



**MFS INTERNATIONAL HOLDINGS PTY LTD
MODERN SLAVERY STATEMENT**

Table of Contents

1. Reporting Entity	1
(a) <i>Structure</i>	2
(b) <i>Operations and Supply Chain</i>	2
2. Risks of Modern Slavery Practices in the Operations and Supply Chains of MFS Holdings	4
3. Actions Taken by MFS Holdings to Assess and Address Risks	4
(a) <i>Policies and Procedures</i>	4
(b) <i>Suppliers and Vendors</i>	5
(c) <i>Investment Management and Responsible Investing</i>	6
(d) <i>Employees</i>	7
4. How MFS Holdings Assesses the Effectiveness of its Actions	7
5. MFS Holdings' Action Plan for the next reporting period	8
6. How MFS Holdings consulted with the MFS Subsidiaries	8
7. Board Approval	9

1. Reporting Entity

This statement is made on behalf of MFS International Holdings Pty Limited (**MFS Holdings** or **we** or **us**) (ACN 601 210 575) pursuant to section 16 of the *Modern Slavery Act 2018 (Commonwealth)* (the **Act**) and constitutes our statement for the reporting period 1 January 2020 to 31 December 2020. MFS Holdings is a reporting entity for the purposes of the Act.

The Act defines modern slavery as trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour can mean situations where children are subjected to slavery or similar practices, or engaged in hazardous work.

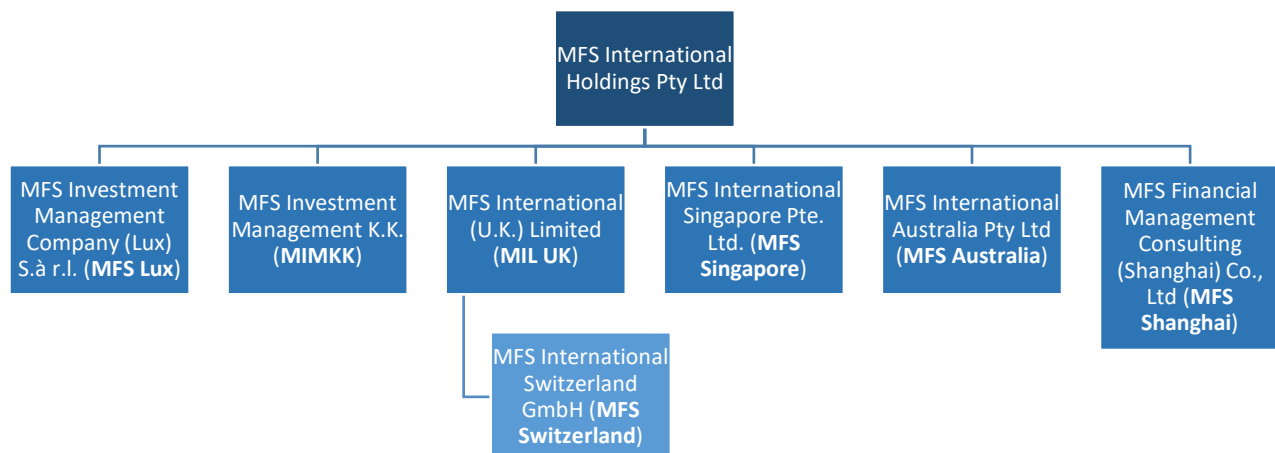
Modern slavery and forced labour remain a problem in today's world. MFS Holdings is committed to not knowingly participating in, causing, contributing to, or being linked to modern slavery practices in its operations and supply chains and will make efforts to mitigate risks of modern slavery within its organisation and supply chains.



Companies in various industries have experienced modern slavery issues in their own operations and supply chains, and while many of these companies have worked to eradicate it, the problem persists. Beyond the fact that modern slavery is wrong and abhorrent in itself, MFS is conscious of the growing reputational and regulatory risks related to modern slavery as regulators and investors come to expect best practice in Environmental, Social and Corporate Governance (**ESG**) and related topics like modern slavery. These factors are likely to result in supply chain disruptions, litigation and fines, and/or lowered valuations for companies that cannot effectively address their modern slavery risk.

(a) Structure

MFS Holdings is a proprietary limited company incorporated in Australia. MFS Holdings is a holding company for several of the MFS Investment Management group of companies (**MFS**). Established in 1924, MFS is an active, global asset manager with investment offices in Boston, Hong Kong, London, Mexico City, São Paulo, Singapore, Sydney, Tokyo and Toronto. MFS is a member of the Sun Life Financial group of companies. Per the diagram below, MFS Holdings owns and controls a number of MFS entities (**MFS Subsidiaries**):



MFS International Australia Pty Ltd (**MFS Australia**) has submitted a separate voluntary Statement under the Act.

(b) Operations and Supply Chain

Operations: MFS Holdings is a holding company for a number of other MFS entities which generate income globally. It does not have employees and although MFS Holdings is an Australian incorporated corporation, it is operated and administered by MIL UK in the United Kingdom.

The primary operations of the MFS Subsidiaries relates to financial investments, including internally and externally managing investment portfolios and assets. MFS offers fixed income, equity and quantitative solutions to financial advisors, intermediaries and clients around the world.

The MFS Subsidiaries provide a range of investment products and services to its clients across the jurisdictions across a number of asset classes, namely:



- MFS Lux is a company in the form of société à responsabilité limitée organized under the laws of the Grand Duchy of Luxembourg. MFS Lux is authorized under Luxembourg law as a management company for certain MFS investment funds domiciled in Luxembourg: namely, the MFS Investment Funds (Luxembourg FCP) and MFS Meridian Funds (Luxembourg SICAV). Additionally, MFS Lux is authorized to provide discretionary portfolio management as well as investment advice to clients. It serves as a global distributor of MFS Meridian Funds and MFS Investment Funds. MFS Lux has branches in Italy, France, Spain and Germany as well as a representative office in Colombia.
- MIMKK is a company registered in the form of kabushiki kaisha under the laws of Japan and is authorized by the Financial Services Agency to provide investment management and investment advisory services in Japan.
- MIL UK is a private limited company registered in England and Wales. MIL UK is authorized and regulated by the Financial Conduct Authority to provide investment management and marketing support services for separate accounts and pooled investment vehicles in the U.K. and is also passported to provide similar services in numerous European jurisdictions. MIL UK has branches and representative offices in Europe (the Netherlands and Portugal) and a subsidiary in Switzerland.
- MFS Switzerland is a limited liability company incorporated under Swiss law. MFS Switzerland provides distribution and marketing of MFS Luxembourg-based fund families, promotion of separate accounts managed by MIL UK, as well as transmitting of client orders for MIL UK.
- MFS Singapore is a private limited liability company organized under Singapore law. MFS Singapore holds a Capital Markets Services License under the Securities and Futures Act and is regulated by the Monetary Authority of Singapore. MFS Singapore provides investment management, client relationship and marketing support services in Singapore. In addition, MFS Singapore is registered with the Financial Services Commission of Korea to conduct offshore discretionary investment management business.
- MFS Australia is an Australian proprietary limited liability company. MFS Australia holds an Australian Financial Services Licence under the Corporations Act and is regulated by the Australian Securities and Investments Commission. MFS Australia provides investment management, client relationship, distribution and marketing support services in Australia.
- MFS Shanghai is a limited liability company organized in the China (Shanghai) Pilot Free Trade Zone. MFS Shanghai is engaged in client relationship management, investment consulting and marketing support services in China.

Supply chain: MFS Holdings and the MFS Subsidiaries have a global network of suppliers and vendors, including those engaged by MFS at a Group level as well as local suppliers. The main supplier relationships include those with:

- Professional services providers;
- IT and applications service providers;

- Facilities management, cleaning and maintenance services providers; and
- Providers of services related to the leasing of office space.

2. Risks of Modern Slavery Practices in the Operations and Supply Chains of MFS Holdings

As a financial services organisation with a professional workforce, MFS Holdings considers the risk of modern slavery within its direct business operations and those of the MFS Subsidiaries to be low. Additionally, MFS Holdings and the MFS Subsidiaries operate in a highly regulated industry that requires them to be authorised and to be subject to regulatory supervision. However, MFS Holdings recognises the risk that modern slavery practices may be occurring in its supply chain and that it may be exposed to risk through its investment arrangements.

Investment risk: MFS has identified some risk of exposure to modern slavery in MFS' investment management business. MFS invests in companies across the globe. Some of these companies operate in jurisdictions or industries that generally exhibit higher risk for modern slavery. As described in detail in Section 3, MFS integrates an assessment of ESG risks including modern slavery into the investment process to identify and mitigate these risks.

Supplier and vendor risk: MFS has identified modern slavery risks in certain types of supplier and vendor relationships. MFS does not have oversight or control of working conditions in its suppliers' or vendors' operations. Modern slavery risk is lower in relation to professional and financial service suppliers (which make up the bulk of MFS' spend on suppliers). However, we have identified that our cleaning and maintenance suppliers carry a higher risk of modern slavery because workers in these industries, particularly in countries with weak labour protections, are often vulnerable to exploitation. As discussed in detail in Part 3 of this Statement, we have sought to address these risks through our Supplier Code of Conduct which MFS began issuing to suppliers during Q4 2020. As part of ongoing enhancements to its supplier management program, MFS will consider mechanisms for conducting deeper screening and detailed analysis of parts of our global supply chain in order to enhance our awareness of modern slavery risk.

3. Actions Taken by MFS Holdings to Assess and Address Risks

MFS Holdings and the MFS Subsidiaries are taking a number of actions to assess and address the risks of modern slavery practices occurring in their operations and supply chains. MFS is committed to demonstrating the highest level of integrity and ethical standards, and to operating in compliance with all applicable laws, rules, and regulations in all facets of our business.

(a) Policies and Procedures

MFS has an established set of group-wide frameworks, policies and procedures that govern the operations of MFS Holdings and the MFS Subsidiaries. This framework governs how MFS Holdings and the MFS



Subsidiaries manage potential modern slavery risks in our workforce, supply chain and business operations and include:

- Code of Business Conduct – the purpose of this Code is to promote and foster the honest and ethical conduct of MFS employees. The Code sets forth basic principles that MFS employees are expected to demonstrate every day. This includes doing business ethically, legally and responsibly;
- Employee manuals – these govern the conduct of MFS in relation to its employees, and the conduct of employees themselves and incorporate MFS’s internal policies and procedures which are consistent with local legal and regulatory requirements regarding employees’ rights and treatment;
- Equal employment opportunity policies – where MFS is an equal opportunity employer in all aspects of hiring and employment, including recruiting, hiring, training, transfers, promotions, layoffs, compensation, disciplinary action, termination, and social and educational programs;
- Responsible investing policies – these describe how MFS incorporates ESG considerations into our investment process for all portfolios managed by MFS;
- Vendor oversight monitoring programme and vendor management policy – described further below at (b); and
- Ombudsman/whistleblower program – this provides a confidential reporting mechanism for individuals to raise concerns. This channel is available for reporting modern slavery concerns, and MFS will investigate complaints and take appropriate action where issues are substantiated.

MFS will consider updating its existing policies and procedures to specifically address modern slavery risks, or developing a standalone modern slavery policy, in the future to the extent necessary to address the modern slavery risks within our operations and supply chain.

(b) Suppliers and Vendors

MFS has developed a group-wide Supplier Code of Conduct, which describes MFS's expectations of how its suppliers conduct business, including in relation to mitigating the risk of modern slavery. MFS encourages its suppliers to adopt the same strict standards that we ourselves adhere to: all suppliers that provide products and services to MFS are encouraged to follow the principles outlined in MFS' Supplier Code of Conduct including aligning guidelines, policies and practices, and communicating the code provisions throughout their organisation and across their supply chain, including to subcontractors.

Specifically in relation to modern slavery, the Supplier Code of Conduct requires suppliers to be committed to: (i) acting ethically and with integrity in all their business dealings and relationships; and (ii) to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place in their businesses and supply chains. Suppliers are also expected to comply with all applicable modern slavery laws, statutes, regulations and codes; and take reasonable steps to ensure that there is no modern slavery in the supplier’s supply chains or business operations.



Our group-wide MFS Vendor Oversight Monitoring Programme (the **Programme**) provides a framework for MFS management to identify, measure, monitor and control the risks associated with suppliers, service providers and outsourced vendors. The tools and techniques used to select service providers and monitor services under the Programme are based upon a risk relationship equation.

The MFS Vendor Management Policy provides a framework for vendor selection and ongoing due diligence. Monitoring includes relationship management, establishment and monitoring of service levels, identification and assessment of fourth party subservice providers, periodic meetings, evaluation of an independent accountant's report on internal controls (where applicable), conducting periodic due diligence assessments and evaluating conformance with the terms of written agreements, site visits as deemed applicable and management reporting. MFS does not currently formally evaluate modern slavery risk with our vendors, however in future reporting periods we may consider incorporating specific measures to do so.

MFS performs ongoing monitoring of its suppliers through certain publicly available information databases. To the extent that MFS identifies that supplier practices are not consistent with its established Supplier Code of Conduct, MFS may require a formal response and mitigation plan from the supplier or may cease to do business with the supplier. As mentioned earlier in this statement, as part of ongoing enhancements to its supplier management program, MFS will consider mechanisms for conducting deeper screening and detailed analysis of parts of our global supply chain in order to enhance our awareness of modern slavery risk.

(c) Investment Management and Responsible Investing

Each analyst and portfolio manager considers ESG issues, including modern slavery, throughout the entire investment decision-making process. MFS has sought to understand modern slavery risk at a company and industry level through direct discussions with management teams and third-party organisations that evaluate these issues.

Steps that our analysts and portfolio managers may take to better evaluate the companies we own include:

- Evaluating proprietary research produced by our internal ESG experts on modern slavery risks;
- Analysing which companies are likely to be engaged in activities or industries that commonly face modern slavery issues using our in-depth security- and sector-level expertise;
- Evaluating the sustainability reports and corporate policies of potentially impacted companies to evaluate the strength of their efforts to mitigate modern slavery risk in their operations and supply chains;
- Incorporating the views of organisations that are experts in this area, such as Know the Chain, into the research process;



- Engaging with company management teams about the risk and the company's efforts to combat modern slavery;
- Modelling and valuing modern slavery risks that we identify as material to the business case of the companies we own; and
- Engaging with other investors through collaborative initiatives focused on modern slavery risks, such as Investors Against Slavery and Trafficking.

In addition to the human rights impact of modern slavery, MFS' investment team considers that businesses that undervalue and underpay their supply chain will be less likely to sustainably generate cash flows over the long term.

Training on modern slavery has been provided to the MFS global investment team, which covers the investment teams at the MFS subsidiaries.

(d) *Employees*

MFS Holdings does not have any employees. The MFS Subsidiaries abide by all applicable labour laws in their countries of operation, have robust employment policies and procedures, and screen all potential employees (including work eligibility checks). The employee manuals and other policies discussed above regarding employment conditions and appropriate workplace behaviour also apply to all employees. Our Code of Business Conduct also describes fundamental principles to be followed by employees related to ethics and guidance for acting legally, fairly and responsibly. These policies and procedural controls are reviewed periodically to ensure MFS Holdings and the MFS Subsidiaries have robust processes in place to minimise the risk of modern slavery in their operations.

4. How MFS Holdings Assesses the Effectiveness of its Actions

MFS Holdings understands that managing the risks associated with modern slavery requires an ongoing commitment and regular review of any actions taken. MFS Holdings will continue to look at how it can further mitigate the risk of modern slavery in its operations and supply chain, and will take appropriate action to address any concerns that may arise.

MFS Holdings notes the difficulty of accurately quantifying its Modern Slavery risk. MFS will therefore seek to evaluate the effectiveness of its approach to addressing modern slavery risks within its supply chain and operations through some or all of the following measures:

- Tracking the number of new vendors that have completed the on-boarding process, accepted the Supplier Code of Conduct and been subject to monitoring under the Programme;
- Tracking progress of our ongoing modern slavery risk assessment (details set out below at Section 5) as part of MFS' responsible investing framework; and

- Tracking the number of existing and new employees located in Australia who receive modern slavery training.

5. MFS Holdings' Action Plan for the next reporting period

MFS acknowledges that addressing modern slavery risk is an ongoing process, and will seek to mature its policy and procedural framework in the next reporting period.

It will consider implementing some or all of the following actions:

- Continuing to assess and engage with vendors through the on-boarding process, the Supplier Code of Conduct and monitoring under the Programme;
- Our investment team will continue to build new and refine existing frameworks to assess specific risks for the parts of our business most at risk of being impacted by modern slavery. MFS' risk assessment may include some or all of the following:
 - sector maps to help analysts identify the sub-sectors and industries which have the most vulnerable and at-risk supply chains;
 - a specific set of engagement questions developed by our ESG analysts that analysts can use to build a complete picture of modern slavery risks during their informal meetings with company managements as well as during formal engagements with corporate sustainability teams and board members;
 - identifying other sources of data that can be used to translate our views on modern slavery into our financial models and valuations, track corporate performance and improve the effectiveness of our corporate engagements; and
 - periodically developing additional research reports, written by both industry analysts and ESG analysts, that help the broader team to evaluate this risk.
- Developing and conducting any additional employee training, as appropriate. As noted above, training on modern slavery has already been provided to the MFS global investment team. In the next reporting period, MFS will consider providing training to all employees located in Australia on relevant regulatory requirements and modern slavery risks, and in future reporting periods will consider whether any further general global employee training is necessary.

6. How MFS Holdings consulted with the MFS Subsidiaries

MFS is committed to tackling risks of modern slavery as a group, through group-wide policies and processes, and to ongoing consultation between MFS Holdings and the MFS Subsidiaries. In this reporting period, the process of consultation involved:

- The implementation of a group-wide modern slavery risk assessment across MFS entities; and
- The engagement of relevant global business teams across the MFS Subsidiaries (e.g. enterprise risk management, legal, compliance, investment, HR) to consider modern slavery risks in different sectors of the business and provide feedback on the Statement.



7. Board Approval

This Statement was approved by the MFS Holdings Board of Directors on behalf of the MFS Subsidiaries.

A handwritten signature in black ink, appearing to read "Patel", followed by a long horizontal flourish.

Director
MFS International Holdings Pty Limited

12th April, 2021



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