

# MFS INVESTMENT MANAGEMENT RESPONSIBLE INVESTING POLICY STATEMENT

**December 2025**

At MFS, our purpose is to create value responsibly and to help our clients achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolio within appropriate risk parameters. To help our clients achieve this objective, we employ an investment approach that focuses on issuers with durable, long-term competitive advantages. Because we believe that certain environmental, social and corporate governance (ESG) issues may impact the economic long-term value of businesses, we integrate them into our fundamental investment analysis and our ownership practices to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests. To deliver on this commitment, we adopted the MFS Policy on Responsible Investing and Engagement which provides a framework for integrating ESG factors into our investment and ownership practices. The main components are summarized below.

## **Governance Structure**

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

- ❖ The Investment Sustainability Committee (ISC) is accountable for implementing MFS' strategy and policies relating to the integration of ESG factors in the investment process, engagement with issuers and escalation activities, MFS' adherence to relevant stewardship codes, and MFS' membership in investment-led collaborative initiatives. The ISC has adopted a Policy on Responsible Investing and Engagement that provides MFS' framework for incorporating ESG issues into its investment decisions.
- ❖ The Proxy Voting Committee (PVC) oversees the voting of securities owned by our clients for which we have been delegated voting authority as well as the adoption and administration of the MFS Proxy Voting Policies and Procedures. We vote proxies in what we believe to be in the best, long-term economic interest of shareholders. As part of its responsibilities, the PVC works with the ISC to create an integrated approach to setting engagement goals and priorities on certain ESG topics.
- ❖ The Corporate Sustainability Committee (CSC) is accountable for implementing MFS' client and corporate sustainability strategies and policies to ensure consistency in interactions with clients on sustainability issues (e.g., reporting, regulation, and education), provide oversight of membership in client-focused collaborative initiatives, and coordinate corporate sustainability efforts.

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At MFS, it is our belief that our approach to sustainability is part of our fundamental investment process, and as such, our integration and active ownership process requires that all of our investment professionals are actively engaged in, and responsible for, its success. In order to facilitate the implementation and enhancement of these practices across the investment team, we employ a number of individuals who are dedicated to sustainable investing and who provide strategic leadership on sustainability topics. Our investment team includes a variety of specialists who are dedicated to ESG research and/or stewardship and who facilitate MFS' sustainability efforts by supporting and enhancing our ongoing research on sustainability topics, engagement and/or voting activities (collectively, "MFS Sustainability Professionals"). The inclusion of these MFS Sustainability Professionals within the broader investment team improves the collaboration between our sustainability professionals and our investment professionals with the goal of more efficient and impactful research and engagements across our holdings. We currently have eight MFS Sustainability Professionals responsible for carrying out our stewardship efforts, including engagement and the exercise of our proxy voting rights (when acting in such capacity, "MFS Stewardship Professionals"), and three additional MFS Sustainability Professionals who focus on fixed income-related research and engagement.

### **Incorporation of ESG issues into the Investment Process**

We integrate ESG factors into our fundamental investment analysis to the extent we believe these factors are financially material to an issuer's long-term value. We believe that issuers that account for material risks and opportunities, including those related to ESG issues are more likely to achieve higher returns with less volatility over the long-term. In general, the integration of ESG factors into our fundamental investment analysis relates to investments in equity and fixed income securities, however we may elect to extend the integration of ESG factors into other asset classes under certain circumstances.

The extent to which an individual member of our investment team considers any ESG factors in conducting fundamental investment analysis and the extent to which ESG factors impact investment return for a given portfolio will depend on a number of variables, such as the investment strategy, the types of asset classes held, regional and geographic exposures, and the team member's views and analysis of a specific ESG issue. Each investment team member makes their own decisions with respect to which ESG factors to consider and how much consideration, if any, to give to ESG factors in the security analysis and investment selection process.

MFS may use third-party research to assist it with formulating its own, proprietary investment opinions, but it does not use these services as screens, except as indicated below. To assist members of the investment team in integrating ESG factors into their investment analysis, the investment team or the ISC may hire additional personnel or obtain additional research services with respect to ESG factors.

#### *Screens and ESG-related restrictions*

Given our investment principles, purpose-driven culture and fiduciary duty, we believe that constructive engagement is likely to yield better real-world outcomes than excluding sectors and industries from a client's portfolio. We believe our clients are best served through a deep

understanding of what we own on their behalf, which entails active ownership. 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 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 opportunities.

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

### **Incorporation of ESG issues into Ownership Practices**

#### *Proxy Voting*

We have adopted a clear and robust policy on voting securities owned by clients for which MFS has been delegated voting authority. The Proxy Voting Policies and Procedures include voting guidelines that govern how MFS generally will vote on specific matters, including ESG-related matters. As a general matter, proxy voting decisions are made in what MFS believes to be the best long-term economic interest of MFS clients. As noted above, the MFS Proxy Voting Policies and Procedures are overseen by the MFS Proxy Voting Committee with day-to-day application of the MFS Proxy Voting Policies and Procedures conducted by the MFS Stewardship Professionals. For more information about our proxy voting practices and for a current copy of the MFS Proxy Voting Policies and Procedures, please visit the proxy voting section of our website at [www.mfs.com](http://www.mfs.com).

#### *Engagement Activities<sup>1</sup>*

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

Our engagement approach is driven by strong collaboration among all members of our investment team, including our MFS Sustainability Professionals. Our investment team raises material issues during meetings with management of current and prospective issuers when we

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<sup>1</sup> When engaging with companies, including engagements on proxy voting topics, MFS' focus is discussing, gathering information about, and seeking appropriate transparency on matters so that MFS may make an informed voting decision that advances MFS clients' long-term economic interests. MFS does not engage for the purpose of trying to change or influence control of a company. Engagements may consist of ongoing communications with a company.

believe the discussion can enhance our understanding of the issuer's practices and/or stakeholder value. Our MFS Sustainability Professionals will also often highlight particular ESG-related issues that members of our investment team can incorporate into their discussion with management teams. Likewise, we will also engage with an issuer or other stakeholders when we believe that the engagement will enhance our understanding of certain matters on the issuer's proxy statement. We may also engage with an issuer in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals, including proposals that involve ESG matters.

### **Industry Groups, Initiatives and Stewardship Codes**

We actively participate in a number of industry initiatives, organizations and working groups that seek to improve, and provide guidance on, corporate and investor best practices, sustainability and proxy voting issues. We typically join an industry initiative or other collaborative group for one of two reasons:

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

A list of the initiatives in which MFS participates is included in MFS' annual sustainability report, which is available in the sustainability section of [www.mfs.com](http://www.mfs.com).

Many industry groups, trade associations and other initiatives have adopted stewardship codes and other guidelines relating to the incorporation of ESG factors in investment and ownership practices. While we believe that it is not always in our clients' economic interests for us to take a formalistic approach to following the letter of a particular code or guideline, we will support these initiatives to the extent we believe they are generally consistent with the long-term economic interests of our clients and our policies described above. Importantly, however, our investment and voting decisions are not guided by adherence to codes and guidelines, as we evaluate each issuer and vote based on the specific circumstances relevant to each specific issuer. For more information on our participation in various ESG-related organizations and initiatives, please visit [www.mfs.com](http://www.mfs.com).

### **Conflicts of Interest**

MFS has adopted a firm-wide policy on managing conflicts of interests (the "Conflicts Policy"), which is grounded in the core principle that we act in our clients' 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, including our integration of ESG factors into our investment and ownership practices, and requires that MFS take reasonable steps to identify, prevent, and manage our conflicts of interest. Pursuant to the Conflicts Policy, MFS may take a variety of actions based on the facts and circumstances of an identified conflict, including, but not limited to: avoidance (where possible); disclosure; implementing tailored policies and procedures for a specific conflict; establishing informational/physical/operational barriers (ethical walls); and segregation of duties. To deliver on this commitment, MFS has established

a network of policies and procedures that incorporate considerations related to or are specifically designed to address and mitigate applicable conflicts of interest that arise in the ordinary course of providing services to our clients (*e.g.*, the allocation of investment opportunities or trades, voting proxies, or outside business activities). For more information on our Conflicts Policy with respect to our ESG integration process and stewardship activities, please refer to Appendix 4 in our annual sustainability report, which is available in the sustainability section of [www.mfs.com](http://www.mfs.com).

## **Reporting**

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

## **Related Documents**

Please visit the sustainable investing section of [www.mfs.com](http://www.mfs.com) for further information on:

- ❖ MFS' Proxy Voting Policies and Procedures
- ❖ MFS' Strategic Climate Action Plan (Report on the Task Force on Climate-Related Financial Disclosures)
- ❖ MFS' Policy on Cluster Munitions and Anti-Personnel
- ❖ MFS' Quarterly Stewardship and Annual Sustainability Reports

## **For Further Information**

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

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MFS may incorporate environmental, social, or governance (ESG) factors into its investment decision making, fundamental investment analysis and engagement activities when communicating with issuers. The statements or examples provided above illustrate certain ways that MFS has historically incorporated ESG factors when analyzing or engaging with certain issuers but they are not intended to imply that favorable investment, ESG outcomes or engagement outcomes are guaranteed in all situations or in any individual situation. When engaging with companies, including engagements on ESG topics, MFS' focus is discussing, gathering information about, and seeking appropriate transparency on matters that could be material to the long-term economic valuation of the company so that MFS may make an informed investment decision that advances MFS clients' long-term economic interests. MFS does not engage for the purpose of trying to change or influence control of a company. Engagements often consist of ongoing communications with an issuer. Engagement with an issuer may not result in any direct changes to any issuer's ESG-related practices. Favorable investment or engagement outcomes, including those described above, may be unrelated to MFS analysis or activities. The degree to which MFS incorporates ESG factors into its investment decision making, investment analysis and/or engagement activities will vary by strategy, product, and asset class, and may also vary over time, and will generally be determined based on MFS' opinion of the relevance and materiality of the specific ESG factors (which may differ from judgements or opinions of third-parties, including investors). Any ESG assessments or incorporation of ESG factors by MFS may be reliant on data received from third-parties (including investee companies and ESG data vendors), which may be inaccurate, incomplete, inconsistent, out-of-date or estimated, or only consider certain ESG aspects (rather than looking at the entire sustainability profile and actions of an investment or its value chain), and as such, may adversely impact MFS' analysis of the ESG factors relevant to an investment.

The views expressed herein are those of MFS, and are subject to change at any time. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any MFS investment product. No forecasts are guaranteed.

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