

# MFS® Investment Management

## Q2 Stewardship Report

### Key Takeaways



MFS® Investment Management (MFS) is an investment management company with **\$556.6 billion in AUM** (August 31, 2022). On September 1, 2022, MFS published its Q2 Stewardship Report, highlighting its engagement and proxy voting activity for the quarter. In May 2022, MFS took the first step to set targets to align with the Net Zero Asset Managers (NZAM) Initiative. By 2030, MFS set a target to have **90%** of its in-scope AUM net zero aligned or aligning. MFS does not intend to exclude or immediately divest of high carbon assets as a result of this commitment. Instead, the fund manager will continue engaging companies across all industry sectors to transition in line with the decarbonization of the global economy.

#### Proxy Voting Activity for Q2 2022



*Sourced from Q2 Stewardship Report (Pg 7)*

- MFS Voted against Management on at least one ballot item at **40%** of meetings in the quarter; this is an increase from the first quarter, where it voted against management on at least one ballot item at 28% of meetings
- At companies aligning with very few or none of the indicators of the CA100+ net zero benchmark, MFS voted against directors over concerns related to governance failures in oversight of this risk and performance

#### Q2 2022 Trends in Shareholder Proposals

- Shareholder proposals on environmental and climate-related topics were a key focus in Q2, with many requests calling for companies to adopt or enhance greenhouse gas (GHG) emission reduction targets; many of these requested targets or strategies specifically include or account for **Scope 3 emissions**
- Several environmental proposals within financial services focused on financing policies, requesting companies cease financing fossil fuel projects
- One notable trend is the growth in shareholder proposals seeking:
  - Disclosure of recruitment, retention and promotion information specifically addressing diverse employee populations; and
  - Reporting focused on the steps companies have taken to implement stated diversity and inclusion initiatives



## Select Engagement Activity

Corporate Profile	Engagement Topics	Date	Engagement
<b>Real Estate Company</b>	Board Composition and Gender Diversity	Multiple	<ul style="list-style-type: none"> <li>– MFS raised a director’s lack of relevant experience and encouraged the company to both reduce the number of directors for improved accountability, and increase gender diversity</li> <li>– The company responded by replacing an incumbent male director with a female nominee, and reducing the board size to 12 members with the departure of another director</li> </ul>
<b>Media Company</b>	Proxy, Governance and Social Risks	June 2022	<ul style="list-style-type: none"> <li>– MFS sought greater clarity and the company’s stance on key shareholder proposals to be voted upon including (1) lobbying disclosure, (2) special meeting thresholds, (3) human rights due diligence reporting, (4) pay equity reports and (5) nondiscrimination in the workplace</li> <li>– MFS also engaged with the company on auditor rotation</li> </ul>
<b>Manufacturing Company</b>	Cyber and Data Security, Employee Management, Supply Chain Labor and Conflict Materials, Carbon Emissions	April 2022	<ul style="list-style-type: none"> <li>– The company reached out to discuss its ESG materiality framework</li> <li>– MFS focused on cyber and data security, employee management, supply chain labor and conflict materials, and carbon emissions</li> <li>– MFS recommended the company consider joining the Workforce Disclosure Initiative to help provide information that investors were looking for</li> </ul>
<b>Commodity Company</b>	Climate Transition Plan Progress	Multiple	<ul style="list-style-type: none"> <li>– MFS met with the company ahead of its AGM and vote on the climate transition plan progress report</li> <li>– MFS supported the report despite limited progress and identified areas where MFS would like to see enhanced disclosure in the future</li> </ul>



Understand How ESG Weighs into Investor Considerations to Make Your Next Engagement More Successful.

[ESG Roadshows](#)

[Data-Driven ESG Strategy](#)

## What ZMH Can Do for You

*Our Proprietary **ESG Engagement Dashboard™** allows you to leverage technology and data to optimize your shareholder interactions.*

**ZMH Advisors LLC.** is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a proprietary **ESG Engagement Dashboard™**, which provides unique insights on investors with \$50T AUM.

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

CONTACT US TO SCHEDULE A DEMO

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