



MFS[®] Stewardship Report

First Quarter 2026

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Sustainability at MFS

MFS has been actively managing our clients' money since we created the first US open-end mutual fund in 1924. Deep fundamental research and a long-term perspective constitute the foundation of our investment approach. We seek to achieve our clients' long-term economic objectives by responsibly allocating their capital.

As an active manager, we have always sought to identify investments that can add long-term value for our clients. In 2009, we formed the MFS Responsible Investing Committee, now known as the Corporate Sustainability Committee, and issued the MFS Policy on Responsible Investing and Engagement to ensure that the consideration of sustainability topics is systematically integrated into our investment process.

We are continually thinking about how to enhance our investment approach and capabilities to ensure we remain equipped to manage our clients' assets in a rapidly-evolving sustainability landscape, and we have dedicated resources to this effort. We have also enhanced our efforts relating to stewardship, which we define as our fiduciary duty to allocate capital responsibly, engage productively with companies and other industry participants, and exercise our voting rights thoughtfully and deliberately.

This report provides a quarterly update on our sustainability and stewardship activity. We hope it offers insight into our sustainability approach and how we allocate our clients' capital responsibly.

We recognize that sustainability is an important topic for our clients, and we welcome any opportunity to discuss it further with you.



Dedicated sustainability professionals

To facilitate the adoption, implementation and enhancement of sustainability-related practices across the firm, we task certain stakeholders with providing strategic leadership and supporting the effective integration of sustainability topics across teams and disciplines. These individuals are positioned across our ESG Research and Stewardship, Client Sustainability Strategy, Legal and Compliance teams, as outlined below.

Investment & Stewardship

ESG Research & Stewardship Team

<i>Director of Global ESG Integration</i> Rob Wilson	<i>Fixed Income Research Analyst</i> Joseph Baldwin	<i>Stewardship Analyst</i> Andrew Jones	<i>Stewardship Senior Associate</i> Xinyi Wan
<i>Equity Research Analyst</i> Pooja Daftary	<i>Fixed Income Senior Research Associate</i> Gabrielle Guillemette	<i>Stewardship Specialist</i> Alexandra Schoepke	<i>Stewardship Associate</i> Hailey Scatchard
<i>Fixed Income Research Analyst</i> Mahesh Jayakumar	<i>Director of Global Stewardship</i> Franziska Jahn-Madell	<i>Stewardship Senior Associate</i> Herald Nikollara	

Client Facing

Client Sustainability Strategy

<i>Global Head of Sustainability Strategy</i> Bess Joffe	<i>Strategist</i> Daniel Popielarski
<i>Senior Strategist</i> George Beesley	<i>Lead Analyst</i> Tessa Fitzgerald
<i>Strategist</i> Pelumi Olawale	<i>Analyst</i> Yasmeen Wirth

Legal & Compliance

Legal & Compliance

<i>Managing Counsel</i> Susan Pereira	<i>Compliance Lead Specialist</i> Corey Bradley
<i>Compliance Officer</i> Justin McGuffee	<i>Regulatory Senior Specialist</i> Nicole Barrett

As of 31-Mar-26.

ESG Research and Stewardship

Our investment team includes dedicated specialists who assist in strategy development, research, engagement and voting. These individuals all share a common goal of driving more efficient and impactful research and engagements across our holdings; some also specialize further to help ensure the effective execution of our proxy voting rights. This group comprises 11 individuals, including a director of ESG integration, a director of global stewardship, and nine dedicated sustainability and stewardship specialists across both equity and fixed income.

Client Sustainability Strategy

A team of six is 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 in helping industry participants understand how MFS approaches sustainability.

Legal and Compliance

In our legal department, one attorney and one paralegal are dedicated to assessing, monitoring, and appropriately addressing ESG and stewardship-related issues to ensure MFS is aware of all relevant regulatory and legal requirements in the jurisdictions where we do business. Additionally, we have an ESG-dedicated compliance officer and compliance specialist situated in our compliance department.

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Sustainability and Stewardship Update

First Quarter 2026

There were no material changes to our overarching sustainability and stewardship practices or policies during the first quarter of 2026.

ESG Research and Stewardship update

This quarter, our team developed an engagement framework on cyber risk that was shared with the global investment platform along with sector-based focus questions. Cyber risk is becoming increasingly more material for companies across several industries.

We engaged with Hon Hai to conduct a labor risk assessment, building on our previous evaluation of their supply chain labor management. The company has made notable improvements, such as appointing a Chief Audit Officer and developing policies related to conflict minerals.

Cyber risk is becoming increasingly more material for companies across several industries.

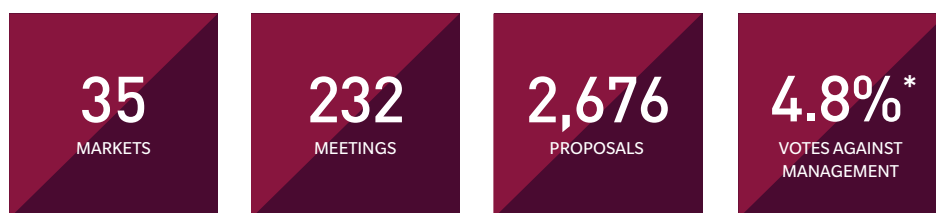
Stewardship at MFS

We believe open communication with companies and issuers is an important aspect of our ownership responsibilities, which is why we take a constructive approach to engagement. Characterized as collaborative, financially materiality-oriented and issuer-focused, we believe this approach gives us an analytical advantage and can act as a source of alpha generation. It is our view that the best outcomes are most likely achieved through strong relationships and regular, mutual dialogue with our portfolio companies. Our goal when engaging is to exchange views on ESG topics that represent material risks or opportunities for companies or issuers, and to effect positive change on any such issues. We believe that long-term-oriented asset managers who engage companies on ESG topics can positively influence a multitude of better business practices, which will ultimately accrete value for our clients. Our engagement approach is driven by strong collaboration among all members of our investment platform, including our stewardship team. Our engagements take place consistently and in a number of different forms, often through mutual dialogue with company management, formal letters, ESG-focused board meetings, and more. We may also work with other industry participants.

We believe that our approach to engagement can have positive impacts on industries, individual companies and a wide range of stakeholders, including shareholders. 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 or signatory to a variety of organizations and initiatives that promote ESG topics, including the Principles for Responsible Investment (PRI), the CDP and Ceres. We also actively encourage our portfolio companies to enhance disclosure and adopt best practices across a variety of ESG topics, such as setting science-based emissions reduction targets, addressing modern slavery and forced labor concerns, and enhancing disclosure around employee management practices.

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PROXY VOTING ACTIVITY



**Percentage of total votes. MFS voted against management on at least one ballot item at 28.6% of meetings during the quarter.*

Votes in this quarter provided a clearer view of what we may expect to see more broadly across the 2026 proxy season. For example, we saw continued pay elevation, particularly via one-off awards. Following changes to SEC guidance on shareholder proposals, early indications suggest a reduction, albeit a small one, in the number of these proposals coming up for vote in the US in 2026.

In this quarter, our updated proxy voting guidelines came into effect, including raised expectations for board independence in Latin America. Several recent engagements focused on significant management successions — where management responsibilities are transitioning after no change for many years under long-tenured incumbent executives. These engagements informed votes on board nominations and composition as well as our conviction in the quality and capability of management in future.

Recent Engagement Activity

Electrical and Digital Infrastructure Company

Sector: Capital Goods

Industry: Electrical Equipment



THE LID COMMUNICATED THAT CLIMATE OVERSIGHT REMAINS A PRIORITY FOR THE COMPANY AND DESCRIBED ENHANCED PARTICIPATION ACROSS BOARD COMMITTEES TO EXECUTE THEIR CLIMATE STRATEGY AND MEET EVOLVING REGULATORY REQUIREMENTS.

We recently engaged with the company's Lead Independent Director (LID) to discuss board transitions, governance practices, executive compensation, and climate strategy through 2030. On governance, we believe that the board has a strong focus on long-term strategy, supported by regular board engagement, high attendance at meetings, strong international diversity, and periodic independent evaluations that have led to improvements in board effectiveness and strategic oversight.

We also discussed upcoming changes to executive remuneration and board-level climate governance, as the board plans to review the CEO's compensation to reflect the company's growth since 2021. The LID communicated that climate oversight remains a priority for the company and described enhanced participation across board committees to execute their climate strategy and meet evolving regulatory requirements. While the company acknowledged challenges in meeting certain circular-economy targets, the board affirmed its commitment to achieving their climate-related goals. Overall, we did not identify any significant governance concerns and will continue to monitor progress on climate initiatives.

Technology Company

Sector: Technology

Industry: Hardware



WHILE MANAGEMENT HIGHLIGHTED PROGRESS IN SYSTEMS STANDARDIZATION AND RESILIENCE, ONGOING M&A INTEGRATION REMAINS A STRUCTURAL RISK FOR THE COMPANY AND CLIENTS.

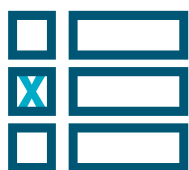
Our Q1 engagement with management at a Japanese technology company centered on the company's approach to cyber risk management and operational resilience, given its exposure to critical infrastructure and industrial systems. Management emphasized that cybersecurity has been a priority for more than a decade, with recent efforts shifting from perimeter defence toward execution, resilience, and recovery capabilities. We were encouraged by the evolution of the company's cyber governance, including the expansion of oversight beyond traditional IT to encompass development, manufacturing, and supply-chain environments, as well as improved accountability through established security roles and the inclusion of IT security as a management KPI.

The company views cybersecurity as a strategic opportunity given that it is increasingly bundled with infrastructure and AI solutions for clients. While management highlighted progress in systems standardization and resilience, ongoing M&A integration remains a structural risk for the company and clients. Overall, we feel relatively comfortable with the maturity and direction of the company's cyber risk management at this stage and plan to revisit the topic in future engagements, including discussion of transparency around incident reporting and the role of security as a differentiator in product offerings.

Manufacturing Company

Sector: Capital Goods

Industry: Auto & Auto Components



IN THIS CONTEXT, WE BELIEVE A SHAREHOLDER PROPOSAL CALLING FOR MATERIALLY-HIGHER BUYBACKS WOULD BE AN APPROPRIATE AND PROPORTIONATE RESPONSE.

We recently escalated our engagement with a Japanese company due to concerns around capital allocation, balance sheet management, and board oversight. In our view, these issues were materially impacting company earnings and not being sufficiently addressed by company management.

We believe that the company is overcapitalized, with excess cash accumulating despite recent increases in shareholder returns. While management has taken some constructive steps, such as raising the dividend payout ratio, committing to a minimum payout, and announcing share repurchases, we believe these measures remain insufficient relative to the scale of excess cash, leaving returns on equity structurally depressed. In this context, we believe a shareholder proposal calling for materially-higher buybacks would be an appropriate and proportionate response.

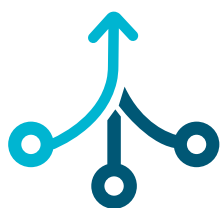
Beyond capital returns, we see a clear need for stronger governance and accountability around capital allocation. Current ROE targets appear unambitious and lack clear timelines, and board oversight is constrained by a shortage of directors with relevant financial and shareholder-oriented expertise. As part of our escalation, we intend to follow-up on our discussions with senior management and founding family members, and we will continue to engage on board composition and seek to better understand the company's audit oversight.



Integrated Energy Company

Sector: Energy

Industry: Oil



THE COMPANY'S HYBRID STRATEGY ACROSS LIQUEFIED NATURAL GAS (LNG), INTEGRATED POWER, AND SELECT LOW-CARBON BUSINESSES APPEARS TO BE DELIVERING OPERATIONAL AND FINANCIAL BENEFITS.

Our recent engagement with an energy company touched on human rights and worker safety, as well as the company's long-term hybrid energy strategy. Off the back of project delays due to safety concerns, company management communicated that their operations in Mozambique were able to resume due to an improved security situation. However, site access remains tightly controlled, even as the company is increasing workforce levels. Regulatory and community-related processes, including relocation and human rights assessments, have also been completed. Despite the pause in operations, we were encouraged by the state of company infrastructure and that the company does not anticipate challenges in recovering delay-related costs.

More broadly, the company's hybrid strategy across liquefied natural gas (LNG), integrated power, and select low-carbon businesses appears to be delivering operational and financial benefits. The company's integrated power business is expected to begin contributing to dividends this year while progress across renewables and other clean power keeps the company on track to exceed its generation targets. In newer business areas, momentum is mixed, with carbon capture and storage project progress dependent on regulation and carbon pricing, while sustainable aviation fuel mandates are expected to support future demand. We also noted continued investment in emissions reduction, including methane monitoring and low-emissions LNG, and view the company's consistent strategy and execution as a positive differentiator among peers.

Home Improvement Retailer

Sector: Consumer Cyclicals

Industry: Retail and E-commerce



THEY FLAGGED THAT SOME NEAR-TERM TARGETS MAY BE REFRESHED DUE TO UNEXPECTED EXTERNAL HEADWINDS, PARTICULARLY AROUND RENEWABLE ENERGY DEPLOYMENT.

We held an annual off-season engagement with company senior management to review governance, board composition, progress towards sustainability goals, and operational priorities. Management gave an update on sustainability initiatives, noting progress toward 2025 and 2030 emissions goals and emphasizing their continued use of third-party verification for greenhouse gas emissions and water data. However, they flagged that some near-term targets may be refreshed due to unexpected external headwinds, particularly around renewable energy deployment. We also discussed the company's plan to expand how artificial intelligence is applied across their operations and supply chains. We continue to view the company's governance practices favourably, supported by a balanced board composition.



Energy and Chemicals Company

Sector: Energy

Industry: Oil



THE COMPANY REAFFIRMED ITS 2030 DECARBONIZATION TARGET, SUPPORTED BY ENERGY EFFICIENCY INITIATIVES, RENEWABLE ENERGY DEPLOYMENT, AND CARBON OFFSETS.

In the latest of a series of engagements with an energy company, we discussed sustainability and decarbonization given the company's structurally-high emissions profile and reliance on coal-based feedstock. Despite these challenges, recent engagements have been encouraging, with management clearly embedding sustainability considerations into capital allocation and long-term growth planning. The company reaffirmed its 2030 decarbonization target, supported by energy efficiency initiatives, renewable energy deployment, and carbon offsets. Progress has been made against these levers, with a significant portion of the renewable energy target already achieved and long-dated carbon offsets contracted.

While certain external constraints remain, including uncertainty around feedstock options and the post-2030 regulatory environment, management expressed confidence in navigating these risks. Overall, despite ongoing medium-term headwinds, we came away from our latest engagement confident in the company's continued ability to make measurable progress on decarbonization and to strategically manage sustainability risks.





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.

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Please keep in mind that a sustainable investing approach does not guarantee positive results.

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