MFS® Stewardship Report

Second Quarter 2026

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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. We believe stewardship and sustainability are an important part of our approach.

As an active manager, we have always sought to identify investments that can add long-term value for our clients. 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 added resources dedicated to this effort.

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 with human, social, and environmental impacts is systematically integrated into our investment process.

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 of our sustainability and stewardship activity. We hope it gives our clients insights into our sustainability approach and how we allocate their capital responsibly. We recognize that sustainability is an important topic, and we welcome any opportunity to discuss it further with you.

Sustainability at MFS

Dedicated Sustainability Professionals

To facilitate the adoption, implementation, and enhancement of sustainability-related practices across the firm, we task certain people with providing strategic leadership and supporting the effective integration of sustainability topics across teams and disciplines. These individuals are positioned across our investment, client-facing, and legal and compliance teams, as outlined below.

Dedicated sustainability professionals

Investment & Stewardship

ESG Research & Stewardship Team			
Director of Global ESG Integration **Rob Wilson**	*Fixed Income Research Analyst* **Joseph Baldwin**	*Stewardship Specialist* **Alexandra Schoepke**	*Stewardship Associate* **Hailey Scatchard**
Equity Research Analyst **Pooja Daftary**	*Director of Global Stewardship* **Franziska Jahn-Madell**	*Stewardship Senior Associate* **Herald Nikollara**	
Fixed Income Research Analyst **Mahesh Jayakumar**	*Stewardship Analyst* **Andrew Jones**	*Stewardship Senior Associate* **Xinyl Wan**	

Client Facing

Client Sustainability Strategy	
Global Head of Sustainability Strategy **Bess Joffe**	*Strategist* **Daniel Popielarski**
Senior Strategist **George Beesley**	*Lead Analyst* **Tessa Fitzgerald**
Strategist **Pelumi Olawale**	*Senior Analyst* **Yasmeen Wirth**

Legal & Compliance

Legal & Compliance	
Managing Counsel **Susan Pereira**	*Compliance Lead Specialist* **Corey Bradley**
Compliance Officer **Justin McGuffee**	*Regulatory Senior Specialist* **Nicole Barrett**

As of 30-Jun-26.

ESG Research and Stewardship

Our investment team includes dedicated specialists who assist in strategy development, research, engagement, and voting. These individuals share the common goal of driving more efficient and impactful research and engagements across our holdings. Some of these individuals also have more specialized roles to ensure the effective execution of our proxy voting rights. This group comprises ten 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.

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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

One attorney and one paralegal in our Legal Department 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 a compliance specialist situated in our Compliance Department.

Sustainability and Stewardship Update

Second Quarter 2026

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

ESG Research and Stewardship Update

The team participated in an IPO analysis of a space company. Our research covered shareholder rights, board culture and composition, and voting structures. We also assessed power bottlenecks relevant to the ramp-up of terrestrial data centers, alongside a comparative review of the safety profiles of leading LLMs. These insights were integrated into the analysts' overall IPO assessment, valuation framework, and views on medium- to long-term return potential.

Our team also undertook a safety analysis of different reduced-risk tobacco and nicotine products, including regulatory developments in the category. These insights helped shaped our fundamental views on the long-term risks and opportunities within the stimulant markets in the US.

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, materiality-oriented, and issuer-focused, we believe this constructive 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 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 clients. Our engagement approach is driven by strong collaboration between all members of our investment platform, including our stewardship team. Our engagements take place consistently, and in several different forms, often through mutual dialogue with company management, formal letters, and ESG-focused board meetings. We may also work with other industry participants.

We believe that our approach to engagement can generate positive impacts for 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 are actively encouraging 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

51	1,582	19,910	5.5%*
MARKETS	MEETINGS	PROPOSALS	VOTES AGAINST MANAGEMENT

**Percentage of total votes. MFS voted against management on at least one ballot item at 35.1% of meetings during the quarter.*

Q2 is the busiest quarter for voting each year. A notable emerging theme from this season was the reincorporation of companies, particularly in locations with lower shareholder rights and increased management insulation. The benefits and risks of the moves varied depending on the locations involved and the provisions the company planned to adopt. The benefits to reincorporation included potential cost savings and more business-friendly laws and courts. However, risks of the potential reduction in shareholder rights, which would likely be enduring and irreversible, concerned us. Following proxy voting committee discussions and reviews of specific cases, we generally voted against reincorporation where it eroded shareholder rights for the long term. Similarly, we were concerned by proposals to exculpate officers as well as directors, which often lacked a compelling justification once more detail was provided.

On compensation we again saw a large amount of one-off special awards to management. Some of these were reasonable in amount, well-structured, and supported by a compelling rationale, such as the transformation of a business. We viewed others less favorably and voted against them. We are concerned by the contagion effect of one-off awards, particularly time-based awards for long-tenured officers. In several cases, our review or engagement raised concerns on the state of succession planning, which we will continue to monitor. More broadly though, we saw many companies move toward compensation structures better aligned with long-term shareholders.

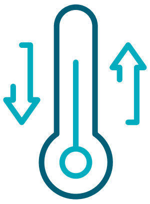
During the season, we noted further opportunities to refine our voting policy and implementation, which we will review over the coming months and consider taking forward.

Recent Engagement Activity

HVAC Company

Sector: Capital Goods

Industry: Machinery & Tools



WE DISCUSSED ENVIRONMENTAL AND SOCIAL RISKS, INCLUDING POTENTIAL PFAS-RELATED LIABILITIES.

We recently engaged with management ahead of the annual general meeting to discuss governance enhancements and the company's newly released medium-term plan. We were encouraged by several governance developments, including a higher proportion of independent directors, the creation of a dedicated CFO role with responsibility for financial strategy and capital allocation, and a significant redesign of executive compensation. Variable and equity-linked remuneration have increased meaningfully, with performance share units now linked to capital efficiency and shareholder returns, strengthening alignment between management incentives and long-term value creation.

We also discussed environmental and social risks, including potential PFAS-related liabilities. While legal and regulatory scrutiny continues in France, Japan, and the United States, current exposures appear manageable relative to industry peers, though remediation costs remain uncertain and warrant monitoring. Overall, we believe the company has made tangible progress in addressing several long-standing governance concerns and appears increasingly focused on balancing capital discipline, shareholder returns, and environmental risk management.

Luxury Products Group

Sector: Consumer Cyclicals

Industry: Apparel, Footwear & Accessories

MANAGEMENT HIGHLIGHTED EFFORTS TO ADDRESS CLIMATE-RELATED RISKS ACROSS ITS WINE AND SPIRITS BUSINESS THROUGH ALTERNATIVE AGRICULTURAL PRACTICES AND REGENERATIVE FARMING INITIATIVES.

Our engagement focused on supply chain labor management following allegations of worker exploitation and unauthorized subcontracting within certain Italian operations. Management outlined a broad remediation program that includes stronger centralized oversight, executive-level governance structures, expanded supplier audits, enhanced human rights expertise, and greater collaboration with industry peers and local organizations. While labor-related risks remain an inherent challenge within complex global supply chains, we believe that the company has materially strengthened its governance framework and improved visibility over supply chain risks, reducing the likelihood of future incidents.

On climate strategy and physical climate resilience, the company recently strengthened its emissions reduction targets after achieving previous goals ahead of schedule and has begun quantifying the investments required to meet future decarbonization objectives. Management highlighted efforts to address climate-related risks across its wine and spirits business through alternative agricultural practices and regenerative farming initiatives. We came away encouraged by improvements in both supply chain governance and climate risk management, while recognizing that continued execution and transparency will remain important.

Aerospace and Defense Company

Sector: Capital Goods
Industry: Aerospace & Defense

THE DISCUSSION COVERED GOVERNANCE AROUND LONG-TERM STRATEGIC OPPORTUNITIES, INCLUDING SMALL MODULAR REACTORS AND A POTENTIAL RE-ENTRY INTO THE NARROW-BODY AIRCRAFT ENGINE MARKET.

In a Q2 meeting with the company's chair, we discussed culture, board effectiveness, and succession planning. The chair highlighted significant cultural progress under the current leadership team, including a stronger focus on commercial discipline, capital allocation, and operational execution while maintaining the company's engineering strengths. That said, they acknowledged that continued effort is required to challenge legacy ways of working and avoid complacency following recent operational improvements. We were encouraged by the company's structured approach to succession planning, including the development of internal candidates and ongoing refreshment of board skills and expertise. The discussion also covered governance around long-term strategic opportunities, including small modular reactors and a potential re-entry into the narrow-body aircraft engine market. Overall, we view governance at this company positively, supported by active oversight of strategy and competent leadership.

Energy Company

Sector: Energy
Industry: Utilities

THE PACE OF DECARBONIZATION IS EXPECTED TO FLUCTUATE DUE TO STRONG LOAD GROWTH AND CORRESPONDING DELAYS OF COAL ASSET RETIREMENTS.

We recently met with management at an energy company to discuss their approach to balancing electricity demand growth, affordability, reliability, and decarbonization. The company remains on track to achieve its 2030 emissions reduction target, supported by its large nuclear fleet and continued investment in lower-carbon generation and energy storage. However, the pace of decarbonization is expected to fluctuate due to strong load growth and corresponding delays of coal asset retirements. Management emphasized that customer affordability remains a priority, particularly as data center demand accelerates, with nuclear generation helping to support both emissions reductions and customer costs.

We also discussed governance and operational resilience. The company highlighted efforts to address labor constraints through workforce development initiatives and long-term contractor partnerships, while maintaining a robust cybersecurity framework to support grid reliability. In our opinion, the company is thoughtfully managing its competing priorities, and we left the conversation with a better understanding of their enterprise strategy.

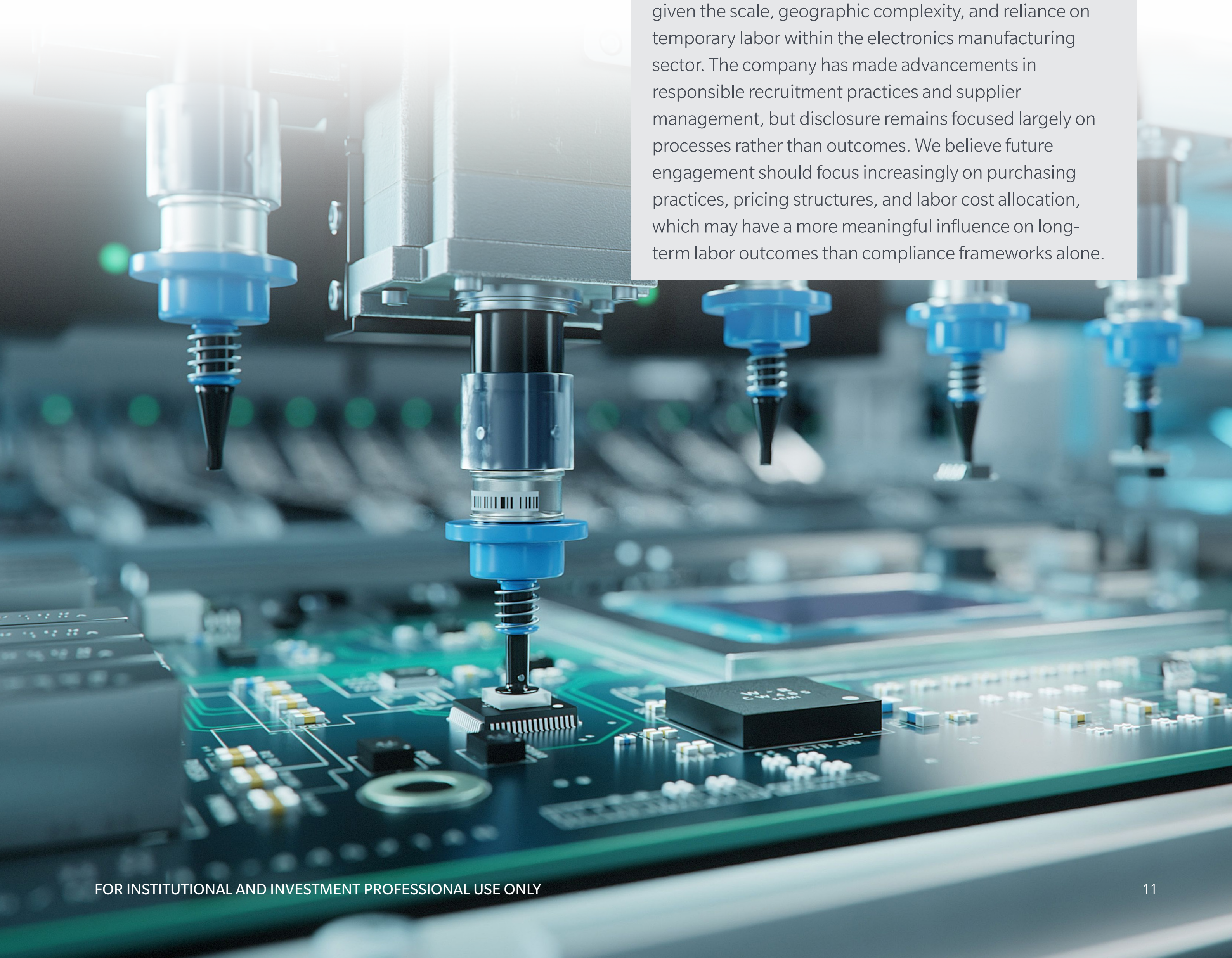
Technology Company

Sector: Technology
Industry: Hardware

WE BELIEVE FUTURE ENGAGEMENT SHOULD FOCUS INCREASINGLY ON PURCHASING PRACTICES, PRICING STRUCTURES, AND LABOR COST ALLOCATION.

We participated in an engagement focused on supply chain labor management and human rights oversight. Management acknowledged the challenges of managing labor conditions across complex, multi-tier supply chains and discussed efforts to move beyond a compliance-focused approach toward more systematic risk management. In our view, governance at the company has strengthened through the integration of ESG objectives into executive incentives, the creation of a chief audit officer role, expanded audit coverage, and enhanced human rights due diligence processes. The company has also increased oversight of suppliers and adopted more structured approaches to risk identification, monitoring, and remediation.

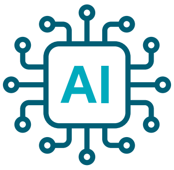
While we view the company's labor management progress as credible, implementation remains the key challenge given the scale, geographic complexity, and reliance on temporary labor within the electronics manufacturing sector. The company has made advancements in responsible recruitment practices and supplier management, but disclosure remains focused largely on processes rather than outcomes. We believe future engagement should focus increasingly on purchasing practices, pricing structures, and labor cost allocation, which may have a more meaningful influence on long-term labor outcomes than compliance frameworks alone.



Mining and Engineering Equipment Company

Sector: Capital Goods

Industry: Machinery & Tools



MANAGEMENT REAFFIRMED ITS CUSTOMER DECARBONIZATION TARGET DESPITE GROWING DEMAND FOR NATURAL GAS AND DIESEL POWER SOLUTIONS SUPPORTING AI-RELATED INFRASTRUCTURE.

Our recent engagement with various company stakeholders covered progress against 2030 sustainability targets, executive compensation, board oversight, human rights exposure, and artificial intelligence governance processes. We were pleased to learn that the company has made strong environmental progress, exceeding its 2030 targets for Scope 1 and 2 emissions reductions. Management reaffirmed its customer decarbonization target despite growing demand for natural gas and diesel power solutions supporting AI-related infrastructure. However, the employee safety and water stewardship metrics continue to lag longer-term targets. We view these as important areas for continued focus given the gap between current performance and stated ambitions.

From a governance perspective, the company has strengthened oversight by incorporating ESG metrics into executive compensation and expanding board oversight of ESG reporting, cybersecurity, and AI. While AI is increasingly integrated across products and operations, the absence of a formal responsible AI framework remains a notable gap. We also discussed ongoing human rights and reputational risks associated with the company's exposure to the West Bank and Gaza, which have contributed to divestments by several large institutional investors. Overall, we feel the company demonstrates credible sustainability progress, but worker safety, water management, AI governance, and geopolitical controversy warrant continued monitoring and engagement.

MFS Investment Management

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.