MFS® Investment Management



MFS® Stewardship Report

Third Quarter 2026

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Table of Contents

1 Introduction

1 Sustainability at MFS

4 Sustainability and Stewardship Update

5 Stewardship at MFS

6 Recent Engagement Activity



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 Client 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 people 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-Sep-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, and some 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

Third Quarter 2026

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

ESG Research and Stewardship Team Update

A key research theme was the evolving energy storage value chain, including battery energy storage systems (BESS), regional regulatory developments across the US and Europe, and the implications of growing electricity demand from AI-related data center buildouts. This work examined sustainability and investment considerations across the value chain, from critical mineral supply and lithium mining, through to grid infrastructure and power-system resilience.

We also advanced our work on Responsible AI (RAI), reflecting the rapid emergence of artificial intelligence as both an investment opportunity and a stewardship consideration. The framework is designed to help our investment teams assess how companies are developing, deploying, and governing AI technologies, drawing attention to issues such as board oversight of AI strategy and deployment, governance structures, transparency, accountability, and the ability of companies to identify, monitor, and mitigate potential unintended consequences arising from AI use. Importantly, the framework is intended to be relevant not only for companies developing AI models and tools, but also for companies increasingly embedding AI into their operations, products, and decision-making processes. As AI adoption accelerates across sectors, we believe effective governance, robust risk management, and appropriate human oversight will become increasingly important differentiators in determining which companies are best positioned to capture the benefits of AI while managing associated risks. The framework will be an important tool for our stewardship work as we engage with companies on AI governance.

We continued to expand our research on climate-related risks, with a particular focus on the investment implications of increasingly volatile weather patterns and physical climate impacts. During the quarter, we examined the effects of El Niño and other climate-related disruptions across both equity and fixed income markets, assessing vulnerabilities in agricultural supply chains, food and beverage companies, transportation networks, utilities, and sovereign issuers. This work sought to better understand how climate-related events can affect commodity availability, inflation, operating costs, credit quality, and long-term corporate resilience, helping investment teams identify both risks and potential beneficiaries of increased adaptation spending.

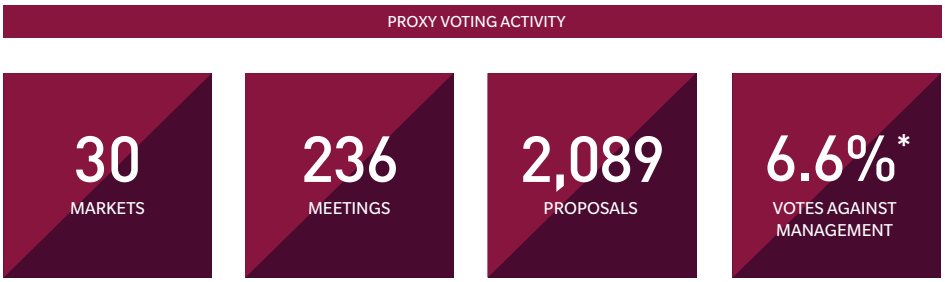
In September, the ESG team held its annual offsite, bringing together sustainability professionals from across regions and asset classes to discuss evolving stewardship priorities, best practices in ESG integration, and emerging sustainability themes. Members of the Sustainability Strategy team also participated in training on Indigenous issues in Canada during the quarter, including the historical and contemporary relationship between Indigenous Peoples and Canada, Indigenous rights and governance, reconciliation, and approaches to respectful engagement with First Nations, Inuit, and Métis communities.

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 among all members of our investment platform, including our stewardship team. Our engagements take place consistently, and in several different forms, often through dialogue with company management, formal letters, and ESG-focused board meetings. We may also work with other industry participants.

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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.



**Percentage of total votes. MFS voted against management on at least one ballot item at 32.3% of meetings during the quarter.*

The third quarter marked the conclusion of the busiest period of the proxy voting calendar and related engagement activities. A number of votes were particularly notable, including votes on directors where concerns remained regarding board accountability and shareholder communications, contested director elections during periods of substantial board change, and votes on executive remuneration where there were concerns over peer benchmarking, total compensation, management ownership alignment, and the rigor of incentive targets. Voting decisions were reached through collaboration between the stewardship and broader investment team alongside company engagement.

During the quarter, we also conducted our annual review of the proxy voting guidelines to assess whether any enhancements could better support clients' long-term economic interests. Given the momentum in governance reform in Japan, we engaged with our Japan equity team as part of this process. Those discussions, together with supporting research, highlighted areas where our voting approach may evolve in future years to better align with the governance standards and market developments we believe promote long-term shareholder value.

Recent Engagement Activity

Consumer Health Company

Sector: Consumer Staples

Industry: Consumer Products

THE CHAIR EMPHASIZED THE NEED TO PRESERVE THE SCIENTIFIC CREDIBILITY THAT UNDERPINS THE COMPANY'S REPUTATION

This quarter, we met with a consumer health company's new chair to discuss board priorities, organizational culture, and the next phase of the company's development following its separation from a larger parent organization. The chair emphasized the need to preserve the scientific credibility that underpins the company's reputation, while evolving into a more consumer-oriented model focused on prevention and wellness.

The discussion covered various important topics, with governance and product stewardship being the most critical from a sustainability perspective. The company understands that consumer health products bring risk of litigation, particularly where products involve health claims, active ingredients, and direct consumer use. The chair described the company's approach to oversight, product safety, and manufacturing controls. We discussed the importance of maintaining rigorous scientific standards as the company expands into broader wellness categories where the distinction between clinically supported outcomes and consumer marketing can become less clear. Overall, the engagement provided further insight into the board's approach to managing both the opportunities and risks associated with the company's transition to a consumer health business. We intend to continue monitoring the company's consumer strategy, organizational development, and product quality governance.



Building Materials Company

Sector: Capital Goods

Industry: Homebuilding & Materials



THE BOARD HAS ESTABLISHED DEDICATED OVERSIGHT STRUCTURES TO MONITOR WORKFORCE AND CULTURAL INTEGRATION FOR THE TWO COMPANIES

We recently engaged with the company's chair following significant shareholder dissent related to a significant acquisition and the board's decision not to seek shareholder approval for the transaction. The chair acknowledged that communication with investors had been insufficient, particularly regarding the size of the transaction and the rationale for pursuing a structure that did not require a shareholder vote. The company has since focused on rebuilding trust through more proactive shareholder engagement. We reiterated the importance of maintaining shareholder input and transparency around future capital allocation decisions.

We also reviewed integration progress, executive compensation, board composition, and succession planning. The board has established dedicated oversight structures to monitor workforce and cultural integration for the two companies, while compensation frameworks have been updated to include multi-year performance metrics aligned with shareholder interests. Management indicated that integration is progressing ahead of expectations and highlighted efforts to align the cultures of the combined businesses. While we were encouraged by these developments, we believe continued engagement on governance, shareholder communication, and board accountability remains warranted. We will monitor board appointments, integration progress, and future approaches to shareholder consultation on major strategic transactions.



Technology and Electronics Company

Sector: Technology

Industry: Hardware, Peripherals & Assembly

MANAGEMENT HIGHLIGHTED THE GROWING CHALLENGE OF DECARBONIZING SEMICONDUCTOR OPERATIONS GIVEN RISING ELECTRICITY DEMAND AND LIMITED RENEWABLE ENERGY AVAILABILITY

We participated in an ESG-focused engagement with a technology company covering labor relations, supply-chain management, decarbonization, and capital allocation. The most notable development was management's increasing recognition that labor issues represent a potentially material business risk to EU operations. For the first time in several years of dialogue, management acknowledged that supply-chain labor practices and domestic employee relations could have operational, regulatory, and cost implications rather than being primarily matters of disclosure. However, in our opinion, governance of these issues remains concentrated within the sustainability function and has not yet received the high-level attention that is warranted. We were encouraged by management's evolving perspective and support its efforts to strengthen traceability, audit processes, and oversight across the supply chain.

The conversation also touched on recent labor negotiations, employee compensation, energy procurement, and shareholder returns. A recently negotiated employee compensation framework should help improve workforce relations but will increase employee participation in profits and reduce the cash flow available for distribution to shareholders. On climate topics, management highlighted the growing challenge of decarbonizing semiconductor operations given rising electricity demand and limited renewable energy availability at its primary manufacturing sites. We intend to continue engaging on labor governance, renewable electricity procurement, supply-chain oversight, and the alignment of capital allocation with long-term shareholder interests.

Diversified Mining Company

Sector: Capital Goods

Industry: Metals & Mining

WE BELIEVE THE COMPANY'S HISTORICAL SAFETY PERFORMANCE, GOVERNANCE STRUCTURES, AND WILLINGNESS TO INTERVENE PROVIDE SOME CONFIDENCE THAT RISKS CAN BE EFFECTIVELY MANAGED

We recently met with an independent director to discuss executive remuneration, safety performance, decarbonization strategy, and board oversight. The company is proposing meaningful changes to its remuneration framework. While we generally view the revisions positively, we discussed whether a higher proposed incentive opportunity could unintentionally reduce the significance of safety-related penalties at a time when safety remains one of management's stated priorities. The director indicated the remuneration committee would reflect on this conversation.

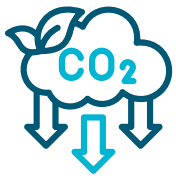
The conversation moved to safety performance at a major infrastructure project with recent worker fatalities. Management described a difficult operating environment involving large numbers of relatively inexperienced workers, but highlighted actions including contractor replacement, establishment of an independent safety oversight panel, and direct links between safety outcomes and executive remuneration. Despite the challenges associated with projects of this scale, we believe the company's historical safety performance, governance structures, and willingness to intervene provide some confidence that risks can be effectively managed. We also reviewed progress toward the company's 2030 emissions reduction target, which management believes remains achievable despite continued dependence on securing lower-carbon electricity. We will continue monitoring both safety outcomes and climate strategy execution.



Eastern European Energy Infrastructure Company

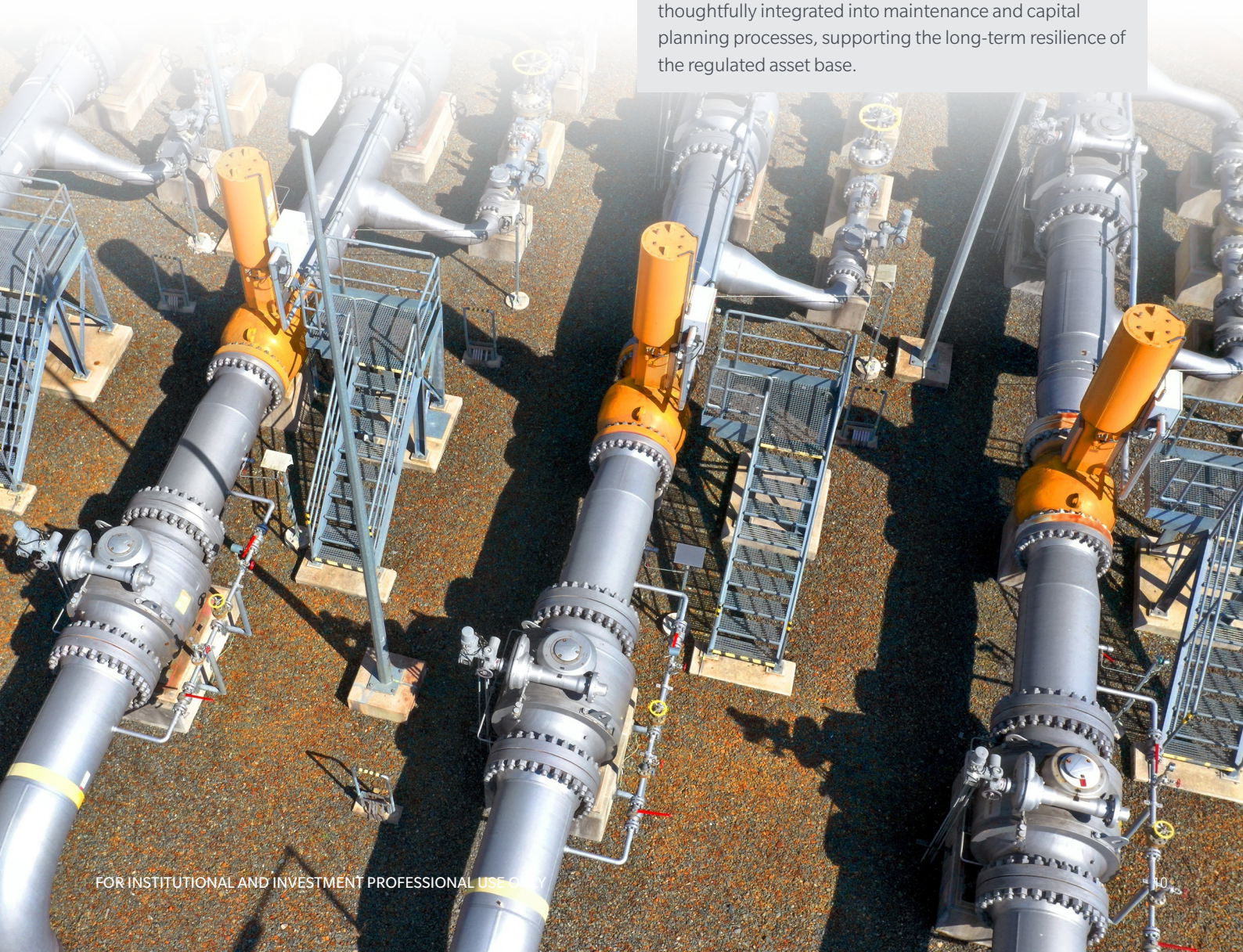
Sector: Energy

Industry: Natural Gas Pipeline



WE WERE ENCOURAGED BY THE PROGRESS MADE TO DATE, WHICH HAS MOVED THE COMPANY CLOSER TO THE EMISSIONS PROFILE OF EUROPEAN UTILITY PEERS

We met with an energy infrastructure company to discuss decarbonization, hydrogen and climate resilience strategy. Management reaffirmed its commitment to fully exit coal by 2030 and highlighted recent divestments from high emitting assets that have substantially reduced the company's carbon intensity. We were encouraged by the progress made to date, which has moved the company closer to the emissions profile of European utility peers and demonstrates continued execution against its transition strategy. We also touched on longer-term opportunities and risks associated with hydrogen infrastructure and physical climate resilience. Management expressed a pragmatic view on hydrogen but has incorporated hydrogen-compatible infrastructure into ongoing network upgrades and retains flexibility should demand increase in the future. In addition, we believe that climate resilience considerations are being thoughtfully integrated into maintenance and capital planning processes, supporting the long-term resilience of the regulated asset base.



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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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