



## MFS MODERN SLAVERY STATEMENT

Reporting period: 1 January 2023 to 31 December 2023

### Table of Contents

1. Reporting Entities .....	1
(a) Structure .....	2
(b) Operations and Supply Chain.....	2
2. Risks of Modern Slavery Practices in MFS' Operations and Supply Chains.....	3
3. Actions Taken by MFS to Assess and Address Risks.....	4
(a) Policies and Procedures.....	4
(b) Suppliers and Vendors .....	5
(c) Investment Management and Responsible Investing.....	5
(d) Employees .....	6
4. How MFS Assesses the Effectiveness of These Actions.....	6
5. MFS' Action Plan for the Next Reporting Period.....	7
6. Consultation.....	8
7. Board Approval.....	9

### 1. Reporting Entities

This modern slavery statement (**Statement**) is made on behalf of MFS International Holdings Pty Limited (ACN 601 210 575) (**MFS Holdings**) and all entities it owns and controls pursuant to section 14 of the *Modern Slavery Act 2018 (Commonwealth)* (the **Act**) and constitutes our Statement for the reporting period 1 January 2023 to 31 December 2023 (**Reporting Period**). MFS Holdings and its subsidiary MFS International Australia Pty Limited (**MFS Australia**) (AFSL 485343, ABN 68 607 579 537) are reporting entities for the purposes of the Act.

The MFS Group (referred to throughout this Statement as **MFS** or **we** or **our** or **us**) is committed to tackling risks of modern slavery on a company-wide basis to capture all MFS affiliates including MFS Holdings, MFS Australia and the MFS Holdings Subsidiaries.

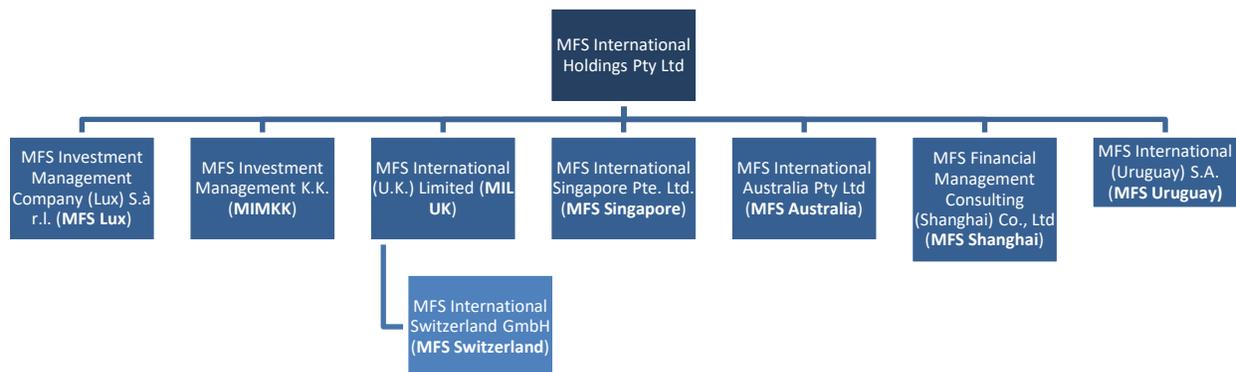
The Act defines modern slavery as trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour can mean situations where children are subjected to slavery or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



Modern slavery and forced labour remain a rampant problem in today's world. MFS recognises the damaging effect of these practices on people and communities, and is committed to not knowingly participating in, causing, contributing to, or being directly linked to modern slavery practices in its operations and supply chains. Further, 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 and social governance (ESG) research. From an investment perspective, we acknowledge that these factors can result in supply chain disruptions, litigation, fines and/or lowered valuations for companies that cannot effectively address their modern slavery risk. We therefore continue to build on our efforts to mitigate risks of modern slavery within our organisation and supply chains.

*(a) Structure*

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



MFS Australia is a proprietary limited company incorporated in Australia. MFS Australia is an Australian-based investment manager and is a member of the MFS Group. MFS Australia does not own or control any other entities.

*(b) Operations and Supply Chain*

MFS Holdings is a holding company for a number of other MFS entities which generate income globally. It does not have employees. Although MFS Holdings is an Australian incorporated corporation, it is managed and maintained by MFS International (U.K.) Limited in the United Kingdom.

The primary operations and activities of MFS Australia and the other MFS Holdings Subsidiaries relates to financial investments, including internally and externally managing investment portfolios and assets. MFS Australia provides a range of investment products and services to its clients across a number of asset classes, including equities and fixed income. A full range of investment products and services which MFS



Australia and the other MFS Holdings Subsidiaries currently provide to their clients is set out in [MFS Holdings' 2020 Statement](#).

MFS Australia employs approximately 25 employees. MFS Australia has two offices in Australia:

- Sydney (registered office): Level 15, 20 Martin Place, Sydney, NSW 2000
- Melbourne: Level 27, 101 Collins Street, Melbourne, VIC 3000

MFS has a global network of suppliers and vendors, including those engaged at a group level as well as local suppliers. These suppliers and vendors are located primarily in global office locations where MFS is based, such as in the United States of America, Europe and the Asia Pacific region (see [www.mfs.com](http://www.mfs.com) for further detail on these office locations). The main supplier relationships have remained the same in this Reporting Period and include those with:

- Professional services providers (including external legal firms, accountants, insurance and tax advisers);
- IT and applications service providers (including suppliers of IT and office equipment);
- 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 MFS' Operations and Supply Chains

The risks of modern slavery in MFS' operations/supply chains have been reviewed during this Reporting Period by the relevant internal stakeholder teams from a workforce, investment, and supplier/vendor perspective. As a result of this review process and the fact that MFS' business globally remains largely the same (i.e. a financial services organisation with a professional workforce), MFS still considers the risk of modern slavery within its direct business operations to be low. Additionally, MFS globally operates in a highly regulated industry, so the MFS Holdings Subsidiaries are required to be authorised (where appropriate) and may be subject to regulatory supervision. However, MFS recognises that, through its supply chain and investment arrangements, it can be indirectly connected to organisations that benefit from or are involved (even if unintentionally) in modern slavery.

**Investment risk:** as discussed in MFS' 2020-2022 Statements, there is some risk of modern slavery in MFS' investments as a result of MFS' broad global investment portfolio. In this Reporting Period, MFS continued to focus upon the following areas of risk in its investments (because MFS considers these thematic categories to be relevant indicators of modern slavery risk from an investment perspective):

- *Sector and industry risk:* where certain sectors and industries may have high modern slavery risks because of their characteristics, products, processes and supply chains. Indicators of this type of risk include the use of unskilled, temporary or seasonal labour, use of short term contracts and outsourcing, use of recruitment agencies for supply chain labour, use of foreign workers or temporary or unskilled labour to carry out functions which are not immediately visible (i.e. at night time) for example, security and cleaning and the reliance on long and complex supply chains. Areas of such risk include but are not limited to agriculture and fishing, packaged foods, apparel, electronics, healthcare and transport and warehousing.
- *Geographic risk:* where some countries may have higher risk of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors. While we have experienced related risks in some developed markets (e.g. in regards to matters like underpayment



of wages), geographic risk related to modern slavery has proven to be most pronounced in emerging and frontier markets, where public access to information is less robust. For example, the cocoa supply chain in West Africa has long experienced allegations related to the use of child and forced labour.

- *Entity risk*: where an entity may have particular modern slavery risks because of their reliance on long and/or complex supply chains, insufficient oversight or governance structures, or historical controversies in the area of human rights. While MFS believes the risk of modern slavery in the direct operations of the companies MFS owns is generally low, it is very difficult to assess this risk in the long, complex and often opaque supply chains of many companies. As a result, it will be impossible for MFS to provide full assurance that the companies it invests in are completely free from modern slavery. However, MFS integrates consideration of ESG risks, such as modern slavery, into the investment process and engages with companies on this issue. MFS has sought to understand modern slavery risk at an entity level through direct discussions with management teams and third-party organisations that evaluate these issues.

**Supplier and vendor risk**: many of our suppliers and vendors are professional and financial services providers in countries with strong labour protections (e.g. the United States of America, Europe and Australia). MFS continues to recognise that higher risks of modern slavery practices may be associated with its suppliers of, for example, facilities (goods and services), cleaning and maintenance services of MFS' global offices as they may involve forced labour or trafficking further down within their supply chains. During this Reporting Period, MFS continued to use its vendor management tool for vendor oversight monitoring and reporting, in order to help mitigate modern slavery supplier and vendor risk.

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

In this Reporting Period, MFS continued to build on its actions to assess and address the risks of modern slavery practices occurring in its 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 frameworks, policies and procedures that continues to govern our operations and assists it in managing potential modern slavery risks with regard to its employees, supply chain and business operations. Details of these policies, and MFS' whistleblower program are set out in [MFS Holdings' 2020 Statement](#) and [MFS' 2022 Statement](#).

During this Reporting Period, MFS reviewed and considered whether it is necessary to update its policies and procedures to specifically address modern slavery risks.

MFS has also developed a [Statement on Human Rights](#) (which was approved during the Reporting Period) that addresses how MFS commits to the protection and preservation of human rights across all areas of its business in accordance with the United Nations Guiding Principles on Business and Human Rights. The Statement on Human Rights includes detail on how MFS addresses modern slavery risks from an investments, employee, and supplier and vendor perspective. The Statement on Human Rights also sets out the grievance mechanisms available to individuals via an ombudsman/whistleblower program. No



breaches or incidents were raised in relation to the Statement on Human Rights during this Reporting Period via our ombudsman/whistleblower program or otherwise.

*(b) Suppliers and Vendors*

MFS takes a risk-based approach to supplier and vendor management. MFS continued to maintain its internal controls to mitigate risks of modern slavery during the Reporting Period.

Further details of the policies and procedures that MFS implements as part of its modern slavery risk controls in respect of suppliers and vendors are set out in [MFS Holdings' 2020 Statement](#) and [MFS' 2022 Statement](#). They include MFS' supplier code of conduct, MFS' vendor oversight monitoring program and vendor management policy.

In this Reporting Period, MFS has:

- Continued to assess and engage with vendors on the supplier code of conduct (inclusive of human rights policies) during vendor onboarding as well as ongoing due diligence;
- Designed and implemented vendor engagement protocols to further understand code of conduct practices (inclusive of human rights);
- Continued to monitor and periodically review vendors for negative news events (inclusive of modern slavery risks) during vendor onboarding and ongoing due diligence monitoring processes;
- Continued to consider mechanisms for conducting deeper screening and detailed analysis of parts of our global supply chain; and
- Continued to utilise a vendor management tool that enhances oversight capabilities by leveraging technology to further mitigate risk. As part of this deployment, MFS implemented a mechanism for vendors to actively confirm receipt and review of the MFS supplier code of conduct.

*(c) Investment Management and Responsible Investing*

MFS integrates ESG risks, such as modern slavery, into its investment process where MFS believes those risks to be material to the company being reviewed. MFS has sought to understand modern slavery risk at a company level through direct discussions with management teams and third-party organisations that evaluate these issues.

In past years and reporting periods, training on modern slavery has been provided to MFS' global investment team, which includes employees located in all of MFS' major offices (e.g. the United States of America, the United Kingdom, Singapore, Japan and Australia).

In this Reporting Period, MFS has:

- Engaged with at least five companies regarding modern slavery or child labour, documenting company responses that were sufficient or required additional follow up queries;
- Collaborated with representatives from Know the Chain to better understand the forced labor risks and other policies of two substantial companies in the consumer technology supply chain;
- Developed a specific set of engagement questions developed by our ESG analysts that can be used to assess the modern slavery profile of investee companies via informal meetings with company managements as well as during formal engagements with corporate sustainability teams and board members; and



- Developed sector maps to help analysts identify the sub-sectors and industries which have the most vulnerable and at-risk supply chains.

During this Reporting Period, as an example of MFS' integration of modern slavery risk management, ESG research and active engagement with companies, MFS engaged with a global semi-conductor and technology hardware company on eradicating the risk of conflict minerals in their upstream supply chain. This was due to concerns that minerals like lithium and cobalt have a high risk of child labour in mines and factories. Through industry associations, some companies within this sector are considering a potential agreement to only deal with miners who do not permit child labour and to determine not to compete on price to an extent that incentivizes suppliers to resort to using child labour. MFS discussed this issue in detail with this specific company and may consider discussing these issues with more companies in future reporting periods.

#### *(d) Employees*

MFS Holdings does not have any employees.

As detailed in previous statements (including the [MFS' 2022 Statement](#)), MFS Australia and the other MFS Holdings Subsidiaries have robust employment policies and procedural controls. Prior to any employment at MFS, MFS screens potential employees and contractors, including work eligibility checks. These policies and procedural controls cover modern slavery risk and are reviewed annually to ensure the MFS Holdings Subsidiaries have robust processes in place to minimise the risk of modern slavery in its operations.

During the Reporting Period, MFS ensured that modern slavery training was provided to employees globally on relevant modern slavery risks, in order to improve awareness of and responsiveness to modern slavery risk in its operations and supply chains. MFS continues to incorporate training on modern slavery risk for new employees hired in Australia. Globally, employees were provided modern slavery awareness training during the Reporting Period.

#### **4. How MFS Assesses the Effectiveness of These Actions**

MFS understands that managing the risks associated with modern slavery requires an ongoing commitment and regular review of any actions taken. MFS 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 notes the difficulty of accurately quantifying its modern slavery risk. During the Reporting Period, MFS has sought to evaluate the effectiveness of its approach to addressing modern slavery risks within its supply chain and operations through the following measures:

- Tracking the number of new vendors that have completed our on-boarding process, accepted the supplier code of conduct and been subject to monitoring under our vendor oversight monitoring program.
  - 35 vendors were onboarded globally and these vendors were issued the supplier code of conduct during the Reporting Period. To the best of MFS' knowledge and based on the

monitoring performed, no issues were identified with these vendors in relation to modern slavery risks.

- Tracking MFS' engagement on ESG topics, which includes modern slavery (details set out above at Section 3) as part of MFS' responsible investing framework.
  - MFS has used its engagement tracking database to identify companies with which MFS has engaged on modern slavery in the Reporting Period, where at least five companies were engaged with on modern slavery issues. Further metrics to track this progress may be considered in future reporting periods as set out in Section 5.
- Tracking the number of existing employees globally who have received modern slavery training.
  - Employees globally received modern slavery training.
- Ensuring that employees and fixed term contractors in Australia are effectively screened in terms of modern slavery risk (including their background and work eligibility) prior to employment at MFS.
  - Third party agency contractors were screened in terms of police checks and work eligibility prior to employment. Any potential risks or issues in relation to employee and contractor hires were identified and resolved.
- Tracking the number of whistleblower reports that concern modern slavery matters.
  - There were no whistleblower reports concerning modern slavery matters.
- Tracking the number of breaches or incidents relating to modern slavery risk in relation to MFS' internal policies or procedures.
  - There were no reported or identified breaches or incidents relating to modern slavery risk in relation to MFS' internal policies or procedures identified in MFS' compliance monitoring program.

## **5. MFS' Action Plan for the Next Reporting Period**

MFS will continue to mature its policy and procedural framework around modern slavery risks in the next reporting period.

MFS will also consider implementing some or all of the following actions in future reporting periods:

- Continuing to update all relevant existing policies and procedures to specifically address modern slavery risks within our operations and supply chain, to the extent necessary;
- Considering whether any further general global employee training (including refresher training) is necessary;
- Considering whether more detailed background checks on third party agency contractors hired in relevant jurisdictions should be conducted by the relevant hiring agency that has been engaged;
- Continuing to assess and engage with vendors through the on-boarding process, the supplier code of conduct and monitoring under the vendor oversight monitoring program;
- Continuing to consider mechanisms for conducting deeper screening and detailed analysis of parts of our global supply chain, including the implementation of a supply chain risk monitoring tool targeted for 2025 as well as engaging with vendors that do not maintain key sustainability policies inclusive of modern slavery; and
- MFS' investment team will continue to refine existing frameworks and engage with company management teams to assess specific risks for the investments most at risk of being impacted by modern slavery. MFS' risk assessment may include some or all of the following:

- Developing supply chain frameworks that our investment analysts can use to build a complete picture of modern slavery risks during their meetings with company managements, sustainability teams and board members;
- Identifying additional 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;
- Continuing to develop and enhance systems that help MFS to track and report upon all of the engagements that MFS is having globally in regards to modern slavery;
- Continuing to periodically develop research reports, where relevant, written by both industry analysts and ESG analysts, that help the broader team to evaluate modern slavery risk; and
- Continuing to engage with relevant experts and stakeholders to improve our ability to effectively engage with companies and recommend changes in their risk management process.

## **6. Consultation**

MFS is committed to tackling risks of modern slavery as a group, through group-wide policies and processes, and through ongoing consultation between MFS Holdings and the MFS Holdings Subsidiaries, including MFS Australia. MFS implements a group-wide modern slavery risk assessment across MFS entities to capture the MFS entities referred to in this Statement.

In this Reporting Period, the process of consultation involved:

- The engagement of relevant global business teams that cover the MFS Holdings Subsidiaries (e.g. enterprise risk management, legal, compliance, investment, human resources) to consider modern slavery risks in different sectors of the business, consider compliance against the reporting requirements under the Act, assess the relevant risks during the Reporting Period and report on progress on previous action items. These relevant global business teams were asked to review and provide feedback on the Statement; and
- Following this internal review process, the board of MFS Holdings and MFS Australia was given an opportunity to consider and review this Statement prior to approval and submission.



## 7. Board Approval

This Statement was approved by the MFS Holdings Board of Directors, being its principal governing body, on behalf of itself and the MFS Holdings Subsidiaries. This Statement was also approved by the MFS Australia Board of Directors, being its principal governing body.

Patrick Hehir  
Director, MFS International Holdings Pty Limited  
14 March 2024

Joshua Barton  
Director, MFS International Australia Pty Limited  
14 March 2024

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