

Sustainability
Report
2021 PERFORMANCE
Bringing our Purpose to Life

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Sun Life is a leading international financial services organization providing a diverse range of asset management, wealth, insurance, and health solutions to individual and institutional Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. Learn more about who we are in our 2021 Annual Report and at www.sunlife.com.

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Sustainability Report – 2021 Performance

REPORTING SUITE

The following resources complement our Sustainability Report:

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FORWARD-LOOKING STATEMENTS

Certain statements made in this report are forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this report include statements (i) relating to our strategies, plans, targets and priorities; (ii) relating to our intention to acquire DentaQuest; (iii) relating to our sustainable investment commitments and goal to achieve net-zero greenhouse gas emissions by 2050; (iv) that are predictive in nature or that depend upon or refer to future events or conditions; (v) that include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will” and similar expressions. The forward looking statements represent our current expectations, estimates and projections regarding future events and are not historical facts. These forward-looking statements are not a guarantee of future performance, involve inherent risks and uncertainties and are based on key factors and assumptions, all of which are difficult to predict.

Future results may differ materially from those expressed in forward-looking statements due to, among other factors, the matters set out in the Company's Annual Information Form for the year ended December 31, 2021 under the heading "Risk Factors" and other factors detailed in the Company's annual and interim financial statements and management's discussion and analysis and any other filings with Canadian and U.S.

securities regulators made available on www.sedar.com and www.sec.gov, respectively. The forward-looking statements contained in this report

describe our expectations as at December 31, 2021 and accordingly, are subject to change after such date.

The Company does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law. 02

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INTRODUCTION

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2021 Highlights

1.4 million positive financial actions taken by Clients in Canada

89% employee engagement score¹, exceeding the global financial services norm²

42% of Sun Life's Board of Directors self-identify as women

\$42.7 million

committed to diabetes awareness, prevention and care since 2012

378,000 positive health actions taken by Clients in Canada after a nudge from our digital coach, Ella

50,000 employees^{7,8}

Offices in

27 markets⁸

118,400 advisors⁶

25% self-identify as belonging to an underrepresented group³

45% of Executive Team members self-identify as women

\$65.2 billion

portfolio value of investments in assets and businesses that support the transition to a low-carbon and more inclusive economy

\$10.9 billion

portfolio value of renewable energy projects

Achieved 4 CarbonNeutral®

company certification across our global operations⁵

\$18.7 billion claims and benefits paid globally⁶

WE ARE RECOGNIZED FOR OUR SUSTAINABILITY LEADERSHIP

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1 72% of employees surveyed participated. Refer to Report Scope - Note 2.

2 Based on Willis Towers Watson's Benchmark of Global High Performance Companies and Global Financial Services.

3 Individuals who have self-identified as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities.

4 CarbonNeutral® is a registered trademark of Natural Capital Partners Europe Limited and is achieved in accordance with The

CarbonNeutral Protocol, the leading global framework for carbon neutrality.

5 Includes the offices of MFS and SLC Management affiliates (BentallGreenOak, InfraRed and Crescent).

6 Refer to Report Scope - Note 1.

7 Rounded to the nearest hundred. Represents full-time equivalent employees and includes 24,589 regular employees, 1,233 temporary employees and employees in Asia joint ventures (23,576 regular employees and 614 temporary employees).

8 Refer to Report Scope - Note 4. 03

INTRODUCTION

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Global Context and Megatrends

Events and trends that influenced our sustainability actions in 2021

Ongoing pandemic

2021 remained a year where business was anything but usual. COVID-19-related uncertainties continued to affect our stakeholders and our business activities. Around the world different regions saw a resurgence of the virus and repeated lockdowns. We remained ready to adapt to meet the needs of our Clients and to support employees as circumstances evolved. A majority of our global employees continued to work from home, which helped prioritize their health and safety while continuing to serve our Clients and local communities.

Since the start of the pandemic in 2020, Sun Life has delivered nearly \$900 million in COVID-19-related health and life insurance benefits. Learn more about our response throughout this report.

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Climate urgency

Climate change is a defining issue of our time. And it clearly was a defining issue of 2021, marked by events like the COP26 summit, the landmark UN report calling climate change a “code red for humanity”, and grassroots protests demanding climate justice.

Against this backdrop, Sun Life stepped up climate action plans and disclosures, committing to net zero by 2050 (with interim targets to be set in 2022) and carbon neutral operations globally from 2021. There was increased dialogue about climate adaptation and resilience. To learn more, refer to pages 33-34.

Accelerating inclusion

The diversity and inclusion conversation remained very much an important subject in 2021. Governments and industry groups continued to step up the pressure on companies to diversify their boards and executive teams.

Sun Life is deepening its diversity, equity and inclusion efforts, for example, through focused training and by taking actions to build more inclusive workplaces and communities. To learn more, refer to pages 30-32.

Cyber security challenges

From finding secure ways of working remotely to combating a rise in cybersecurity threats, the global pandemic has amplified data security challenges for people and businesses alike. Ransomware attacks on organizations, in particular, soared in 2021.

Anticipating and thwarting cyber security threats is a continuous task for our global security team. Sun Life continues to evolve its cyber defences to be effective against emerging threats. To learn more, refer to page 36.

ESG

ESG investing on the rise

ESG investing continued to grow and evolve in 2021.

More big and small investors alike adopted thematic ESG investing, with climate-related investments remaining a top focus².

Sun Life continued to focus on sustainable investing, introducing new ESG investment products and screening criteria. We also set a goal of net-zero greenhouse gas emissions by 2050 for investments and operations. To learn more, refer to pages 22-26.

Mental health crisis

There is a keen sense of urgency to address the mental health crisis affecting so many people. Mental health is the leading cause of disability globally.

The World Health Organization estimates that 450 million people currently struggle with mental illness³. The pandemic has magnified the crisis.

Sun Life is affected as an employer and as a benefits provider serving millions of Clients. In response, we have increased our mental health investments and initiatives for both stakeholder groups. To learn more, refer to pages 15-17.

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1 Canadian Centre for Cybersecurity. "Cyber threat bulletin: The ransomware threat in 2021". 2021.

2 Walmsley, Davis. "Targeting Impact: Integrated ESG and the Role of Thematic Strategies in Asset-Owner Portfolios". 2021.

3 World Health Organization. "COVID-19 disrupting mental health services in most countries, WHO survey". 2020.

INTRODUCTION

Introduction •

Message from the President and CEO

It is with great pleasure I present this year's Sustainability Report, my first as CEO at Sun Life. Although sustainability has been at the heart of our efforts for a while, I'm mindful the onus on Sun Life to make everything we do more sustainable has never been greater.

When 2021 began, with vaccines emerging and

the worst seemingly behind us, none of us could have guessed just how much the pandemic would continue to strike our personal and professional lives. We felt the blow of systemic racism and inequities, and loudly heard UN alarm bells warning of hotter temperatures and the ensuing fallout of a changing climate. These issues affect us all.

I'm pleased to report we've made strides in tackling some of the most pressing environmental and social issues, while adding value to our business, and moving full steam ahead on our sustainability plan.

We're putting efforts into the areas where we can have the greatest impact: increasing financial security, fostering healthier lives and advancing sustainable investing. These objectives support the United Nations' Sustainable Development Goals and align to Sun Life's Purpose to help our Clients achieve lifetime financial security and live healthier lives. This year, we went further and made being "Sustainability Driven" a core part of Sun Life's overall business strategy. Effectively, this reinforces our commitment to embed it into every business decision we make, deepening the impact we can have for our communities.

In 2021, we appointed our first Chief Sustainability Officer, Alanna Boyd, who reports directly to me. Having a dedicated senior leader focused on our commitments will steer greater sustainability performance and better outcomes.

We also amped up our climate commitments with a goal to achieve net-zero greenhouse gas emissions by 2050, in our investments and operations. Our Purpose cannot be achieved without serious action to support a lower-carbon future.

We increased financial security for our Clients in proactive and engaging ways including, but not limited to, increasing access to insurance, extending COVID-19 supports globally, advocating for paid family and medical leave in the U.S., and by using digital technology to nudge them to better

financial outcomes.

We're also finding ways to help our Clients live healthier lives by offering the tools, resources and support they need to advance their health. Examples range from providing access to virtual dentistry expertise in the U.S. to piloting affordable insurance aimed at Canadians with diabetes, to mental health supports.

Mental health was at the epicentre of 2021 concerns. We were able to roll out Mental Health Coach to our Group Benefits Clients in Canada and digitally connect them to customized care. Using data analytics, the service proactively guides Clients, including those at risk, to the right resources at the right time. And, because we also walk the walk and make the mental wellness of our own people a priority, Sun Life was a platinum recipient of the Canada Awards for Excellence for Mental Health at Work from Excellence Canada.

Finally, with an aim to build a more caring and inclusive culture, we took steps to advance diversity, equity and inclusion. Sun Life's Board of Directors is now composed of 42% women, while our Executive Team is at 45%. Globally, there were 35% women in VP roles or higher and in North America, we had 16% underrepresented ethnicities in these senior roles. We launched scholarships for Black and Indigenous students in Canada and expanded our philanthropic support globally. This is a start and we will do more.

Sun Life is a purpose-driven company and in striving to meet our Purpose, I'm inspired by the quality of the actions and outcomes that our team can create when sustainability drives us.

2021 reminded us of the significant social, environmental and economic risks facing the world. While it is difficult to predict the future, I believe our collective actions today – and the impacts they produce – bring us one step closer to a sustainable tomorrow.

Kevin D. Strain

President and Chief Executive Officer

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INTRODUCTION

Introduction •

Message from the Executive Sponsor of Sustainability

Sun Life has come a long way in embedding sustainability as a critical part of our business strategy. It has been my privilege to lead the company on its sustainability journey for the last seven years.

I have always believed that becoming more sustainable, inclusive and socially responsible is a point of differentiation for Sun Life and central to our long-term competitiveness in a rapidly changing world. It's also the right thing to do.

Sustainability is not only about environmental projects or laudable philanthropy programs. It's also about transforming our business – the way we think, act and operate – to create value for our stakeholders in this new era of stewardship.

To that end, we've made substantive changes. Today we're an organization layered with sustainability accountabilities, strategies and governance practices that we continue to enhance and augment. Robust environmental, social and governance policies and programs span our business, with a purpose-driven sustainability plan guiding our ongoing work. And we've continued to strengthen our related disclosures throughout this evolution.

I am proud of the actions we've taken but there is so much more to do as the urgency of addressing issues like climate change and social justice intensifies. This year we doubled down on our efforts with the appointment of our first Chief Sustainability Officer, Alanna Boyd. Alanna has the passion, dedication and strategic thinking to foster and expand sustainability. By creating a new and dedicated C-suite role that reports directly to

him, our CEO Kevin Strain has underscored the importance of sustainability at the company. I am delighted Alanna is our new sustainability leader and I remain committed to helping her and Sun Life as we continue our sustainability journey.

Melissa J. Kennedy

Executive Vice-President, Chief Legal Officer & Public Affairs

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INTRODUCTION

Introduction •

Q&A with our Chief Sustainability Officer

1. Chief Sustainability Officer (CSO) is a new role at Sun Life. Why is it an important step in the company's sustainability journey?

The creation of this role, reporting to the CEO, is

a best in-class approach that reflects the growing importance of sustainability at Sun Life. Our first sustainability strategy was launched in 2014 and today, it's among our CEO's top three priorities. Having a CSO ensures that sustainability has a dedicated voice at the most senior level and, in turn, that sustainability decisions are embedded in the work we do both inside and outside of the company.

Part of my role as CSO is to influence and cut through organizational complexity so that we can deliver on our sustainability commitments. Sustainability and climate change are moving at a breakneck pace, and it's my job not only to build a structure to support our efforts, but to make sense of it all in the context of our business objectives.

2. What inspired you to take on this role?

It's an exciting time for sustainability at Sun Life! We're at the point in our journey where we've shifted from viewing environmental, social and governance factors primarily as risks to be managed, to seeing the opportunity to create real value for the business and society. As CSO, working alongside the CEO, Executive Team and Board, I'm inspired

by the opportunity to bring sustainability to life in everything we do – to help direct Sun Life's strategy in a way that's not only good for the company, but good for society as well. By directing our energy towards positive social and environmental efforts that align with our business objectives, we can have a significant and positive impact.

3. How do you plan to maximize the company's impact?

We're taking a two-fold approach. First, we're working to embed sustainability considerations deeper into our everyday business decisions. We're asking tough questions that include evaluating not only our actions but also the outcomes for Clients and society. Return on investment is only one part of that equation.

Second, we're reviewing our insurance and wealth products against our Purpose to ensure they mesh with the core values of our company and those

of the communities and Clients we serve. A good example of this is how we're thinking about climate change in the context of our investment offerings and how we can influence the companies we invest in to be part of the transition to a lower-carbon economy. Another example is the way in which our insurance products can nudge people to a healthier lifestyle. There are a lot of opportunities and we're on a path to rethink and refine our offerings with sustainability top of mind.

4. What does sustainability mean to you on a personal level?

I've always been driven by humanitarian issues and as a parent, the need to create a healthier, financially resilient, and environmentally secure world has taken on an even greater urgency. All of us should ask ourselves what kind of world we want for our children and families and the answers should shape the actions we take in our personal and work lives.

Each of us has a shared responsibility to care for

the well-being of our planet and to create a safe and sustainable future. I'm proud to work for an organization that is striving to be part of that solution. There is a lot of good we can do as a global company. I'm very optimistic about the opportunities for Sun Life to create a cleaner, safer and more sustainable world for our children and grandchildren.

Alanna Boyd

Senior Vice-President, Chief Sustainability Officer

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SUSTAINABILITY AT SUN LIFE

• Sustainability at Sun Life

Sustainability at Sun Life

Sun Life's Purpose is to help our Clients achieve lifetime financial security and live healthier lives. Our commitment to sustainability brings our Purpose to life.

Sustainability is essential to our long-term business success. That's why we strive to embed sustainability in everything we do, including our strategy, operations and culture. Being "sustainability driven" is a key part of Sun Life's Client Impact strategy (refer to accompanying graphic). We deliver Client Impact through our commitment to building trusted relationships with our Clients, helping them take positive financial and health actions, and being there for them in the moments that matter most. Our focus on sustainability supports our Client Impact strategy by proactively creating and contributing to a healthier, more financially resilient, environmentally secure and economically prosperous world.

Anchored to our Purpose, our sustainability plan focuses on our areas of expertise where we can have the most positive social and environmental impact: increasing financial security, fostering healthier lives and advancing sustainable investing. These efforts build from our foundation of operating as a trusted and responsible business. Our actions to contribute to a more sustainable, healthier world have a positive impact on our Clients, and earn our position as a trusted brand.

In 2021, we strategically integrated sustainability into all our business groups. This is an important step to further incorporate sustainability objectives into core business operations and performance, and ensure sustainability is viewed as everyone's responsibility. Each group included in its Strategic Plan specific actions to drive meaningful impacts where they are best positioned. The Global Sustainability Team coordinates efforts across all business groups to ensure alignment to the enterprise sustainability plan. The International Sustainability Council reviews progress of sustainability efforts quarterly. Refer to our website for more information on sustainability governance at Sun Life.

Material environmental, social and governance topics

Our sustainability plan – and this report – addresses the environmental, social and governance topics that our stakeholders identify as most important for us to act on. In our 2021 materiality assessment, the highest priority issues were data security and privacy, customer practices and ethical behaviour. Refer to Stakeholder Engagement and Materiality for details.

UN Sustainable Development Goals

Although we support all 17 Sustainable Development Goals (SDGs) through our sustainability plan, we've focused our efforts on the five where we believe we can have the greatest impact. These are:

- #3 Good health & well-being
- #5 Gender equality
- #7 Affordable and clean energy
- #8 Decent work and economic growth • #13 Climate action

Read our separate report, Supporting the Sustainable Development Goals, to learn how we're contributing to each of these SDGs.

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SUSTAINABILITY AT SUN LIFE

- Sustainability at Sun Life

Sun Life's Sustainability Plan

FOSTERING HEALTHIER LIVES

Aspiration:

To improve health and wellness outcomes for all

Approach:

- Offer Clients and employees products and tools to help them live healthier lives
- Invest in community health
- Improve access to and use of health and disability insurance

Goals:

- Help Clients take positive health actions. We are working towards setting a target.
- Address regional health issues (e.g., mental health in Canada)

Primary SDG focus:

INCREASING FINANCIAL SECURITY

Aspiration:

To increase the lifetime financial security of our Clients, employees and communities

Approach:

- Provide innovative financial products and services
- Empower and educate Clients and community members to take positive financial action
- Increase access to wealth and protection products

Goal:

Help Clients take positive financial actions to increase their financial security. We are working towards setting a target.

Primary SDG focus:

ADVANCING SUSTAINABLE INVESTING

Aspiration:

To deliver sustainable returns for Clients and drive the transition to a low-carbon, inclusive economy

Approach:

- Manage capital with sustainability embedded in our investment processes
- Offer our Clients and employees¹ sustainable investing opportunities

- Invest assets to support a low-carbon and more inclusive economy

- Goals:
- Rigorous incorporation of ESG considerations in all of our investment processes and decisions

- \$20 billion in new investments from 2021-2025 in assets and businesses that support the transition to a low-carbon and more inclusive economy

- Net-zero greenhouse gas (GHG) emissions by 2050. We are setting interim targets for investments in 2022. We set this goal across our global operations as well – refer to Operating as a Trusted and Responsible Business.

Primary SDG focus:

OPERATING AS A TRUSTED AND RESPONSIBLE BUSINESS

Aspiration:

To be a responsibly-managed business that is Client-focused, competitive, forward-thinking, financially and environmentally resilient, and sustainable for the long term

Approach:

- Focus on meeting Client needs
- Build a talented and diverse workforce
- Advance diversity, equity and inclusion
- Mitigate climate change, build climate resilience and demonstrate

environmental stewardship

- Safeguard data with robust security and privacy practices • Identify, measure, manage, monitor and report risks
- Ensure strong governance and an ethical culture

Goals:

Climate-related

- 50% absolute reduction of GHG emissions in our operations by 2030, relative to 2019. This target includes emissions reductions from Sun Life's offices and corporate travel. Reporting against this target to begin in 2022.
- Net-zero GHG emissions by 2050 for our global operations. We set a net-zero goal for investments as well – refer to Advancing Sustainable Investing.
- Carbon neutral operations globally from 2021

Diversity-related (by 2025)

- 50% women in Vice-President (VP)+ roles globally
- 25% underrepresented ethnicities in VP+ roles in North America • 3.5% black employees in VP+ roles in Canada
- 5% black employees within student workforce in Canada
- Balanced gender representation on the Board of Directors
- Progressive Aboriginal Relations Certification (for Canadian operations) • 5% diverse supplier direct spend target in North America

Primary SDG focus:

Sustainability Report – 2021 Performance 1 Majority of funds offered through employee retirement savings plans integrate ESG factors into investments considerations. 09

SUSTAINABILITY AT SUN LIFE

- Sustainability at Sun Life

Priority initiative

Embed sustainability further into annual strategic planning and as part of core strategy Help Clients take positive actions towards their financial security

Help Clients take positive actions towards their good health and well-being

Address regional health issues

Make progress towards sustainable investment target

Set up proprietary ESG scoring for investments and managers

Achieve carbon neutral operations globally

*Commit to net-zero

*Revise 30% by 2030 GHG emissions intensity reduction target

*Deepen understanding of climate change impacts on operations and investments

Achieve diversity and inclusion commitments by 2025

*Achieve Progressive Aboriginal Relations (PAR) Certification

*Assess human rights impacts and risks in our operations and investments

Review existing sustainable procurement processes to ensure alignment to best practice

Status

Progress in 2021

- Reinforced importance of sustainability to Sun Life by formalizing it in our enterprise strategy
- Each of our business groups has successfully integrated sustainability into their annual strategic plans, including developing sustainability-focused solutions for Clients
- Defined what qualifies as a positive financial action towards financial security in Canada
- Promoted the importance of financial planning and long-term saving

- Increased access to and use of protection and wealth products
- Defined what qualifies as a positive health action toward healthier lives in Canada and the U.S.
- Offered solutions to help Clients navigate, manage and receive the care they need
- Increased access to and use of health insurance
- Established a mental health strategy in Canada
- Continued building the Clinical 360 program in the U.S. to support Clients in identifying cost savings for high-cost claims
- Committed to \$20 billion in new investments from 2021-2025 in assets and businesses that support the transition to a low-carbon and more inclusive economy; criteria based on market standards \$6.8 billion new sustainable investments made in 2021
- SLC Management scored all general account investments in active investment grade public corporate bonds, all private fixed income assets and securitized investments. It's working to score public municipal bonds in 2022.
- Achieved CarbonNeutral company certification in 2021 through the purchase of credits from high-quality carbon offset projects in Canada (conservation), the U.S. (reforestation), Indonesia (biodiversity reserve) and India (clean cookstoves for low-income communities)
- Announced goal to achieve net-zero greenhouse gas (GHG) emissions by 2050 for both investments and operations, with interim targets to be set in 2022
- Committed to a new GHG emission reduction target of 50% by 2030 across our global corporate real estate and corporate travel to align with the latest climate science. Reporting against this target to begin in 2022.
- Participated in Bank of Canada and OSFI pilot project on climate transition risk scenarios
- Participated in external consultations on climate risk and disclosures
- Developed Diversity, Equity and Inclusion Strategy 2025
- Made progress in 2021 – refer to Diversity, Equity and Inclusion
- Became a member of the Canadian Council for Aboriginal Business and became the first major insurer to begin PAR certification
- Continuing in 2022. Engaged external firm to support assessment.
- Set a diverse spend target of 5% by 2025 in North America. Each North American business group is accountable

2021 SCORECARD

Complete

On track

On track

On track

On track

On track

Complete

Complete

Complete

On track

On track

On track

On track

Complete

Enterprise-wide Financial Security

Healthier Lives
Sustainable Investing
Trusted and Responsible Business

for achieving this established target.

* Indicates a new initiative for 2021 Sustainability Report – 2021 Performance

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FINANCIAL SECURITY

Financial Security

1.4 million

positive financial actions taken by Clients in Canada towards financial security

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INCREASING Financial Security

We aspire to increase the lifetime financial security of our Clients, employees and communities. We're advancing financial security through innovative products

and services, proactive education and improved access to and use of insurance and wealth products.

Our priority Sustainable Development Goal:

Made it easier for Clients to access insurance coverage

Sun Life Hong Kong received the Corporate Financial Education Leadership - Gold Award at the IFPHK

Financial Education Leadership Awards 2021.

This award recognizes companies that have made significant efforts in improving financial literacy in Hong Kong.

FINANCIAL SECURITY

Financial Security

Financial security

Financial Security

Helping people build financial security for a changing world

The need to help people create more stable and resilient financial futures is growing. Young people struggle to enter or remain in the workforce. They are worried about their financial future more than ever before¹.

Economic challenges from a lack of access to financial services has continued to impact marginalized communities more than others². Many people around the world remain underinsured or not insured at all, leaving them and their dependents financially vulnerable³. The pandemic compounded these financial stressors but also highlighted the value of the protection access to financial services can offer.

At Sun Life, we see first-hand the importance of developing financial security. We believe there are opportunities to do much more to help people achieve better financial outcomes. A key pillar of our sustainability plan is to expand and create new opportunities to boost financial security. We're focused on three areas: providing innovative financial products and services; making it easier for people to take positive financial action; and increasing access to and use of protection and wealth products, helping to build long-term wealth and close insurance coverage gaps.

1.4 million

positive financial actions taken by Clients in Canada towards financial security

Sun Life Hong Kong received the Corporate Financial Education Leadership - Gold Award at the IFPHK

Financial Education Leadership Awards 2021. This award recognizes companies that have made significant efforts in improving financial literacy in Hong Kong.

OUR APPROACH AT A GLANCE

Delivering products to support lifetime financial security Driving positive financial action through digital capabilities Increasing access to and use of protection and wealth products Improving financial confidence and engagement through proactive education

Advocating for financial security through public policy and outreach

LEARN MORE

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2021 PERFORMANCE

Helping Clients take positive financial action

- Teamed up with Conquest Planning to provide their best-in-class digital planning tool to our Clients in Canada. Clients will be able to set, track, and continuously adjust their goals, weighing the effect of life events and other changes. The new tool will also enable us to provide Clients with needs-based advice more seamlessly across our businesses.
- Piloted two new digital partnerships to create convenient opportunities for Sun Life Canada's Group Retirement Services (GRS) plan members to pay down debt and increase savings.
 - o The first partnership helps young workers apply a portion of their employer's workplace savings plan contributions to their student debt. It speaks to younger members of the workforce, who have vastly different financial needs and priorities than older workers.
 - o The second partnership is an app for microinvesting. It offers a way for Clients to apply small change and cashback offers to an emergency savings account they've set up through the app.
- Encouraged legislative changes in Canada to explicitly allow for automatic features in voluntary pensions and savings plans. These changes would reduce red tape and administrative burden for employers while also helping more employees participate in these plans, save more (with the help of employer contributions) and retire on time.
- Made it easier to apply for life insurance in the U.S. We now offer the option to send Evidence of Insurability forms, required for some forms of life insurance, online. Making the process easier has proven to overcome obstacles to completing insurance application processes.

1 Sun Life. "Pandemic driving younger Canadians to focus on protecting their financial future more than ever". 2021.

2 Aria Florant, JP Julient, Shelley Stewart, Nina Yancy, and Jason Wright. "The case for accelerating financial inclusion in black communities". 2020.

3 Organisation for Economic Co-operation and Development. "Insurance indicators: Penetration". 2021. 12

FINANCIAL SECURITY

Financial Security

Financial security

- Launched SunSmart MPF in Hong Kong. This digital platform helps Sun Life distributors assist Mandatory Provident Fund (MPF) Clients in completing various account applications online. In light of the pandemic, we launched a co-browsing feature which allows distributors to perform non-face-to-face MPF applications online with prospective Clients.
- Extended COVID-19 support measures to our Clients across the globe. For example, Malaysia was hit hard by a fourth wave of the pandemic. Sun Life stepped up by providing financial assistance and protection to affected Clients. To ensure they continue to be protected, we extended our existing programs such as the Payment Deferral Programme, the Vaccine Complications Fund and the Medical Assistance Fund. At the same time, we launched a Special Medical Coverage Campaign that covers the cost of COVID-19 hospital treatment for

eligible Clients and a Client Wellness Campaign that offers additional free COVID-19 benefits for new Clients who sign up for selected plans.

More access to wealth and protection products

- Made it easier for Clients in Canada to access life insurance coverage. An industry first, Sun Life Clients aged 18-40 may now qualify for up to \$5 million in life insurance coverage without lab exams. Previously, this age group was limited to

\$2 million without lab exams. This enhancement in Sun Life's underwriting means up to 76% of Clients may not need a medical exam to apply for life insurance. This capability enhances the Client experience and provides greater flexibility.

- Advocated for paid family and medical leave in the U.S. We believe Americans shouldn't have to choose between working and caring for themselves or a loved one. We used op-eds, videos, letters to the editor and meetings with Congress to highlight the issue and advance a solution that includes private insurers.

- Worked with several leading companies across Asia to create more opportunities to buy affordable insurance. One arrangement is with Moneygment. Self-employed individuals and small/medium business owners in the Philippines use Moneygment to pay their government-mandated contributions, like income tax. Together, we're piloting D.E.A.L. Digital. Easy. Affordable. Life insurance ("D.E.A.L."), offering life and personal accident insurance through their app. It's increasing both the convenience and affordability of insurance. D.E.A.L. is particularly helpful in making insurance accessible to more Filipinos to help them fulfill their financial goals.

Improving financial confidence and engagement

- Launched "Escape to the Future", a financial literacy-themed game offered in the Philippines. The online game prompts players to discover clues and solve puzzles while highlighting the importance of financial planning and advice. Apart from appealing to Clients, the game will also serve as

a tool for Sun Life advisors, as they educate their Clients about financial literacy.

- Rallied young people in the Philippines to get back on financial track and take action on their goals after delaying plans during the pandemic. The campaign used virtual workshops and videos to speak to the unique experiences of today's generation. There's also an online community through mainstream social media with mini-mentorship programs,

weekly challenges and exclusive promos aimed at younger investors.

- Created an information kit and a new online hub to help GRS plan members learn about and find sources of advice on retirement planning.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Financial advice

Sustainability Report – 2021 Performance

13

HEALTHIER LIVES

Healthier Lives

••

FOSTERING Healthier Lives

We aspire to improve health and wellness outcomes for all. To achieve this, we offer Clients and employees products and tools to help them live healthier lives. At the same time, we're working to improve health and wellness in society. We do that by improving access to and use of health and disability insurance. We also invest in community health and thought leadership.

Our priority Sustainable Development Goal:

\$42.7 million

directed to the fight against diabetes globally since 2012

US\$24.5 million

in savings for Sun Life and our stop-loss Clients through our Clinical 360 program in the U.S.

378,000

positive health actions taken by Clients in Canada after a nudge from our digital coach, Ella

556,000

Clients and their family have access to Lumino Health Virtual Care in Canada

Sustainability Report – 2021 Performance

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CLIENT HEALTH

Healthier Lives

Client health • •

Client Health

Reducing barriers to help everyone get health support

As a company that offers life, health and disability insurance, we know good health is central to overall well-being. We see first-hand the effect that access to health services and support tools has on Client health, including mental wellness. It's more important than ever that health education and services are proactive and available. Location, income, background or work arrangement should not be a barrier to access.

41,181

page views on the Sun Life Canada Mental Health website, with an average visit of two minutes

US\$24.5 million

in savings for Sun Life and our stop-loss Clients through our Clinical 360 program in the U.S.

OUR APPROACH AT A GLANCE

Offering education and services that help people take charge of their health

Removing barriers to mental health treatment

Partnering with health-care leaders to increase access and impact Investing in virtual care solutions Sharing insights and best practices with others

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Mental health supports

- Introduced new resources to support group benefits Clients and help prevent or address mental health issues. One example in Canada is our online Mental Health Coach (the “Coach”) pilot project. The program identifies group benefits Clients most at risk of developing mental health problems. The Coach guides them toward support, including advice on personalized actions. This coaching initiative prompted many Clients to be proactive about their mental health. 55% of participants met with a mental health professional and 32% made lifestyle interventions. The program will be offered to more group benefits Clients in 2022.
- Partnered with the Ontario Chamber of Commerce to develop its Mental Wellness in the Workplace: A Playbook for Employers. This Playbook provides employers with resources to support mental wellness in the workplace during COVID-19.
- Advocated for investments in mental health support. For example, Sun Life Canada President, Jacques Goulet spoke to C-suite leaders at The Canadian Club Montreal on empowering workforces in managing their well-being and creating healthier work environments.
- Expanded mental health solutions for employers, assisting them in creating workplaces that protect mental health. Resources included a new mental health toolkit in the U.S., additional materials in the Canadian kit, and online mental health training for managers. These resources mean that all employers, large and small, can create a strategy and actively support employees’ mental wellness. These resources are especially useful at a time when pressures on mental health are higher than ever.

- Launched a six-month wellness program for Clients and community members in Malaysia. The program offered tips, expert advice, rewards, and more to motivate participants to live healthier lives - financially, physically and mentally. We held two sessions specifically focused on managing mental health.

Health and wellness accessibility

- Launched Diabetes Signature Solutions. It's a pilot program to help Canadians with diabetes get access to affordable insurance and help them achieve their health goals. We aim to do this by:
 - o offering a new price competitive insurance product tailored to Clients with diabetes,
 - o offering Clients short-term coverage that they can switch for longer-term coverage if they meet pre-set health goals,
 - o enrolling Clients with significant health needs into a diabetes management program with clear targets (only being piloted in Ontario), and
 - o engaging Clients on wellness by offering a digital wellness platform, financial rewards, and health content on relevant topics.

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CLIENT HEALTH

Healthier Lives

Client health • •

- Continued to help Clients get the health coverage they need through new and expanded digital offerings. For example:
 - o Launched Health Navigator powered by PinnacleCare. This service helps Clients navigate the complex U.S. health-care system and care options, improving costs and outcomes for both the employee and employer (refer to feature story).
 - o In Vietnam, we launched new digital Personal Accident and Cancer solutions, in collaboration with one of our bancassurance partners. These solutions allow Clients to purchase coverage entirely online and to receive their policies in just minutes.
 - o In Canada, we expanded our Lumino Health platform. It gives Clients access to on-demand health care, education and wellness resources.
- Launched GoWell Studio, an on-demand wellness initiative in the Philippines. Clients can access follow-along exercise programs, guided meditation sessions, various masterclasses, short courses, and health-care awareness and education resources. These are led by some of the country's leading fitness coaches, doctors, allied health professionals, and educators.
- Helped employers proactively support better health for employees, with offerings like Stitch, an innovative solution administered by Sun Life. Stitch offers supplemental health benefits to help cover out-of-pocket health costs for part-time and gig workers in the U.S.
- Worked with U.S. employers to deliver benefits to their employees in an ongoing virtual work environment. Using a digital "meeting-in-a-box" approach, employees could enroll in benefits remotely.
- Expanded Sun Life's Dental Health Center on our U.S. website. Features include a dental cost estimator tool, videos and articles. Clients can also access advice virtually from licensed dentists through the ask-a-dentist feature. Dentists provide responses within 24 hours.
- Entered into an agreement to acquire DentaQuest to grow our U.S. dental business. This acquisition will position Sun Life as a leading dental benefits provider. DentaQuest is the largest provider of Medicaid dental benefits in the U.S., serving more than 33 million members. The company has a focus on underserved populations and improving access to dental care. The transaction is expected to close in the first half of 2022.
- Launched our new absence management solution in the U.S. This solution simplifies the administration of paid and unpaid leaves by providing plan members an intuitive experience, with faster decisions and payments

for all members' disability and absence benefits. Digital enhancements within this offering have made filing claims easier and more efficient.

- Expanded our absence management offering for smaller, self-administered employers in the U.S. who want help in meeting regulatory compliance obligations. The Sun Life AbsenceTech Bundle provides a cost-effective solution to manage regulatory absence compliance obligations, with support from Sun Life experts, paired with access to a digital self-administration absence technology platform.
- Introduced a digital-based service ecosystem, Sun Virtual Care, in Indonesia. Clients can use WhatsApp to access our Client Services. They get the same experience as if they were visiting a Client Service Centre in person. There's real-time assistance from a Sun Life Client Service Officer, including the option for a virtual video conference for their conversation. Clients can also submit documents, request e-forms and make payments.

Research and awareness

- Shared research and insights through several Sun Life Bright Paper reports. These included:
 - o "Virtual Care – Digital health care delivery to support the health of Canadians", and
 - o "Designed for Health – Disability claims in focus: mental health, COVID-19 and beyond".
- Advocated and collaborated with Members of U.S. Congress to design a federal Paid Family and Medical Leave program. If adopted, the proposal will help families across the nation. The proposal includes an option for employers to work with insurers to coordinate benefits.
- Engaged in Health Canada's consultations on developing a national drug strategy for rare diseases. Contributing Sun Life's perspectives is part of our work to support broader access to treatments and coverage for Canadians living with a rare disease. In Sun Life's submission we stated that private insurers can play an important role in the development of the national rare disease strategy, with the best solution building on the strengths and assets of both the private and public systems. We also recommended setting up a National Expert Panel, a national data system and registry, and a single negotiator for pricing. We believe these actions will work together to standardize access to ground-breaking drugs many families need. At the same time they'll alleviate the financial pressures felt by Canadians, employers and governments.
- Released our annual Stop-Loss & Health Research Report on high-cost claims and medical trends. We also hosted a webinar to review these trends. It's one way we're making sure our employer Clients and their employees get the support they need.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Health and wellness Insights

Sustainability Report – 2021 Performance

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EMPLOYEE WELLNESS

Healthier Lives

- Employee wellness •

Employee Wellness

Making a healthy investment in employee well-being

Supporting employee wellness has never been more important. Mental health risks, resignations and workforce burnout are among the growing challenges companies face. As people and businesses adjust to a rapidly changing world, maintaining a happy, healthy workforce is more important than ever.

Sun Life invests heavily in employee wellness. We believe it's an investment that pays off. Employee wellness underpins our ability to deliver excellent service to Clients and to attract and retain top talent. It also helps to support our high-performance culture. We've been fostering employee wellness for years. The COVID-19 pandemic has reinforced the importance of our wellness programs to Sun Life's resilience. That's especially true for programs focusing on mental health.

PLATINUM RECIPIENT 2021 MENTAL HEALTH ATWORK

Platinum recipient of the Canada Awards for Excellence for Mental Health at Work®1. This award recognizes leading employers who support the mental health of their employees.

The National Partnership for Women & Families listed

Sun Life U.S. as one of the 70 companies "Leading on Leave".

OUR APPROACH AT A GLANCE

Establishing clear priorities and actions through a coordinated Global Wellness Strategy

Creating regional initiatives to address local health needs or interests

Measuring the success of our actions and making adjustments

LEARN MORE

Sustainability Report – 2021 Performance

1 Mental Health at Work is a registered trademark of Excellence Canada.

2021 PERFORMANCE

Leadership in mental health care for employees

- Promoted employee mental health with more resources worldwide. Mental health has been a priority area for Sun Life in Canada since 2015. In 2021, we created a dedicated team of specialists in Canada to further our work in this area. We extended a Mental Health Support Guide, first offered to our Canadian workforce, to U.S. employees. The interactive guide helps employees and their loved ones navigate support for their mental health. Our Asia employees used a variety of new mental health services, from professional psychiatry to wellness webinars.

- Demonstrated leadership in creating

a psychologically healthy and safe workplace with a Platinum Certification by Excellence Canada. This certification is based on Excellence Canada's Mental Health at Work®1 framework that is aligned to Canada's National Standard for Psychological Health and Safety in the Workplace. Our goal is to be a leader in workplace mental health and to lead by example with our employees. The certification is based on an independent assessment of the best practices, support and exemplary mental health-related programs required to achieve a mentally healthy workplace.

Helping employees take care of their physical health

- Opened up Sun Life's Fit to Win community program to our U.S. workforce. The fitness program – a partnership with the Boston Celtics basketball organization – has been a big hit with local youth in the community. In 2021, 400 U.S. employees participated in it too.

- Shared free health support with employees worldwide. These resources included a variety of virtual classes and programs, from meditation and yoga

to step challenges. The programs are voluntary and varied, so employees can choose the ones that interest them. Challenges and incentives offered through our wellness rewards program bring fun and extra gratification from employees' efforts to be physically fit. The virtual and on-demand app formats have helped employees to stay active and engaged during the pandemic lockdowns.

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EMPLOYEE WELLNESS

Healthier Lives

- Employee wellness •

Extra help as the pandemic entered new waves

- Continued the extension of personal emergency days in Canada from 5 to 10 days to help support childcare, eldercare or other responsibilities arising from COVID-19.

- Provided support globally to help employees get vaccinated. In Asia, we provided access to vaccines and testing to prevent COVID-19's spread among employees and their families. For example, in India, our support included on-site vaccination clinics for employees and family members. In Malaysia, we covered

the full cost of COVID-19 tests, to safeguard employee health and safety, and vaccination leave (up to four days) for employees who got their shots. Awareness campaigns helped raise the vaccination level above 90% among our employees in Indonesia, the Philippines and Malaysia.

- Assisted employees to get the health services they needed at critical times. For example, we helped procure and provide oxygen concentrate in India, which experienced extreme shortages. We also worked with hospitals, pharmacies, virtual care providers and on-site nursing staff in India, so that employees and their families could get these health services at heavily discounted rates.

- Helped relieve extra financial burdens on employees in Malaysia related to the pandemic. We provided a meal allowance and increased the overtime pay rate to help our most vulnerable team members at work. A daily allowance helped employees and dependents who had to be in hospital or quarantine at designated locations, protect their financial well-being.

Financial health care completes the equation

- Created more opportunities for employees to look after their long-term finances:

- o In Canada, we increased nudges at key points such as pay increases and retirement saving season. Using data and knowledge of human behavior patterns makes the nudges as targeted and effective as possible.

- o In the U.S., we increased outreach to employees to help ensure they're using the investment and retirement tools we offer them. We also created new fund options in the U.S., with clearer investment objectives that match to life stages. The new options make choosing funds easier, regardless of an employee's investment knowledge.

RECOGNITION

JUST THE NUMBERS

ESG Performance Tables

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COMMUNITY WELLNESS

Healthier Lives

- • Community wellness

Community Wellness

Leading change for a healthier and more equitable society

Our philanthropic investments reflect Sun Life's commitment to helping people live healthier lives. We're aiming to improve their physical health, mental health, and overall well-being. We're not just donating. We're striving to make a real difference, especially in our signature area: diabetes. We harness the full breadth of our resources, including our people and expertise, to generate a positive impact.

\$20.9 million

in corporate giving¹, towards health, culture, social services and education around the world

\$42.7 million

directed to the fight against diabetes globally since 2012

OUR APPROACH AT A GLANCE

Encouraging healthy, active living that's inclusive

Slowing the advance of diabetes Responding to new challenges in mental health

Harnessing and supporting the community work of employees and advisors

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Support for underserved communities

- Pledged to donate \$825,000 over the next three years to the Foundation for Black Communities, including an initial donation of \$275,000 in 2021. This funding will support wellness programs for Black youth. Refer to feature story.

- Became the inaugural corporate sponsor of the Bentley University's FirstGen Presidential Fellows program for first-generation college students.

Our \$100,000 commitment will support two FirstGen Presidential Fellows for four years, providing community, mentorship, and development support, as well as promoting academic, leadership and personal success. The scholarship gives preference to qualified students who are part of an underrepresented group.

- Increased our funding support for Indigenous communities in Canada. While we committed to spend a minimum of 5% of our philanthropic budget annually in these communities, in 2021 we doubled this amount to 10%. For example, we:

1 Refer to Report Scope - Note 3.

- o Made a \$200,000 donation to Spirit North in 2021 as part of a two-year \$400,000 commitment. This support is helping to expand sport and play programs for Indigenous children and youth to seven new communities, benefiting an additional 700 children.

- o Committed \$1 million over the next three years to launch a new Indigenous mental health partnership with Kids Help Phone in support of their Brighter Days: An Indigenous Wellness Program. Sun Life's support will enable the organization to expand the program into Quebec for the first time and reach 4,500 Indigenous youth across Canada over the next three years through the delivery of 300 mental health sessions.

Refer to the Diversity, Equity and Inclusion section for more examples of our support for Indigenous communities.

Diabetes prevention and care

- Contributed 39% of Sun Life's corporate giving to the fight against diabetes. We supported initiatives to prevent diabetes, direct services to underserved communities and take diabetes education virtual.

- o Supported the American Diabetes Association's Project Power youth health program. This program encourages young Americans

to develop healthy life-long habits to help prevent obesity and Type 2 diabetes.

We are overjoyed to be receiving this donation from Sun Life, knowing the impact it will make on our ability to reach more Indigenous children and youth. Engaging them with meaningful health and wellness activities is more important than ever.

Beckie Scott, Founder and CEO of Spirit North

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COMMUNITY WELLNESS

Healthier Lives

• • Community wellness

- o Awarded US\$350,000 in funding via Sun Life U.S. Team Up Against Diabetes grant program. The funding supports organizations focused on diabetes prevention, nutrition education and health equity. Since the launch of the program in 2016, we have awarded over US\$1 million in support to organizations across the U.S.

- o Donated \$200,000 to Toronto Rehab-UHN as part of a three-year \$600,000 commitment to support the Sun Life Diabetes College (the "College") and the development of education materials for a new virtual diabetes program. The website and virtual program provide evidence-based information, tools, and tips to prevent and manage Type 2 diabetes and encourage a healthy lifestyle. Sun Life's initial commitment of \$1 million in 2016 helped launch the College and more than 34,000 Canadians have accessed its resources to date.

- o Brought more diabetes education and care to underserved communities. For example, we're supporting a network of five clinics in Montreal, through our donation to McGill University.

The clinics will be in communities where they are most needed. Their focus will be on reducing complications, creating better outcomes and promoting diet and activity to manage diabetes.

- Launched Diabetes Signature Solutions. It's a pilot program to help Canadians with diabetes get access to affordable insurance and help them achieve their health goals. Refer to the Client Health section for more details.

Healthier lifestyles

- Partnered with FitSpirit and the 21.02 High Performance Hockey Centre Les Canadiennes to develop the next generation of female athletes and help young girls become more active. Over the next three years, we'll also continue to serve as the presenting sponsor of the Montreal Canadiens Children's Foundation BLEU BLANC ROUGE Ball Hockey Program. Rolled out in schools across Quebec, the program helps underprivileged youth discover the benefits of a healthy and active lifestyle through ball hockey.
- Supported the Boston Celtics' Fit to Win's first fully virtual youth fitness program. The program engages kids from grades three through six in new fitness and lifestyle activities each week for four weeks, with prizes for their participation. This year's program featured a new component: two virtual nutrition workshops with Celtics' legend Leon Powe, who showcased his healthy cooking skills. The kids and their families were able to learn about healthy cooking on a budget and diabetes prevention. The Celtics and Sun Life also made sure each family received a grocery gift card to help put their new skills to practice.
- Continued virtual events that involve Sun Life employees and our communities in activities to improve fitness and support charities.
 - o In the Philippines, the SunPIOLoGy Fun Run raised P4.2 million (Philippine Pesos), for health and education advocacy and programs. The funding helped send kids to school via the Hebeo Foundation and raised awareness about diabetes in partnership with the Institute for Studies on Diabetes Foundation.
 - o In Canada, 226 Sun Life employees participated in the virtual Sun Life Ride to Defeat Diabetes for JDRF. They raised more than \$18,000 by riding, walking, running and taking part in other fitness activities.
- Health relief around the world
- Donated over \$1 million worldwide to support people and communities affected by COVID-19. The funding supported health-care teams, food banks and others, while addressing health inequities. For example, Sun Life's Asia Service Centre in India donated a new oxygen plant to a community health centre in rural India.
 - o MFS also donated over US\$1.5 million to continue to support organizations impacted by COVID-19, such as health-care organizations, food banks, and programs focused on education and self-sufficiency in disadvantaged communities. In addition, MFS donated US\$100,000 to the American Red Cross to support the COVID-19 relief effort in India.
- Donated approximately P2 million through the Sun Life Foundation to disaster relief efforts in the Philippines. This donation is the start of a five-year P10 million donation commitment. The Sun Life Foundation works through partners to ensure relief is as effective as possible. In October, Tropical Storm Maring brought monsoon rains that lasted for days and caused flooding and landslides in several parts of the Philippines. The Foundation supported ABS-CBN Lingkod Kapamilya Foundation-Sagip Kapamilya (Sagip Kapamilya), which delivers food bags and other necessities after natural disasters in The Philippines.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Donations and partnerships

Team Up Against Diabetes grant program

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SUSTAINABLE INVESTING

Sustainable Investing

ADVANCING

Sustainable

Investing

We aspire to deliver sustainable returns for Clients and drive the transition to a low-carbon, inclusive economy. To pursue our aspiration, we:

- Manage capital with sustainability embedded in our investment processes
- Offer our Clients and employees¹ sustainable investing opportunities
- Invest assets to support a low-carbon and more inclusive economy

Our priority Sustainable Development Goals:

1 Majority of funds offered through employee retirement savings plans integrate ESG factors into investment considerations.

\$65.2 billion

portfolio value of investments in assets and businesses that support the transition to a low- carbon and more inclusive economy

Expanded sustainable investing opportunities

BentallGreenOak marked 11 consecutive years of excellence and industry leadership in ESG in the 2021 GRESB Real Estate Benchmark. Sun Life's general account achieved a 5-star rating with a score of 89/100 and ranked first in and named Sector Leader in Developments.

Sustainability Report – 2021 Performance

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SUSTAINABLE INVESTING

Sustainable Investing

Sustainable investing

Sustainable Investing

Investing with tomorrow in mind

Our world is increasingly affected by environmental, social and governance (ESG) issues. Climate change.

Social inequality. Cybersecurity. At the same time, interest in sustainable investing continues to grow.

Sustainable investing uses ESG considerations to develop deeper insights about how value will be created¹. In particular, the focus is on how well companies are recognizing and preparing for ESG issues within their businesses. Sustainable investing can lead to more capital directed to support the United Nations Sustainable Development Goals (SDGs).

Sun Life is playing a leadership role in the growth of sustainable investing. Our company's Purpose is to help Clients achieve lifetime financial security and live healthier lives. Sustainable investing helps us deliver on our Purpose and is key to delivering sustainable returns for Clients and driving the transition to a low-carbon and more inclusive economy.

GOALS

\$20 billion in new sustainable investments by 2025

Net-zero greenhouse gas emissions by 2050 for both investments and operations

Sun Life's asset management businesses and fund platforms we discuss in this section are:

ASSET MANAGERS

Sun Life Capital Management

("SLC Management"):

A group of asset managers offering a diverse range of traditional and yield oriented asset classes to institutional investors globally.

Fixed income:

- o Investment grade public and private fixed income and infrastructure debt offered by SLC Management
- o Alternative credit and non-investment grade public fixed income offered by Crescent Capital Group ("Crescent")

Real assets:

- o Real estate equity and debt offered by BentallGreenOak ("BGO")
- o Infrastructure equity across a range of listed and unlisted portfolios offered by InfraRed Capital Partners ("InfraRed")

MFS Investment Management ("MFS"):

Asset manager offering a comprehensive selection of actively managed equity and fixed income products to retail and institutional investors globally, including pension plans, sovereign wealth funds, monetary authorities, and endowments and foundations.

FUND PLATFORMS

Sun Life Global Investments (“SLGI”):

Retail investment manager offering Canadians a diverse lineup of mutual funds and innovative portfolio solutions through a global investment platform.

Sun Life Group Retirement Services (“GRS”):

The largest Canadian workplace retirement and savings plan provider, offering capital accumulation plans and defined benefit plans to plan sponsors and Sun Life employees. Plan sponsors are typically companies or other organizations.

OUR APPROACH AT A GLANCE

Meeting our fiduciary duty to Clients

Integrating ESG into all stages of the investment process

Prioritizing stewardship, engagement and education

Supporting a low-carbon and more inclusive economy

Advocating for supportive public policy and regulation to advance sustainable investing

Strengthening transparency and reporting to help stakeholders evaluate our efforts

LEARN MORE

Sustainability Report – 2021 Performance

1 CFA Institute. “Sustainable Investing and Investment Management”. 2021.

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SUSTAINABLE INVESTING

Sustainable Investing

Sustainable investing

2021 PERFORMANCE

New sustainable investment goals and ESG leadership

- Announced goal to achieve net-zero greenhouse gas (GHG) emissions by 2050 for our investments, with interim targets to be established in 2022.

- o As an asset owner, Sun Life plans to achieve net-zero GHG emissions in its general account which holds funds from insurance policy premiums and is managed by SLC Management, our fixed income and alternatives asset management firm.

- o Sun Life's other asset management companies will also drive net-zero efforts. These companies include MFS, SLGI, and SLC Management companies BGO and InfraRed. As part of their pledge, these companies have joined the Net Zero Asset Managers initiative, an international group of asset managers committed to supporting the goal of net-zero emissions by 2050 or sooner and interim targets by 2030 or sooner.

- BGO became a Signatory to the Operating Principles for Impact Management (“Impact Principles”), positioning the firm’s BGO Diversified

Fund (“BGO-D”) among the first open-end, diversified, core, equity real estate funds to commit to this global framework. Signing on to the Impact Principles builds on an established history of economic and social development and further cements BGO-D’s position as the firm’s U.S.-based Impact Fund.

- Increased our sustainable investing bench strength. SLC Management appointed a Global Head of ESG, reporting directly to SLC Management’s President. Additionally, expertise has been developed and expanded within teams responsible for sustainable investing activity.

- MFS strengthened its stewardship capabilities by merging its proxy voting team with its investment team and adding new team members. The stewardship team’s position within the investment team will enhance collaboration between MFS's stewardship professionals and investment professionals. Outside of the

stewardship team MFS added four ESG professionals dedicated to engaging with Clients and the investment industry.

Growing our sustainable investments

- Made progress towards our \$20 billion sustainable investment commitment with \$6.8 billion in new sustainable investments in 2021. These additional investments ranged from renewable energy, energy efficiency, sustainable buildings and clean transportation, to social infrastructure projects, such as hospitals. Sun Life currently has over \$65 billion in sustainable investments combining assets primarily through the general account and SLC Management's Client investments.

- InfraRed, on behalf of a fund it manages, and alongside the Celsus consortium, completed a refinancing of the new Royal Adelaide Hospital.

With this refinancing, the existing debt facilities were replaced with the world's largest sustainability-linked loan in the health-care sector, and the largest green project finance loan in Australia². The landmark A\$2.2 billion transaction recognized the sustainability credentials of the hospital. For more details on this project, refer to Refinancing of New Royal Adelaide Hospital.

Progress towards \$20 billion commitment in new sustainable investments by 2025

\$6.8
\$0
\$5 \$10
(\$ billions)
\$15 \$20

- The Renewables Infrastructure Group Limited ("TRIG"), a fund InfraRed manages, invested in a greenfield solar transaction in Spain. The multi-stakeholder project consists of four solar photovoltaic sites. These sites will be operational by the end of 2022 and will act as a reliable source of renewable energy for the region, addressing predictable electricity demand and offsetting approximately 160,000 tonnes of carbon per year. Given the concerns in the solar industry, InfraRed undertook extra due diligence on the key parties in the supply chain of the panels themselves. Enhanced measures included, where possible, on-site tracing of components to factories and locations. The supply chain is being monitored throughout the construction process. InfraRed and its partners developed a video that outlines their considerations throughout the development process.

At SLC Management, we are committed to a bold and credible approach to sustainable investing, in strong partnership with our Clients and consistent with our global business objectives.

Anna Murray, Managing Director, Global Head of ESG, SLC Management

Sustainability Report – 2021 Performance

2 As at July 2021.

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SUSTAINABLE INVESTING

Sustainable Investing

Sustainable investing

Expanding sustainable investing opportunities

- Launched the Sun Life Malaysia Global Sustainable Fund, the country's first sustainable investment-linked fund. We are the first insurer in Malaysia to offer sustainable investing choices to consumers, making sustainable investing accessible to Malaysians.

- SLGI launched the Sun Life KBI Sustainable Infrastructure Private Pool (the "Pool"). The Pool supports investors' growing demand for sustainable investing options, while offering income and inflation protection. The Pool, sub-advised by KBI Global Investors (North America) Ltd., is built to capture a trillion-dollar opportunity in global sustainable infrastructure, focusing primarily on water and food infrastructure and technological advances in clean, efficient and renewable sources of energy. As of Dec 31, 2021 (two months after launch), AUM reached \$469 million.

- GRS now offers 13 divestment/exclusionary funds and 4 sustainability-focused funds. However, the majority of GRS plan administrators focus on ESG integration within traditional funds, supported by plan member education that describes how the funds integrate ESG. Refer to additional highlights under ESG screening and evaluation and education and engagement.

Sustainability Report – 2021 Performance

ESG screening and evaluation

- Continued building the ESG screening capabilities of our in-house International Investment Centre (IIC). The IIC functions as an investment research and consulting group for Sun Life business units globally. It closely monitors and assesses third parties that manage investment strategies on behalf of Sun Life businesses. The IIC considers each manager's integration of ESG factors. In 2021, the IIC added climate-specific questions to annual assessments of these managers. Questions cover areas such as employee compensation linked to climate targets, carbon-related exposures and how climate risks are integrated in research and portfolio management. Key findings are summarized and included in due diligence reports.

- SLC Management updated its proprietary ESG plus scoring methodology to place a larger emphasis on GHG emissions profiles for non-financial corporates. This enhanced analysis looks to standardize the assessment of transition risks and to continue to build capabilities within our investment teams around company-level carbon assessments. When considering a longer-term investment in fossil fuel related companies, SLC Management reviews the companies' carbon reduction plans and ability to transition to a lower-carbon future.

3 As at September 30, 2021. 4 As at September 1, 2021.

- Using our proprietary scoring methodologies, scored substantially all of our internally managed active investment grade public corporate and private fixed income general account assets, during both initial and ongoing reviews. This activity covers the majority of general account assets. We consider ESG factors in all investment analysis, but are not yet able to apply our scoring methodologies to certain asset classes due to a lack of credible and robust data.

- Continued rebalancing portfolios as a result of our ESG investment reviews. In the Philippines, for instance, we divested out of all tobacco stocks in Sun Life's general account, as part of our asset owner commitment to a tobacco-free investment portfolio. In Malaysia, we reduced our investments in independent coal-fired power producers by 75% over the last three years.

- SLGI formalized its ESG manager oversight approach with the development of a heat map encompassing three core pillars: firm-wide commitment, strategy implementation and active stewardship. This three-fold perspective is grounded in the belief that ESG integration is a strategic imperative and an evolving journey.

- Introduced new ESG evaluation criteria into year-end performance reviews for employees at Crescent. Employees are expected to demonstrate commitment to ESG principles and incorporate ESG factors into investment analysis and/or decision-making processes to promote and advance the firm's ESG program.

- MFS's ESG analysts developed a framework for assessing the environmental impacts of single-use plastic packaging and the implications for the entire plastics value chain. Analysts' evaluation included engagements with various companies and the development of data sets to compare company progress to stated targets.

- Utilized BGO's proprietary Social Impact Assessment tool at properties representing over \$34 billion in AUM³ across the BGO portfolio, between October 2020 to September 2021. The tool is used to determine an investment's overall positive social impact and to recommend opportunities for future improvements.

- BGO achieved Fitwel Viral Response Certification and Viral Response Approvals for the largest portfolio of commercial real estate properties in Canada⁴. This certification was given for BGO's leading efforts to mitigate the spread of infectious disease and support a safe return to the workplace.

- Evolved the proprietary GRS ESG evaluation framework which was first launched in July 2020 to help Clients identify managers and funds who are ESG leaders. GRS works one-on-one with plan administrators to integrate elements of the ESG evaluation framework into each step of their sustainable investing journey. GRS

uses the framework to engage its core platform managers on areas where they could improve their ESG integration and/or active ownership practices or reporting.

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SUSTAINABLE INVESTING

Sustainable Investing

Sustainable investing

Education and engagement

- Developed a wide range of educational content for Clients on sustainable investing topics. For example:
 - o SLC Management expanded its popular ESG plus webinar series, enabling employees to hear from our ESG investment experts during these 45-minute lunch-and-learns. Other educational resources for Clients included ESG insights, podcasts, educational videos, and fact sheets on how our investments integrate ESG.
 - o GRS hosted a variety of sustainable investing events and industry seminars.
 - o SLGI produced several thought leadership pieces including one on applying ESG to manager oversight and another on the basics of ESG.

[CLICK HERE](#)

- Created a Sustainability Playbook for GRS plan administrators and their advisors. The Playbook contains relevant research and articles, and identifies actions that plan administrators can take to align their corporate sustainability plans with their workplace savings plans.
- Launched a campaign to help GRS plan members make informed decisions when it comes to sustainable investing. As part of this campaign, GRS created a new Sustainable Investing webpage. The page offers plan members general education and information on how funds integrate ESG.
- Expanded SLC Management's and MFS's engagement activities through Climate Action 100+ and other collaborative initiatives.
 - o SLC Management joined four new collaborative engagements with companies in the energy and paper sectors. In addition, we became a Founding Participant and Contributor in Climate Engagement Canada (CEC). This finance-led initiative aims to drive dialogue between the financial community and Canadian corporations to promote a just transition to a net-zero economy.
 - o MFS is a member of four engagements with companies in the aerospace and defence, energy and food industries.
- Contributed to public policy and industry developments. For example:
 - o GRS is one of the participants on a Canadian Association of Pension Supervisory Authorities industry working group. The working group is developing a principles-based guideline for the integration of ESG factors in pension fund investment and risk management.
 - o GRS also participates in an Association of Canadian Pension Management ESG group. The group will issue a paper to help Canadian pension plan administrators understand their fiduciary duties relating to ESG and how to implement an appropriate sustainable investing strategy.
 - o Sun Life is a participating organization on the Sustainable Finance Action Council, launched by the Government of Canada in 2021. The council brings together public and private sector financial expertise to support the growth of a strong, well-functioning, sustainable finance market.

SUSTAINABLE INVESTMENTS¹

Category of investment 2021* (\$ millions) 2020* (\$ millions) New investments in 2021

Renewable energy \$10,891 \$9,709 13

Energy efficiency \$1,888 \$1,643 8

Sustainable/green buildings² \$35,715 \$33,706 58
 Clean transportation \$1,306 \$1,884 2
 Sustainable water management \$719 \$650 0
 Access to essential services \$9,186 \$9,910 15
 Green, social and sustainability bonds \$5,477 \$2,594 **
 96 new real estate and
 TOTAL \$65.2 billion \$60.1 billion infrastructure investments³ worth
 \$6.8 billion⁴

* Portfolio at December 31 (general account and third-party Clients). Client asset values included represent a non-IFRS financial measure. ** Bonds are publicly traded assets purchased and sold throughout the year.

1 Criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles, GRESB Real Estate Benchmark, and PRI Impact Investing Market Map. Where issuers do not obtain a third-party opinion or provide an internal opinion on their issuance, our investment professionals apply judgment to assess whether the use of proceeds meets the standards set out in the ICMA principles. Does not include all holdings in companies that may be defined as sustainable under other taxonomies. Direct investments only; does not include third-party funds.

2 Real estate assets include investment properties, owner-occupied property and real estate in limited partnership investments.

3 Examples of typical new investments include solar, wind and hydro renewable energy investments, energy efficiency projects, affordable housing, and long-term care facilities.

4 Value as at transaction date. Client asset values included represent a non-IFRS financial measure.

Sustainability Report – 2021 Performance

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SUSTAINABLE INVESTING

Sustainable Investing

Sustainable investing

- MFS began sending out a climate-related letter to its 700 largest and highest-emitting portfolio holdings. This letter outlines MFS's support of the Paris Agreement and the goal of limiting temperature increases to 1.5° Celsius above pre-industrial levels. MFS asked the companies in which it invests to disclose carbon and related data, plan strategies

to reduce their impacts and act on those strategies in both the short and intermediate terms. This request is consistent with MFS's commitments under the Net Zero Asset Managers initiative.

- Enhanced the second annual ESG training program at MFS to help employees across the firm develop their expertise in sustainable investing. As well, MFS developed a program of monthly sustainability seminars for its investment team. The program features a wide range of external presenters, including asset owners and managers, academics and other industry stakeholders who share their perspectives on sustainability-related issues.

- GRS provided training on sustainable investing concepts, including approaches, to key staff dealing directly with Clients.

RECOGNITION

For the second consecutive year, MFS was named an Avant Gardist firm by the Responsible Investment Brand Index

BGO marked 11 consecutive years of excellence and industry leadership in ESG in the 2021 GRESB Real Estate Benchmark. Sun Life's general account achieved a 5-star rating with a score of 89/100 and ranked first in and named Sector Leader in Developments.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

MFS – Sustainable Investing Annual Report

SLC Management – Sustainable Investing Report

SLC Management – Sustainable Investing Policy BentallGreenOak – Corporate Responsibility Summary

InfraRed – Sustainability Report

Sun Life Global Investments

Sun Life Group Retirement Services

Sustainability Bond Framework

Sustainability Bond Use of Proceeds Report

Sustainability Report – 2021 Performance

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TRUSTED AND RESPONSIBLE BUSINESS

Trusted and Responsible Business

.....

OPERATING AS A Trusted and Responsible Business

We aspire to be a responsibly-managed business that is Client-focused, competitive, forward-thinking, financially and environmentally resilient, and sustainable for the long term.

Operating ethically, treating our Clients and employees with utmost respect, and acting on critical environmental and societal issues are all vital components of maintaining the longevity and resiliency of our business.

Our priority Sustainable Development Goals:

Increased security with more cyberthreat safeguards

Achieved CarbonNeutral

company certification across our global operations¹

Most trusted brand in

the Philippines

Sun Life Philippines was recognized as the most trusted insurance and investment brand at the Trusted Brand Awards 2021, organized by Reader's Digest.

Sustainability Report – 2021 Performance

1 Includes the offices of MFS and SLC Management affiliates (BentallGreenOak, InfraRed and Crescent).

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CLIENT EXPERIENCE

Trusted and Responsible Business

Client experience

Client Experience

Serving Clients when, where and how they want

In a changing and increasingly digital world, the Client experience is taking on a whole new meaning. Today's consumers want speedy, convenient and friendly service, and a company that makes them feel valued.

We put Clients at the centre of everything we do. We aim to consistently provide great service experiences for our Clients. To meet their evolving expectations, we're simplifying our processes, improving the way we handle complaints and enhancing communication. We're working hard to support their financial security and health management goals, too. Our efforts in these areas are discussed in the Financial Security and Client Health sections of this report.

99%

of Sun Life Canada employees completed Client-focused training

Most trusted brand

in the Philippines

Sun Life Philippines was recognized as the most trusted insurance and investment brand at the Trusted Brand Awards 2021, organized by Reader's Digest.

OUR APPROACH AT A GLANCE

Providing better Client communication and connections Marketing and selling responsibly Resolving complaints the right way Measuring the Client experience

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Better Client communication and connections

- Proactively connected with Clients in Canada over 153 million times in 2021 through Ella, our digital coach. This is up 25% from the previous year.

- Continued to provide more simplified, plain language information and tools for our Clients worldwide. Plain language has been a major

Sun Life initiative for several

years now. In Canada alone, we rewrote 956 documents in 2021

to make information clearer and understandable for our Clients. These documents ranged from Client letters to insurance forms. Since 2017, we have improved more than 3,000 documents through our plain language initiative.

- Merged our Ombuds Office in Canada with our Client Advocacy team. Our new structure has streamlined and sped up the complaints process for Clients, thereby improving their overall problem resolution experience.

We also implemented a new digital

intake form to make it easier for Clients to engage with us. We acknowledged 99% of Clients within one business day of receiving their concern.

- Launched a new pilot in Hong Kong to collect Client feedback after key moments with Sun Life such as at the end of their onboarding experience. After their interaction, Clients are invited to complete a short survey. To improve our service quality, collected data is presented in a digital dashboard to facilitate in-depth analysis and follow up. The first survey was launched in November and we received three times higher than the average response rate.

Client experience metrics

- Recorded a slight decline in our global Client Experience score, by one point compared to 2020¹. We attribute this decline to the fact that in 2021 we didn't proactively reach out to Clients as much as in 2020, when our teams conducted more proactive contact to address Client uncertainty created by the onset of the COVID-19 outbreak. We are pleased that our score is still above pre-pandemic levels as we continue our focus on delivering well above Client expectations.

- Continued to effectively resolve Client issues in the U.S. We survey Clients after problem resolution. These surveys show 95% of Clients were satisfied, compared to 94% in 2020.

- Experienced 875 complaints investigated by our Client Advocacy team in Canada. We believe that before the change we introduced early in 2021 (described on the left), not everyone who had a negative experience knew how to let us know. We're

pleased to hear from more of those Clients, so we can learn and fix the root cause issues that generate complaints. Although the number of complaints is a substantial increase from 2020, 100% of the cases reviewed by an independent complaint resolution body or regulator² resulted in a recommendation consistent with Sun Life's final position.

JUST THE NUMBERS

ESG Performance Tables

¹ Refer to Report Scope - Note 6.

² Represents cases investigated by OmbudService for Life and Health Insurance, Ombudsman for Banking Services and Investments, or Autorité des marchés financiers. 28

TALENT MANAGEMENT

Trusted and Responsible Business

- Talent management • • • • •

Talent Management

Rewarding, engaging jobs build a productive, passionate team

Empowered people and inclusive culture is part of our Client Impact strategy. It's about hiring people with the right skills and investing in their development. It's about empowering our people to be action-oriented and accountable.

We also want our employees to feel motivated in their work and connected to their Sun Life experience. When they are, we believe they'll be more productive and passionate in delivering on our Purpose.

OUR APPROACH AT A GLANCE

Creating inspiring and flexible workspaces for a post-COVID-19 world Providing a wide range of training and development opportunities Investing in next generation talent and leaders

Engaging employees through multiple communication channels

LEARN MORE

89% \$25 million

employee engagement score¹, invested in training and development³ exceeding the global financial services norm²

Sustainability Report – 2021 Performance

2021 PERFORMANCE

- Maintained an 89% employee engagement score¹, exceeding the global financial services norm².

Employees continue to indicate they are better enabled to get work done and are more likely to recommend Sun Life as a place to work.

- Continued to support work flexibility. While working from home was a pandemic necessity, many employees have embraced it as a way to balance work and personal priorities. Others prefer working in an office away from home.

In North America, unless their role requires them to be at the office, our people will be able to choose the work arrangement that best supports their well-being, while continuing to meet Clients' needs. Other regions are determining how to shape their office re-opening models.

- Updated our recruitment practices

to foster a more inclusive process and engage diverse talent. An ongoing study of our recruitment practices is uncovering new data. We're using these insights to help us better reach diverse candidates, including those in underrepresented groups. Refer to the Diversity, Equity and Inclusion section for more information about initiatives like this one.

- Launched a program in Vietnam to support the next generation of young talent. Successful applicants will go through a four-stage program:

- o an internship at Sun Life Vietnam, o an internship at one of Sun Life's other markets in Asia,
- o a full-time job offer, and
- o a short-term assignment at Sun Life Canada.

This immersive learning experience will help build future skills and provide direct access to leaders in different markets.

- Used robotics and AI to enhance our ability to recruit and keep top talent. For example, in our Asia Service Centres, a chatbot reaches out to employees throughout their career. It does employee check-ups, gauges engagement, analyzes moods and collects feedback.

- Launched the Brighter Academy, a holistic on-boarding and development program for advisors in Asia. Sun Life created the academy to support advisors at every stage of their career, from rookie to agency manager. The academy supports our focus on distribution excellence by helping our advisors become the ‘Most Respected Advisors’ in the eyes of our Clients.

- Experienced an increase in employee turnover, with a rate of 14.6% in 2021, up from 9.3% the previous year⁴. Average turnover during the pandemic (2020/2021) remains below pre- pandemic levels.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Careers at Sun Life

1 72% of employees surveyed participated. Refer to Report Scope - Note 2.

2 Based on Willis Towers Watson's Benchmark of Global High Performance Companies and Global Financial Services.

3 Refer to Report Scope - Note 3.

4 Refer to Report Scope - Note 5. 29

DIVERSITY, EQUITY AND INCLUSION

Trusted and Responsible Business

• • Diversity, equity and inclusion • • • •

Diversity, Equity and Inclusion

Unleashing creativity, innovation and value

The fight for true inclusion in our society remains as critical as ever. Racism, discrimination and social inequality are serious, long-standing issues for society, as well as for businesses.

Sun Life is stepping up efforts to drive meaningful change. We believe in the importance of an inclusive and caring culture. That's key to attracting great talent and supporting an engaged workforce. These values also help serve the needs of our Clients and communities around the world. Our firm commitment to diversity, equity and inclusion (DE&I) is directly aligned with our Purpose, business strategy and success as a company.

62%

of our CEO's direct reports self-identify as women, and women make up 45% of our global executive team

94%

of employees¹ say that Sun Life supports diversity in the workplace, and that the company recognizes and respects the value of human differences

1 Based on global employee engagement survey. 72% of employees surveyed participated. Refer to Report Scope - Note 2.

TARGETS BY 2025

Progress in 2021

50% Women² in VP+ roles globally 35% (up from 34% in 2020)³

25% Underrepresented ethnicities⁴ in VP+ roles 16% (up from 15% in 2020) (North America)

3.5% Black employees in VP+ roles in Canada⁵ 2% (up from 1% in 2020)

5% Black employees in student workforce in Canada⁵ 4%

50% Women on Board of Directors 42% (up from 36% in 2020)

5% Percentage of total direct spend (North America) 1.6% (up from 1.3% in 2020) with certified diverse suppliers⁶

Progressive Aboriginal Relations (PAR) certification

For our Canadian operations

OUR APPROACH AT A GLANCE

Driving progress through a global DE&I strategy

Focusing our DE&I actions on Clients, colleagues and communities Supporting external initiatives Engaging employees in building an inclusive culture
Protecting and supporting human rights around the world
Measuring and reporting on our progress
LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Demonstrating our commitment to real change

- Continued to focus on leadership diversity:

- o Reached 35% women in VP+ roles globally^{2,3} (target 50% by 2025)

- o Reached 16% underrepresented ethnicities⁴ in VP+ roles in North America (target 25% by 2025)

- Achieved our minimum gender representation goals for Board members, with 42% self-identifying as women and 58% self-identifying as men. We continue to aim towards balanced gender representation.

- Continued monitoring our pay programs to ensure pay decisions and pay levels are equitable between men and women and other diverse groups.

- o In North America, the average

- total compensation for women as a

- percentage of men is between 94% and 99%⁷. Gender results at the senior management (VP+) level tend to be less stable because of changing populations in smaller samples. For example, promotions and retirements can have a material impact on results.

- o We expanded our disclosure of gender results to include Asia^{7,8}. Average total compensation for women as a percentage of men is between 97% and 106% at the middle management and staff levels. At the senior management level, populations are too small to report meaningful data.

2 Individuals who have self-identified as women.

3 Refer to Report Scope - Note 5.

4 Canada: those who voluntarily self-identify as Visible Minorities per the Employment Equity Act; U.S.: those who voluntarily self-identify

as People of Color per the Equal Employment Opportunity Commission.

5 Part of a series of commitments included in our role as signatory to the BlackNorth Initiative. Data based on voluntary self-identification.

6 Based on the current maturity of our supplier diversity program, external research and benchmarking we determined that 3-4% was a reasonable target for 2025. We set an ambitious target of 5% to demonstrate our commitment to supplier diversity.

7 Calculated for full-time employees only, excluding those participating in specialized incentive plans; includes base salary, annual incentives and long-term incentive grants.

8 Countries in Asia include India, Indonesia, Hong Kong and the Philippines.

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DIVERSITY, EQUITY AND INCLUSION

Trusted and Responsible Business

- Diversity, equity and inclusion • • • •

- o We also expanded our disclosure to include results for other diverse groups. The average total compensation by job level for underrepresented ethnicities⁴ in North America is equal to or higher than non-underrepresented ethnicities⁹ (100% to 105%).

- Expanded our disclosure of Black and Indigenous representation in Canada. This increased transparency aligns with our commitments to the BlackNorth Initiative and Progressive Aboriginal Relations (PAR).

- Developed our Diversity, Equity & Inclusion Strategy 2025. It outlines our focus areas, the progress we're making and our promise to keep pushing for action. We're taking stronger measures to build inclusivity in our workplace and in our communities. Our focus is on groups and individuals most in need due to systemic challenges. We want to improve not just company policies and programs, but everyday experiences.

- Developed a project plan to assess human rights impacts and risks in our operations and investments with work to be completed in 2022. We had already identified this work as a priority, and our 2021 stakeholder materiality assessment validated its importance.

Contributing meaningfully to an inclusive society

- Offered employees training on using inclusive language and accessible content in their interactions with Clients. At the same time, we increased research and user testing to better understand our Clients and their diverse product, service and information needs.

- Established a supplier diversity spend target of 5% by 2025 in North America (our diverse spend was around 1% in 2020). We want to increase our relationships and spending with diverse suppliers. These are business entities that are certified as diverse through a recognized third-party diversity council. They must be at least 51% owned and operated by an individual or group that is traditionally underrepresented. To achieve our target, we have developed an action plan. It includes outreach and communication, internal training, supplier mentorship/certification opportunities, modernizing our supplier screening and selection process, and progress reporting.

- Launched a new scholarship program to help level the playing field and break down barriers. The Dean Connor Sun Life Inclusion Scholarships for Black and Indigenous Students support equity for Black and Indigenous students in higher education and in career opportunities. Up to 100 scholarships worth \$5,000 each will be awarded over the next five years. These scholarships include a summer placement in one of our businesses and access to a Sun Life mentor. Dean Connor led Sun Life for a decade as President and CEO, until his retirement in 2021.

- Pledged support to help underserved communities live healthier, more active lives. Indigenous communities in Canada are a key focus for Sun Life. While we have contributed to Indigenous communities over many years, in 2021 we amplified this commitment. For example, we:

- o Made a \$200,000 donation to Spirit North as part of a two-year \$400,000 commitment, providing health programming for Indigenous children and youth. Refer to Community Wellness for more details.

- o Partnered with Our Children's Medicine on a two-year sponsorship focused on Indigenous employment and community wellness, including a \$24,000 donation.

- o Provided financial aid of \$25,000 through Indspire's Building Brighter Futures: Bursaries, Scholarships and Awards program to Indigenous full- and part-time students entering post-secondary education programs.

- o Supported Right to Play's Promoting Life-Skills in Aboriginal Youth (PLAY) program. This program equips Indigenous children and youth across Canada with the knowledge, life-skills, and resources to make healthy lifestyle choices and protect against chronic diseases.

- Provided support to racial justice and advocacy organizations to help them raise awareness of social issues and bring more opportunities to communities of colour. Our support included funding for Boston Children's Museum's You Me We Exhibit, The 7uice Foundation, NAACP Legal Defense and Educational Fund, Inc., the Smithsonian National Museum of African American History and Culture, and the United Way of Massachusetts Bay and Merrimack Valley's Board Connection Program.

- Continued to create regional activities that celebrate local communities around the world.

For example, August through September is a special time for Malaysians. This is the time when they commemorate Malaysia's independence and celebrate both the unity and diversity of its people. Sun Life Malaysia ran online celebrations like a trivia quiz and contest to encourage Malaysians to join in celebrations and reflect on the Malaysian identity.

For more DE&I community initiatives, refer to the Community Wellness section.

Embedding inclusion in our workplace culture

- Expanded our commitment to Indigenous communities in Canada by starting the PAR certification process. PAR is a certification program of the Canadian Council for Aboriginal Business. PAR certification confirms corporate performance in Indigenous relations. Companies must complete a multi-year verification process that measures outcomes and initiatives in four areas: leadership actions, employment, business development and community relationships. We are the first major insurance company to begin PAR certification.

Sustainability Report – 2021 Performance

9 Includes primarily employees who self-identify as white, those who choose not to identify and those for whom there is no data.

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DIVERSITY, EQUITY AND INCLUSION

Trusted and Responsible Business

• • Diversity, equity and inclusion • • • •

- Increased opportunities for employees to learn more about DE&I. We're responding to a growing demand among employees to better understand DE&I and how to build individual inclusion skills. Among our new initiatives in 2021, we:

- o Delivered new gender equity training to help employees learn about gender identity and inclusive language.

- o Offered employees the Kaleidoscope three-month digital learning experience about DE&I. It's the world's leading interactive digital inclusion program

for DE&I, incorporating social learning and discussion guides.

- o Created a DE&I online glossary. It helps employees understand inclusive terminology when speaking with colleagues, Clients and communities.

- Supported employee inclusion groups and diversity discussions across Sun Life.

For example, we have an employee communication platform that provides a safe space to become more comfortable having uncomfortable conversations about DE&I topics. We have covered topics like racial injustice, systemic racism, micro-aggressions and sexism. Employees have eagerly participated in respectful conversations to learn more about creating change at work.

RECOGNITION

2022 Bloomberg Gender-Equality Index (5 consecutive years)

Gold medal for Best Advance in Diversity and Inclusion Innovation, with Hive Learning, from Brandon Hall Group Excellence in Technology Awards. This award recognizes our work to advance DE&I at scale through the Kaleidoscope learning experience.

2022 Human Rights Campaign's Corporate Equality Index (100% score, 14th consecutive year)

Named the Best Company for Women at the AmCham 2021 Women of Influence Awards. This recognition was given for our commitment to advancing women by driving a respectful and inclusive workplace.

2021 LGBT Corporate Canadian Index (100% score)

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Diversity, Equity & Inclusion Strategy 2025 Diversity, Equity and Inclusion webpage

Sustainability Report – 2021 Performance

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ER

CLIMATE AND ENVIRONMENTAL ACTION

Trusted and Responsible Business

• • • Climate and environmental action • • •

Climate and Environmental Action

Carbon neutral from 2021. Net-zero by 2050.

We're keenly aware the window of opportunity to avert the worst impacts of climate change is closing. Around the world, people are demanding that governments and corporations do more – much more – to tackle the climate emergency. There are calls for greater emission cuts, more climate financing and strong adaptation initiatives.

Sun Life is committed to being part of the solution. We cannot achieve our Purpose without serious action to address climate change and support the transition to a low-carbon economy. Guided by ambitious targets and plans, we're intensifying our actions to limit climate change and steward a more sustainable environment, society and economy. With \$1.4 trillion in AUM¹ and 50,000 employees and 118,000 advisors globally, Sun Life is positioned to have a meaningful impact on the global goals of the Paris Agreement and the critical transition to a low-carbon economy. Refer to Sustainable Investing for more details on our sustainable investment approach, including the ways we're supporting this transition.

GOALS

Net-zero greenhouse gas

(GHG) emissions by 2050, for investments and operations. Interim targets to be set in 2022.

Carbon neutral operations globally from 2021

50% absolute reduction of GHG emissions in our operations by 2030, relative to 2019²

OUR APPROACH AT A GLANCE

Setting and working towards interim targets aligned to our net-zero goal in both our investments and operations

Assessing and mitigating climate risks across our businesses

Adapting our facilities and operations to improve climate resilience

Driving smarter conservation practices

Embedding accountability at all levels of Sun Life

Measuring our performance and focusing on transparent reporting Contributing to global climate efforts through industry collaboration and advocacy

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Deepening our commitments and reducing greenhouse gas emissions

- Stepped up our commitment to reducing GHG emissions significantly, with a goal of net-zero emissions by 2050. This announcement signals our support of more urgent action on this defining issue. The new goal was the result of intensive strategizing, not only within our group of companies, but in some cases, with others in our industry through the Net Zero Asset Managers initiative. This international group of asset managers is committed to supporting the goal of net-zero GHG emissions by 2050 or sooner. Data management and governance, engagement, business integration and investment solutions, among other initiatives, are areas of focus. A critical aspect will be calculating financed emissions for key portfolios using cutting-edge methodologies. In 2022, we will establish interim targets for select asset classes and build out plans to achieve them.

- Experienced a nominal increase of 0.3% in GHG emissions intensity³ across our offices and real estate investment properties globally. We continue to target GHG emissions reductions through a combination of initiatives across our sites. For example:

- o The solar power plant at our Asia Service Centre in India (ASCI) continued to meet approximately 6% of the facility's electricity needs, reducing the carbon footprint by over 56,000 kg in 2021.

- o BentallGreenOak's (BGO) Sun Life Financial Centre complex in Ottawa, Canada, implemented a range of innovative technologies to reduce GHG emissions and energy consumption. These enhancements included real-time carbon emission monitoring, heat reclaim and load sharing, and HVAC optimization via real-time data analytics.

- 1 Comprises general fund assets, segregated funds, mutual funds, managed funds and other AUM.
- 2 Includes emissions reductions from Sun Life's offices and corporate air travel. Reporting against this target to begin in 2022.
- 3 Sun Life calculates GHG emissions intensity annually and reports cumulatively versus the 2014 baseline. This includes GHG emissions resulting from energy, water, and waste (where weight data exists), and normalized to remove the impact of changing weather, occupancy and exceptional loads, for Real Estate Investment properties where Sun Life has financial control, and global Corporate Real Estate properties >40,000 ft² where Sun Life has financial control. Reported emissions account for the 33 purchase of renewable energy credits and carbon offsets (market-based reporting).

CLIMATE AND ENVIRONMENTAL ACTION

Trusted and Responsible Business

• • • Climate and environmental action • • •

- o New sustainability scorecards for major sites in North America and Ireland are measuring how well facilities are performing against LEED®4, WELL5 and Fitwel, as well as an Energy Efficiency Score. The scorecard covers the entire lifecycle of buildings, from building the space, through ongoing operations, then decommissioning. Thanks to this initiative, we have developed a roadmap to ensure our spaces are highly sustainable, based on multiple factors. There will be an annual review of sites, with new factors added each year.
- Achieved CarbonNeutral company certification across our global operations, including the offices of MFS and SLC Management affiliates (BGO, InfraRed Capital Partners and Crescent Capital Group)⁶. We continued efforts to reduce GHG emissions across our offices, and for the emissions that remained, we purchased credits from independently verified carbon offset projects. Selected projects were focused on conservation and biodiversity in Canada and Indonesia, reforestation in the U.S. and clean cookstoves for low-income communities in India.

Furthering advocacy and accountability

- Continued advocacy and collaboration with external stakeholders to develop supportive net-zero programs and policies that pave a path towards decarbonization. Examples of these initiatives include SLC Management's, Crescent's and MFS's membership in Climate Action 100+ and SLC Management's role as a Founding Participant and Contributor in Climate Engagement Canada. As part of our approach of stewardship, engagement and education, Sun Life pledges to work with its Clients across all sectors through its transition to net zero.
- Appointed our first Chief Sustainability Officer (CSO), reporting directly to the CEO. The CSO has overall accountability for sustainability, including climate change, across the enterprise. The CSO will further Sun Life's priority initiatives for sustainability and advocate for strong government policies and regulations that support a lower-carbon, more inclusive economy. Creating this important new role also strengthens governance and lines of accountability that will enable Sun Life to deliver on our commitments and remain accountable to our stakeholders.

Taking action beyond climate change

- Continued regional and global activities to improve air quality and reduce the use of plastic and paper in our operations. For example, the ASCI:
 - o Introduced an eco-friendly cleaning solution dispenser to reduce chemical use while still maintaining a safe and healthy workplace. The new dispensers provide the correct chemical dilution and replace the use of plastic containers, achieving multiple waste management benefits. This initiative has led to a 76.4 kg reduction in CO₂ and 29% in chemical savings annually. Where possible, ASCI replaces harmful cleaning chemicals with environmentally-friendly products.
 - o Ran several workforce campaigns, including upcycling drives and an Earth Hour pledge, taken by 280 ASCI employees.

o Reduced paper consumption by 25% through various paperless initiatives.

7

RECOGNITION

For the 11th consecutive year, the U.S. Environmental Protection Agency (EPA) awarded BGO with the ENERGY STAR® Partner of the Year–Sustained Excellence award. This award recognizes our leadership in energy management and achievements in reducing the environmental footprint of the Company's portfolio. Sun Life's Waterloo King building won the 2021 ENERGY STAR® Canada Awards for the Commercial Building of the Year. The awards recognize organizations that offer Canadians the most energy-efficient products and technology available on the market.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

TCFD Disclosures

2021 GHG Emissions Reporting Methodology 2021 GHG Emissions Assurance Statement

ENVIRONMENT-RELATED COMMITMENTS AND MEMBERSHIPS

Climate Change 2021

4 LEED® – an acronym for Leadership in Energy and Environmental Design™. It's a registered trademark of the U.S. Green Building Council®. The Canada Green Building Council is the sole license holder for the LEED® trademark in Canada.

5 WELL™ – The WELL Building Standard™, delivered by International WELL Building Institute™, is a global rating focused exclusively on the ways that buildings, and everything in them, can improve comfort, drive better choices, and generally enhance, not compromise, our health and wellness.

6 Refers to emissions from leased spaces under Sun Life's financial control approach.

7 SLC Management, Crescent and MFS are participating.

Sustainability Report – 2021 Performance

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RISK MANAGEMENT

Trusted and Responsible Business

• • • • Risk management • •

Risk Management

From environmental to economic and information security risks – we're risk ready

As a large asset manager and insurer, proactively identifying, measuring and managing risk is fundamental to our business. A risk management mindset helps us meet our financial commitments to Clients. At the same time, it protects our competitiveness and long-term sustainability.

A detailed discussion of our approach to risk management is in our Annual Report. The 2021 Performance section focuses on risk management as it relates to environmental and social risks.

97%

of employees completed risk- related training in 2021

Financial strength

ratings

Sun Life's financial strength ratings continue to be among the highest in the industry

OUR APPROACH AT A GLANCE

Following our Risk Management Framework to ensure a consistent approach across Sun Life Prioritizing risk management through our risk culture

Staying risk ready with global

risk management training Achieving control and accountability through three lines of defence

Managing climate-related risks

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

In 2021, we intensified our attention on rapidly evolving environmental and social risks. We continue working to build stronger risk management capabilities in these areas, as needed. Our leadership engaged in regular conversations and updates on sustainability risks and opportunities. Here are some of the key activities:

- Climate risk is discussed at various senior management and Board of Directors meetings. For example, the Executive Risk Committee and Risk Committee of the Board of Directors received quarterly reports on emerging and top risks. These reports periodically included references to climate change.
- Gained experience in climate change scenario analysis. We participated in a pilot project between the Bank of Canada, the Office of the Superintendent of Financial Institutions (OSFI) and five other financial institutions. We used the scenarios and guidance provided to analyze climate transition-related credit and market risks to bonds, loans and equities in the nine most carbon emission-intensive sectors in the economy.

The experience helped us:

- o gain a deeper understanding of potential carbon transition impacts;
- o develop needed skillsets, and better understanding the degree of resources and technical expertise required for this type of analysis; and
- o appreciate the important role industry initiatives can play in accelerating the timelines at which these capabilities can be developed.
- Contributed to ongoing regulatory and policy responses to climate-related risks. For example, we responded to the OSFI discussion paper entitled “Navigating Uncertainty in Climate Change.” We support OSFI’s continued focus on climate-related risks. Our response provided feedback on:
 - o questions around climate-related scenario analysis,
 - o our disclosure and risk management practices, and
 - o other topics related to the risks presented by climate change.
- Updated our TCFD-aligned disclosures in our 2021 Annual Report. These disclosures give stakeholders insight on governance, risk management, strategy and metrics and targets related to climate change.

Ratings are as at December 31, 2021 and for Sun Life Assurance Company of Canada

FINANCIAL STRENGTH RATINGS

AM. BEST A+ DBRS AA MOODY'S Aa3 S&P AA

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Annual Report

Annual Information Form Financial Strength Ratings

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DATA SECURITY AND PRIVACY

Trusted and Responsible Business

- • • • • Data security and privacy •

Data Security and Privacy

Evolving risks. Evolving our defences.

In the digital age, organizations like Sun Life hold more personal information than ever before. Our Clients and the public trust us with their information. That’s why we see it as critical for Sun Life to take a leadership role to manage their data safely and responsibly.

New cyberthreats continue to emerge, and a surge in remote work and online financial services creates different data risks. We must work to find and prevent threats before they happen. This effort requires a constant evolution of best practices.

36

phishing simulation test scenarios delivered to employees, contractors and Canadian advisors (combined total)
These tests gauge and deepen their knowledge of cyber risks.

97%

of employees and contractors completed security and privacy training

OUR APPROACH AT A GLANCE

Delivering comprehensive training on data protection

Using powerful security safeguards to defend against cyberthreats Embedding privacy protection into our culture and processes Collaborating with external organizations to boost our efforts

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

Increased security with more cyberthreat safeguards

- Delivered 36 phishing simulation

test scenarios. Phishing emails are the most common cyberattack and Sun

Life remains vigilant in monitoring for potential threats. We delivered phishing test scenarios to employees, contractors and Canadian advisors every month. Some recipients failed the test by clicking links/attachments in tests. In those cases, we provided additional resources and learning activities to build their security awareness. Employee and contractors who failed more than two simulations also got extra training modules.

- Added an extra layer of email threat detection to protect our workforce

from external malicious email attacks. This solution protects against advanced targeted attacks like Business Email Compromise, spear phishing, and account compromise emails. It succeeds by using a behavioral profiling approach.

- Increased our ability to identify and block attacks by using a proactive approach. We introduced bot manager, an attack detection platform to strengthen our cybersecurity capabilities. Bot manager uses deep-learning algorithms to adjust to trends in traffic on Sun Life websites and mobile apps. It's designed to find and send only clean traffic, thereby preventing attacks on our systems. Also, our Security Information Event Management (SIEM) platform now provides deeper user and entity behaviour analytics. By comparing security events from various devices, SIEM identifies potential malicious events and alerts security response teams.

- Launched a four-week cybersecurity challenge to remind employees to use secure practices and advance their knowledge of cyberthreats. We created weekly challenges for employees, covering password security, multi-factor authentication, personal device security and securing your personal wi-fi. The cybersecurity challenge is part of a series of communications and resources we post throughout the year. These initiatives help keep security top of mind and build employee skills.

Privacy enhancements inside and outside of Sun Life

- Improved transparency around our privacy practices, with updated, plain-language content in our Global Privacy Statement. This statement tells our Clients and the public what they can expect of us when we collect and use their personal information. Our statement reinforces our promise to do what's right, rather than only what laws require.

- Enhanced the way we conduct Privacy Impact Assessments (PIAs) for new business initiatives, including providing guidance around ethical considerations. Conducting a PIA is a strong risk management practice for identifying

and mitigating privacy risks. PIAs also help employees better understand and address privacy risks. The PIA process generates a wealth of insights for reporting and analysis and will help us target areas for improvement and better manage risks.

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DATA SECURITY AND PRIVACY

Trusted and Responsible Business

- • • • Data security and privacy •

- Boosted our privacy training and support tools to help employees build and keep up their awareness year-round. For example, we:
 - o enhanced our mandatory training program. We also created new micro- training modules on specific processes, like Privacy Incident Management and completing Privacy Impact Assessments.
 - o created new privacy resources for employees and leaders. These materials include a video series showcasing our data principles in action at Sun Life. More than 5,000 employees viewed the videos.
 - o engaged in a range of communication activities across the company. We delivered privacy presentations at Sun Life town halls. And we communicated privacy messages for Data Privacy Day 2021, through both internal and external social networks.
- Experienced one substantiated privacy complaint from a regulatory body in 2021 concerning an access request during a fraud investigation. A small adjustment to our process corrected the matter that led to the complaint.
- Continued to advocate for and provide leadership on privacy and data security by hosting and participating in external events. Sun Life is a member of the Canadian Anonymization Network (CANON) Steering Committee. We contributed to CANON's 2021 Report on Practices for Generating Non-identifiable Data. This report was funded by the Contributions Program of the Office of the Privacy Commissioner of Canada. The report documents data de-identification practices by large data custodians in Canada. It also shares best practices with a wider community, identifying what works and what requires improvement. Suggestions include broader changes that will require cooperation from regulators, legislators and data users.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Security at Sun Life Your privacy at Sun Life

Sustainability Report – 2021 Performance

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GOVERNANCE AND ETHICS

Trusted and Responsible Business

••••• Governance and ethics

Governance and Ethics

Empowering our people to do the right thing

Good governance and behaviour are essential for any sustainable business. They're especially important for financial services companies like ours. Sun Life's reputation depends on being well-governed and behaving ethically at all levels of our organization. These practices are essential to ensuring we operate – and are regarded – as a trusted and responsible business.

42% of Board members self-identify as women

25% of Board members self-identify as belonging to an underrepresented group¹

50% of Board committee chairs self-identify as women

4 languages

make our Code of Conduct more accessible to employees worldwide.

It's now on our intranet in English, French, Vietnamese and Indonesian Bahasa.

OUR APPROACH AT A GLANCE

Committing to best-in-class corporate governance Embedding an ethical culture through robust practices

Reviewing our Code of Conduct annually

Providing a confidential way to raise concerns about unethical behaviour

Shaping public policy in a way that benefits public interests

LEARN MORE

Sustainability Report – 2021 Performance

2021 PERFORMANCE

- Increased visibility of our Code of Conduct within Sun Life. In 2021, we translated the Code into more languages to make it easier for everybody to access and understand. The Code is on our intranet in four languages and available on demand in other languages. We also created additional awareness campaigns to keep the Code top of mind throughout the year. These actions help to embed ethical behaviours in our culture.
 - Made it easier for all stakeholders to provide feedback and report concerns related to conduct. We launched a dedicated Code of Conduct and Ethics Hotline page on sunlife.com and sunlife.ca. The page provides information about our Code, instructions on what can be reported to the Ethics Hotline, and how to submit a report.
 - Enhanced our internal reporting of Code of Conduct breaches. The new custom tracking solution improves accuracy, quality, o reliability and visualization of the reports. in voluntary pensions and savings plans.
- In the U.S., we worked with Congressional leaders on proposals to create a national Paid Family & Medical Leave plan.
- Updated our Supplier Code of Conduct to strengthen expectations on supplier alignment with Sun Life's sustainability commitment. Suppliers categorized as the most critical are being assessed on their alignment with this updated Supplier Code.
 - Amended the Board Diversity Policy to:
 - o increase the gender representation aim from 30% to 35%-45% while retaining the aim for balanced gender representation;
 - o add a target date for balanced gender representation by 2025; and
 - o include an aim to have representation by underrepresented groups¹ of 20%-25% on the Board.
 - Continued advocating on issues that help more people build savings and live healthier lives. For example:
 - o In Canada, we encouraged legislative changes to explicitly allow for automatic features
 Refer to Financial Security for more details.
 - Offered a virtual Annual General Meeting in 2021, making the meeting accessible regardless of geographic location.

JUST THE NUMBERS

ESG Performance Tables

MORE ONLINE

Sun Life Code of Conduct Ethics Hotline

2022 Management Information Circular

¹ Individuals who have self-identified as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities

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APPENDICES

Appendices

I. About this report • •

APPENDIX I: About this Report

Every year, we publish our Sustainability Report to provide an update on the progress we've made on key sustainability topics. This report focuses on the most relevant environmental, social and governance (ESG) issues that matter to our business and our stakeholders. We confirmed these issues through a materiality assessment conducted in 2021.

Refer to Stakeholder Engagement and Materiality for more details.

Our Process

We strive to give an accurate and balanced account of our sustainability performance. To achieve this, several groups review the content of this report:

- o internal subject-matter experts o senior management

- o members of our International

Sustainability Council

- o our internal Disclosure Committee o the Governance, Investment &

Conduct Review Committee of our Board of Directors, prior to recommending to the Board approval of the report for publication.

We obtained external and independent limited assurance of our Scope 1, 2 and selected Scope 3 data for our 2021 greenhouse gas (GHG) emissions, and annual emission reductions between

2020 and 2021. Refer to the Assurance Statement and GHG Emissions Reporting Methodology for more information. We did not seek an external, independent review of our full report.

Reporting Standards

We've been using the Global Reporting Initiative (GRI) framework since 2014

to guide our reporting. We've prepared this report in accordance with the GRI Standards: Core option. We also report on relevant disclosure topics identified

in the Asset Management and Insurance standards developed by the Sustainability Accounting Standards Board (SASB). Refer to our GRI Index and SASB Index for related disclosures. We monitor developments with additional standards and frameworks and anticipate aligning to new standards as the reporting and disclosure landscape continues to evolve.

Report Scope

This Sustainability Report ("Report")

is for Sun Life Financial Inc., and where applicable, its subsidiaries, joint ventures and associates. The Report covers the fiscal year January 1 to December 31, 2021. Unless otherwise noted, we presented all information in this Report as at and for the year ended December 31, 2021. All dollar amounts are in Canadian currency, unless otherwise stated. References to "we," "our," "us," "the Company," and "Sun Life" mean Sun Life Financial Inc. and, where applicable, its subsidiaries, joint ventures and associates.

This Report reflects the data that is available to Sun Life for each of the disclosed metrics. The default scope for disclosures in this Report reflects the following Sun Life business groups (collectively, the "Core Data Group"): Canada, U.S., UK, Asia (includes Hong

Kong, Indonesia, Philippines, Vietnam, International), and SLC Management.

For clarity, sustainable investing content generally also includes MFS and SLC Management affiliates (BentallGreenOak, InfraRed and Crescent).

Exceptions based on data availability are reflected in footnotes throughout the Report and, where indicated, vary from the Core Data Group as follows:

Note 1: Includes Asia joint ventures. Note 2: Includes Asia joint ventures (Malaysia and Philippines).

Note 3: Includes MFS and SLC Management affiliates (BentallGreenOak, InfraRed and Crescent).

Note 4: Includes MFS, SLC Management affiliates (BentallGreenOak, InfraRed and Crescent) and Asia joint ventures.

Note 5: Excludes Vietnam.

Note 6: Excludes UK, Asia (International) and Asia joint ventures except Malaysia.

Use of non-IFRS financial measures

We report certain financial information that is not based on International Financial Reporting Standards ("IFRS") financial measures, such as assets under management (AUM). These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS.

These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are included in our annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

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APPENDICES

Appendices

- II. Stakeholder engagement and materiality •

APPENDIX II: Stakeholder Engagement and Materiality

Listening to our stakeholders

Engaging with our stakeholders is critical to our success, and we engage with them in a many ways – refer to our

GRI Index for details. Our key stakeholders are: Clients, employees/advisors, governments and regulators, industry associations, shareholders, investors, analysts, suppliers, and community organizations and members.

One of the ways we check in with stakeholders is through a materiality assessment. This process helps us identify and prioritize environmental, social and governance (ESG) topics that matter most to our stakeholders. The results guide Sun Life's sustainability initiatives and reporting.

Materiality refresh in 2021

In 2021, we collaborated with Datamaran to undertake a new, more data-driven materiality assessment.

Datamaran is a software firm that

uses patented technology to help companies track and evaluate the relative importance of ESG risks and opportunities in real time. The result is

a more credible, robust and dynamic approach backed by technology. The materiality process involved three stages, in line with the Global Reporting Initiative Standards: topic identification, prioritization and validation.

Key components included:

- o ESG topic analysis: Using Datamaran's sector-based issues mappings which reflect major disclosure frameworks and external developments, we identified 23 ESG issues of relevance. We used their AI-powered software platform to analyze the latest ESG news, policy initiatives, regulatory developments, investor expectations and activity by industry peers around the world.

- o Stakeholder consultation:

We surveyed key stakeholders, including Clients, employees and executives, and asked them

to rank each issue according to how it impacts Sun Life and the importance of Sun Life playing an active role in the issue. We provided clear explanations of each issue and the related topics it includes. In this way we gained insights into 67 topics.

The results of this combined analysis are displayed on the matrix on page

41, which shows each issue based on priority level. Through internal discussion and analysis, we combined some related issues to reduce the list of topics. The result was a list of 12 ESG topics most material to our stakeholders and Sun Life.

The list of material topics is consistent with our previous materiality assessment conducted in 2019. However, there

has been a shift in how stakeholders prioritize some topics. For example, customer privacy and data security, public health risks and responsible investing are now ranked higher in importance. The materiality findings and matrix were shared with Sun Life's Board of Directors.

Over the next year, Sun Life will continue to analyze the results to gain a deeper understanding of the high priority issues and ensure they are addressed through our sustainability plan and reporting.

Volume of ESG information analyzed through AI

7,500

news articles

2,522

policy initiatives

164

peers and industries

Stakeholder consultation

1,137

responses

Sustainability Report – 2021 Performance

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- II. Stakeholder engagement and materiality •

MATERIALITY ASSESSMENT RESULTS

SUN LIFE STAKEHOLDERS < Lower Priority High Priority >

Human rights

Labour practices

Climate change & GHG emissions

Employee diversity & inclusion Management of the legal & regulatory environment

Physical & sociopolitical risks

Energy management

Access & affordability

Workforce management

Innovation & technology

Business model resilience Selling practices & product labeling

Responsible investing & financing

Public health risks

Transparency

Governance structure & mechanisms

Employee health & safety

Ethical behaviour Customer practices

Customer privacy & data security

Competitive behavior

Community relations

Sourcing efficiency & management

< Lower Priority High Priority >

SUN LIFE EXECUTIVES

Material topics

Relevant issues/sub-topics

Client experience

Customer practices

Selling practices & product labeling Transparency
 Client health
 Public health risks Innovation & technology
 Climate and environmental action
 Climate change & GHG emissions Energy management
 Community wellness
 Public health risks Community relations
 Data security and privacy
 Customer privacy & data security
 Diversity, equity and inclusion
 Employee diversity & inclusion Human rights
 Sourcing efficiency & management
 Employee wellness
 Employee health & safety
 Financial security
 Access & affordability Innovation & technology
 Governance and ethics
 Ethical behaviour
 Governance structures & mechanisms Management of the legal & regulatory environment Competitive
 behaviour
 Risk management
 Business model resilience
 Sourcing efficiency & management Physical & sociopolitical risks
 Sustainable investing
 Responsible investing & financing
 Talent management
 Labour practices Workforce management
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Legend

Financial Security

Healthier Lives

Sustainable Investing

Trusted and Responsible Business

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APPENDIX III: ESG Performance Tables

Relevant standards/ indicators

COMMUNITY WELLNESS

2021

2020

2019

GRI 203-2

SDG 3.4, 3.8, 3.d

Total corporate giving (\$ millions)

\$20.9

\$18.5

\$15.6

Sun Life

\$15.3

\$13.8

\$10.6

MFS

\$4.3

\$4.1

\$4.4

BentallGreenOak

\$0.8

\$0.6

\$0.5

Crescent

\$0.4

-

-

InfraRed

\$0.1

-

-

Breakdown of Sun Life donations by focus area (\$ millions)

Health

\$9.2

\$7.4

\$6.6

Diabetes

\$6.0

\$4.5

\$4.4

Culture

\$1.7

\$1.8

\$1.8

Social Services

\$3.3

\$3.5

\$1.8

Education

\$1.1

\$1.0

\$0.5

Total donations to diversity, equity and inclusion initiatives (\$ millions)

\$2.0

\$0.9

-

Dollars raised by employees for registered charities¹ across North America (\$ millions)

\$2.3

\$2.4

\$2.3

Number of registered charities¹ supported by employee giving and volunteering in North America

3,085

3,027

1,703

Employee volunteer hours

19,553

13,458

18,040

Relevant standards/ indicators

FINANCIAL SECURITY

2021

2020

2019

GRI 203-2 SDG 8.3, 8.10

Number of microinsurance policies issued (Asia)

19,402

31,867

48,463

Number of positive financial actions taken by Clients in Canada towards financial security (millions)

1.4

1.2

1.2

Number of Sun Life Canada Group Retirement Services Clients with a financial plan

284,933

232,898

161,696

Dollars paid in claims and benefits¹ (\$ millions)

\$18,722

\$18,307

\$17,421

¹ Refer to Report Scope - Note 1.

Relevant standards/ indicators

CLIENT HEALTH

2021

2020

2019

GRI 203-2

SDG 3.4, 3.8, 3.d

Number of positive health actions taken by Clients in Canada towards health and wellness after a nudge from our digital coach, Ella

377,9401

248,4162

66,800

Number of Clients and their family members with access to Lumino Health Virtual Care in Canada

556,000

523,000

N/A

U.S. Stop-Loss Clinical 360 savings for Sun Life and Clients (\$ millions)

US\$24.5

US\$16.2

-

1 Represents fulfillment data as at March 1, 2022. Values are subject to change as fulfillment is not fully validated until 90-120 days after year end. 2 Restated to reflect fully validated data.

1 Organizations recognized by the Canada Revenue Agency or organizations that received a determination of tax-exempt status from Internal Revenue Services in the U.S.

Relevant standards/ indicators

CLIENT EXPERIENCE

2021

2020

2019

GRI 203-2

Change in global Client experience index score¹ from previous year

-1 (target: +1)

+3 (target: +2)

+2

Change in global Net Promoter Score¹ from previous year

-2

+6

+2

Problem resolution in Canada:

Cases investigated by Sun Life's Client Advocates

875*

1462

1532

Cases investigated by an independent complaint resolution body or regulator³

28

47

45

Cases investigated³ that resulted in a recommendation different from Sun Life's position

0

2

2

Problem resolution in U.S.:

Percentage of Clients satisfied post problem resolution

95% (target: 90%)

94% (target: 90%)

85%

Relevant standards/ indicators

EMPLOYEE WELLNESS

2021

2020

2019

GRI 403-6

SDG 3.4, 3.8, 5.4

Total spent on compensation and benefits¹ (\$ millions)

\$5,077

\$4,418

\$4,046

Percentage of qualified employees in North America voluntarily contributing to Sun Life’s defined contribution plan

Canada

88%

86%

83%

Percentage eligible for auto-enrollment who did not opt out

94%

95%

N/A

U.S.

86%

86%

85%

Percentage eligible for auto-enrollment who did not opt out

98%

96%

N/A

Percentage of qualified employees in North America voluntarily contributing to Sun Life’s share purchase plan

Canada

65%

64%

62%

U.S.

21%

19%

16%

Absentee rate² (% of total days scheduled)

4.8%

4.2%

4.3%

1 Refer to Report Scope - Note 3. Sustainability Report – 2021 Performance 2 Refer to Report Scope - Note 5.

* Cases increased due to a new complaint resolution process which enables Clients to raise concerns more easily with Sun Life.

1 Refer to Report Scope - Note 6.

2 These cases were investigated by Sun Life’s ombuds office in Canada prior to their merger with the Client Advocacy group.

3 Represents cases investigated by OmbudService for Life and Health Insurance, Ombudsman for Banking Services and Investments, or Autorité des marchés financiers. 42

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Relevant standards/ indicators

SUSTAINABLE INVESTING

2021

2020

2019

GRI 203-1, 203-2

SDG 7.1, 7.2, 7.3, 13.1, 13.3

Sustainable investment AUM*1 (\$ billions)

\$65.2

\$60.1

\$49.7

Renewable energy

\$10.9

\$9.7

\$5.2

Energy efficiency

\$1.9

\$1.6

\$0.6

Sustainable/green buildings²

\$35.7

\$33.7

\$32.5

Clean transportation

\$1.3

\$1.9

\$1.9

Sustainable water management

\$0.7

\$0.7

\$0.4

Access to essential services

\$9.2

\$9.9

\$7.4

Green, social and sustainability bonds

\$5.5

\$2.6

\$1.6

Value of new sustainable investments^{1, 3} (\$ billions)

\$6.8

\$3.6

\$2.3

Number of new sustainable investments^{1,4}

96

56

42

Square feet of green-certified space⁵ (real estate investments in North America) (millions)

26.4

22.1

21.7

Sustainability-themed investment AUM (SLGI) (\$ millions)

\$469

\$367

-

Relevant standards/ indicators

TALENT MANAGEMENT

2021

2020

2019

GRI 401-1, 401-2

SDG 5.4, 5.5, 8.5

Employee engagement score

89%¹

89%

85%

Total turnover rate²

14.6%

9.3%

12.8%

Voluntary turnover rate

12.7%

7.2%

9.8%

Average employee tenure² (years)

8.0

8.7

8.4

Percentage of director level and above roles filled from within Sun Life²

73%

68%

62%

Total invested in training and development³ (\$ millions)

\$254

\$264

\$43

¹ 72% of employees surveyed participated. Refer to Report Scope - Note 2.

² Refer to Report Scope - Note 5.

³ Refer to Report Scope - Note 3.

⁴ Throughout most of 2021 and 2020, external training events and conferences moved online or were cancelled because of the pandemic. This resulted in lower reported investments in training and development as compared to previous years.

Relevant standards/ indicators

GOVERNANCE AND ETHICS

2021

2020

2019

GRI 405-1

SDG 5.1, 5.2, 5.5

Number of directors on the Board

12

11

11

Number of independent directors on the Board

11

10

10

Percentage of Board members who self-identify as women

42%

36%

36%

Percentage of Board committee chairs who self-identify as women

50%

75%

75%

Percentage of Board members who self-identify as belonging to an underrepresented group¹

25%

9%

9%

Percentage of employees who feel Sun Life has an ethical culture²

89%

89%

79%

Percentage of employees who feel it is safe to speak up at Sun Life²

81%

81%

75%

* Portfolio at December 31 (general account and third-party Clients). Client asset values included represent a non-IFRS financial measure.

1 Criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles, GRESB Real Estate Benchmark, and PRI Impact Investing Market Map. Where issuers do not obtain a third-party opinion or provide an internal opinion on their issuance, our investment professionals apply judgment to assess whether the use of proceeds meets the standards set out in the ICMA principles. Does not include all holdings in companies that may be defined as sustainable under other taxonomies. Direct investments only; does not include third-party funds.

2 Real estate assets include investment properties, owner-occupied property and real estate in limited partnership investments.

3 2021 value is as at transaction date, 2020 and 2019 values are as at Dec 31. Client asset values included represent a non-IFRS financial measure.

4 Examples of typical new investments include solar, wind and hydro renewable energy investments, energy efficiency projects, affordable housing, and long-term care facilities.

5 Includes all certification levels for LEED, BOMA BEST and IREM CSP.

Relevant standards/ indicators

RISK MANAGEMENT

2021

2020

2019

SDG 13.1

Percentage of employees who completed risk-related training modules 97% 98% 94%

1 Individuals who have self-identified as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities. 2 Based on employee engagement survey. Refer to Report Scope - Note 2.

Relevant standards/ indicators

DATA SECURITY & PRIVACY

2021

2020

2019

GRI 418-1

Number of phishing simulation test scenarios delivered to employees, contractors and Canadian Advisors (combined total)

36

33

30

Number of substantiated privacy complaints from a regulatory body

1

1

1

Percentage of employees and contractors who completed Sun Life's annual information security and privacy training

97%

98%

93%

Privacy Impact Assessments (PIAs) reviewed

566

357

-

Sustainability Report – 2021 Performance

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Relevant standards/ indicators

DIVERSITY, EQUITY AND INCLUSION¹

2021

2020

2019

GRI 405-1, 405-2

SASB FN-AC- 330a.1

SDG 5.1, 5.2, 5.5, 8.5

Women (Global)

59%

59%

59%

Senior management (Vice-President and above) (Goal: 50% by 2025)

35%

34%

35%

Middle management (Assistant Vice-President and Director)

47%

47%

47%

Staff

61%

61%

61%

Underrepresented ethnicities2 (North America)

31%

29%

28%

Senior management (Goal: 25% by 2025)

16%

15%

14%

Middle management

27%

24%

22%

Staff

32%

30%

29%

LGBTQ2+ (North America)

3%

3%

2%

Persons with disabilities (North America)

1%

1%

1%

Indigenous3 (Canada)

1%

1%

1%

Senior management

1%

1%

2%

Middle management

0%

0%

0%

Staff

1%

1%

1%

Black (Canada)

3%

3%

3%

Senior management (Goal: 3.5% by 2025)⁴

2%

1%

1%

Middle management

1%

1%

1%

Staff

4%

3%

3%

Within student workforce (Goal: 5% by 2025)⁴

4%

4%

2%

Diversity in hiring

Women (Global)

55%

55%

54%

Underrepresented ethnicities² (North America)

51%

41%

39%

Age diversity (Global)

<30

18%

19%

20%

30-50

58%

58%

58%

50+

24%

23%

22%

Average total compensation for women as a percentage of men⁵ by role (Canada)

Senior management

94%

95%

100%

Middle management

98%

98%

98%

Staff

99%

99%

99%

Relevant standards/ indicators

DIVERSITY, EQUITY AND INCLUSION1

2021

2020

2019

GRI 405-1, 405-2

SASB FN-AC- 330a.1

SDG 5.1, 5.2, 5.5, 8.5

Average total compensation for underrepresented ethnicities2 as a percentage of non-underrepresented ethnicities (Canada)5, 6

Senior management

105%

-

-

Middle management

100%

-

-

Staff

103%

-

-

Average total compensation for women as a percentage of men5 by role (U.S.)

Senior management

99%

96%

-

Middle management

97%

97%

-

Staff

96%

95%

-

Average total compensation for underrepresented ethnicities2 as a percentage of non-underrepresented ethnicities (U.S.)5, 6, 7

Middle management

100%

-

-

Staff

101%

-

-

Average total compensation for women as a percentage of men5 by role (Countries in Asia)7, 8

Middle management

98% - 106%

-
-

Staff

97% - 101%

-
-

Percentage of employees who feel that Sun Life supports diversity in the workplace (recognizing and respecting the value of human differences)⁹

94%

94%

-

Percentage of total direct spend (North America) with certified diverse suppliers (Goal: 5% by 2025)

1.6%

1.3%

-

1 Employee representation data based on employee voluntary self-identification. 89% of employees surveyed have provided self-identification data. Refer to Report Scope - Note 5.

2 Canada: those who self-identify as Visible Minorities per the Employment Equity Act; U.S.: those who self-identify as People of Color per the Equal Employment Opportunity Commission.

3 Indigenous is a collective name for the original peoples of North America and their descendants. In Canada, the term Aboriginal Peoples is also used for individuals identifying themselves as First Nations, Inuit or Metis.

4 Part of a series of commitments included in our role as signatory to the BlackNorth Initiative.

5 Calculated for full-time employees only, excluding those participating in specialized incentive plans; includes base salary, annual incentives and long-term incentive grants.

6 Includes primarily employees who self-identify as white, those who choose not to identify and those for whom there is no data.

7 Senior management populations across comparator groups did not meet the minimum required for reporting.

8 Countries in Asia include India, Indonesia, Hong Kong and Philippines.

9 Based on employee engagement survey. Refer to Report Scope - Note 2.

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Climate and environmental action

Relevant standards/ indicators

GHG EMISSIONS ASSOCIATED WITH CORPORATE TRAVEL (tCO₂e)

2021

2020

2019

GRI 305-3

SDG 3.9, 8.4, 13.1, 13.3

Car

431

569

2,603

Air

300

1,903

9,593

Rail

4

3

43

Total

735

2,475

12,239

Relevant standards/ indicators

GRI 305-1, 305-2, 305-3, 305-4, 305-5 SDG 3.9, 8.4, 13.1, 13.3

GLOBAL GHG EMISSIONS ASSOCIATED WITH REAL ESTATE (tCO₂e)

Corporate Real Estate (Sun Life occupied space)¹ (market-based)

Scope 2 (Sun Life paid² electricity, steam, chilled water)

Scope 3 (water, landlord paid utilities³)

Total market-based⁴

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Refer to additional notes on page 46.

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2021

2,244

6,636

40,467

2020

2,293

6,518

40,394

2019

Scope 1 (Sun Life paid² natural gas, oil)

2,555

8,423

8,124

10,154

7,486

Total market-based⁴

Market-based emissions intensity⁴ (kgCO₂e/ft²)

17,303

16,935

50,246

Travel emissions data accounts for corporate travel by air, rail, car rental for business purposes and employee-claimed mileage (employee-owned car travel) for Sun Life's North American operations, and by employees based in the following office locations: India, the Philippines, the United Kingdom, Hong Kong, Ireland and Vietnam. In addition, corporate travel data is included for the global offices of MFS, InfraRed Capital Partners and Crescent Capital.

Refer to additional notes on page 46.

3.8

20,195

3.8

4.5

Real Estate Investments (Sun Life owned properties) (market-based)

Scope 1 (Sun Life paid natural gas)

15,178

15,528

18,375

Scope 2 (Sun Life paid electricity, steam, chilled water)

17,649

17,640

23,602

Relevant standards/ indicators

GLOBAL WATER USE ASSOCIATED WITH REAL ESTATE

2021

2020

2019

GRI 303-5

SDG 3.9, 8.4, 13.1, 13.3

Corporate Real Estate (Sun Life occupied space)¹

Water use (m³)

202,100

208,414

258,153

Water use intensity (L/ft²)

44.8

46.2

57.2

Real Estate Investments (Sun Life owned properties)

Water use (m³)

1,447,153

1,409,337

1,477,130

Water use intensity (L/ft²)

54.7

54.6

57.5

Total water use (m³)

1,649,253

1,617,751

1,735,283

Overall water use intensity (L/ft²)

53.3

53.3

57.5

Scope 36 (water, waste⁵, tenant paid³ electricity)

7,640

7,226

8,269

Market-based emissions intensity⁴ (kgCO₂e/ft²)

Total emissions (market-based)

Sun Life obtained external and independent limited assurance of its Scope 1, 2 and selected Scope 3 data for its 2021 GHG emissions, and target performance methodology. Refer to the Assurance Statement and GHG Emissions Reporting Methodology for more information.

1 Some corporate real estate offices are located in Real Estate Investment properties. Emissions and water use for these offices are included under only one of the Real Estate Investment or Corporate Real Estate portfolios total emissions to avoid double-counting.

2 Utilities billed directly to Sun Life by the utility vendor, or submetered by the landlord and paid for by Sun Life based on actual consumption.

3 Scope 3 Corporate Real Estate emissions relate to utilities paid by the landlord and are prorated for Sun Life's share of the building's total gross leasable area. For Real Estate Investment properties, submetered utility consumption which is billed back to tenants is included in Scope 3 emissions. Scope 3 emissions from utilities that are directly billed to third parties are excluded from reporting as it is considered outside of Sun Life's financial control.

4 Market-based electricity emissions reflect contractual instruments implemented with respect to electricity purchases, i.e. renewable energy credits or power purchase agreements.

5 Emissions resulting from waste are reported for Real Estate Investment properties, where available. Emissions from waste used to produce energy at Waste to Energy facilities are not considered to be in scope.

6 The portion of emissions associated with landlord paid utilities for Corporate Real Estate and sub metered tenant-paid electricity for Real Estate Investments (sources included in the assurance process) is reported as Scope 3. In 2021, the location-based emissions related to these sources was 14,631 tCO₂e and market-based emissions related to these sources was 14,277 tCO₂e.

7 Net emissions account for carbon offsets purchased to compensate for property emissions.

8 Location-based electricity emissions reflect the grid-average emission intensity (gCO₂e/kWh) for the region in which a property is located.

9 Sun Life determines consumption based on utility bills or meter readings from third party providers. Where data is incomplete, Sun Life uses a linear regression of historical consumption and weather data or uses a portfolio average consumption intensity to estimate consumption. The proportion of estimated location-based emissions in 2021 for the combined Corporate Real Estate and Real Estate Investments portfolio is approximately as follows: Scope 1 emissions is 22%, Scope 2 emissions is 12% and Scope 3 emissions (related to landlord-paid utilities where Sun Life is the tenant or submetered tenant-paid utilities where Sun Life is the landlord (excluding waste and water)) is 22%.

1.6

1.6

1.9

Scope 1

Scope 2

17,422

26,072

17,822

25,764

20,929

33,756

Scope 3

14,277

13,743

15,756

Carbon offsets

-1,274

-1,683

-1,579

Total net⁷ emissions (market-based)

Overall market-based emissions intensity⁴ (kgCO₂e/ft²)

56,497

55,646

1.8

68,862

1.9

2.2

Total emissions (location-based)

Scope 1

Scope 2

17,422

17,821

20,929

28,695

29,645

35,344

Scope 3⁶

14,631

14,159

16,233

Total emissions (location-based)^{8,9}

60,748

61,625 72,506

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GLOBAL ENERGY USE ASSOCIATED WITH REAL ESTATE (eMWh)

2021

2020

2019

GRI 302-1, 302-2, 302-3 SDG 3.9, 7.3, 8.4, 13.1, 13.3

Corporate Real Estate (Sun Life occupied space)¹

Heating fuels

Natural gas

24,932

25,599

27,901

Distillate oil

123

102

129

Steam

2,989
2,773
3,328
Total heating fuel use
28,044
28,474
31,358
Chilled water use
380
303
397
Electricity
Standard grid electricity
49,193
50,721
58,744
Renewable electricity purchases
3,656
3,387
4,002
Total electricity use
52,849
54,108
62,746
Total energy use
81,274
82,885
94,501
Energy use intensity (ekWh/ft2)
18.0
18.4
21.0
Real Estate Investments (Sun Life owned properties)
Heating fuels
Natural gas
81,760
83,729
99,185
Distillate oil
247
218
233
Steam
1,733
1,633
1,840
Total heating fuel use
83,740
85,580

101,258
 Chilled water use
 253
 252
 299
 Electricity
 Standard grid electricity
 105,436
 111,413
 136,202
 Renewable electricity purchases
 26,384
 25,084
 17,441
 Total electricity use
 131,820
 136,497
 153,643
 Total energy use
 215,813
 222,329
 255,200
 Energy use intensity (ekWh/ft2)
 8.2
 8.6
 9.9
 Total energy use
 297,087
 305,214
 349,701
 Overall energy use intensity (kWh/ft2)
 9.6
 10.1
 11.6

1 Some corporate real estate offices are located in Real Estate Investment properties. Energy use for these offices are included under only one of the Real Estate Investment or Corporate Real Estate portfolios total emissions to avoid double-counting.

Refer to additional notes on the right.

Relevant standards/ indicators

PAPER CONSUMPTION (TONNES) IN NORTH AMERICA¹

2021

2020

2019

SDG 8.4, 13.1, 13.3

Office paper (internal)²

83

103

166

Business forms (external)³

320
296
540
Total
403
399
706

1 Approximate total volumes from operations in Canada and the U.S., excluding subsidiaries. 2 Copy paper printed from networked printing devices.

3 Marketing, direct-mail and statements.

The following notes apply to GHG emissions, energy and water consumption associated with real estate, and GHG emissions associated with corporate travel, as reported on pages 45 and 46.

- Energy, water and GHG values are calculated based on the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard, Revised Edition from World Business Council for Sustainable Development and World Resources Institute.
- Sun Life has chosen the financial control approach (as interpreted by REALPAC) for determining the organizational boundary for its GHG and energy use reporting. Properties partially owned by Sun Life are accounted for based on Sun Life's equity share in the properties.
- All GHG values are listed in tonnes of carbon dioxide equivalents (tCO₂e). All energy use values are in equivalent kilowatt hours (ekWh). Both are reported for the calendar year (January 1 to December 31).
- Emission factors are taken from publicly available sources, including but not limited to the National Inventory Report 1990- 2019: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada); Emissions & Generation Resource Integrated Database (eGRID) (United States Environmental Protection Agency, eGRID2019); UK Government GHG Conversion Factors for Company Reporting (GOV. UK Department for Business, Energy & Industrial Strategy).
- Global warming potentials are taken from the Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.
- Historical results have been restated to reflect property acquisitions and dispositions, updated emission factors, the addition of reporting by more Sun Life offices (for travel and energy use), and updates to historical data.
- Amounts are impacted by rounding.
- Refer to Sun Life's GHG Emissions Reporting Methodology for more information.

FEEDBACK

We'd like your feedback on our report. Send your comments to sustainability@sunlife.com

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