



**MFS GLOBAL EQUITY TRUST
MODERN SLAVERY
STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

Table of contents

Table of contents	2
Background	3
Structure, operations and supply chains of the reporting entity	3
Fund Structure	3
About Equity Trustees	3
About MFS International Australia Pty Ltd	3
Operations and supply chains	3
Risks of modern slavery practices in operations and supply chains of the reporting entity	4
Actions taken by the reporting entity to assess and address risks, including due diligence and remediation processes.	5
Consultation process	6
Other relevant information	6
Approval	7

Background

This document is a Modern Slavery Statement (**'Statement'**) issued by Equity Trustees Limited ABN 46 004 031 298 (**'ETL'**) in its capacity as the responsible entity of the Reporting Entity MFS Global Equity Trust (the **'Fund'**) in accordance with the *Modern Slavery Act 2018 (Cth)* (the **'Act'**) and has been approved by the Board of ETL as its principal governing body.

This Statement discloses ETL (**'Responsible Entity'**) and the Fund's commitment and steps taken in identifying and addressing modern slavery risks within its business and supply chain, which includes the activities implemented in financial year ending 30 June 2020.

Structure, operations and supply chains of the reporting entity

Fund Structure

The reporting entity, the MFS Global Equity Trust (the **"Fund"**) is a registered managed investment scheme, ARSN 093 197 221. ETL is the responsible entity of the Fund. The Fund's investors are classified as wholesale clients pursuant to the *Corporations Act (Cth) 2001*.

The Board of Directors of ETL govern the Fund's operations. Its investments and investment strategy are managed by MFS International Australia Pty Ltd (**'MFS Australia' or 'Investment Manager'**) pursuant to an investment management agreement between ETL and MFS Australia.

The Fund's business activities are conducted in accordance with high levels of ethical and professional standards and in accordance with relevant laws in Australia. ETL and MFS are committed to mitigating the risk of modern slavery in the business and supply chains of the Fund and the assets in which it invests.

About Equity Trustees

ETL is a wholly owned subsidiary of EQT Holdings Ltd which is a diversified financial services company publicly listed on the Australian Securities Exchange (ASX: EQT). ETL holds an Australian Financial Services Licence (**'AFSL'**) no. 240975. It acts as a trustee and responsible entity for a range of managed investment schemes and unit trusts of which the Fund is one. ETL's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000, Australia.

About MFS International Australia Pty Ltd

MFS Australia is a proprietary limited company incorporated in Australia. MFS Australia holds an AFSL no. 485343. MFS Australia is an Australian-based investment manager and is a member of the MFS Investment Management group of companies (**'MFS'**). MFS Australia has delegated the investment management of the Fund to another member of MFS, MFS Institutional Advisors, Inc., a US Securities and Exchange Commission registered investment adviser. 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. MFS Australia's registered office is Level 15, 20 Martin Place, Sydney NSW 2000 and has approximately 26 employees.

Operations and supply chains

The Fund invests primarily in common stock and related securities of US and non-US issuers. The Fund will not invest in issuers that MFS believes are principally engaged in the manufacturing of tobacco products. The Fund may invest in issuers located in emerging markets countries (as defined by MFS). The Fund may utilise derivatives as a routine means to accomplish exposures to various equities or markets. In selecting investments for the Fund, MFS is not constrained by any particular investment style. MFS may invest the Fund's assets in the stocks of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the stocks of companies it believes are undervalued compared to their perceived worth (value companies), or in a

combination of growth and value companies. MFS uses an active bottom-up investment approach to buying and selling investments for the Fund.

In preparing this statement, ETL has considered the direct supply chain.

The Fund's operations and supply chains involve custody and administration of assets and also include several support functions including marketing and communication, governance, risk and compliance services and human resources. These support functions are provided by ETL and other external service providers. The Fund follows internal policies and procedures in relation to the selection of service providers, and service providers are typically selected after a due diligence (financial & operational) process which includes risk assessments, and thorough reviews with internal subject matter experts.

ETL, as responsible entity of the Fund, has entered into agreements with each of the service providers which govern the nature and scope of the services provided to the Fund.

Administration and Custody of the Fund's assets are held via State Street Australia Limited which has operations in Australia and a number of international jurisdictions including North America, Europe and Asia, as part of a global group of companies.

Risks of modern slavery practices in operations and supply chains of the reporting entity

Modern slavery has been defined by the Act to include eight types of serious exploitation, including:

1. Trafficking in persons;
2. Slavery;
3. Servitude;
4. Forced labour;
5. Forced marriage;
6. Debt bondage;
7. The worst forms of child labour;
8. Deceptive recruiting for labour services.

We acknowledge the following types of modern slavery risks and their indicators that can exist in the Fund's operations and supply chains:

- **Sector and industry risk:** Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes.

Indicators of this type of risk include the use of unskilled, temporary or seasonal labour, use of short term contracts and outsourcing, 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. In respect of the Fund, based on sectors identified using the Responsible Investment Association Australasia (RIAA) Investor Toolkit and the Australian Council of Superannuation Investors (ACSI) Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors and the Responsible Sourcing Tool, we have identified that the Fund's investments are exposed to the following categories that exhibit sector and industry risk

- Agriculture and fishing;
- Apparel;

- Construction and building materials;
 - Electronics manufacturing and electronics recycling;
 - Food and beverage;
 - Healthcare;
 - Hospitality;
 - Transport and warehousing; and
 - Financial services.
- **Product and services risk:** where certain products and services have high modern slavery risks because of the way they are produced, provided or used. We have not identified any significant areas of product services risk in the Fund's operations or supply chains. This is on the understanding that product and services risk is lower in relation to professional and/or financial service suppliers (which make up the bulk of the Fund's suppliers).
 - **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. We have analysed the Fund's investments in respect of geographic risk and based on the Global Slavery Index 2018, have identified one area of geographic risk in its investments – namely an issuer in Thailand. Refer to actions taken by the Reporting Entity in the section below.
 - **Entity risks:** where an entity may have particular modern slavery risks because of poor governance structures, a record of treating workers poorly or a track record of human rights violations. While MFS believes the risk of modern slavery in the direct operations of the companies MFS owns in the Fund is extremely low, it is very difficult to assess this risk in the supply chains of many companies, as many companies' supply chains are long and opaque. As a result, it will be impossible for MFS to provide full assurance that the companies in the Fund are completely free from modern slavery. MFS integrates Environmental, Social and Corporate Governance (ESG) risks, such as modern slavery, into the investment process as detailed in the next section of this Statement. 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.

Actions taken by the reporting entity to assess and address risks, including due diligence and remediation processes.

The Reporting Entity is committed to continuously improving awareness and response to the risk of modern slavery in the Fund's operations and supply chains.

During the reporting period the Investment Manager undertook the following actions:

- the provision of modern slavery training to MFS' global investment team to provide these employees with an awareness of and understanding of modern slavery risks;
- the assessment of modern slavery risks as part of MFS' responsible investing policies and framework; and
- ensuring that remediation processes including whistleblower hotlines are available as a confidential reporting mechanism for individuals to raise modern slavery concerns.

Also, specifically from an investment management perspective, MFS has integrated and will continue to integrate ESG risks, such as modern slavery, into the investment process. Each analyst and portfolio manager considers the materiality of ESG issues throughout the entire investment decision-making

process. 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.

Further actions that the Investment Manager may take to better evaluate Modern Slavery risks within the Fund's operations and supply chains include:

- evaluating proprietary research produced by MFS' 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 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 eradicate modern slavery from 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 are identified as material to the business case of the companies it owns; 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.

How the reporting entity assesses the effectiveness of actions to assess and address risks

As this is the first year of modern slavery reporting, ETL as the Responsible Entity of the Fund is in the early stages of assessing the effectiveness of the risk-based approach.

ETL intends to provide its Board of Directors with an annual assessment on the implementation and effectiveness of actions to ensure the obligations within this Statement are met. The ETL Board shall consider the effectiveness of the measures as set out above and have the authority to make amendments to this Statement as it sees fit.

Consultation process

There are no subsidiaries or entities owned or controlled by the reporting entity (the Fund) which are required to be consulted with to prepare this Statement.

Other relevant information

No other relevant information for this reporting period.

Approval

This Statement was approved by Philip Gentry on behalf of the ETL Board of Directors

Philip Gentry

Chair

Date: 31 March 2021

For clients wishing to discuss this statement, please contact your client service representative.

For media inquiries wishing to discuss this statement, please contact:

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MFS International Australia Pty Ltd ("MFS Australia") (ABN 68 607 579 537) holds an Australian Financial Services Licence number 485343. MFS Australia is regulated by the Australian Securities and Investments Commission. Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the MFS Global Equity Trust. Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

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