

## Article 8 SFDR – Website Disclosure Summary

### MFS Meridian Funds – Global Equity Fund

A fund managed by MFS Investment Management Company (Lux) S.a. r.l and its affiliates ("MFS")

#### Overview

This fund promotes the MFS Low Carbon Transition Characteristic. MFS considers climate change to represent a risk and opportunity for issuers. Action is needed to reduce greenhouse gases on a net-zero basis and to re-orient towards a global low carbon economy in response to climate change.

In promoting the MFS Low Carbon Transition Characteristic, MFS will monitor and assess equity issuers ("Equity Issuers") against, and use its active ownership tools to promote, the climate criteria below from 31 December 2021, with the aim of having at least 50% of the equity securities in the fund invested in Equity Issuers that meet any one of these criteria from 1 January 2027 (the "Transition Date"). Where the fund falls below the 50% threshold following the Transition Date, MFS will implement a remedial plan.

#### No sustainable investment objective

This fund promotes the MFS Low Carbon Transition Characteristic, an environmental characteristic, but does not have as its objective sustainable investment.

#### Environmental or social characteristic

In pursuing the fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic through active ownership and engagement with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet at least one of these climate criteria from the Transition Date.

Climate Criterion 1 - Reduction in 'greenhouse gas' ("GHG") intensity	
<ul style="list-style-type: none"> <li>Reduction of GHG intensity on a year on year basis.</li> <li>GHG intensity less than the previous year with no minimum threshold.</li> <li>Yearly GHG intensity based on 3 year rolling average.</li> </ul>	30 November 2021 – 69.34% equity securities in the fund met this criterion, which represented 68.94% of total assets.
Climate Criterion 2 - Commitment to a recognised GHG emissions reduction or stabilization program aligned with international / national targets	
<ul style="list-style-type: none"> <li>Emissions reduction or stabilization program aligned with international and national targets e.g. Net Zero Commitment or Science-Based Target.</li> </ul>	30 November 2021 – 60.40% of equity securities in the fund met this criterion, which represented 60.04% of total assets.
Climate Criterion 3 - Operating on a 'net-zero' basis aligned with the United Nations Paris Agreement or such other successor multilateral framework	
<ul style="list-style-type: none"> <li>Equity Issuers that operate on a net-zero basis based on a credible and transparent methodology.</li> </ul>	30 November 2021 - 0% of equity securities in the fund met this criterion, which represented 0% of total assets.

#### Investment Strategy

Applying fundamental analysis and active ownership, MFS investment professionals will assess and monitor Equity Issuers against the climate criteria of the MFS Low Carbon Characteristic. By systematically and actively engaging Equity Issuers on the climate criteria, MFS investment professionals will gradually adjust as necessary the level of equity securities in the portfolio of the fund towards the minimum target of 50% climate criteria threshold from the Transition Date as necessary.

Where the fund falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will implement a remedial plan, which may include a consideration of how to raise the threshold through various active ownership strategies to address this over time and reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As the purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the fund may remain below 50% for a period of time.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organization. The MFS investment

professionals assess and monitor the governance practices of Equity Issuers in which the fund is invested to determine whether such issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. These assessments are continuous rather than point in time. MFS will seek to assist Equity Issuers to improve their governance practices through the deployment of active ownership tools.

## Consideration of Principal Adverse Impact Indicators

MFS Investment Professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also engagement practices.

<b>Climate Criterion 1</b> <ul style="list-style-type: none"> <li>GHG emissions</li> <li>GHG intensity of investee companies</li> </ul>	<b>Additional Emissions Indicators</b> <ul style="list-style-type: none"> <li>Carbon footprint</li> <li>Exposure to companies in fossil fuel sector</li> <li>Share of non-renewable energy consumption</li> <li>Production and energy consumption intensity per high impact climate sector</li> </ul>	<b>Social Indicators</b> <ul style="list-style-type: none"> <li>Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises</li> <li>Board gender diversity</li> </ul>
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## Proportion of Investment

- The fund invests primarily (at least 70%) in equity securities. As of 30 November 2021, equity securities represented 99.42% of the total assets of the portfolio.
- The fund will aim to have at least 50% of equity securities meeting at least one of the climate criteria from the Transition Date. As of 30 November 2021, 86.59% of the equity securities met at least one of the climate criteria, which represented 86.09% of the total assets.

## Monitoring Environmental or Social Characteristic and Methodologies

The following indicators will be used to monitor the MFS Low Carbon Characteristic:

- Climate Criterion 1 — Measuring GHG intensity of Equity Issuers using the following formula:

$$\sum_i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

- Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program that are MFS considers acceptable such as Science Based Targets and Race to Zero.
- Climate Criterion 3 - Measuring 'net-zero' issuers based on credible confirmation and aligned to international or national standards.

### Data Sources and Processing

Data sources used include:

- MFS fundamental research and analysis.
- Issuer data, information and representations.
- Third party specialist vendor data and analysis.

### Limitations to Methodologies and Data

- Client science continues to evolve and may supersede current assumptions and policies.
- Dependence on accuracy, timing and scope of data provided by issuers and vendors.
- Lack of harmonization relating to third party data.

## Due Diligence

MFS investment professionals undertake fundamental research on financially material aspects of an Equity Issuer prior to investing including the climate criteria, and will continue to monitor the issuer during the period of investment.

## Engagement Policies

Ongoing engagement through direct meetings (both formal and informal), collective engagement and proxy voting is an integral component by which MFS will promote the MFS Low Carbon Transition Characteristic.

## Article 8 SFDR – Website Disclosure MFS Meridian Funds - Global Equity Fund

### Overview

MFS Investment Management Company (Lux) S.à. r.l. ("**MFS Lux**") has classified the MFS Meridian Funds – Global Equity Fund (the "**MFS Global Equity Fund**") under Article 8 of SFDR<sup>1</sup> as a financial product that promotes the MFS Low Carbon Transition Characteristic (as defined below) in response to climate change, which is a risk and opportunity for issuers.

MFS Lux, in collaboration with its affiliates (collectively "**MFS**"), seeks to create long-term value by allocating capital responsibly. MFS incorporates sustainability risks by considering environmental, social and governance ("**ESG**") factors where these may be material to the value of an issuer. As an active investment manager, MFS relies on fundamental research and a long-term perspective to select issuers that can produce durable returns over a full economic cycle.

We are promoting the 'MFS Low Carbon Transition Characteristic' in acknowledgement of the scientific consensus on climate change: human activity is resulting in the release of greenhouse gases into our atmosphere and causing our planet to warm towards disruptive and dangerous levels. Action is needed to reduce greenhouse gases on a net-zero basis and to re-orient towards a global low carbon economy. The MFS Low Carbon Transition Characteristic refers to this transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments. We consider climate change to represent a risk and opportunity for issuers. Issuers that do not prepare and respond to climate change and implement policies designed to mitigate applicable risks may see their future earnings impacted. MFS expects issuers to plan, disclose and take the necessary measures to transition to a lower carbon economy.

In promoting the MFS Low Carbon Transition Characteristic, the MFS Global Equity Fund will apply climate criteria (explained below) to issuers of equity securities ("**Equity Issuers**"). MFS will monitor and assess Equity Issuers against, and use its active ownership tools to promote, the climate criteria from 31 December 2021, with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet any one of these criteria from 1 January 2027 (the "**Transition Date**"). This long-term target recognises that Equity Issuers require time to make operational changes to their activities in transitioning to a low carbon economy. Where the portfolio falls below the 50% threshold from the Transition Date, MFS will implement a remedial plan which may prioritise active engagement over portfolio adjustments as appropriate.

MFS believes that active ownership can be more effective in promoting the MFS Low Carbon Characteristic driving meaningful change in Equity Issuers than applying exclusions, other ex-ante screening techniques or prescribed divestments.

### No sustainable investment objective

This financial product promotes an environmental or social characteristic, but does not have as its objective a sustainable investment.

### Environmental or social characteristic of the financial product

The MFS Global Equity Fund will promote the MFS Low Carbon Transition Characteristic, with respect to equity securities.

#### *The MFS Low Carbon Transition Characteristic*

In pursuing the MFS Global Equity Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic through active ownership and engagement with the aim of having at least 50% of the equity securities in the portfolio invested in Equity Issuers that meet at least one of these criteria from the Transition Date. Please refer to the 'Methodologies' section below which explains the underlying methodologies relating to each of the criterion.

- Climate Criterion 1 - Reduction in 'greenhouse gas' ("**GHG**") intensity

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<sup>1</sup> Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector ("**SFDR**")

Equity Issuers that reduce their GHG intensity on a year on year basis (based on principal adverse impact indicators 1 and 3 in Table 1 Annex I of the SFDR RTS). This means that the GHG intensity of the Equity Issuer must be less than the previous year. MFS will not apply a minimum threshold and will calculate the yearly GHG intensity based on a 3 year rolling average. We believe this approach provides a clearer indication for an Equity Issuer's emissions reduction trajectory over the longer term.

As of 30 November 2021, 69.34% of equity securities in the portfolio of the MFS Global Equity Fund were invested in Equity Issuer that met this criterion, which represented 68.94% of the total assets of the portfolio. In measuring this criterion for this period, we compared an Equity Issuer's annual GHG intensity of 2019 against the annual GHG intensity of 2018 using a 3 year rolling average.

- Climate Criterion 2 - Commitment to a recognised GHG emissions reduction or stabilization program aligned with international / national targets

Equity Issuers that have developed and committed to an emissions reduction or stabilization program that is aligned with international and national targets, such as a Net Zero Commitment or a published Science-Based Target.

As of 30 November 2021, 60.40% of equity securities in the portfolio of MFS Global Equity Fund were invested in Equity Issuers that met this criterion, which represented 60.04% of the total assets of the portfolio.

- Climate Criterion 3 - Operating on a 'net-zero' basis aligned with the United Nations Paris Agreement or such other successor multilateral framework.

This criterion refers to Equity Issuers that already operate on a net-zero basis based on a credible and transparent methodology. It is recognised that the path towards net-zero is a long-term goal. We do not therefore expect many Equity Issuers to meet this requirement at this point in time.

As of 30 November 2021, 0% of equity securities in the portfolio of MFS Global Equity Fund were invested in Equity Issuers that met this criterion, which represented 0% of the total assets of the portfolio.

To complement the promotion of the MFS Low Carbon Transition Characteristic, MFS also makes available to MFS Investment Professionals the following Additional Emissions Indicators: carbon footprint, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption; and production of energy consumption intensity per high impact climate sector (see Consideration of Principal Adverse Impacts below). MFS Investment Professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of Equity Issuers to transition their activities towards a low carbon economy and will engage with Equity Issuers consistent with the MFS Low Carbon Transition Characteristic.

## Investment Strategy

### *Description and implementation*

The MFS Global Equity Fund is managed by investment professionals within the MFS global integrated research platform which consists of analysts that undertake fundamental analysis in issuers in which MFS is invested or may invest and portfolio managers / decision makers responsible for portfolio construction and investment decisions for portfolios ("**MFS Investment Professionals**"). Applying fundamental analysis and active ownership, MFS Investment Professionals will assess and monitor Equity Issuers for their readiness to transition to a low carbon economy against the climate criteria of the MFS Low Carbon Characteristic. MFS Investment Professionals will also actively engage with Equity Issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS Investment Professionals will seek to influence Equity Issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. The MFS Investment Professionals will actively engage with Equity Issuers that the MFS Global Equity Fund is already invested in as well as with new or prospective Equity Issuers. By systematically and actively engaging with Equity Issuer on the climate criteria, especially during the period leading up to the Transition Date, MFS Investment Professionals will gradually adjust as necessary the level of equity



securities in the portfolio of the MFS Global Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date as necessary.

For information on the active ownership tools that MFS Investment Professionals may use, see section on 'Engagement policies' below.

Following the Transition Date, MFS Investment Professionals will continue to actively engage with existing, new and prospective Equity Issuers on the climate criteria and their response to climate change. MFS Investment Professionals will monitor the MFS Global Equity Fund portfolio's adherence to the climate criteria in respect of equity securities.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS Investment Professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS Investment Professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Equity Fund. MFS Investment Professionals may also choose to invest in Equity Issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS Investment Professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the Equity Issuer.

### *Binding elements*

The MFS Global Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective Equity Issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Equity Fund with the aim of having at least 50% of the equity securities invested in Equity Issuers that meet any one of the three climate criteria from the Transition Date; undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

MFS will provide disclosure in the MFS Global Equity Fund annual report on the level of the equity securities in the portfolio that adhere to the climate criteria and the actions taken by MFS to promote the climate criteria.

### *Assessing good governance practices*

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which Equity Issuers operate.

The MFS Investment Professionals assess and monitor the governance practices of Equity Issuers in which the MFS Global Equity Fund is invested to determine whether such issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the Equity Issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry norms. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist Equity Issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables the MFS Investment Professionals to raise concerns or make suggestions on a particular aspect of an Equity Issuer's governance practice. To support the MFS Investment Professionals in their assessments, MFS makes available a wide range of data, in-house training and research to identify best practices relating to governance.

## Consideration of Principal Adverse Impact Indicators

MFS believes that integrating financially material sustainability (ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators in Table 1 Annex I of the SFDR RTS referenced below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on Equity Issuers and the portfolio, the negative external impact of Equity Issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of MFS Global Equity Fund.

As explained above, the Climate Criterion 1 is measured using the following greenhouse gas emissions principal adverse impact indicators:

- GHG emissions (scope 1 and 2, and 3 where available);
- GHG intensity of investee companies.

To complement the promotion of the MFS Low Carbon Transition Characteristic, MFS makes available to MFS Investment Professionals the following additional greenhouse gas emissions principal adverse impact indicators:

- carbon footprint;
  - exposure to companies active in the fossil fuel sector;
  - share of non-renewable energy consumption;
  - production and energy consumption intensity per high impact climate sector;
- (collectively, the **"Additional Emissions Indicators"**).

MFS also makes available the following social principal adverse impact indicators:

- violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises;
- board gender diversity.

MFS Investment Professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with the MFS global stewardship team and team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS Investment Professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS Investment Professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS Investment Professionals consider principal adverse impact indicators may vary. Importantly, MFS Investment Professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS Investment Professionals will engage with certain Equity Issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every Equity Issuer within the portfolio.

## Proportion of investments

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Equity Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries.

### *Minimum proportion of investments*

The MFS Global Equity Fund will aim to have at least 50% of equity securities in the portfolio invested in

Equity Issuers meeting at least one of the climate criteria from the Transition Date onwards. The 50% threshold will be calculated on an asset weighted basis and using equivalent exposure (which measures how a portfolio's value would change due to price changes in an asset held – the market value of the holding may differ).

As indicated above, it is important to note that the MFS Global Equity Fund may invest in other non-equity instruments which are not subject to the 50% climate criteria threshold of the MFS Low Carbon Characteristic and therefore are not included in the calculation of the 50% climate criteria threshold (see 'Methodologies' section below).

As of 30 November 2021, equity securities represented 99.42% of the total assets of the portfolio. 86.59% of the equity securities held by the portfolio met at least one of the climate criteria, which represented 86.09% of the total assets of the portfolio. The remaining investments of the portfolio comprised of cash and cash equivalent instruments which represented 0.59% of total assets and currency derivatives / derivative offsets which represented -0.01% of total assets. Additional portfolio and holdings is available on [meridian.mfs.com](https://meridian.mfs.com).

#### *Use of derivatives*

The MFS Global Equity Fund will not use derivatives to attain the MFS Low Carbon Transition Characteristic.

#### *Direct and indirect exposures*

The MFS Global Equity Fund is expected to obtain exposure to Equity Issuers directly through investments in equity shares to promote the MFS Low Carbon Transition Characteristic.

### **Monitoring of environmental or social characteristics**

MFS Investment Professionals of the MFS Global Equity Fund will be responsible for monitoring the portfolio's adherence to the climate criteria. In addition, the portfolio's adherence to the climate criteria will be monitored by MFS' Compliance Department using a variety of proprietary and third-party tools. The following indicators will be used to monitor the MFS Low Carbon Characteristic:

Climate Criterion 1 - Measuring GHG intensity of Equity Issuers: the percentage (%) of equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that have reduced their annual GHG intensity in accordance with the methodology set out below.

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that have adopted such programs in accordance with the methodology set out below.

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio (on an asset weighted basis) invested in Equity Issuers that are operating at 'net-zero' determined in accordance with the methodology set out below.

In the period leading up to the Transition Date, MFS Investment Professionals will monitor, assess and track Equity Issuers against the climate criteria and take steps to engage with these issuers to facilitate their compliance with the climate criteria and overall climate transition. Where the portfolio's adherence to the climate criteria falls below 50% in respect of equity securities following the Transition Date, the MFS Investment Professionals will implement a remedial plan as set out above in the 'Investment Strategy' section above. For the purposes of measuring and disclosing the climate criteria against the portfolio from 31 December 2021 on an annual basis, the percentage (%) will be based on the average of four calculations on 31 March, 30 June, 30 September and 31 December of each calendar year

Compliance with the commitments made under SFDR in respect of the MFS Global Equity Fund will be overseen by the Conducting Persons of MFS Lux. MFS Investment Professionals will provide a report to the Conducting Persons of MFS Lux on the promotion of the MFS Low Carbon Characteristic for the MFS Global Equity Fund. The Conducting Persons of MFS Lux will report in summary form on issues that require escalation at the following meeting of the MFS Meridian Funds Board of Managers and MFS Meridian Funds Board of Directors.

The climate criteria will be monitored using a variety of data sources including third party vendors (as

detailed in the section 'Data sources and processing' below). MFS aims to provide investment professionals with robust, high quality data on environmental, social and governance considerations. For each of these three pillars, MFS seeks to find and utilise the best available data sources.

## Methodologies

### *Measuring climate criteria*

The science that underpins our understanding and response to climate change will continue to evolve. MFS will continue to review the climate criteria of the MFS Low Carbon Transition Characteristic to ensure that these remain fit for purpose based on the prevailing science. Where appropriate and consistent with the MFS Low Carbon Transition Characteristic, MFS may introduce new climate criteria or adjust the current criteria.

### *Measuring allocated proportion of assets*

Pursuant to the MFS Low Carbon Transition Characteristic, MFS will assess, monitor and engage with Equity Issuers with the aim of having at least 50% of the equity securities in the portfolio of the MFS Global Equity Fund invested in Equity Issuers that meet any one of the three climate criteria from the Transition Date, calculated on weighted basis. Where an Equity Issuer meets more than one of these criteria at the same time, the same weighted exposure of the issuer in the portfolio would be used once to avoid double counting. These thresholds relate to equity securities only and will not include other instruments such as cash and cash equivalent instruments that the MFS Global Equity Fund may invest or hold.

### *Climate Criterion 1 - Measuring GHG intensity of issuers*

The measurement of GHG intensity of Equity Issuers is based on SFDR mandatory principal adverse impact indicators 1 (GHG emissions) and 3 (GHG intensity of investee companies). In particular, GHG intensity of Equity Issuers shall be calculated in accordance with the following formula:

$$\sum_n^i \left( \frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$$

MFS will use Scope 1 and Scope 2 emissions data under the GHG Protocol Corporate Accounting and Reporting Standards. Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. MFS may consider the inclusion of Scope 3 emissions (all indirect emissions that occur in the value chain of the reporting issuer not included in Scope 2) when the data is sufficiently available and reliable.

The GHG intensity of Equity Issuers will be calculated based on a 3 year rolling average. Note that there may be time lags in the availability of data at the time when MFS undertakes its calculations. For example, for 2027, we may use the average emissions for 2026, 2025 and 2024 and / or recordable estimates. If the data for 2026 is not available at the time of calculation, we would use 2025, 2024 and 2023.

### *Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program*

MFS will determine which programs adopted by Equity Issuers are acceptable for the purposes of this criterion. As a minimum, these programs must be science based and aligned with the Paris Agreement. Examples of acceptable programs include:

- the Science Based Targets initiative developed by CDP, the UN Global Compact, World Resources Institute and World Wide Fund for Nature.
- Race to Zero under the UN Framework Convention on Climate Change.

### *Climate Criterion 3 - Measuring the 'net-zero' issuers*

MFS will use confirmation from Equity Issuers on their net-zero status derived or calculated where MFS is satisfied that basis for the confirmation is credible and aligned to international or national standards.



## **Data sources and processing**

### *Data sources used*

MFS will use a broad range of data sources in the promotion of the MFS Low Carbon Characteristic and measuring Equity Issuers against the binding criteria including:

- Fundamental proprietary research and analysis produced by MFS Equity Issuer analysts and specialist ESG analysts.
- Data, representations and information made available by Equity Issuers.
- Data and analysis from third party specialist vendors such as MSCI, ISS and TruCost. MFS will continue monitor the availability of data and may engage new vendors from time to time.

## **Limitations to methodologies and data**

MFS considers the following as limitations to the methodologies and data:

- The general scientific understanding of climate change continues to evolve at pace and may supersede current assumptions and basis of climate policies.
- Our calculation of GHG intensity is dependent on the accuracy of emissions data provided by Equity Issuers and third-party vendors.
- Reliance on representations and confirmations provided by Equity Issuers on the climate. To mitigate this limitation, MFS will consider the frameworks and methodologies used by the issuer where available.
- There may be a time lag when Equity Issuers disclose emissions data.
- Data providers may not provide coverage of all Equity Issuers.
- There may be a lack of industry harmonisation in the scope, definition and methodologies in the collection of data fields between third party vendors.

## **Due diligence**

MFS Investment Professionals will undertake fundamental research on all financially material aspects of an Equity Issuer prior to investing as well as on the climate criteria summarized above, and will continue to monitor the issue during the period of investment. This will include the Equity Issuer's readiness to respond to the risks posed and opportunities presented by climate change. MFS Investment Professionals will also have access to the MFS proprietary dashboard that measures Equity Issuers in the portfolio of the MFS Global Equity Fund against the climate criteria.

## **Engagement policies**

Engagement with Equity Issuers through active ownership tools is an integral component by which MFS will promote the MFS Low Carbon Transition Characteristic. These tools are:

- Informal engagement – engagements between the MFS Investment Professionals and the executive management team of Equity Issuers that take place on an ongoing basis through meetings and conference calls, onsite visits and investment conferences.
- Formal engagement – engagements between MFS Investment Professionals and executive management teams that have a higher level of formality to address specific issues or concerns for example through the formal exchange of correspondence with the executive and / or board members of Equity Issuers.
- Collective engagement – these engagements include participation in industry, organizations and working groups that seek to improve and provide guidance on corporate and investor best practices, ESG integration and proxy voting issues. For example, MFS became a signatory to the CDP Science Based Targets Campaign in September 2020 which provides the platform to

encourage issuers to adopt science-based emissions reduction targets.

- Proxy voting – exercising voting rights based on the long-term economic interest of our clients. MFS generally exercises its voting rights to achieve a better understanding of an Equity Issuer's environmental, social and governance practices and how these practices may impact its long-term economic financial performance. For example, MFS generally supports reasonably crafted proposals that request disclosure on the impact of environmental issues on an Equity Issuer's operations, sales and capital investments. Proxy voting at MFS is overseen by the MFS Proxy Voting Committee.

The MFS Lux Engagement Policy Statement provides further information on our engagement practices which can be accessed via the link below. MFS may engage with Equity Issuers on any wide range of issues that it considers to be material to the financial value of an issuer sustainability related controversies.

<https://www.mfs.com/content/dam/mfs-enterprise/microsites/meridian/Directive%20II%20-%20Lux.pdf>

**This Version 3 was updated in December 2022. See table below for amendments since the publication of Version 1 in December 2021.**

Version and Amendments	Publication
Version 3 <ul style="list-style-type: none"> <li>• Incorporation on two-page "Summary" (page 1-2).</li> <li>• New "Overview" heading replacing previous "Summary" heading (page 3).</li> <li>• Correction: "As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Equity Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries." (page 7).</li> </ul>	December 2022
Version 2 <ul style="list-style-type: none"> <li>• Additional disclosure relating to principal adverse indicators on climate criterion 1: "Equity Issuers that reduce their GHG intensity on a year on year basis (based on principal adverse impact indicators 1 and 3 in Table 1 Annex I of the SFDR RTS)." (page 4)</li> <li>• Additional disclosure paragraph relating to principal adverse indicators: "To complement the promotion of the MFS Low Carbon Transition Characteristic..." (page 4)</li> <li>• Additional disclosure relating to principal adverse impact indicators under new heading: '<b>Consideration of Principal Adverse Impacts</b>' (page 6).</li> </ul>	July 2022