

Article 8 SFDR – Website Disclosure Summary MFS Meridian Funds – Prudent Capital 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 issuers of equity securities ("Equity Issuers") and corporate debt instruments ("Corporate Debt Issuers") against, and use its active ownership / engagement tools to promote, the climate criteria below from 31 December 2021, with the aim of having at least 50% of equity securities and 50% of corporate debt instruments invested in Equity Issuers and / or Corporate Debt Issuers that meet any one of the 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 / engagement with the aim of having at least 50% of the equity securities and 50% corporate debt instruments in the portfolio invested in Equity Issuers and / or Corporate Debt Issuers that meet at least one of these climate criteria from the Transition Date. Adherence to the 50% threshold will be measured separately for equity securities and corporate debt instruments.

Climate Criterion 1 - Reduction in 'greenhouse gas' ("GHG") intensity	
<ul style="list-style-type: none"> Reduction of GHG intensity on a year on year basis. GHG intensity less than the previous year with no minimum threshold. Yearly GHG intensity based on 3 year rolling average. 	30 November 2021 – 66.76% of the equity securities met this criterion, which represented 32.23% of total assets. 29.9% corporate debt securities in the fund met this criterion, which represented 3.02% 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"> Emissions reduction or stabilization program aligned with international and national targets e.g. Net Zero Commitment or Science-Based Target. 	30 November 2021 – 52.3% of the equity securities met this criterion, which represented 25.27% of total assets. 9.60% of corporate debt securities in the fund met this criterion, which represented 0.97% 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"> Corporate Debt Issuers that operate on a net-zero basis based on a credible and transparent methodology. 	30 November 2021 - 0% of equity securities and 0% of corporate debt securities in the fund met this criterion, which represented 0% of total assets.
Climate Criterion 4 –Corporate debt instruments issued to finance activities that facilitate the transition to a low carbon economy	
<ul style="list-style-type: none"> Corporate debt instruments issued by Corporate Debt Issuers committed to using proceeds to finance climate change adaptation / mitigation activities. 	30 November 2021 – 0% of corporate debt securities in the fund met this criterion, which represented 0% of total assets

Investment Strategy

Applying fundamental analysis and active ownership / engagement, MFS investment professionals will assess and monitor Equity Issuers and / or Corporate Debt Issuers against the climate criteria of the MFS Low Carbon Characteristic. By systematically and actively engaging Equity Issuers and / or Corporate Debt Issuers on the climate criteria, MFS investment professionals will gradually adjust as necessary the level of equity securities and corporate debt instruments in the portfolio of the fund towards the minimum target of 50% climate criteria threshold from the Transition Date as necessary. Where the equity securities or corporate debt instruments in fund fall 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 such as by engaging with Equity Issuers and / or Corporate Debt Issuers on the climate criteria, making portfolio adjustments where active ownership escalation is not appropriate, or as soon as reasonably practicable (in respect of corporate debt instruments). 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 fund. This means that equity securities and / or corporate debt instruments in the fund may remain below the 50% climate criteria threshold 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 and / or Corporate Debt 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 and / or Corporate Debt Issuers to improve their governance practices through the deployment of active ownership engagement 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.

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

Proportion of Investment

- The fund invests in different asset classes, depending relative value of different types of securities and / or other market conditions. As of 30 November 2021, equity securities represented 48.28% of total assets and corporate debt instruments represented 10.10% of the total assets of the portfolio.
- The fund will aim to have at least 50% of equity securities and 50% of corporate debt instruments meeting at least one of the climate criteria from the Transition Date. As of 30 November 2021, 80.16% of equity securities met at least one climate criteria, which represented 38.7% of total assets; 34.6% of corporate debt instruments met at least one climate criteria, which represented 3.5% of 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 Corporate Debt 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.
- Climate Criterion 4 — Measuring the percentage (%) of the corporate debt portion of the portfolio (on an asset weighted basis) in Corporate Debt Issuers that have issued the relevant debt instruments to finance activities that facilitate the transition to a low carbon economy.

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 a Corporate Debt 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) and collective engagement are an integral component by which MFS will promote the MFS Low Carbon Transition Characteristic.

Article 8 SFDR – Website Disclosure MFS Meridian Funds – Prudent Capital Fund

Overview

MFS Investment Management Company (Lux) S. à. r.l. ("**MFS Lux**") has classified the MFS Meridian Funds – Prudent Capital Fund (the "**MFS Prudent Capital Fund**") under Article 8 of SFDR¹ 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 (see "Investment Strategy" section below).

In promoting the MFS Low Carbon Transition Characteristic, the MFS Prudent Capital Fund will apply climate criteria (explained below) to issuers of equity securities ("**Equity Issuers**") and corporate debt instruments ("**Corporate Debt Issuers**"), as applicable. MFS will monitor and assess Equity Issuers and Corporate Debt Issuers against, and use its active ownership / engagement 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 and 50% of the corporate debt instruments in the portfolio invested in Equity Issuers and / or Corporate Debt Issuers that meet any one of the climate criteria from 1 January 2027 (the "**Transition Date**"). This long-term target recognises that Equity Issuers and Corporate Debt Issuers require time to make operational changes to their activities in transitioning to a low carbon economy. Where the threshold falls below 50% 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 and engagement can be more effective in promoting the MFS Low Carbon Characteristic driving meaningful change in Equity Issuers and Corporate Debt 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 Prudent Capital Fund will promote the MFS Low Carbon Transition Characteristic, with respect to investments in equity securities and corporate debt instruments.

The MFS Low Carbon Transition Characteristic

In pursuing the MFS Prudent Capital Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic through active ownership or engagement with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments in the portfolio (as applicable), invested in Equity Issuers and Corporate Debt Issuers that meet at least one

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

of the following climate criteria from the Transition Date. Please refer to 'Methodologies' sections below which explain the underlying methodologies relating to each of the criterion.

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

Equity Issuers and Corporate Debt Issuers that reduce their GHG intensity on a year on year basis (based on principal adverse indicators 1 and 3 in Table 1 Annex I of the SFDR RTS). This means that the GHG intensity of such issuers 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 (if a 3 year historical data is not available, we will use the longest history available). We believe this approach provides a clearer indication for the Equity Issuer and Corporate Debt Issuer's emissions reduction trajectory over the longer term.

As of 30 November 2021:

66.76% of equity securities in the portfolio in the MFS Prudent Capital Fund were invested in Equity Issuers that met this criterion, which represented 32.23% of the total assets of the portfolio.

29.9% of corporate debt instruments in the portfolio of the MFS Prudent Capital Fund were invested in Corporate Debt Issuers that met this criterion, which represented 3.02% 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

Issuers that have developed, 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:

52.3% of equity securities in the portfolio of the MFS Prudent Capital Fund were invested in Equity Issuers that met this criterion, which represented 25.27 % of the total assets of the portfolio.

9.60% of corporate debt instruments in the portfolio of the MFS Prudent Capital Fund were invested in Corporate Debt Issuers that met this criterion, which represented 0.97% 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 and Corporate Debt 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 issuers to meet this requirement at this point in time.

As of 30 November 2021:

0% of equity securities in the portfolio of the MFS Prudent Capital Fund were invested in Equity Issuers that met this criterion, which represented 0% of the total assets of the portfolio.

0% of corporate debt instruments in the portfolio of the MFS Prudent Capital Fund were invested in Corporate Debt Issuers that met this criterion, which represented 0% of the total assets of the portfolio.

- Climate Criterion 4 – corporate debt instruments issued to finance activities that facilitate the transition to a low carbon economy

Corporate debt instruments issued by Corporate Debt Issuers that have committed to use the proceeds raised to finance climate change adaptation and/or mitigation activities or to attain a reduction in GHG emissions, in accordance with regulatory frameworks, industry principles or other internationally recognised principles, such as the International Capital Market Association's Green Bond Principles.

As of 30 November 2021, 0% of corporate debt instruments in the portfolio of the MFS Prudent Capital Fund were invested in Corporate Debt 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 and Corporate Debt Issuers to transition their activities towards a low carbon economy and will engage with Equity Issuers and Corporate Debt Issuers consistent with the MFS Low Carbon Transition Characteristic.

Investment Strategy

Description and implementation

The MFS Prudent Capital 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 engagement, MFS Investment Professionals will assess and monitor Equity Issuers and Corporate Debt Issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS Investment Professionals will also actively engage with Equity Issuers and Corporate Debt 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 and Corporate Debt 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 Equity Issuers and Corporate Debt Issuers that the MFS Prudent Capital Fund is already invested as well as new or prospective Equity Issuers and Corporate Debt Issuers. By actively engaging with Equity Issuer and Corporate Debt Issuers 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 and corporate debt instruments in the portfolio of the MFS Prudent Capital Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

For further information on the active ownership and engagement 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 and Corporate Debt Issuers on the climate criteria. MFS Investment Professionals will monitor the MFS Prudent Capital Fund portfolio's adherence to the climate criteria in respect of equity and / or corporate debt instruments.

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 for 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 in respect of the equity portion of the portfolio 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. MFS Investment Professionals may also choose to invest in Equity Issuers that cause the portfolio to fall below the 50% climate criteria 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.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio 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 for the shortfall, a consideration of how to raise the threshold such as by engaging with Corporate Debt Issuers on the climate criteria and / or making portfolio adjustments as soon as practicable. This may mean that the MFS Prudent Capital Fund may remain below the 50% climate criteria threshold temporarily.

In making portfolio adjustments in equity securities and corporate debt instruments, MFS Investment Professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the portfolio. For example, the MFS Investment Professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security.

Adherence to the 50% threshold of the climate criteria in relation to equity securities and corporate debt instruments in the portfolio will be measured separately. MFS will provide disclosure in the MFS Prudent Capital Fund annual report on the level of the portfolio's adherence to the climate criteria in relation to the equity securities and corporate debt instruments in the portfolio and the actions taken by MFS to promote adherence.

Binding elements

The MFS Prudent Capital Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective Equity Issuers and Corporate Debt Issuers on the climate criteria before and beyond the Transition Date; applying the climate criteria to equity securities and corporate debt instruments in the portfolio of the MFS Prudent Capital Fund with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments invested in Equity Issuers and Corporate Debt Issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities and / or the corporate debt instruments of the portfolio fall below their respective 50% climate criteria target from the Transition Date.

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 / creditors, 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 and Corporate Debt Issuers operate.

The MFS Investment Professionals assess and monitor the governance practices of the Equity Issuers and Corporate Debt Issuers in which the MFS Prudent Capital Fund is invested to determine whether these 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 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 and Corporate Debt 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 the Equity Issuer and Corporate Debt 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 Corporate Debt Issuers and the portfolio, the negative external impact of Equity Issuers and Corporate Debt 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 Prudent Capital Fund.

As explained above, the Climate Criterion 1 is measured using the following greenhouse gas emissions principal adverse 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 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 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 and Corporate Debt Issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every Equity Issuer and Corporate Debt Issuer within the portfolio.

Proportion of investments

As set forth and further detailed in the Prospectus Fund Profile, the MFS Prudent Capital Fund will normally invests the portfolio assets across different asset classes, including equity securities, debt instruments, and cash and cash-equivalent instruments, based on its view of the relative value of different types of securities and/or other market conditions.

Minimum proportion of investments

Depending on the composition of the investments in the portfolio at the time, the MFS Prudent Capital Fund will aim to have at least 50% of the equity securities and 50% of the corporate debt instruments in the portfolio, invested in Equity Issuers and Corporate Debt Issuers meeting at least one of the climate criteria from the Transition Date. 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 Prudent Capital Fund may invest in other instruments such as government debt instruments and hold cash and cash equivalent 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 48.28% of the total assets of the portfolio and corporate debt instruments portion represented 10.10% of the total assets. 80.16% of the equity securities of the portfolio were invested in Equity Issuers that met at least one of the climate criteria, which represented 38.7% of the total assets of the portfolio. 34.6% of the corporate debt instruments of the portfolio were invested in Corporate Debt Instruments that met at least one of the climate criteria, which represented 3.5% of the total assets of the portfolio. The remaining investments of the portfolio comprised of: cash and cash equivalent instruments and short term government securities; other long and short non-corporate instruments. Additional portfolio and holdings information is available on meridian.mfs.com.

Use of derivatives

The MFS Prudent Capital Fund will not use derivatives to attain the MFS Low Carbon Transition Characteristic.

Direct and indirect exposures

The MFS Prudent Capital Fund is expected to obtain exposure to Equity Issuers and Corporate Debt Issuers directly through investment in equity shares and corporate debt instruments to promote the MFS Low Carbon Transition Characteristic.

Monitoring of environmental or social characteristics

MFS Investment Professionals of the MFS Prudent Capital 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 climate criteria of the MFS Low Carbon Characteristic:

Climate Criterion 1 - Measuring GHG intensity of Equity Issuers and Corporate Issuers: the percentage (%) of equity securities and the percentage (%) of corporate debt instruments in the portfolio (on an asset weighted basis) invested in Equity Issuers and Corporate Debt 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 (%) of equity securities and the percentage (%) of corporate debt instruments in the portfolio (on an asset weighted basis) invested in Equity Issuers and Corporate Debt 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 and percentage (%) of corporate debt instruments in the portfolio (on an asset weighted basis) invested in Equity Issuers and Corporate Debt Issuers that are operating at 'net-zero' determined in accordance with the methodology set out below.

Climate Criterion 4 – Measuring corporate debt instruments issued to finance activities that facilitate the transition to a low carbon economy: the percentage (%) of the corporate debt instruments in the portfolio (on an asset weighted basis) invested in Corporate Debt Issuers that have issued the relevant debt instruments to finance activities that facilitate the transition to a low carbon economy 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 and Corporate Debt against the climate criteria and take steps to engage with these issuers on the climate criteria and overall climate transition as feasible. Where the portfolio's adherence to the climate criteria falls below 50% in respect of equity securities and 50% in respect of corporate debt instruments following the Transition Date, the MFS Investment Professionals will implement a remedial plan as set out 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 Prudent Capital Fund will

be overseen by Conducting Persons of MFS Lux. MFS Investment Professionals will provide periodic and/or ad hoc report(s) to the Conducting Persons of MFS Lux on the promotion of the MFS Low Carbon Characteristic for the MFS Prudent Capital Fund. The Conducting Persons of MFS Lux will report in summary form on issues that require escalation at the following meeting of the MFS Lux 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. The portfolio's adherence to the 50% climate criteria threshold in respect of Equity Issuers and Corporate Debt Issuers will be measured separately i.e. against the equity securities and the corporate debt instruments of the portfolio.

Measuring allocated proportion of assets

Pursuant to the MFS Low Carbon Transition Characteristic, MFS will assess, monitor and engage with issuers with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments in the portfolio of the MFS Prudent Capital Fund invested in Equity Issuers and Corporate Debt Issuers that meet any one of the climate criteria from the Transition Date, calculated on weighted basis. Where an Equity Issuer and Corporate Debt Issuer meets more than one of these four climate 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 and corporate debt instruments only and will not include other instruments such as government debt instruments or cash and cash equivalent instruments that the MFS Prudent Capital Fund may invest or hold as part of its investment strategy.

Climate Criterion 1 - Measuring GHG intensity of issuers

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

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

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 it considers the data is sufficiently available and reliable.

The GHG intensity of 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 and / or Corporate 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 and Corporate Debt Issuers on their net-zero status derived or calculated where MFS is satisfied that the basis for the confirmation is credible and aligned to international or national standards.

Climate Criterion 4 - Measuring securities issued to finance activities that facilitate the transition to a low carbon economy

MFS will determine whether the proceeds from the corporate debt security are used by the Corporate Debt Issuer to finance climate mitigation, climate adaptation or GHG emissions reduction activities in accordance with regulatory frameworks, industry principles or other internationally recognised principles. MFS has designated the International Capital Market Association's Green Bond Principles as a suitable framework for this criterion.

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 and Corporate Debt Issuers against the binding criteria including:

- Fundamental proprietary research and analysis produced by MFS Equity Issuer and Corporate Debt Issuer analysts and specialist ESG analysts.
- Data, representations and information made available by Equity Issuer and Corporate Debt 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 Issuer and / or Corporate Debt Issuers and third-party vendors.
- Reliance on representations and confirmations provided by issuers on climate metrics and policies. To mitigate this limitation, MFS will consider the frameworks and methodologies used by the issuer where available.
- There may be a time lag between when Equity Issuer and / or Corporate Debt Issuers disclose emissions data.
- Data providers may not provide coverage of all Equity Issuer and / or Corporate Debt Issuers.
- There is a lack of industry harmonisation in the scope, definition and methodologies used for relevant ESG data fields between third party vendors

Due diligence

MFS Investment Professionals will undertake fundamental research on all financially material aspects of an Equity Issuer and Corporate Debt Issuer prior to investing as well as on the climate criteria summarized above, and will continue to monitor Equity Issuers and Corporate Debt Issuers during the

period of investment. This will include the Equity Issuer and Corporate Debt 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 and Corporate Debt Issuers in the portfolio of the MFS Prudent Capital Fund against the climate criteria.

Engagement policies

Engagement with Equity Issuers and Corporate Debt Issuers 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 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 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 in respect of Equity Issuers. 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 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"> • Incorporation on two-page "Summary" (page 1-2). • New "Overview" heading replacing previous "Summary" heading (page 3). 	December 2022
Version 2 <ul style="list-style-type: none"> • Additional disclosure relating to principal adverse indicators on climate criterion 1: <i>"Equity Issuers and Corporate Debt 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)."</i> (page 4) • Additional disclosure paragraph relating to principal adverse indicators: <i>"To complement the promotion of the MFS Low Carbon Transition Characteristic..."</i> (page 5) • Additional disclosure relating to principal adverse impact indicators under new heading: 'Consideration of Principal Adverse Impacts' (page 6). 	July 2022