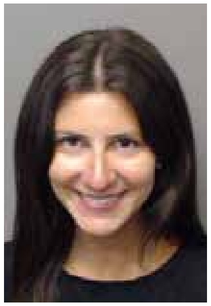
Rob earned a BS in business administration from Boston University and an MBA from the University of Chicago. He is based in Boston.



Mahesh Jayakumar, CFA, FRM – Research Analyst

Mahesh joined MFS in 2019 as a fixed income analyst following a year as a senior portfolio manager in Beta Solutions 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.



Gabrielle Johnson – Fixed Income Research Associate

Gabrielle Johnson 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.

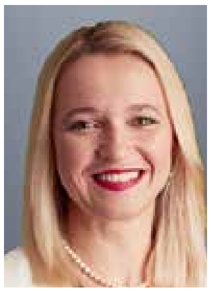
Gabrielle joined MFS in 2021 in her current role. She was previously a senior client account manager with Brown Brothers Harriman for three years.

Gabrielle earned a Bachelor of Arts degree in economics and environmental studies from Hobart and William Smith Colleges.

Stewardship

As mentioned above, the 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 four individuals on this team responsible for carrying out our stewardship efforts, including individual and collective engagements, as well as exercising our proxy voting rights. We will continue to place a high priority on investing in our stewardship resources going forward.

The administration of the MFS Proxy Policies and Procedures will still be overseen by the MFS Proxy Voting Committee.



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 company-wide global stewardship strategy, incorporating sustainability, engagement and proxy voting. She is based in London.

Franziska joined MFS in 2021 in her current role. Prior to joining the firm, she worked at Frankfurt University as an academic assistant. She also spent ten years as a principal research analyst at EIRIS in London, and most recently spent seven years at Ruffer as head of responsible investment.

Franziska earned two Masters of Administration degrees from Frankfurt University, with honors. She studied 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 ten years and before that a strategy and risk consultant with Deloitte. He began his career in financial services in 2004.

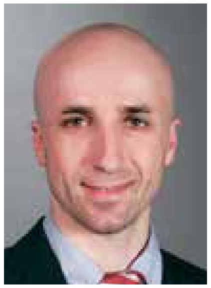
Andy earned a Bachelor of Science degree in physics from the University of Warwick. He holds the chartered financial analyst designation.

Margaret Therrien – Senior Stewardship Associate

Margaret Therrien is a senior stewardship associate with MFS. In this role, she is responsible for analyzing and engaging with MFS' portfolio companies on issues relating to compensation, ESG and board oversight.

Margaret joined MFS in 2016 as a proxy analyst, and was named to her current position in 2021. Prior to joining MFS, she worked as a credit risk analyst at a biotechnology company. Her prior experience also includes work as a research assistant, supporting publications on renewable energy and corporate governance.

Margaret earned a Bachelor of Science degree in business administration from Boston University, specializing in finance and economics. She is based in Boston.



Herald Nikollara – Stewardship Associate

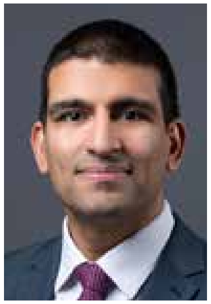
Herald Nikollara is a stewardship associate with MFS. He is responsible for proxy voting and corporate governance-related research and analysis and day-to-day proxy voting operations, as well as assisting with reporting and engagement activities.

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.

Client Sustainability Strategy

We have four individuals dedicated to engaging with our clients and the investment industry on ESG issues as well as developing thought leadership around sustainability topics. This team plays an important role given the high level of interest from industry participants in understanding how asset managers such as MFS approach sustainable investing.



Vishal Hindocha, CFA – Senior Managing Director, Global Head of Sustainability Strategy

Vishal Hindocha, CFA, is senior managing director and global head of sustainability strategy at MFS. In this role, he works with clients and regulators globally to develop solutions and provide insights on sustainable investment trends and best practices. He is focused on ensuring that sustainability is integrated across investment, client and corporate pillars.

Vishal joined MFS in 2016 as a director on the Client Relations and Consultant Relations teams. He previously served as a senior investment consultant and team leader at Willis Towers Watson.

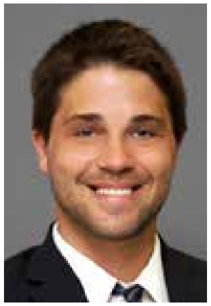
Vishal earned a Bachelor of Science degree in economics from University College London. He holds the chartered financial analyst (CFA) designation. He is based in London.

George E. Beesley, CFA – Senior Analyst, Sustainability Strategy Team

George E. Beesley, CFA, is a senior analyst on the Sustainability Strategy Team at MFS Investment Management (MFS). In this role, he is responsible for working with clients to develop solutions, communicating investment strategy and providing insights on ESG and sustainable investing. He works closely with members of the firm's Investment Solutions Group to identify and prioritize the research topics most relevant to the investment process. He is based in London.

George joined MFS in 2021 in his current role. 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.

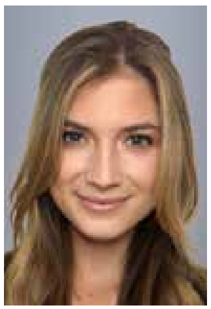
George received a Bachelor of Arts degree from The University of Manchester with a concentration in economics and social sciences. He later received a Master of Science degree in international business and management from The University of Manchester with honors. He holds the chartered financial analyst designation and is a member of the UK CFA Society.



Daniel Popielarski – Analyst, Sustainability Strategy Team

Dan is an analyst on the Sustainability Strategy team at MFS. In this role, he is responsible for working with clients to develop solutions, communicating investment strategy and providing insights on ESG and sustainable investing. He works closely with members of the firm's Investment Solutions Group to identify and prioritize the research topics most relevant to the investment process.

Dan joined MFS in 2012; his previous positions at MFS include client service representative and institutional relationship management coordinator. He earned a BS in business administration from the University of Vermont. He is based in Boston.



Tessa Fitzgerald – Sustainability Content Writer

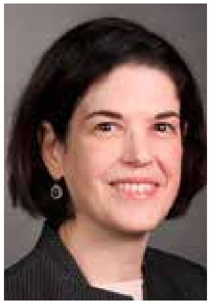
Tessa Fitzgerald is a sustainability content writer with MFS Investment Management (MFS). In this role, she is responsible for creating content that conveys MFS' sustainable investment process to the marketplace. She works closely with subject matter experts across the firm to develop and maintain content and contributes to the firm's sustainability thought leadership via client-ready presentations, white papers, conference presentations and client responses. She is based in Toronto.

Tessa joined MFS in 2019 as a request-for-proposal analyst and was named to her current role in 2022. 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.

Legal and Compliance

We have two attorneys and one paralegal within our Legal Department who are dedicated to assessing and monitoring ESG and stewardship-related issues to ensure MFS is aware of all the relevant regulatory and legal requirements in the jurisdictions where we do business and responding appropriately. Additionally, we have added the newly created role of ESG compliance program manager within our Compliance Department.

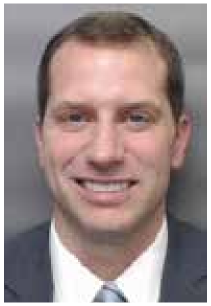


Susan A. Pereira – Vice President, Assistant General Counsel

Susan Pereira is an assistant general counsel and vice president at MFS. In this role, she provides legal support to the MFS funds and advises the firm on the US Investment Company Act of 1940. She also provides advice to the firm on regulation related to proxy voting and stewardship and serves as cochair of the MFS Proxy Voting Committee.

Susan originally joined MFS in June 2004 as a 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 degree from the University of Maine School of Law.

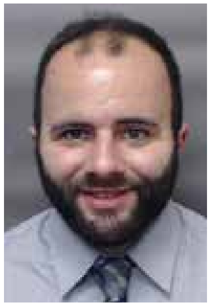


Brad Wilson – Counsel

Brad serves as counsel for MFS. In this role, he supports MFS' sustainability program by tracking and advising MFS' business groups on regulatory developments, supporting MFS' governance process and supporting other sustainability initiatives.

Brad joined MFS in 2015 as an associate counsel. He assumed his current role in 2020. He previously spent four years as an associate general counsel for Franklin Templeton and one year as an analyst for FINRA. Prior to that, he worked as a law clerk for Franklin Templeton and the US Securities and Exchange Commission.

Brad earned a BA in political science and BBA in finance from the University of Georgia and an MBA and JD from the University of Maryland. He has been a member of the New York State Bar since 2012.

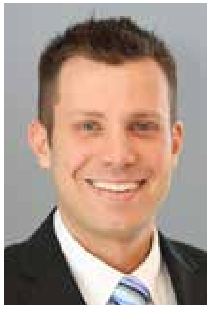


Nick Pirrotta – Regulatory Specialist, Stewardship and Sustainability

Nicholas M. Pirrotta is a regulatory specialist, Stewardship and Sustainability, with MFS. In this role, he is responsible for assisting in the implementation of regulations and requirements applicable to MFS' stewardship activities and the integration of ESG factors into its investment process.

Nicholas joined MFS in 2013 as a regulatory analyst. He was named to current position in 2021. He previously served as a senior associate and paralegal at State Street Bank & Trust Company. He began his career in financial services in 2011.

Nicholas earned a Bachelor of Science degree from Westfield State College and holds a Master of Business Administration degree from the New England College of Business.



Justin McGuffee – ESG Compliance Program Manager

Justin McGuffee is the ESG compliance program manager with MFS. In this role, he is responsible for developing and maintaining the global ESG compliance program relating MFS' investment, distribution and corporate activities. The ESG compliance program is in place to identify and monitor adherence to global regulations relating to ESG, principles or 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).

Performance Evaluation and Compensation of Investment Personnel

MFS' philosophy on compensation calls for us to align the compensation of investment personnel with the goal of providing shareholders with long-term value through a collaborative investment process. To achieve this, the firm believes that long-term investment performance as well as contribution to the overall investment process and collaborative culture should be a part of the compensation calculation.

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 based upon quantitative and qualitative factors. Quantitative factors are primarily based on the pretax performance of accounts managed over a fixed period of time to assess performance over a full market cycle and a strategy's investment horizon. Qualitative factors, on the other hand, properly involve an individual's contribution to the investment team's collaborative culture, including how well he or she considers and communicates material ESG risks and opportunities. We believe that this overall approach, rooted in incentivizing long-term performance, collaboration and the consideration of factors such as ESG issues, exemplifies the firm's prioritization of stewardship.

/ APPENDIX 3: MFS' COLLABORATIVE ORGANIZATIONS AND INITIATIVES / 10

MFS believes that collaborative engagement can generate positive impacts for industries, individual companies and a wide range of stakeholders, including shareholders. We 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 at least one of two reasons: 1) The work or objective of the group or initiative aligns with our investment philosophy on a specific topic or 2) the initiative or group provides access to research or data that enhances our investment process and ultimately is in the long-term best interests of our clients.

The table on the following two pages lists the collaborative initiatives and organizations that MFS is affiliated with and shows our role.

COLLABORATIVE INITIATIVE/ORGANIZATION MEMBERSHIPS	DESCRIPTION	MFS' ROLE	YEAR JOINED
Asian Corporate Governance Association (ACGA)	The AGCA is an organization dedicated to working with companies, regulators and investors on the implementation of effective corporate governance practices throughout Asia.	Signatory	2019
The ASCOR Project (Assessing Sovereign Climate-related Opportunities and Risk)	Project to support investors in their assessment of sovereign climate-related risks and opportunities. The project will develop an assessment framework that enables the current and future climate change governance and performance of sovereigns to be fairly and appropriately measured, monitored and compared	Advisory Committee Member	2021
Carbon Disclosure Project (CDP)	Nonprofit that runs a global disclosure system for investors, companies and governments to manage their environmental impact	Signatory	2010
CDP Science-Based Targets Campaign (CDP SBT)	Offers CDP signatories (see above) the opportunity to play a key role in accelerating the adoption of science-based climate targets in the corporate sector by collaboratively engaging companies on this matter	Not applicable	2020
Ceres Investor Network on Climate Risk and Sustainability (Ceres)	Nonprofit organization focused on working with capital market leaders to solve the world's most pressing sustainability challenges	Signatory	2021
Climate Action 100+	Investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change	Signatory	2020
Farm Animal Investment Risk & Return (FAIRR) Initiative	Investor network focusing on ESG risks in the global food sector.	Signatory	2021
Focusing Capital on Long Term (FCLT Global)	FCLT Global is a not-for-profit organization that works to encourage a longer-term focus in business and investment decision-making by developing practical tools and approaches to support long-term behaviors across the investment value chain	Signatory	2018
GRESB	Investor-led organization that provides actionable and transparent ESG data to financial markets relating to the real estate and infrastructure industries	Signatory	2021
Institutional Investors Group on Climate Change (IIGCC)	European-centric investor collaboration on climate change and investors taking action to drive real progress toward a low-carbon future	Signatory	2021
Interfaith Center on Corporate Responsibility (ICCR)	A coalition of faith- and values-based investors who view shareholder engagement with corporations as a powerful catalyst for change	Signatory	2021
Investor Stewardship Group (ISG)	The ISG is a collective of some of the largest US-based institutional investors and global asset managers, along with several of its international counterparts. It was formed to establish a framework of basic standards for investment stewardship and corporate governance for US institutional investors and corporations.	Founding Member	2017
Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)	IAST APAC is an investor-led initiative convened to promote effective action among investee companies in the APAC region in order to find, fix and prevent modern slavery, labor exploitation and human trafficking in their value chains.	Signatory	2021

Net Zero Asset Managers (NZAM) Initiative	Collective group of asset managers committed to supporting investing aligned with net zero emissions by 2050 or sooner	Signatory	2021
Principles of Responsible Investing (PRI)	UN-supported network of investors that works to promote sustainable investment through the incorporation of ESG issues	Signatory	2010
Science-Based Targets Initiative (SBTi)	SBTi calls on high-emitting companies to set science-based emission reduction targets	Signatory	2020
Share Action Workforce Disclosure Initiative (WDI)	WDI is a collaborative engagement program of ShareAction, a UK-based charity that promotes responsible investment and improvement in corporate behavior. The goals of the WDI are to improve corporate transparency and accountability on workforce issues, provide companies and investors with comprehensive and comparable data and help increase the provision of good jobs worldwide.	Signatory	2020
Swiss Sustainable Finance (SSF)	SSF is a leading voice and actor in sustainable finance, contributing to a sustainable and prosperous economy. This is done by shaping and informing on best practices and creating supportive frameworks and tools. SSF supports its members and cooperates with other actors as it seeks to achieve a leading position in sustainable finance.	Signatory	2020
Thinking Ahead Institute (TAI)	TAI is a global nonprofit whose aim is to influence change for the better in the investment world by improving the provision of savings. The institute's members comprise asset owners, investment managers and other groups motivated to influence the industry for the good of savers worldwide.	Signatory	2017
Task Force on Climate-Related Financial Disclosures (TCFD)	The TCFD has developed a framework of climate-related financial risk disclosures for companies to report on. Its goal is to enhance the ability of financial markets to respond to climate change by encouraging broad and consistent information sharing across industries.	Signatory (supporter)	2019
UK Sustainable Investment and Financial Association (UK SIF)	The UK SIF exists to bring together the UK's sustainable finance and investment community and support our members to expand, enhance and promote this key sector. Our work drives growth and new opportunities for our members as global leaders in the sustainable finance industry.	Signatory	2021

/ APPENDIX 4: STEWARDSHIP CONFLICTS OF INTEREST IDENTIFICATION/OVERSIGHT / 3

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 by treating our clients fairly and equitably at all times. The Conflicts Policy establishes a framework for managing conflicts of interest across MFS and requires that the firm 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 the firm's business activities. Additionally, on an annual basis, the inventory is reviewed by each relevant business unit 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 the firm 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 various committees, each of which oversees one or more business activities and either directly or indirectly reports violations to a central compliance oversight committee.

Potential Conflicts Related to MFS' Stewardship Activities

Below are potential conflicts that we have identified related to our stewardship activities and the steps we have taken to mitigate the conflict. While these potential conflicts of interest exist in our business activities, we believe the conflicts have been sufficiently mitigated and there have been no instances where we have violated the Conflicts Policy during the reporting period.

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.
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 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."

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 alignment of the group to MFS' purpose/values, potential for conflicts of interest, legal/compliance issues, among others.

Other Potential Conflicts: Matters Related to MFS Proxy Voting Activities

Proxy voting may present unique challenges concerning conflicts of interests, and thus our proxy voting policies and procedures describe 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. Furthermore, 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, advisory pay or severance package vote, or (iv) consider a matter that requires consultation with members of the investment team (other than members of our stewardship 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 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, some 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: STEWARDSHIP POLICIES AND POLICY OVERSIGHT PROGRAM / 5

At MFS, 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 compliance activities, risk management functions, investment management and operational processes. 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.

Within this framework, MFS has organized the Policy Committee — which is co-chaired by the firm's general counsel and the chief compliance officer is a member of — to formalize the review of policies and ensure a comprehensive approach to policy development and refinement. The Policy Committee has implemented a Policy Governance Framework which requires that policies be 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, reviewed and then approved by the Policy Committee. They are ratified on a quarterly basis by the MFS Internal Compliance Controls Committee before becoming effective.

As part of its our stewardship program and oversight of ESG integration, engagement and proxy-voting processes, MFS has established the following functional committees: the Sustainable Investment and Stewardship Committee, the Client and Corporate Sustainability Committee and the Proxy Voting Committee. These committees are responsible for overseeing and updating the following policies and procedures related to stewardship:

MFS COMMITTEE	MFS POLICY/PROCEDURE
Sustainable Investment and Stewardship Committee	Policy on Responsible Investing and Engagement Policy on Cluster Munitions
Client and Corporate Sustainability Committee	MFS Supplier Code of Conduct Modern Slavery Policy
Proxy Voting Committee	MFS Proxy Voting Policies and Procedures

Policy Enhancements and Changes During the 2021 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:

Policy on Responsible Investing and Engagement	Added a section in the policy to address portfolios covered under the EU's Sustainable Finance Disclosure Regulation (SFDR)
Policy on Cluster Munitions	No material changes
MFS Supplier Code of Conduct	No material changes
Modern Slavery Policy	No material changes
Proxy Voting Policies and Procedures	Increased from 15% to 20% the minimum threshold for the representation of women on the boards of the companies we own Made certain disclosure changes to our voting guidelines to clarify how we analyze certain environmental and social-related shareholder proposals

Additionally, as part of our effort of continuously improving our stewardship program, we have the following goals for 2022:

- **Human Rights Policy** – Develop a firm-wide policy on human rights to address the firm's approach to incorporating these issues in its investment and corporate practices
- **Engagement Guidelines** – Create standalone engagement guidelines to provide more granularity around MFS' issuer engagement practices in recognition of the area's complexity and its continued importance

We look forward to providing an update on these policy initiatives in next year's report.

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. The firm has also embedded oversight groups and working groups within our investment process, namely the Sustainable Investment Steering Group, Climate Change Working Group, Societal Impact Working Group, Governance Working Group and Sovereign Risk Working Group, to, among other things, develop frameworks and evaluate progress made with respect to the relevant subject matter. Our investment team has also implemented regular risk reviews — including semiannual general investment risk reviews and more targeted annual sustainable investing "deep dive" reviews — that provide valuable input on each strategy's integration of ESG factors. Additionally, in 2021, we continued to develop our compliance oversight of our sustainable investment and stewardship activities, in part by adding dedicated Compliance staff.

The MFS Internal Audit Department conducts routine and targeted audits based on internal risk assessments. While these reviews do not occur every calendar year, the firm's stewardship activities, including, but not limited to, its proxy voting practices and sustainable investing practices, are subject to these audits. As a matter of company policy, we do not disclose the results of internal audits publicly, but we do view these reviews as 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 larger 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 work with our clients to assess reporting expectations and with our investment, proxy voting and marketing team members to determine the type, frequency and content of reporting that most effectively satisfies our clients' expectations and meets their needs. As a result of this work, we publicly provide this report and quarterly Stewardship reports and research insights on targeted sustainable investing topics. All these materials are available at www.mfs.com/sustainability.

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, who are 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.

/ APPENDIX 6: STEWARDSHIP VENDOR MANAGEMENT PROGRAM / 2 7 8

MFS utilizes 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

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. 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 further 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 utilizing tools and techniques detailed in the program. The program is administered through the MFS Vendor Management Policy and Procedures, which are overseen by 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 "material vendors" and therefore 1) subject to due diligence reviews on at least an annual basis and 2) required to provide the results of independent audits on their operations where applicable. Service providers that are not considered material 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
- Establishment and monitoring of service levels
- Identification of fourth-party sub-service providers
- Periodic meetings

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 2021, MFS conducted annual due diligence reviews of both proxy advisory firms, Glass Lewis and ISS, along with MSCI and Bloomberg. These reviews involved an analysis of each firm's 1) adequacy and quality of staff, 2) conflict of interest procedures, 3) independent audit reports, 4) data security, 5) business continuity planning and 6) the voting guidelines and methodologies, where applicable. Additionally, the firm required quarterly reports from these service providers concerning any violations or changes to their conflict of interest procedures. Other ESG data and research providers used by MFS in 2021, namely Trucost, RisQ, Equilar and RepRisk, were classified as lower risk and therefore were not subject to a due diligence review this year.

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 2021. MFS believes that all ESG research and data providers and proxy voting advisory firms used by the firm in 2021 met the firm's expectations and added value to our stewardship program.

/ APPENDIX 7: MFS AUM BREAKDOWN BY CATEGORY / 6

We actively manage assets globally for institutional and retail clients in both equity and fixed income strategies. 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, 2021, were $692.6 billion. The table below breaks down the numbers by asset class and geography.

/ MFS AUM AND CLIENT BASE /

Assets Managed by Asset Class

ASSET CLASS	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Equity	$575.0	83.0%
Fixed Income	$82.5	11.9%
Balanced	$35.0	5.1%
Total	$692.6	-

Geographic Breakdown of Assets Managed

GEOGRAPHY	ASSETS (US BILLIONS)	PERCENTAGE OF TOTAL
Americas	$555.6	80.2%
Europe/ME/Africa (EMEA)	$74.1	10.7%
United Kingdom*	$6.6	1.0%
Asia Pacific (APAC)	$62.8	9.1%
Total	$692.6	-

* Included with EMEA total for purposes of calculating MFS' total AUM.

As of December 31, 2021, MFS had 1198 clients globally. The table below provides a further breakdown of the firm's global client by client type and geographic region.

Accounts by Type

ACCOUNT TYPE	# OF ACCOUNTS	PERCENTAGE OF TOTAL
Retail Accounts*	186	15.5%
Institutional Accounts	1012	84.4%
Total	1198	-

* Includes pooled vehicles (such as US mutual funds registered under the Investment Company Act of 1940) available to retail investors and does not reflect the number of investors in such products.

Accounts by Geography

ASSET CLASS	# OF ACCOUNTS	PERCENTAGE OF TOTAL
Americas	796	66.4%
Europe/ME/Africa (EMEA)	163	13.6%
United Kingdom*	11	0.1%
Asia-Pacific (APAC)	239	19.9%
Total	1198	-

* Included with EMEA total for purposes of calculating MFS' total number of accounts.

/ APPENDIX 8: PROXY VOTING / 12

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. 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 environmental, social and governance matters.

As a general matter, MFS aims to vote on similar proxy voting proposals consistently across shareholder meetings. 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. Additionally, the firm's Proxy Voting Policies and Procedures describe situations in which we may vote against directors and management recommendations. 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. When it comes to MFS' pooled accounts and vehicles, such as its mutual funds, individual clients do not have ability to direct MFS' voting due to the collective nature of the products. Voting for pooled accounts and vehicles is done only pursuant to the MFS Proxy Voting Policies and Procedures.

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 primary responsibilities include maintaining and updating as necessary the MFS Proxy Voting Policies and Procedures, 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 the current Proxy Voting Policies and Procedures is available here: Proxy Voting (mfs.com).

Monitoring Our Voting Rights

As discussed in the Proxy Voting Policies and Procedures, we work with our proxy advisory firms to monitor and track the shares and voting rights we have. Depending on the client, we use one of two proxy advisory firms, ISS and Glass Lewis, who 1) receive proxy statements and proxy ballots directly or indirectly from our clients' custodian banks, 2) log these materials into a database and 3) match upcoming meetings with client portfolio holdings, which are entered into the proxy advisory firm's system by an MFS holdings data-feed. Through the use of the relevant proxy advisory firm's system, ballots and proxy material summaries for upcoming shareholders' meetings are available online to certain employees and members of the Proxy Voting committee.

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 contacts the relevant custodian bank to determine why.

Securities Lending

As further 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 receive timely notice of a shareholder meeting before the relevant record date. There may be instances in which the firm is unable to timely recall US securities on loan in order 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 9: COMPANIES ENGAGED / 9

In 2021, MFS' Stewardship team engaged with senior representatives of 71 portfolio companies, listed below.

3M Company
Abbott Laboratories
Abcam Plc
Activision Blizzard Inc
AGCO Corporation
Amadeus IT Group SA
Amazon.com, Inc.
American Express Company
AmerisourceBergen Corporation
Aptiv Plc
Assurant
Bank of America Corporation
Bayer AG
Becton, Dickinson and Company
Berry Global Group, Inc.
BNY Mellon
British American Tobacco Plc
Cable One, Inc.
Cars.com Inc.
Charles River Laboratories International, Inc.
Citigroup, Inc.
Clarivate Plc
Colgate-Palmolive Company
Comcast Corporation
Compagnie Financiere Richemont SA
Compass Group Plc
Cryoport, Inc.
Danone SA
Dollar General Corporation
Duke Energy Corporation
Electronic Arts Inc.
Equifax Inc.
Five Below Inc.
Flutter Entertainment Plc
FMC Corporation
GEA Group AG
Goldman Sachs Group, Inc.
Graphic Packaging International
Greggs Plc
Hiscox Ltd.
Howmet Aerospace Inc.
IMAX Corporation
Intertek Group Plc
JPMorgan Chase & Co.
Lockheed Martin Corporation
Lowe's Companies, Inc.
Masimo Corporation
Methode Electronics, Inc.
Microsoft Corporation
Mondelez International
MSCI Inc.
NextEra Energy, Inc.
Nike Inc.
Northrop Grumman Corporation
NXP Semiconductors NV
Omnicom Group, Inc.
Pernod Ricard SA
Persol Holdings
PPG Industries, Inc.
Samsung Electronics Co., Ltd.
Schneider Electric SE
ServiceNow Inc.
Stanley Black and Decker
State Street Corporation
STORE Capital Corp.
Syneos Health Inc.
Tag Immobilien
Texas Instruments Inc.
Toll Brothers, Inc.
Travelers Companies Inc.
Twist Bioscience Corporation
Verisk Analytics, Inc.
WestRock Company

TOPIX is owned and published by Tokyo Stock Exchange, Inc.

Tokyo Price Index (TOPIX)	The **Tokyo Price Index (TOPIX)** measures the Japanese stock market.
Russell 1000® Growth Index	The **Russell 1000® Growth Index** measures US large-cap growth stocks.
Russell 1000® Value Index	The **Russell 1000® Value Index** measures US large-cap value stocks.
Russell Midcap® Growth Index	The **Russell Midcap® Growth Index** measures US midcap growth stocks.
Russell Midcap® Value Index	The **Russell Midcap® Value Index** measures US midcap value stocks.
MSCI All Country Asia Pacific (ex-Japan) Index	The **MSCI All Country Asia Pacific (ex-Japan) Index** measures equity market performance in the Asia Pacific region.
MSCI All Country World (ex-US) Growth Index	The **MSCI All Country World (ex-US) Growth Index** is a market capitalization index that is designed to measure equity market performance for growth securities in the global developed and emerging markets, excluding the U.S.
MSCI All Country World Growth Index	The **MSCI All Country World Growth Index** measures global growth stocks.
MSCI All Country World Index	The **MSCI All Country World Index** measures developed and emerging market stock markets.
MSCI EAFE (Europe, Australasia, Far East) Index (gross div)	The **MSCI EAFE (Europe, Australasia, Far East) Index** measures the non-US stock market.
MSCI EAFE (Europe, Australasia, Far East) Value Index (gross div)	The **MSCI EAFE (Europe, Australasia, Far East) Value Index** measures non-US value stocks.
MSCI EAFE (Europe, Australasia, Far East) Value Index (net div)	The **MSCI EAFE (Europe, Australasia, Far East) Index** measures the non-US stock market.
MSCI Emerging Markets Index	The **MSCI Emerging Markets Index** measures emerging market stocks.
MSCI Emerging Markets Latin America 10-40 Index	The **MSCI Emerging Markets Latin America 10-40 Index** is a market capitalization-weighted index that is designed to measure equity market performance, constrained with investment limits to funds incorporated in member states of the European Union, of emerging markets in Latin America.
MSCI Europe Index	The **MSCI Europe Index** measures stocks in European developed markets.
MSCI World Index	The **MSCI World Index** measures stock markets in the developed world.
MSCI World Value Index	The **MSCI World Value Index** measures global value stocks.
S&P 500 Index	The **S&P 500 Index** measures the broad US stock market.
Standard & Poor's 500 Utilities Index	The **Standard & Poor's 500 Utilities Index** measures the utilities sector.
FTSE All Share Index	The **FTSE All Share Index** measures the UK stock market.
Bloomberg Global Aggregate Bond Index	The **Bloomberg Global Aggregate Bond Index** provides a broad-based measure of the global investment-grade fixed income markets.
Bloomberg US Credit Bond Index	The **Bloomberg US Credit Bond Index** is a market capitalization-weighted index that measures the performance of publicly issued, SEC-registered, US corporate and specified foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements.
FTSE EPRA NAREIT Developed Real Estate Index	The **FTSE EPRA NAREIT Developed Real Estate Index** measures the performance of eligible real estate equities worldwide that generate a majority of their revenue and income through the ownership, disposure and development of income-producing real estate.
S&P/TSX Capped Composite Index	Benchmark methodology: 75% S&P/TSX Capped Composite Index, 25% MSCI AC World Index - Net Return. Rebalanced monthly.

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.

Please keep in mind that a sustainable investing approach does not guarantee positive results and that all investments, including those that integrate ESG considerations into the investment process, carry a certain amount of risk, including the possible loss of the principal amount invested.

Statistics included in this report are calculated based on accounts for which MFS clients have fully delegated proxy voting authority pursuant to the MFS Proxy Voting Policies and Procedures. With the exception of the meetings voted statistics listed on page 47 of this report, all voting statistics exclude instances where MFS did not cast a vote. Statistics also do not include instances where an MFS client may have loaned shares and therefore was not eligible to vote. Statistics are calculated on a meetings-level basis. All engagement statistics listed above include only those managed by the MFS proxy team.

As an active manager, please be advised that the companies named in this report may no longer be held by an MFS client at the time that this report is published.

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