

**MFS INVESTMENT MANAGEMENT'S POLICY
ON RESPONSIBLE INVESTING AND RESPONSE TO THE FRC UK
STEWARDSHIP CODE**

Our clients appoint us as fiduciaries to help them achieve their investment objectives over the long term. Generally, our clients' objective is to maximize the financial return of their portfolio within appropriate risk parameters. To help our clients achieve this objective, we employ an investment approach that generally focuses on companies with sustainable, long-term competitive advantages. We believe that certain environmental, social and corporate governance (ESG) issues may impact the sustainable value of businesses. Therefore, we integrate ESG factors into our investment process and our ownership practices to the extent that the integration of such factors is consistent with our fiduciary duty to help our clients achieve their investment objectives and protect their economic interests.

To oversee the integration of ESG issues into our investment process and our ownership practices, we established the MFS Responsible Investing Committee. The Committee is also responsible for overseeing our engagement activities with respect to ESG issues. The Committee includes members of our investment and proxy voting teams.

Incorporation of ESG issues into Investment Process

We integrate ESG factors into our investment analysis to the extent we believe they are material to shareholder value. In particular, we find that well-managed companies often achieve higher returns with less volatility over the years than other companies. We will only introduce specific restrictions, including those related to ESG issues, into a client's portfolio if directed by such client or to comply with applicable law. In general, the integration of ESG factors into our investment analysis relate to investments in equity and fixed income securities. In integrating ESG factors into their analysis, members of our investment team adhere to the following general principles:

- When evaluating an investment, they consider a company's ESG policies and ESG factors that may impact the company to the extent they believe that such policies and factors are material to and have a long-term economic impact on shareholder value; and
- They seek to understand ESG policies of portfolio companies through their own research, the research of other members of the investment team, and/or the research of third parties.

Incorporation of ESG issues by Equity Investment Team

In order to aid members of our equity investment team in their analysis and monitoring of critical issues, we obtain third party research with respect to ESG matters. This research includes an ESG rating for each investee company and is available to all members of our equity investment team. Our equity investment team also includes a dedicated analyst with ESG expertise who assists the investment team in evaluating ESG-related issues. Our equity portfolio managers also meet semi-annually with members of our Investment Management Committee to discuss significant risk exposures of the portfolios that they manage. This review includes discussion of the particular portfolio's exposure to companies with a low ESG rating (as provided by our third party research provider) relative to the portfolio's benchmark.

Incorporation of ESG issues by Fixed Income Investment Team

Our fixed-income investment team implements a comprehensive research process that attempts to recognize all factors, including ESG issues, that could have a material impact on security valuation. We are currently engaged in seeking to understand how to best incorporate ESG-related factors in our investment analysis and portfolio decision making process for the fixed-income portfolios that we manage. From our perspective, the evolution of an explicit and systematic framework for consideration of ESG issues in fixed-income investing (e.g., formal guidelines and procedures) is still at an early stage across the global investment management industry, and we feel our current process reflects that trend.

Incorporation of ESG issues into Ownership Practices

We incorporate ESG issues into our ownership practices primarily by considering ESG issues when voting securities owned by our clients for which we have been delegated voting authority. The exercise of voting rights is overseen by our Proxy Voting Committee, and we have adopted proxy voting policies and procedure with respect to our exercise of voting rights.

In integrating ESG factors into our exercise of voting rights, we generally support proposals relating to ESG issues that we believe are in the best long-term economic interest of the company's shareholders. In particular, we generally support governance proposals that we believe are in the best long-term economic interest of our clients, including, but not limited to, (i) the de-classification of the board of directors, (ii) the elimination of supermajority vote requirements, (iii) the implementation of a majority voting system in director elections, (iv) the submission of poison pills to a shareholder vote, (v) the ability of shareholders to act by written consent, (vi) the ability of shareholders to call a special meeting, (vii) the implementation of confidential voting, a (viii) the ability of shareholders to cast an advisory vote on an issuer's executive compensation practices (commonly referred to as "Say on Pay"), (ix) reasonably crafted "Proxy Access" proposals at an ownership threshold of 3% for a period of 3 years; and (x) the separation of the Chairman/CEO positions in certain instances. Likewise, we support reasonably crafted shareholder proposals that (i) request disclosure on the impact of environmental issues on the company's operations, sales, and capital investments; (ii) seek to amend a company's equal employment opportunity policy to prohibit discrimination based on sexual orientation and gender identity; and (iii) request additional disclosure regarding a company's political contributions. For a copy of our complete proxy voting policies and procedures, please visit the proxy voting section of our website at www.mfs.com.

Engagement Activities

In the ordinary course of our research process, our investment team raises ESG-related issues, among other issues, during meetings with management of investee companies and prospective investee companies when we believe the discussion can enhance our understanding of the company's practices and goals to enhance shareholder value. Our dedicated ESG equity analyst will also often highlight particular ESG-related issues that members of our equity investment team can incorporate into their discussion with management teams. Examples of potential engagement topics include: (i) corporate governance matters, including the level of independence of the board, shareholder-friendly orientation of managers and executive compensation; (ii) labor relations and worker safety; (iii) environmental stewardship and related safety controls and risk management; and (iv) interactions with local people groups, governments, and non-governmental organizations.

Likewise, members of our Proxy Voting Committee will also engage with a company or another shareholder when we believe that the engagement will enhance our understanding of certain matters on the company's proxy statement. Some of the issues we discuss with companies are: executive compensation, director accountability, and shareholder proposals on various ESG issues. We may also engage with a company in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals involving ESG matters.

Conflicts of Interest

Our proxy voting policies and procedures include a description of how we manage potential, material conflicts of interest in regards to proxy voting at portfolio companies. Our policy is that proxy voting decisions are made in what we believe to be in the best long-term economic interests of our clients, and not in the interests of any other party or in our corporate interests. If a member of the MFS Proxy Voting Committee or any other employee involved in a voting decision identifies a personal interest with respect to such voting decision, then he or she must recuse himself or herself from participating in the voting process. Further, the Proxy Voting Committee does not include individuals whose job responsibilities primarily include client relationship management, marketing or sales. Additionally, in cases where we (i) consider overriding a specific guideline in our proxy voting policies or procedures, (ii) consider a matter that is not governed by a specific guideline in our policies, (iii) evaluate an excessive executive compensation issue related to the election of directors, or (iv) consider a matter that requires consultation with our investment team, we will check to see whether the matter involves an issuer that has a significant relationship with MFS. Where we identify a potential conflict, the MFS Proxy Voting Committee will carefully evaluate the proposed vote to ensure that the proxy is ultimately voted in what we believe to be the best long-term economic interests of our clients and not in our corporate interests and then report the matter to the MFS Conflicts Officer.

Codes and Guidelines

Many industry groups, trade associations and other multi-national initiatives have adopted codes and guidelines relating to responsible investing. These codes and guidelines continue to change and develop. While we believe that it is not always in our clients' economic interests for us to take a formalistic approach towards responsible investment by following the letter of a particular code, we will support a code to the extent we believe the code is consistent with the long term economic interests of our clients and our investment policies described above. The appendix to this document contains a description of how we incorporate the principles set forth in certain established codes, including the UK Stewardship Code, into our approach to responsible investing.

In February 2010, MFS became a signatory to the Principles for Responsible Investment (PRI). The six principles of the PRI provide a voluntary and aspirational framework for incorporating ESG issues into one's investment approach and ownership practices. We believe that the principles of the PRI are consistent with our approach to responsible investing.

Collaborative Efforts

We believe that working with other like-minded investment managers and asset owners on collaborative engagement initiatives is often helpful in understanding ESG issues and the challenges that the integration of those issues into the investment process pose to our industry. The Responsible Investing Committee regularly assesses whether we should participate in

collaborative bodies or organizations or support various collaborative initiatives relating to responsible investing or ESG issues. We are currently a signatory to the Carbon Disclosure Project, a collaborative engagement initiative that seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions from the world's largest companies. We are also a member of the Investor Network on Climate Change, a network of institutional investors that work to identify the financial opportunities and risks in climate change. MFS may also communicate with regulatory agencies on issues that we believe warrant consideration.

Reporting

Clients who have delegated us with proxy voting authority can receive a vote summary report of their portfolio. We publicly disclose the votes of certain pooled vehicles for which we serve as investment adviser on a quarterly basis. To access the proxy voting records of such pooled vehicles, please visit the appropriate proxy voting section of our website at www.mfs.com. We also publish a Proxy Voting and Engagement Report annually that includes a summary of our proxy voting and engagement activities, which is also available under the proxy voting section of www.mfs.com. We also report on responsible investing efforts as required by any collaborative body or organization that we join.

For Further Information

For MFS clients wishing to discuss our commitment to responsible investing, please contact your client service representative.

For media inquiries wishing to discuss our commitment to responsible investing, please contact:

James Aber

Director of Media and Public Relations
MFS Investment Management
111 Huntington Avenue
Boston MA 02199-7618
U.S.A.
Telephone: +1-617-954-6154
Email: jaber@mfs.com

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The views expressed herein are those of MFS, and are subject to change at any time. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any MFS investment product. No forecasts are guaranteed.

Appendix

Compliance with the UK Stewardship Code, as of March 17, 2017

In July 2010 and as revised in September of 2012, the Financial Reporting Council issued a statement setting forth best practices for institutional investors that choose to engage with the companies in which they invest. The Code consists of seven principles. These principles and how Massachusetts Financial Services Company and its subsidiaries, including MFS International (U.K.) Limited (each, a "MFS Entity" and collectively, "MFS" or "MFS Entities") incorporates them into its approach to responsible investing are described below.

Principle 1 – Publicly disclose their policy on how they will discharge their stewardship responsibilities

We are appointed to act as fiduciaries to our clients to help them achieve their investment objectives, and we take these stewardship responsibilities very seriously. We believe it is not always in our clients' economic interests for us to take a formalistic approach towards compliance with each principle of the Code, but we incorporate the principles of the Code to the extent that compliance is consistent with the long term economic interests of our clients and the specific investment mandates of our clients. Our responses to the Code's six further principles, together with our publicly available brochure on our approach to responsible investing, detail how we intend to discharge our stewardship responsibilities.

In the ordinary course of our research process, our investment team raises environmental, social and governance ("ESG") -related issues, among other issues, during meetings with management of investee companies and prospective investee companies when we believe the discussion can enhance our understanding of the company's practices and goals to enhance shareholder value. Our dedicated ESG equity analyst will also often highlight particular ESG-related issues that members of our equity investment team can incorporate into their discussion with management teams. Examples of potential engagement topics include: (i) corporate governance matters, including the level of independence of the board, shareholder-friendly orientation of managers and executive compensation; (ii) labor relations and worker safety; (iii) environmental stewardship and related safety controls and risk management; and (iv) interactions with local people groups, governments, and non-governmental organizations.

Likewise, members of our Proxy Voting Committee will also engage with a company or another shareholder when we believe that the engagement will enhance our understanding of certain matters on the company's proxy statement. Some of the issues we discuss with companies are: executive compensation, director accountability, and shareholder proposals on various ESG issues. We may also engage with a company in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals involving ESG matters.

Principle 2 - Have a robust policy on managing conflicts of interest in relation to stewardship and how this policy is publicly disclosed

Generally, MFS has adopted policies and procedures that address and mitigate the types of conflicts of interest that arise in the ordinary course of providing services to our clients. These policies specify how and when proprietary accounts are traded in relation to client accounts, how trades are allocated, how shares are voted, personal trading, and similar matters. The MFS Policy Committee is responsible for approving general policies applicable to providing services to clients, and ensuring that provisions within those policies to address conflicts of a systemic

nature. MFS continuously monitors changes to its business that could give rise to new conflicts of interest and revises its policies, procedures, and disclosures to address and mitigate those conflicts, as deemed appropriate. Additionally, certain MFS Entities, including MFS International (UK) Limited (“MIL UK”), have adopted a separate conflicts of interest policy to ensure that conflicts between MIL UK and its clients, among MIL UK’s clients, and between service providers of MIL UK and MIL UK’s clients are identified, mitigated and where necessary disclosed to clients. A summary of this policy is provided to MIL UK’s clients upon request.

Oversight of the general policies and related conflicts of interest is performed through the MFS Committee Governance structure. Three supervisory committees, Internal Compliance Controls, Enterprise Risk Management, and Investment Management, oversee compliance activities, risk management functions, investment management, and operational processes. Supporting the supervisory committees are a group of key business process/functional committees which are designed to offer a forum for the communication of all issues that arise with respect to the committee’s charter, including conflicts of interest.

Additionally, MFS maintains an organizational structure that further mitigates the potential for conflicts through the following:

- segregation of duties
- establishment of ethical walls and other informational barriers, where appropriate
- independence of compliance, risk and internal audit functions

Our proxy voting policies and procedures include a description of how we manage potential, material conflicts of interest in regards to proxy voting at portfolio companies. Our policy is that proxy voting decisions are made in what we believe to be in the best long-term economic interests of our clients, and not in the interests of any other party or in our corporate interests. In cases where we (i) consider overriding a specific guideline in our proxy voting policies or procedures, (ii) consider a matter that is not governed by a specific guideline in our policies, (iii) evaluate an excessive executive compensation issue related to the election of directors, or (iv) consider a matter that requires consultation with our investment team, we will check to see whether the matter involves an issuer that has a significant relationship with MFS. Where we identify a potential conflict, the MFS Proxy Voting Committee will carefully evaluate the proposed vote to ensure that the proxy is ultimately voted in what we believe to be the best long-term economic interests of our clients and not in our corporate interests and then report the matter to the MFS Conflicts Officer. Additionally, if a member of the MFS Proxy Voting Committee or any other employee involved in a voting decision identifies a personal interest with respect to such voting decision, then he or she must recuse himself or herself from participating in the voting process. Furthermore, the Proxy Voting Committee does not include individuals whose job responsibilities primarily include client relationship management, marketing or sales. A copy of our proxy voting policies and procedures (which contains procedures on how MFS addresses material conflicts that may arise between MFS and its clients) can be obtained by visiting mfs.com (once you have selected “United Kingdom” and selecting “Learn More About Proxy Voting” under the “I want to ...” header on the left hand column of the page and then select “Proxy Voting Policy”).

Principle 3 - Monitor their investee companies

The monitoring of investee companies is undertaken by members of both our investment team and our Proxy Voting Committee. Members of our investment team periodically attend meetings with management of investee companies when we believe the discussion can enhance our understanding of the company’s practices and goals to enhance shareholder value. Because we believe that environmental, social and corporate governance (ESG) issues often impact the

sustainable value of businesses, ESG issues are often discussed at these meetings. In order to aid the investment team in their analysis and monitoring of critical issues, we also obtain third party research with respect to ESG issues. Finally, our dedicated ESG analyst assists members of the equity investment team in the evaluation of ESG-related issues.

Likewise, members of our Proxy Voting Committee and our proxy voting team will also engage with a company or another shareholder when we believe that the engagement will enhance our understanding of certain matters on the company's proxy statement. Some of the issues we discuss with companies are: executive compensation, director accountability, compliance with the U.K. Corporate Governance Code (if applicable), and shareholder proposals on various ESG issues. We may also engage with a company in advance of its formal proxy solicitation to discuss our thoughts on certain contemplated proposals involving ESG matters. Because of the variety and timing of responses from companies with which we engage on proxy matters, measuring the direct impact of our proxy engagement activities continues to be a challenge. From a broad perspective, we have observed many positive trends at companies on a variety of proxy voting issues that we have engaged on with our portfolio companies (*e.g.*, the adoption of majority voting in U.S. director elections). For more information about our proxy engagement efforts, please see our most recent "Global Proxy Voting Annual Report," which may be obtained by visiting mfs.com (once you have selected "United Kingdom" as your country and selecting "Learn More About Proxy Voting" under the "I want to ..." header on the left hand column of the page and then select "Proxy Voting Reports").

MFS maintains a restricted trading list that applies to both MFS and employee trading. The MFS Inside Information Policy governs the receipt and communication of material, non-public information and prohibits the use of such information in violation of the US federal securities laws. The policy applies to all directors, officers and employees of MFS and each of its subsidiaries (MFS representatives), and generally prohibits trading or recommending trading in any security while in possession of material, non-public information relating to the issuer of that security or while knowing that another MFS representative is in possession of such material, non-public information.

Principle 4 – Establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value

As described above, members of our investment and proxy voting teams engage with companies on relevant governance issues. Escalation of such engagement may include voting against a board of directors, voting against management proposals, supporting shareholder proposals and increased dialogue with company management (either oral or written), including the board of directors. We may also choose to sell a security in lieu of escalating our engagement activities if we believe that disposition of the security is in the best interests of our clients. We generally do not make public statements about a particular engagement activity, nor do we submit shareholder resolutions. Rather, our preference is for direct and private engagement with our portfolio companies on a one-on-one basis. We believe that this type of engagement is constructive and has a meaningful impact that better serves our clients' long-term, economic interests.

Principle 5 – Be willing to act collectively with other investors where appropriate

We believe that working with other like-minded investment managers and asset owners on collaborative engagement initiatives is often helpful in understanding ESG issues and the challenges that the integration of those issues into the investment process pose to our industry. Our Responsible Investing Committee regularly assesses whether we should participate in

collaborative bodies or organizations or support various collaborative initiatives relating to responsible investing or ESG issues. We are a signatory to the Principles for Responsible Investment (PRI). We are also a signatory to the Carbon Disclosure Project, a collaborative engagement initiative that seeks information on the business risks and opportunities presented by climate change and greenhouse gas emissions from the world's largest companies, and the Investor Network on Climate Change, a network of institutional investors that work to identify the financial opportunities and risks in climate change.

Principle 6 - Have a clear policy on voting and disclosure of voting activity

We have adopted a clear and robust policy on voting securities owned by our clients for which we have been delegated voting authority. Our proxy voting policies and procedures describe situations where we may vote against directors and management recommendations. We seek to vote all shares held by our clients, with the exception of certain cross-border voting impediments such as “share-blocking” requirements. We have entered into agreements with two third parties (Institutional Shareholder Services and Glass, Lewis & Co.) to perform various proxy voting related administrative services. We also receive third party reports and vote recommendations for all investee companies, which may help us identify (i) potentially excessive executive compensation practices, (ii) environmental and social shareholder proposals that may warrant support, and (iii) general best practices within certain markets, including certain aspects of the UK Corporate Governance Code.

A client may request that MFS furnish a report with a record of votes cast on behalf of such client. In addition, MFS publicly discloses the proxy voting records of certain pooled investment vehicles for which MFS provides advisory services (including the MFS Meridian Funds) on a quarterly basis.

Our institutional investor clients may participate in securities lending programs. Such institutional clients determine whether or not to recall loaned securities in order to vote proxies. There may be operational constraints to recalling loaned securities to vote proxies in certain markets.

For more information about our proxy voting activities, please visit the proxy voting section on mfs.com (once you have selected “United Kingdom” as your country and “Individual Investor” and selecting “Learn More About Proxy Voting” under the “I want to ...” header on the left hand column of the page).

Principle 7 – Report periodically on their stewardship and voting activities

We report on our responsible investing efforts as required by any collaborative body or organization that we join, such as the PRI, and may share such a report with our clients. Clients who have delegated us with proxy voting authority can also receive a vote summary report of their portfolio. We also disclose the voting records of certain pooled investment vehicles for which we serve as investment adviser. We also publish a Proxy Voting and Engagement Report on an annual basis that includes a summary of our proxy voting and engagement activities. Certain aspects of our proxy voting program are subject to our internal and external audit programs. For more information about our proxy voting activities, please visit the proxy voting section on mfs.com as described above.

For Further Information

For MFS clients wishing to discuss our commitment to responsible investing, please contact your client service representative.

For media inquiries wishing to discuss MFS' activities under the U.K. Stewardship Code, please contact:

James Aber

Director of Media and Public Relations

MFS Investment Management

111 Huntington Avenue

Boston MA 02199-7618

U.S.A.

Telephone: +1-617-954-6154

Email: jaber@mfs.com