

# Sustainability Report

## 2023 Performance

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Sun Life is a leading international financial services company offering a broad range of protection and wealth products and services to individuals, businesses and institutions. Our countries of operation include 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 [2023 Annual Report](#) and at [www.sunlife.com](http://www.sunlife.com).

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## Reporting Suite

**The following resources complement our Sustainability Report:**

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- ▶ [Net Zero by 2050](#) (PDF)
- ▶ [Annual Report](#) (PDF)
- ▶ [Management Information Circular](#) (PDF)

Visit our [Data and Reports](#) hub for more resources.

### FEEDBACK

We'd like your feedback on our reporting. Send your comments to [sustainability@sunlife.com](mailto:sustainability@sunlife.com).



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# About this report

Every year, we publish our Sustainability Report to provide an update on the progress we've made globally on key sustainability topics.

## Reporting Scope

This report presents the most relevant environmental, social and governance (ESG) issues and impacts of our activities during 2023. We determine the ESG issues of greatest importance to our business and our stakeholders through a periodic materiality assessment. Refer to [Stakeholder Engagement and Materiality](#) for more details. Reports from previous years are available on our [website](#).

## Reporting Frameworks

We have followed the Global Reporting Initiative (GRI) framework since 2014 to guide our reporting. We have reported in accordance with the GRI Standards for the period from January 1 to December 31, 2023. We also report on select disclosure topics identified in the Asset Management and Insurance standards developed by the Sustainability Accounting Standards Board (SASB).

- [GRI Index](#)
- [SASB Index](#)

## 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:

- internal subject-matter experts;
- senior management responsible for key sustainability-related activities;
- members of our Executive Sustainability & Climate Change Council;
- our internal Disclosure Committee; and
- the Governance, Investment & Sustainability 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 2023 greenhouse gas (GHG) emissions, and total operational emissions for our 2019 base year. 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 Boundaries

This Sustainability Report ("Report") is for Sun Life Financial Inc., and where applicable, its subsidiaries, joint ventures and associates. It covers the fiscal year January 1 to December 31, 2023. Unless otherwise noted, we presented all information in this Report as at and for the year ended December 31, 2023. 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., Asia (includes Hong Kong, Indonesia, Philippines, International) and SLC Management. For clarity, sustainable investing content generally also includes MFS and SLC Management affiliates (BGO, 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 Vietnam

NOTE 2: Excludes SLC Management; includes UK and Vietnam

NOTE 3: Includes Vietnam, MFS, UK, SLC Management affiliates (BGO, InfraRed, Crescent and Advisors Asset Management) and Asia joint ventures

NOTE 4: Includes Vietnam and Asia joint ventures (Malaysia and Philippines)

NOTE 5: Includes UK and Vietnam

NOTE 6: Excludes Asia (International) and SLC Management; includes Vietnam and Asia joint venture (Malaysia)

NOTE 7: Includes MFS

NOTE 8: Includes MFS, UK and Vietnam

## 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, goals and priorities; (ii) relating to our ESG processes, social and governance-related objectives, sustainable investment commitments and net-zero greenhouse gas emissions reduction goals and targets, including our interim emissions reduction targets; (iii) relating to our intention to enhance our emissions measurements; (iv) relating to the development of our climate transition plan; (v) that are predictive in nature or that depend upon or refer to future events or conditions; and (vi) 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, and remain subject to change. 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. Our ability to achieve our net-zero GHG emissions reduction goals and targets is based on a number of assumptions and is subject to a number of factors beyond our control, including the availability of comprehensive, comparable and high-quality GHG emissions data, the need for active and continued participation of stakeholders (including enterprises, financial institutions and governmental and non-governmental organizations), the establishment and fulfilment of climate commitments and net-zero targets by governments and companies, the development and deployment of new technologies and industry-specific solutions including in hard-to-abate sectors, international cooperation, and the development of regulations internationally. The energy transition will not be linear and the pace of decarbonization for different sectors and countries will vary. We intend to review and potentially revise our emissions reduction goals and targets as appropriate, as data quality and methodologies improve and as best practices, regulations and climate science continue to evolve. This report may contain examples of our internal ESG research processes and is not intended to represent any particular product's or strategy's performance or how any particular product or strategy will be invested at any particular time. Other factors that may cause actual results to differ materially from those expressed in forward-looking statements include the matters set out in the Company's Annual Information Form for the year ended December 31, 2023 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.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov), respectively. The forward-looking statements contained in this report describe our current expectations and are subject to change. 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.

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# Sun Life at a glance

A leading global financial services organization

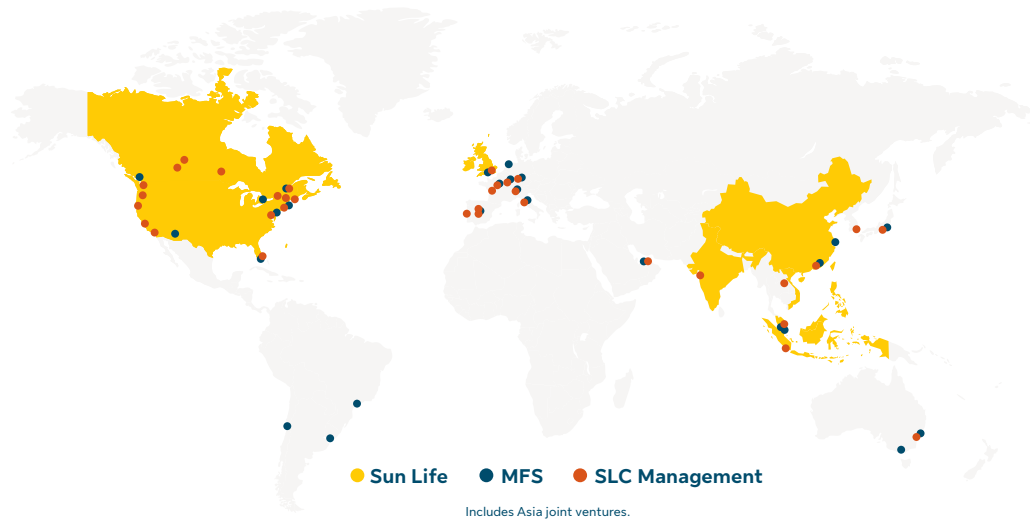
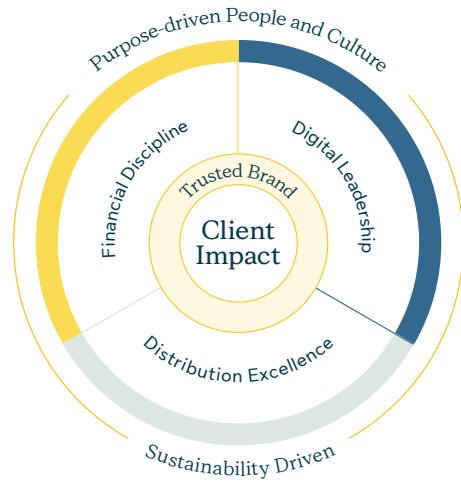
## Enterprise Strategy

### Our Purpose

Helping our Clients achieve lifetime financial security and live healthier lives

### Our Ambition

To be one of the best asset management and insurance companies in the world



## Balanced & diversified business model<sup>6</sup>



- 41% Wealth & asset management
- 32% Group - Health & Protection
- 27% Individual - Protection

<sup>1</sup> Rounded to the nearest million.  
<sup>2</sup> Rounded to the nearest hundred.  
<sup>3</sup> Represents full-time equivalent employees and includes 30,941 regular employees, 999 temporary employees and employees in Asia joint ventures (25,775 regular employees and 530 temporary employees).  
<sup>4</sup> Refer to [Report Scope - Note 4](#).  
<sup>5</sup> Represents a Non-IFRS financial measure; Refer to the Non-IFRS Financial Measures section in our MD&A for the period ended December 31, 2023.  
<sup>6</sup> Business Mix based on underlying net income, excluding Corporate expenses and other. Wealth & asset management includes MFS Investment Management, SLC Management, Canada Individual Wealth, Group Retirement Services, Asia Wealth & Asset Management, Group – Health & Protection includes Canada Sun Life Health, U.S. Group Benefits (Employee Benefits and Health and Risk Solutions) and U.S. Dental. Individual – Protection includes Canada Individual Insurance, U.S. In-force Management and Asia Individual – Protection.

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# 2023 sustainability highlights

## Increasing financial security

**95,874**

financial roadmaps created for Clients in Canada using the Sun Life One Plan digital tool, up from 45,822 in 2022. The tool supports our ambition for every Sun Life Client across Canada to have a financial plan.

**2.4 million**

lives covered through affordable insurance policies issued in Asia<sup>1</sup>

**Enhanced disability coverage options**

for physicians, dentists, nurses and other health-care professionals by launching Sun Life for Healthcare Professionals in the U.S.

## Fostering healthier lives

**\$52.4 million**

committed to the fight against diabetes globally since 2012, including \$5.7 million in 2023

Provided Group Benefits Clients in Canada with the **convenience of a pharmacist** at their fingertips through the launch of Lumino Health™<sup>2</sup> Pharmacy provided by Pillway

**Enhanced inclusive benefits and resources**

for employees and their families in Canada, the U.S. and Asia to ensure they feel supported regardless of how they choose to identify

## Advancing sustainable investing

Issued Sun Life's **second sustainability bond**, raising \$500 million to finance new and/or existing green or social assets<sup>3</sup>

**Set four interim net-zero targets**

for our general account investments<sup>4</sup>

**\$77 billion**

portfolio value of investments in assets and businesses that support the transition to a low-carbon and more inclusive economy<sup>5</sup>

## Building resilience to climate change

Maintained **CarbonNeutral®<sup>6</sup> company certification** across our global operations

**32%**

of global electricity consumption from renewable sources such as solar and wind

Launched the **climate change academy**

to educate employees globally on the effects of climate change and the actions they can take

## Operating as a trusted and responsible business

**Completed Phase 2**

of the Progressive Aboriginal Relations certification in Canada

**\$48 million**

invested in employee training and development programs globally, up from \$34 million in 2022<sup>7</sup>

Introduced a **Sustainability Modifier**

to our Senior Executive Sun Share Unit Plan, enhancing accountability for delivering on our sustainability commitments<sup>8</sup>

<sup>1</sup> Affordable insurance products help people in the mass market (including lower-income segments) meet risk protection needs at an accessible price point. The criteria for a product to be considered affordable insurance varies by country and is based on factors such as: insurance premium amount relative to average income, coverage period, underwriting requirements and/or government regulation. Refer to [Report Scope - Note 1](#).

<sup>2</sup> Used under license by Simpill Health Group Inc.

<sup>3</sup> An amount equivalent to the net proceeds from the offering will be used to finance or refinance, in whole or in part, new and/or existing green or social assets that meet the eligibility criteria set out under Sun Life's Sustainability Bond Framework.

<sup>4</sup> Refer to Sun Life's [Net Zero by 2050](#) report for more details and the latest updates.

<sup>5</sup> Sustainable investment assets under management meet one or more of the criteria for investments based on ICMA Green Bond Principles, ICMA Sustainability Bond Principles, GRESB Real Estate Benchmark, and/or 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 judgement to assess whether the use of proceeds meets the standards set out in the ICMA principles. Assets included may not align with criteria in the Sun Life Sustainability Bond Framework. Does not include all holdings in companies that may be defined as sustainable under other taxonomies.

<sup>6</sup> CarbonNeutral® is a registered trademark of Climate Impact Partners and is achieved in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

<sup>7</sup> Refer to [Report Scope - Note 3](#).

<sup>8</sup> Refer to Sun Life's Management Information Circular dated March 15, 2024 for more details.

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# Global context and megatrends

## Events and trends that influenced our sustainability actions in 2023

A concerning climate trajectory	Rapid growth of green energy	Increasing sustainability reporting regulations	Growing scrutiny over sustainability practices	The new normal for working	Intensifying affordability crisis
<p>Global greenhouse gas emissions continue to rise. The goal of limiting global warming to 1.5 °C is at significant risk, prompting heightened pressure across all sectors to accelerate climate action and ensure resiliency. Climate change is quickly emerging as a defining force across the global economy.</p> <p>Sun Life is committed to being a part of the climate solution. We're decarbonizing our business by integrating climate action into everything we do. By achieving net zero by 2050 in our operations and investments, we can have a meaningful and lasting positive impact on the environment. In 2023, Sun Life participated in COP28 to engage and collaborate with industry, government and other organizations on solutions to the climate challenge. To learn more, refer to pages <a href="#">28-32</a> and <a href="#">34-36</a>.</p>	<p>In 2023, low-carbon energy investments nearly doubled investments in fossil fuels<sup>1</sup>. The International Energy Agency estimated that global renewable energy capacity will increase by over 30% in 2023<sup>2</sup>. This annual growth in renewables represents the largest absolute increase ever.</p> <p>Supporting the transition to the low-carbon economy, Sun Life is investing in sustainable innovation including green buildings, renewable energy and transportation infrastructure. Our goal is to invest \$20 billion in new sustainable investments between 2021-2025. To learn more, refer to pages <a href="#">28-32</a>.</p>	<p>Regulators and policymakers across the world introduced comprehensive sustainability policies and regulations. Additionally, the International Sustainability Standards Board issued its inaugural standards with broad endorsement from the international community, including by the International Organization of Securities Commissions, as the new global standards for sustainability disclosures. As a result, companies will face additional, more complex disclosure requirements in numerous jurisdictions. They must identify risk areas, improve controls and implement stronger governance structures.</p> <p>Sun Life is preparing to comply with federal regulations related to environmental, social and governance (ESG) topics and plans to enhance its disclosures in line with these regulations.</p>	<p>In line with increasing regulatory requirements for sustainability reporting, scrutiny over what companies disclose continues to grow – both over accuracy and impact. This trend is occurring across a range of sustainability topics including disclosures, climate, social issues, supply chain, human capital and diversity, equity and inclusion. In this climate, sustainability governance becomes increasingly more important.</p> <p>Sun Life delivers consistent and transparent information on ESG topics. We maintain strong governance and rigorous disclosure practices to ensure we uphold the trust of our stakeholders. To learn more, refer to pages <a href="#">3</a> and <a href="#">11</a>.</p>	<p>The future of work is here. Hybrid work arrangements and digital collaboration are no longer pandemic phenomena, but rather the new normal for workplaces. Companies are endeavouring to determine the optimal balance between virtual and in-office work. They will also need to adapt the tools they use and make the necessary investments to optimize outcomes in a hybrid work environment.</p> <p>Sun Life is reimagining how and where we work to create flexibility for our people and business as we serve Clients. We are designing modern workspaces, adopting innovative collaboration tools and developing the talent on our teams to empower our modern workforce to thrive in the new era of hybrid work. To learn more, refer to pages <a href="#">45-46</a>.</p>	<p>People around the world are increasingly grappling with affordability challenges. The impacts have trickled down to the cost of essentials such as food, housing, transportation and electricity. Many families are struggling to make ends meet, while communities already underserved are being disproportionately affected.</p> <p>Realizing our Purpose to help our Clients achieve lifetime financial security and live healthier lives is even more essential today. We're committed to continuously increasing access to insurance and wealth products, and health and dental care. We're also removing barriers – particularly for underserved communities. To learn more, refer to pages <a href="#">14-15</a> and <a href="#">17-19</a>.</p>

<sup>1</sup> International Energy Agency. "Clean energy investment is extending its lead over fossil fuels, boosted by energy security strengths". 2023.

<sup>2</sup> International Energy Agency. "Renewable Energy Market Update - June 2023". 2023.

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# Message from our President and CEO

## Sustainably-driven by our Purpose



For Sun Life, sustainability is critical to our culture and strategy, who we are and who we want to be in the future.

Having a long-term, positive impact for our Clients, colleagues, communities and climate means doing our part to drive change across Sun Life's business and investments. We're committed to being a Purpose-driven and sustainable company, one that cares for our Clients' financial security and health and the future of our planet.

As a globally trusted and responsible company, we know that embedding sustainability into our

business – from our governance structure, policies and practices to our philanthropic work, training and reporting – creates resiliency and a brighter future. A future where individuals, families and communities are empowered to live healthier lives and be financially resilient.

While we're proud of our progress, there is work to do.

The landscape in which we operate has evolved over the past decade and continues to do so. In 2023, we experienced increasing geopolitical tensions, impacts of climate change and a warming world, and cyber threats. While the height of the pandemic is behind us, inflation, affordability and access to care continue to affect individuals and families around the world, but particularly those from underserved groups.

Through these challenges we leaned in, leveraging our scale, experience and resources to make Sun Life and society better. Throughout the year:

- We evolved our enterprise strategy, wrapping sustainability around everything we do to ensure it remains relevant, impactful and inclusive.
- We sharpened our focus on the climate, publishing interim net-zero targets for our general account

investments, reinforcing our commitment to reducing the climate impacts of the investments we own.

- We brought financial education programs to thousands across Sun Life's global footprint, especially in Asia.
- We made it easier for Clients and employees to understand and access culturally-relevant covered health expenses.
- We reached a new philanthropic milestone committing more than \$50 million since 2012 to fight diabetes globally.

### **What we do, and how we do it, matters.**

I'm encouraged by our progress, spurred by our talented and diverse teams who live Sun Life's Purpose and values every day. It's their work you'll see highlighted in our 2023 Sustainability Report and in action in your community.

Our journey is far from over. More collective energy, work and creativity is needed to drive sustainable solutions and create a lasting impact for current and future generations. By sharpening our strategic focus and scaling positive impact across our diverse

"We're committed to being a Purpose-driven and sustainable company, one that cares for our Clients' financial security and health and the future of our planet."

footprint, we'll accelerate our actions to go further and faster to continue to build resilience into our business.

My commitment is to use our expertise, experience and resources, and invest in developing and empowering our people, to create positive impacts that make life brighter under the sun.

### **Kevin D. Strain**

President and Chief Executive Officer

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## Q&A with our Chief Sustainability Officer



### **It's been five years since Sun Life launched a comprehensive Sustainability Plan. Stepping back, what achievements on the journey stand out for you?**

When I reflect on the past few years, I'm most proud of how the sustainability discipline at Sun Life has matured. Since 2019, the shift within the company has been incredible. We've moved from connecting the concept of sustainability to our core business and values, to more deeply embedding sustainability into everything we do. This shows up in so many ways – our enterprise strategy, our products and services, and the way we speak about our business. Above all, it's the way our leaders and employees see sustainability as

foundational to our long-term success. This will allow us to deliver in a way that is helpful for society and is a differentiator for our business.

Along the way, there have certainly been some big milestone initiatives. Whether it's our net-zero commitments within our operations and investments, our \$20 billion sustainable investment target or starting our journey to achieve Progressive Aboriginal Relations certification, there's a lot to be proud of. While these are just some of the actions we've taken, what inspires me the most is the authentic commitment of our people across Sun Life – in Canada, the U.S. and our Asia businesses.

### **It sounds like a lasting internal culture shift has taken place?**

There's a palpable difference, and I've observed a meaningful shift in mindset. I see our leaders and teams really 'digging in' to learn and apply the issues of sustainability and climate change in ways that are directly connected to our business. Every business group at Sun Life now has accountability for sustainability. That responsibility is leading us to think differently about how we create impact, who we partner with, as well as new operational approaches that strive to be better for our Clients, employees, shareholders and society as a whole.

### **You evolved your sustainability strategy five years on, why did you feel the need to do that?**

It starts with the belief that sustainability is a journey, not a destination. As a leader in sustainability, we recognize the world has evolved in terms of the expectations on corporations and the important role we can play. This is particularly true when it comes to climate change. We also realize that sustainability continues to be a complex and rapidly evolving priority – whether that's the global regulatory environment or changing social norms in different geographies.

When we first developed the Sustainability Plan, the connection of climate change to our business wasn't as clear as it is today. That's why we didn't initially include it as a pillar. We also knew we needed to bring in the right resources to determine the most meaningful way to have an impact on climate change. Our actions need to be about real, legitimate resiliency and not just lip service. The challenge of climate change goes beyond emissions and net zero; it's about the company we want to be for the next 150 years.

### **Looking ahead, what are you most excited to see Sun Life achieve in the next five years?**

We've made big strides in Sun Life's sustainability ambition and there's so much more we can do. The past few years have really been about building the foundation and critical capabilities to move our strategy forward. Now, we're in a terrific position to accelerate the execution of our plans. That includes fostering more innovation, building upon our robust disclosures and data, and improving measurable outcomes for our Clients and society. In particular, I think we have an opportunity to lead our industry in addressing the needs of underserved groups through our life, health and wealth offerings. It's a business opportunity with a positive impact that can truly be measured.

I remain more excited than ever about the future of sustainability at Sun Life. We have an amazing team, deep expertise and a Purpose-driven culture that is committed to creating a better future.

#### **Alanna Boyd**

Senior Vice-President and Chief Sustainability Officer



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# 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.

## Thinking sustainably: The key to our future

Our sustainability ambition is to maximize our positive impact and ensure the resiliency of our organization, in support of our Purpose. We aim to create competitive advantage and differentiation for our business through the following focus areas of our sustainability plan:



### Increasing financial security

We aspire to increase the lifetime financial security of our Clients, employees and communities. We’re increasing access to and use of insurance and wealth products, and empowering and educating people to improve financial security outcomes.



### Fostering healthier lives

We aspire to improve health and wellness outcomes for our Clients, employees and communities. We’re improving access to and use of health insurance and health care, and empowering people to navigate and manage their health journey to improve health outcomes. Our investments in community health complement these efforts.



### Advancing sustainable investing

We aspire to deliver sustainable returns for Clients. We manage assets with material environmental, social and governance (ESG) factors embedded in our investment processes and offer our Clients sustainable investing opportunities. In addition, we invest our own assets in ways that support a low-carbon and more inclusive economy.



### Building resilience to climate change

We are committed to being part of the climate solution. We’re decarbonizing our business and engaging with our stakeholders to support the transition to a low-carbon economy. Meaningful climate action is essential to achieving our Purpose and ensuring the resiliency of our business.



### Operating as a trusted and responsible business

Our sustainability plan builds from our foundation as a trusted and responsible business. We aspire to be a responsibly-managed business that is Client-focused, Purpose-driven, competitive, forward-thinking and sustainable for the long term. From expanding our diversity, equity and inclusion efforts, to ensuring our Clients and employees feel valued, we’re building on our long-standing sustainability practices and achievements.

Sustainability Driven

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# Five years since we launched our Purpose-led Sustainability Plan

We've achieved a number of milestones on our journey to realize our Sustainability Plan. Through these achievements, and others, we're making good progress on the road to building a more sustainable future.

## Launched new Sustainability Plan

## Made "Sustainability Driven" a core part of Sun Life's overall business strategy

## Elevated Climate Change as a cross-cutting lens in our Sustainability Plan

2019 →	2020 →	2021 →	2022 →	2023 →
Demonstrated our commitment to the climate by meeting our 20% by 2020 operational greenhouse gas (GHG) emissions intensity reduction target	Broadened infrastructure equity and sustainable investment options for Clients by acquiring a majority stake in InfraRed Capital Partners	Strengthened sustainability leadership and accountability by appointing Sun Life's first-ever Chief Sustainability Officer	Increased access to dental care for underserved people through the acquisition of DentaQuest, the largest provider of Medicaid dental benefits in the U.S. <sup>4</sup>	Provided Clients in Canada with affordable, on-demand access to quality care through the acquisition of Dialogue Health Technologies Inc.
Became the first life insurance company to issue a sustainability bond	Supported the transition to a low-carbon economy by committing \$20 billion in new sustainable investments by 2025	Stepped up climate action plans by committing to net zero by 2050 in our operations and investments; set interim operational target for 2030	Advanced our commitment to net zero in our investments by setting interim targets for several of our asset management businesses	Advanced our support for green and social assets by issuing our second sustainability bond
Demonstrated our commitment to diversity by becoming the first insurance company to introduce Kaleidoscope by Hive Learning, a leading DE&I education program	Enhanced the quality of our reporting by obtaining external assurance for GHG emissions accounting for the first time	Focused efforts to build an inclusive culture by launching our DE&I Strategy 2025 <sup>2</sup>	Strengthened diversity on our Board of Directors by achieving our aim of gender parity	Strengthened accountability for climate-related performance by publishing Sun Life's first <a href="#">Net Zero by 2050</a> report and setting interim net-zero targets for our general account investments
Helped more Clients and other Canadians get access to the health-care resources they need, when and how they need them by expanding the Lumino Health network	Strengthened sustainability disclosures by beginning to report in line with the TCFD framework and against select Sustainability Accounting Standards Boards metrics	Helped group benefits Clients in Canada prevent or address mental health issues by launching our Mental Health Coach	Expanded sustainable investing options for Clients by launching Stellar, the first ESG-focused savings plan in Hong Kong <sup>5</sup>	Contributed to closing the savings and protection gap in Asia by covering 2.4 million lives through affordable insurance policies <sup>6</sup>
Helped Canadians be their authentic selves by introducing gender affirmation coverage within group benefits	Accelerated efforts to develop representative leadership by establishing aspirational DE&I goals at the senior management level	Demonstrated our commitment to the climate by achieving CarbonNeutral <sup>®3</sup> company certification across our global operations	Provided more diverse support for family building by adding new surrogacy, adoption and fertility services benefits to group benefits plans in Canada	Reached a milestone in the global fight against diabetes by surpassing \$50 million committed since 2012
Strengthened our commitment to being a trusted and responsible business by launching Client Data Privacy Principles	Helped Clients in Canada take 1.2 million positive financial actions to increase their financial security <sup>1</sup>	Helped Canadians with diabetes get access to affordable insurance by launching the Diabetes Signature Solutions pilot program	Assisted Clients in reducing health-care costs by recording US\$30.5 million in savings for Sun Life and our stop-loss Clients through our Clinical 360 program in the U.S.	Enhanced leadership accountability by introducing a Sustainability Modifier to our Senior Executive Sun Share Unit Plan <sup>7</sup>

<sup>1</sup> Examples of positive financial actions include adding voluntary benefits, adding a voluntary savings product, or making a lump sum deposit.

<sup>2</sup> Refer to [Diversity, Equity & Inclusion Strategy 2025](#).

<sup>3</sup> CarbonNeutral<sup>®</sup> is a registered trademark of Climate Impact Partners and is achieved in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

<sup>4</sup> Based on number of members as of September 2023. Ranking compiled by Sun Life U.S. using publicly available data from the September 2023 Medicaid & CHIP Enrollment Data Highlights, state Medicaid agencies and other sources, and information disclosed by competitors.

<sup>5</sup> Based on market conditions as of April 12, 2022 and comparison among other savings plans for new Composite and Long-Term Businesses as defined by the Insurance Authority in the Register of Authorized Insurers.

<sup>6</sup> Affordable insurance products help people in the mass market (including lower-income segments) meet risk protection needs at an accessible price point. The criteria for a product to be considered affordable insurance varies by country and is based on factors such as: insurance premium amount relative to average income, coverage period, underwriting requirements and/or government regulation. Refer to [Report Scope - Note 1](#).

<sup>7</sup> Refer to Sun Life's [Management Information Circular](#) dated March 15, 2024 for more details.

▶ About this report ▶ Sun Life at a glance ▶ 2023 sustainability highlights ▶ Global context and megatrends ▶ Message from our President and CEO ▶ Q&A with our Chief Sustainability Officer

## ▶ **Sustainability at Sun Life**

### **Our material ESG topics**

Our Sustainability Plan – along with this report and complementary web disclosures – addresses the ESG topics that our stakeholders identify as most important for us to act on, based on our latest materiality assessment conducted in 2021. We will be conducting a new materiality assessment in 2024. Refer to [Stakeholder Engagement and Materiality](#) for details.

### **Our sustainability governance model**

From our Board of Directors to our front-line business teams, we continue to drive sustainability strategies, deepen our expertise and skills, and monitor sustainability performance at all levels.

#### **Board of Directors**

The Board has ultimate oversight of sustainability and the enterprise approach to climate change. Each Board committee has oversight of different aspects of sustainability and climate change issues.

The Governance, Investment & Sustainability Committee (GISC) of the Board assists the Board with oversight of sustainability matters, including those related to climate. The GISC is responsible for reviewing and approving Sun Life's Sustainability Policy, overseeing progress against Sun Life's Sustainability Strategy and commitments (including decarbonization targets), reviewing

and recommending Board approval of the annual Sustainability Report and the annual Chief Sustainability Officer (CSO) plan, and overseeing the development and implementation of Sun Life's climate transition plan. In addition, the GISC reviews any material issues related to sustainability raised by management throughout the year, including climate-related matters.

The Risk Committee of the Board assists the Board with enterprise-wide oversight of the management of current and emerging risks, which may include climate-related risks and, broadly, environmental risks.

The Audit Committee reviews ESG disclosures (including climate-related disclosures) required to be included in Sun Life's financial disclosure documents and reviews management's quarterly reports on the effectiveness of Sun Life's internal controls over financial reporting, including any evolving standards over ESG disclosures.

#### **Executive Sustainability & Climate Change Council**

Our Executive Sustainability and Climate Change Council (ESC) is composed of senior executives from Sun Life's Global Leadership Team. Members include the: CSO (Chair), Chief Executive Officer, Chief Financial Officer, Chief Client and Innovation Officer, Chief People and Culture Officer, Chief Legal Officer, Chief Strategy and Enablement Officer, Chief Risk Officer and Chief Investment Officer. The ESC is the decision-making body for the approval of cross-enterprise sustainability

programs and issues management (e.g., human rights), as well as external commitments and goals including related progress oversight (e.g., net zero, sustainable investing, diverse supplier spend).

#### **Global Sustainability Leadership Team**

Our Global Sustainability Leadership Team (GSLT) is composed of senior executives from each of our business groups and key functions who have sustainability mandates. The GSLT advises and drives execution towards our sustainability objectives.

#### **Chief Sustainability Officer**

The CSO has oversight of and responsibility for sustainability at the Corporation, including the sustainability policy, sustainability strategy, and annual sustainability report and related disclosures. This accountability includes setting the strategy and governance framework for our organization. The CSO chairs our ESC and GSLT.

#### **Global Sustainability Team**

The corporate sustainability team is a central resource and expert on all sustainability activities. The team has responsibility for the sustainability strategy and sustainability-related disclosures, as well as other sustainability-related matters as needed. The team is a subject-matter expert to ESC and GSLT members and working level staff, and

provides support in project management, metrics development and accountability. The team also leads engagement and communications around sustainability internally and externally.

#### **Business Groups and Functional Sustainability Teams**

Business Groups and relevant Functions provide dedicated resources to support the implementation of the sustainability strategy.

### **UN Sustainable Development Goals**

Sun Life has been a supporter of the United Nations Sustainable Development Goals (SDGs) for many years. Our work is aligned to the following SDGs where we believe we can have the greatest impact:

- #3 Good health and 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.

- ▶ About this report
  - ▶ Sun Life at a glance
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- ▶ **Sustainability at Sun Life**

## Tracking our progress

### Sustainability scorecard and goals

Objective	Goal	Status	2023	2022
<b>Increasing financial security</b>				
Increase the lifetime financial security of Clients, employees and communities	We are developing metrics related to this objective.	In progress	-	-
<b>Fostering healthier lives</b>				
Improve health and wellness outcomes for Clients, employees and communities	We are developing metrics related to this objective.	In progress	-	-
<b>Advancing sustainable investing</b>				
Grow sustainable investment portfolio	\$20 billion in new sustainable investments between 2021-2025 <sup>1</sup>	In progress Total invested since 2021: \$17.6 billion <sup>2</sup>	\$3.3 billion in new investments <sup>2</sup>	\$6.6 billion in new investments <sup>2</sup>
Achieve net-zero greenhouse gas (GHG) emissions by 2050 for our investments	Achieve initial interim targets set for Sun Life's general account investments	In progress Refer to our <a href="#">Net Zero by 2050</a> report for the latest details.	Set four interim net-zero targets, applicable to three asset classes, for our general account investments.	Developed 2019 base year GHG emissions profile for Sun Life's general account.
	Achieve initial interim targets set for our asset management businesses	In progress Refer to our <a href="#">Net Zero by 2050</a> report for the latest details.	SLC Fixed Income set Net Zero Asset Managers (NZAM)-accepted interim targets for select assets it manages for the Sun Life general account.	Several asset managers had interim targets accepted through the NZAM initiative.
<b>Building resilience to climate change</b>				
Achieve net-zero GHG emissions by 2050 for our operations	50% absolute reduction of GHG emissions <sup>3</sup> in our operations by 2030 (2019 base year)	In progress	3.7% increase	29% reduction <sup>4</sup>
	Maintain carbon neutral operations globally	Achieved	Achieved CarbonNeutral <sup>®5</sup> company certification	Achieved CarbonNeutral <sup>®5</sup> company certification
<b>Operating a trusted and responsible business</b>				
Accelerate diversity, equity and inclusion by 2025 <sup>4</sup>	Gender balance on Board	Achieved	50% women	55% women
	5% diverse supplier spend (North America)	In progress	1.4%	1.0%
	Achieve Progressive Aboriginal Relations certification (Canada)	In progress	Phase 2 complete and Phase 3 in progress	Phase 1 complete and Phase 2 in progress
<b>Aspirational goals</b>				
	Gender parity <sup>7</sup> in VP+ roles (global)	In progress	37% women	33% women
	25% underrepresented ethnicities <sup>8</sup> in VP+ roles (North America)	In progress	20%	19%
	3.5% Black employees in VP+ roles (Canada) <sup>9</sup>	In progress	1.9%	3.1%
	5% Black employees in student workforce roles (Canada) <sup>9</sup>	Achieved	5%	8%
	13% Black/African employees at each level (U.S.) <sup>10</sup>	In progress	9%	8%

<sup>1</sup> General account and certain third-party Clients, where relevant. Investments counted toward Sun Life's sustainable investment goal meet one or more of the criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles, GRESB Real Estate Benchmark, and/or 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. Assets included may not align with criteria in the Sun Life [Sustainability Bond Framework](#). Does not include all holdings in companies that may be defined as sustainable under other taxonomies.

<sup>2</sup> Values are as at transaction date. Client asset values included represent a non-IFRS financial measure.

<sup>3</sup> Emissions resulting from global corporate offices and data centres as well as from business travel, inclusive of majority-owned Sun Life affiliate companies. All emissions reporting is aligned to the GHG Protocol Corporate Accounting and Reporting Standard using the financial control approach.

<sup>4</sup> Restated due to correction of errors, improvements made to capture accurate travel data and application of appropriate emissions factors.

<sup>5</sup> CarbonNeutral<sup>®</sup> is a registered trademark of Climate Impact Partners and is achieved in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

<sup>6</sup> Underrepresented ethnicity data is based on employee voluntary self-identification. 91% of employees surveyed have provided self-identification data. Board representation data based on self-identification.

<sup>7</sup> Gender parity is defined as women representation between a range of 47% to 53%. This range accounts for employees who identify as non-binary based on current global averages.

<sup>8</sup> 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.

<sup>9</sup> Part of a series of aspirational goals included in our role as signatory to the BlackNorth Initiative.

<sup>10</sup> U.S. refers to the U.S. Group Benefits, Dental and In-Force management businesses of Sun Life U.S. as reported by Sun Life Financial Group Inc.



# Increasing financial security

We aspire to increase the lifetime financial security of our Clients, employees and communities. We're increasing access to and use of insurance and wealth products, and empowering and educating people to improve financial security outcomes.

## Material topic in this chapter:

- [Financial security](#)

## Our work is aligned to Sustainable Development Goal:



► **Financial security**

# Financial security

## Empowering people to achieve financial security

Achieving long-term financial security feels increasingly out of reach for many people around the world. In an environment where the cost of day-to-day living is dramatically increasing, many are living on the edge financially. Financial security can feel like an impossible objective. Further, the impacts of climate change and the risks associated with extreme weather events have threatened the health and financial well-being of many individuals and communities.

Access to financial services, digital self-serve tools, professional assistance and literacy programs can help elevate financial well-being and security. The challenge is to ensure they are reaching those in need. With a focus on inclusion and accessibility, we're helping Clients and members around the world achieve financial security.

## Our approach at a glance

- > Designing and 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 online](#)

## 2023 Performance

Helping people build financial security requires a holistic approach that involves access to financial services, education and products designed to grow and protect wealth. In 2023, we continued to reach and engage people across the globe through programming, innovation, advice and advocacy. Our aim is to increase their financial security, well-being and resilience.

### Helping Clients build and strengthen their financial security

- Empowered Clients in Canada to reach their goals by creating 95,874 financial roadmaps powered by the Sun Life One Plan digital tool (up from 45,822 in 2022). This tool enables Clients to create and update their financial roadmaps as often as they like, while collaborating with their advisor on personalized goals. We also launched self-serve capabilities for the tool available to 1.4 million Sun Life Canada Group Retirement Services (GRS) plan members.
- Expanded support for GRS plan members through the launch of the Sun Life 360 Plan Advice service in Canada. This service supports plan members on their financial and retirement journeys by connecting them with licensed financial services consultants, at no additional cost.
- Enabled Clients in Canada to better track their goals and progress through the enhancement of our digital first channel, Prospr by Sun Life. By introducing account aggregation to the tool, Clients can now link external accounts to their profile. The solution continues to help people manage their financial goals in two ways: first, with easy-to-use online tools, including a personalized dashboard to set goals and track finances; and second, through ready access to our licensed, salaried advisors. Prospr by Sun Life continued to build momentum with over 3,300 Clients using it since launch, a year-over-year growth of 176%.

- Helped Clients achieve their health and financial goals by driving \$2.4 billion in insurance coverage and \$706 million in wealth deposits in Canada through proactive and personalized nudges from our digital coach, Ella. This represents an increase of 72% and 1% respectively over 2022.
- Reduced out-of-pocket costs for employees and increased dental care coverage by offering two new dental plan options for U.S. Clients. The Preventive Rewards option incentivizes people to get regular cleanings by adding money to the annual maximum amount covered by their policy when they maintain preventive care. The RollMax option allows dental members to roll over a portion of unused annual maximum dollars for future use.
- Helped more Clients in the Philippines build savings sooner and grow their wealth through Sun Legacy, a new protection and savings product with guaranteed cash benefits. Clients can secure the future of their loved ones through the Sun Legacy life insurance protection feature, which is equivalent to 125% of the total premiums paid. Sun Life Philippines also launched the Sun Life Financial Organizer digital tool to help people better manage, plan and protect their financial future.
- Offered new ways for Clients in Hong Kong to grow long-term wealth and contribute to a more sustainable future. SunJoy and SunGift are ESG-focused insurance and savings plans. They are designed to offer potential long-term growth and flexible options for Clients with withdrawal needs while actively integrating ESG concepts into their investment strategies.

### Improving financial access and inclusion

- Covered 2.4 million lives through affordable insurance policies, contributing to closing the significant savings and protection gaps in Asia<sup>1</sup>. For example, Sun Life Grepa Financial, Inc. partnered with ExpressPay Inc., a leader in payment services franchising. This collaboration aims to bridge the insurance coverage gap by extending

<sup>1</sup> Affordable insurance products help people in the mass market (including lower-income segments) meet risk protection needs at an accessible price point. The criteria for a product to be considered affordable insurance varies by country and is based on factors such as: insurance premium amount relative to average income, coverage period, underwriting requirements and/or government regulation. Refer to [Report Scope - Note 1](#).

► **Financial security**

## Sun Pera-Aralan: Empowering Filipino educators to take positive financial actions to overcome debt



### The challenge:

Educators play a pivotal role in driving a country's growth and advancement. Yet some educators in the Philippines, particularly those who teach in public schools, face their own personal financial challenges. Many struggle with debt and find it difficult to make ends meet. Given their busy schedules and intense workloads, innovative approaches are needed to help teachers understand and integrate essential aspects of financial literacy into their daily lives.

financial protection to the country's underinsured population. Sun Life Grepa's insurance plans will be made available at over 700 ExpressPay branches across the Philippines, facilitating easier access to life insurance coverage.

- Provided U.S. physicians, dentists, nurses and other health-care professionals with enhanced disability coverage options to meet their unique needs. The new product suite, Sun Life for Healthcare Professionals, provides life and specialized short- and long-term disability plans that can be tailored to different income protection needs. As the health-care community navigates growing provider shortages and reduced access to care, the enhanced coverage is an attractive incentive for recruiting.



### The initiative:

The Sun Life Foundation collaborated with AHA! Behavioural Design to create Sun Pera-Aralan, an award-winning financial management program designed specifically for teachers. At the heart of this program is Peso Sobre, a user-friendly budgeting tool that helps teachers efficiently manage their salaries. It's paired with financial learning sessions, activities and an online community fostering open and healthy financial discussions.

- Increased access to financial education programs to strengthen financial literacy across our markets. Refer to [our feature story](#) for examples.

### Promoting financial resilience through research and thought leadership

- Working to identify barriers and find solutions to financial security for older Canadians, Sun Life teamed up with the National Institute on Ageing on a new research partnership. Sun Life is contributing \$300,000 towards research into key financial, physical and mental health issues facing ageing Canadians, including those in the long-term care system. GRS also launched a retirement toolkit for

Sun Pera-Aralan established the online community to provide a forum in which positive financial behaviours can be reinforced. With over 14,000 members, the community promotes interactive learning and knowledge-sharing. Teachers proudly share their good budgeting and savings habits, money-saving tips and success supported by the usage of Peso Sobre.

pre-retirees with valuable information on preparing for retirement.

- Aimed to improve retirement outcomes for plan members by providing GRS Clients with actionable insights. Sun Life's biennial benchmark report on workplace savings plans in Canada, "[Designed for Savings 2023](#)", analyzed data from 1.4 million retirement savings members and 7,500+ group plans to highlight the latest trends in contributions, plan design, investments, the complexities of decumulation and much more. The study highlighted the disparity between males and females when it comes to savings behaviours and account balances.



### The impact:

- 72,000+ public school teachers have participated in Sun Pera-Aralan as of December 31, 2023.
- Inspired by the positive reception, the Sun Life Foundation is rolling out the program to an additional 35,000 teachers in 2024.
- Peso Sobre users reported more confidence in their abilities to meet monthly expenses compared to non-users.

[Read more online](#)

#### JUST THE NUMBERS

- [ESG Performance Tables](#)

#### MORE ONLINE

- [Financial Advice](#)
- [Sun Pera-Aralan \(feature story\)](#)
- [Boosting financial literacy globally in 2023 \(feature story\)](#)



# Fostering healthier lives

We aspire to improve health and wellness outcomes for Clients, employees and communities. We're improving access to and use of health insurance and health care, and empowering people to navigate and manage their health journey to improve health outcomes. Our investments in community health complement these efforts.

## Material topics in this chapter:

- [Client health](#)
- [Employee wellness](#)
- [Community wellness](#)

## Our work is aligned to Sustainable Development Goal:





# Client health

## Helping Clients access the health care and coverage they need

As a health insurance and benefits provider, we know first-hand how complex health-care systems can be. For many people, getting the care they need can feel like an insurmountable task. We're committed to making a difference.

Helping our Clients live healthier lives is central to our company's Purpose. We believe living a healthy life requires having access to comprehensive care that addresses physical and mental health. It also means that coverage should be inclusive to meet one's individual needs. By providing and promoting a diverse range of care options, we empower Clients to take control of their health and make health decisions with confidence.

## Our approach at a glance

- > Improving access to care
- > Removing barriers to mental health treatment
- > Managing workplace disability to improve outcomes
- > Educating and empowering people to take charge of their wellness
- > Sharing insights and best practices with others

[Learn more online](#)

## 2023 Performance

In 2023, we invested in technology and formed strategic partnerships to help Clients access health care where and when they need it. Access to care is also about affordability and removing barriers for underserved communities. We expanded the number of programs that help bring affordable health and dental care solutions to lower-income individuals and families.

### Providing health-care access virtually anywhere

- Strengthened our ability to provide affordable, on-demand access to quality care by completing the acquisition of Dialogue Health Technologies Inc. ("Dialogue"). Virtual care bridges the gap for people who need to quickly connect with a health-care professional. Dialogue offers a robust suite of virtual health care and well-being services to 50,000 organizations, representing nearly 2.8 million Clients globally. Dialogue continues to operate as a standalone entity of Sun Life Canada and will continue to provide services to all their Clients and distribution partners.
- Provided Group Benefits Clients in Canada with the convenience of a pharmacist at their fingertips through the launch of Lumino Health™ Pharmacy provided by Pillway. Nearly 50% of Canadians require maintenance medication to treat chronic conditions, yet about 50% don't take their medication as prescribed<sup>2</sup>. To help tackle this growing concern, the online pharmacy makes it easier for Clients to access the support and medications they need. Clients can even have their prescriptions delivered to them for free anywhere in Canada (excluding Quebec) in as little as one business day. A phased rollout began with Sun Life employees in Canada and then Group Benefits Clients with the goal of eventually reaching every Canadian. We also made a minority

investment in Simpill Health Group Inc. (operating as "Pillway"), which provides the technology platform and pharmacy services for the app.

- Introduced comprehensive, one-stop care and assistance to Clients in Hong Kong through our new digital health-care service platform, eSunPro. Services begin at the point of diagnosis all the way to post-treatment care, enabling Clients to access advanced treatment and support throughout their recovery process.
- Made it easier for DentaQuest members to get dental care and advice digitally in the U.S. Through an expanded partnership with Teledentistry.com, DentaQuest members in certain states will now get 24/7 virtual access to dental providers.
- Strengthened Sun Life U.S.'s ability to drive improved health outcomes through a partnership with Goodpath. The virtual, integrative clinic provides Clients on disability with access to whole-person care for back or neck musculoskeletal conditions or long COVID-19. The app and health-based program provides personalized digital exercises as well as a monthly box of over-the-counter medications, devices and other treatment items shipped directly to the Client's home. Musculoskeletal issues are a leading cause of short-term disability claims while long COVID, a complex condition, is an ongoing concern.
- Helped advance the growth of the emerging virtual insurance industry in Hong Kong by making a further strategic investment in Bowtie. The company is the first virtual insurer approved under the Hong Kong Insurance Authority's Fast Track pilot program. It is helping fill the US\$886 billion protection gap<sup>3</sup> by changing how customers access health insurance through technology.

<sup>1</sup> Used under license by Simpill Health Group Inc.

<sup>2</sup> Medavie BC. "Medication non-adherence: Tackling the "elephant in the room", JMCP "Examination of the Link Between Medication Adherence and Use of Mail-Order Pharmacies in Chronic Disease States". 2016.

<sup>3</sup> Insurance Authority. "Mortality Protection Gap Study". 2021.

- ▶ **Client health** ▶ Employee wellness ▶ Community wellness

## Broadening health-care access through partnership

- Enhanced the emotional and mental health support provided to group life insurance Clients in the U.S. by expanding our partnership with AbleTo to include Self Care+. Self Care+ is a digital wellness product that provides access to on-demand content, activities and tools to help Clients reach their mental wellness goals. The resources available with Self Care+ include mood and habit tracking, guided meditations and a large selection of wellness content. Our first program with AbleTo launched in July 2022 to help members receiving short-term disability or critical illness benefits due to cancer. For graduates, the program has reduced average measures of anxiety, depression and stress by over 50%<sup>4</sup>.
- Helped make specialty drugs more accessible and affordable in the U.S. through a new program with OptiMed Health Partners. The new program will identify opportunities to administer specialty drugs to stop-loss Clients in a convenient setting, such as their home or an infusion center. The personalized approach, coordinated with the Client's physician and care team, can reduce the risk of infections and complications for patients while decreasing treatment costs for specialty drugs.

## US\$36.2 million

U.S. stop-loss Clinical 360 savings for Sun Life and Clients (2022: US\$30.5 million)

- Continued to participate in the Hong Kong government's Voluntary Health Insurance Scheme (VHIS) and support access to health care and insurance protection in the region. In 2023, we issued over 10,100 VHIS-certified policies to individuals, representing HK\$39.2 billion of annual coverage, helping more people prepare for their future medical needs.

## Tackling affordability and access to health and dental care

- DentaQuest was awarded four new Medicaid dental benefits contracts, supporting our mission to provide access to dental care for families and children in underserved communities. DentaQuest, a Sun Life company, is the largest Medicaid dental benefits provider based on membership as of September 2023<sup>5</sup>. Medicaid provides health coverage to underserved people and is one of the largest payers for health care in the U.S.

- Expanded our Advantage Dental+ practices with five new offices in Texas. These practices are focused on providing high quality, preventive-focused oral health care to children with Medicaid coverage.
- Facilitating access to oral health care for Canadian residents following the Government of Canada's selection of Sun Life to be the administrator of the Canadian Dental Care Plan (CDCP). The CDCP will help ease financial barriers to accessing oral health care for eligible Canadian residents who do not have access to dental insurance and have an annual adjusted family net income of less than \$90,000. The Plan is expected to provide coverage for up to nine million people.
 

The CDCP is being rolled out using a phased approach over several months, starting with seniors, followed by persons with disabilities and children under 18. In 2025, the CDCP will become available to all eligible Canadian residents.
- Continued to help Canadians with type 2 diabetes get access to affordable life insurance through Diabetes Signature Solutions pilot program. The program, aimed at previously declined applicants,

- provides one year of life insurance coverage. During that time, Clients work towards specific health goals to lock their policy terms in place. This year, we expanded the program to include Canadians with type 1, gestational and pre-diabetes.
- Helped protect Clients in the U.S. against large, unpredictable health-care costs by collaborating with Philadelphia-based Independence Health Group. We are providing medical stop-loss insurance for their self-funded group medical clients. As part of this collaboration, their clients will get access to customizable solutions, reporting with actionable insights and cash flow solutions with an advance funding program to pay claims at the time they are received.
- Led advocacy efforts in Alabama, Florida and Texas in the U.S. that influenced the development of new laws that allow insurers to offer new Paid Family Leave products. As a result, Clients and family members are able to access support while taking time off work to focus on loved ones.

<sup>4</sup> Measured using Depression Anxiety Stress Scales 21. Early results indicate average change in scores from initial consultation to graduation from June 2022 to December 2023.

<sup>5</sup> Ranking compiled by Sun Life U.S. using publicly available data from the September 2023 Medicaid & CHIP Enrollment Data Highlights, state Medicaid agencies and other sources, and information disclosed by competitors.

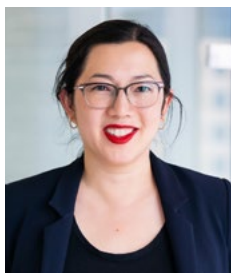
► **Client health** ► Employee wellness ► Community wellness

## Supporting women and Indigenous Peoples

- Contributed to the conversation on the gender health gap by issuing a new Bright Paper report, [Working Together to Support Women's Health](#). A long history of inadequate recognition and support of women's health is still impacting women today – including in the workplace. Sun Life's Bright Paper report helps raise awareness of women's health and highlights opportunities that employers have to better support women in their workplaces.
- Deepened our commitment to women's health by partnering with the Menopause Foundation of Canada to:
  - raise awareness of menopause and its impact on women's health,
  - identify ways to better support women in the workplace, and
  - close gaps in women's health care.

Women face several barriers in and out of the workplace, including a lack of awareness and stigma around menopause. In fact, three-quarters of working Canadian women aged 40 to 60 say they do not feel supported by their employer during menopause and 10% of women may leave the workforce due to unmanaged symptoms of menopause<sup>6</sup>. The partnership includes the development of resources for employers and a landmark report on menopause in the Canadian workplace.

<sup>6</sup> Sun Life Canada. "Working together to support women's health". 2023.



**Alison Chick**  
SVP, Health Solutions,  
Sun Life

"Sun Life Health aims to be a leading payor to help Canadians afford care, a provider of health solutions to help Canadians access and navigate care, and a digitally enabled platform to help Canadians manage their health and live healthier lives. With this

clear focus, the Health Solutions business has expanded our digital offerings, entered into Client-centred partnerships and offered affordable solutions to provide tailored and easy access to personalized care."

- Made it easier for plan members to understand and access culturally-relevant health expenses covered under their standard Personal Spending Account. For example, we created a new Indigenous health category for Indigenous group benefits Clients in Canada. This new category makes it easier for plan members to know and understand their coverage. Expenses we cover include:
  - traditional Indigenous Healers and Elders,
  - traditional medicines (such as sweetgrass, sage, cedar, tobacco plant), and
  - fees and supplies for Indigenous ceremonies (such as sweat lodges, healing circles, smudge kits).



### JUST THE NUMBERS

- [ESG Performance Tables](#)

### MORE ONLINE

- [Health and wellness resources](#)
- [Health insights for group benefits Clients](#)

# Employee wellness

## Taking a whole health approach to employee well-being

In recent years, the mental and physical wellness of the world's workforce has been under the spotlight. Anxiety, burnout and infectious illnesses are among the most prevalent concerns and challenges faced by companies and their employees. A thoughtful and inclusive approach is vital to keeping employees safe, healthy and comfortable in their workplace.

In 2023, as economic pressures continued to affect the daily lives of average citizens, financial wellness became an increasingly important factor in an employee's overall wellness. We believe that supporting our employees' mental, physical and financial wellness is essential to creating productive, fulfilling and inclusive workplaces – and delivering excellent service to our Clients.

### Our approach at a glance

- > Establishing clear priorities and actions through a coordinated Global Wellness Strategy
- > Pillar 1: Supporting mental wellness
- > Pillar 2: Promoting physical wellness
- > Pillar 3: Investing in financial wellness
- > Measuring the success of our actions and making adjustments

[Learn more online](#)

## 2023 Performance

### Leadership in mental health care

- Enhanced our culture of support for employees struggling with stress and burnout globally by providing resources to deal with these challenges. For example, we:
  - Published suicide response guides to support employees in the moment if someone is at risk of self-harm. These guides were rolled out globally.
  - Provided a forum for company leaders in the U.S. to share their stories on mental health, stress and burnout with employees through the second season of our internal podcast. We also distributed mental wellness guides to provide resources and support for U.S. employees. Lastly, we rolled out the Viva Insights tool which provides employees detailed information on how they spend their time while working. The tool offers users tips to optimize their productivity by finding opportunities for focus time and ways to reduce meetings.
  - Delivered education to employees in Indonesia about preventing burnout in collaboration with an Employee Assistance Program (EAP) provider.
  - Offered new programs in the Philippines to support employees' cognitive and mental wellness and help them feel more positive and confident to face day-to-day challenges. We featured webinars to help employees avoid burnout, learn self-care tips and manage stress. We also introduced a new EAP benefit which offers professional psychiatry consultations to address mental health concerns of employees and their dependents.

92%

of employees say that their immediate manager/supervisor supports their well-being<sup>1</sup> (2022: 92%)

- Organized mindfulness workshops for employees in India, which focused on practices such as meditation and deep breathing. These practices can help employees manage stress more effectively.
- Strengthened mental health support for employees in Canada and made significant progress on our mental health strategy focused on:
  - Reducing stigmas surrounding mental health. We released two new mental health stories that spotlight an individual employee's mental health journey and the resources they used for support.
  - Providing employees with mental health training and resources to support themselves and others. We introduced two new foundational mental health training modules for employees and people leaders.
  - Helping employees better navigate the disability leave process by developing a digital disability support guide.
  - Encouraging employees to access mental health resources early and often to support their overall well-being. In particular, we promoted access to Lumino Health Virtual Care as part of our Employee Family Assistance Program.
- Provided employees with greater flexibility to proactively care for themselves and/or their loved ones. For example, we replaced Personal Emergency Days in Canada with Care Days which makes it easier for employees to focus on personal priorities. Care Days may be booked for proactive self-care, caring for others, planned appointments or emergencies. We saw a 110% year-over-year increase in the use of Care Days compared to Personal Emergency Days. This trend suggests that employees are proactively taking time to focus on their well-being.
- Launched a two-day workshop on emotional intelligence for select employees in Vietnam. The workshop covered topics such as learning how to transform negative emotions and cultivate positive ones for better mental wellness and leadership at work.

<sup>1</sup> Based on the Q3 global employee engagement survey. 73% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

## Providing pathways to financial wellness

- Drove more Sun Life employees in Canada to invest in their financial futures through targeted communications. For example, we:
  - Encouraged employees to direct their salary increase towards saving more in Sun Life plans.
  - Demonstrated the impacts of participating in Sun Life 's defined contribution pension plan (DCPP).
  - Engaged with employees to optimize their contributions. For example, we encouraged those who are making unmatched contributions to the stock plan to redirect contributions to their DCP and maximize their financial benefits.
- Provided employees in Vietnam with new or updated paths to a bright retirement and lifetime financial security. We introduced a new savings plan and enhanced the pension program, increasing the benefits and expanding communications to promote pension participation. Since the enhancements were implemented, participation in the pension program rose from 33.3% to 37.9% in one year. Enhanced benefits include:
  - Doubling the monthly employer contribution for existing pension participants.
  - Making additional monthly contributions to the pension accounts of existing program members who reach a certain tenure at the company.

- Creating a pension account for employees who are not program members but have reached a certain tenure. Sun Life will make monthly contributions to these accounts and employees are not required to contribute.
- Helped employees strengthen their financial wellness through educational programing:
  - In Hong Kong, we introduced retirement investment education webinars to raise awareness on financial wellness in retirement planning.
  - In Indonesia, we delivered education about financial planning after retirement.
  - In the Philippines, we introduced financial well-being programs to help employees look after their financial health and develop capacity to manage financial situations and behaviours.

## Inclusive benefits and a proactive approach to physical health

- Enhanced health and family benefits to ensure employees and their families feel supported, regardless of how they chose to identify. For example, we:
  - Developed a benefits guide to support LGBTQ+ employees and their dependents in the U.S. The guide contains resources and specific services for our LGBTQ+ community, including our travel and lodging benefit, to support access to needed care and specific medical resources.

- Introduced a more inclusive, equitable health benefits program in the Philippines. The program addresses the needs of its diverse employees and their dependents. Updates include an enhanced medical and health benefits package with the inclusion of same-gender, domestic and common law partners as eligible dependents.
- Added two new types of personal leave for employees in Vietnam: one paid leave day per year to attend a child's graduation and one paid leave day per year to adopt a pet.
- Partnered with a local fitness center in Indonesia to support physical employee well-being. The initiative kicked off with an employee medical check-up to address common health issues such as high cholesterol and high blood pressure. Employees can engage in regular workout sessions and join various sports groups.
- Increased availability of Annual Physical Examinations (APEs) in the Philippines by providing on-site APEs to monitor employee health. We also introduced physical well-being programs to support physical health and safety, fitness, diet, sleep and energy levels. In addition, we promoted healthy eating, physical activity, health services and helpful resources through two separate week-long health and wellness fairs in the country. Over 1,600 employees participated in the events which included free eye checkups, body fat screenings, massage booths, as well as health product samples.

- Promoted the preventative care benefits of influenza vaccination in Malaysia, as well as the advantages of annual health screenings. Enhanced awareness of preventative care can help address key health issues and improve employee health and well-being. Our vaccination rates increased by 73% compared to 2022, and 225 employees undertook health screenings.
- Enhanced our commitment to supporting the physical well-being of our employees in India through a variety of health and safety programs:
  - Became certified ISO 45001: 2018 at Sun Life Global Solutions India, demonstrating our focus on promoting health and safety at work, improving operations and promoting business longevity. Under this international standard, our Occupational Health & Safety management systems aim to reduce occupational accidents, injuries and illness, while focusing on improving physical and mental health.
  - Hosted a safety event to promote and educate employees on a variety of health and safety topics, including how to strengthen our safety culture.
  - Provided self-defence training for female employees.
  - Facilitated first aid responder and fire safety training.
  - Offered dance fitness and yoga sessions led by an internal trainer.

## Enhanced and inclusive family building benefits in Canada



### The challenge:

It's estimated that 15% of Canadians face infertility challenges. The trend in delaying pregnancy – resulting in fertility problems – along with an increase in LGBTQ+ couples choosing to become parents – has resulted in a dramatic increase in both surrogacy and adoption in Canada<sup>2</sup>.

While these services provide heartening options for adults who may not otherwise be able to start a family, the financial costs are significant. Once you factor in fees for agencies, lawyers and fertility clinics, the cost for surrogacy can quickly reach \$100,000 per pregnancy<sup>3</sup>. The cost of private adoption, meanwhile, ranges from \$15,000 - \$30,000 for a child born in Canada<sup>4</sup> and \$20,000 - \$50,000 for a child born in the U.S. or overseas<sup>5</sup>.



### The initiative:

Sun Life is a leader in employee benefits and continues to roll out inclusive family building benefits to support employees growing their families in different ways. We have introduced the following enhancements:

- Fertility drugs now covered up to a lifetime maximum of \$20,000 per person.
- Fertility services now covered up to a lifetime maximum of \$20,000 per family.
- Surrogacy and adoption coverage with a lifetime maximum of \$20,000 for each per family.

In 2022, we rolled out similar benefits within our Family Building program for group benefits plan members in Canada.



### The impact:

Inclusive family benefits support employees through all life stages and are integral in helping them balance work and family aspirations. Corporations that champion a family-friendly culture show employees they value their lives beyond work and foster an inclusive and diverse workplace. This results in better employee retention, productivity and satisfaction.

Further, studies show that those navigating infertility suffer from adverse mental health outcomes and many suffer increased levels of anxiety and depression<sup>6</sup>. By alleviating some of the financial stress that accompanies fertility care, family-building benefits can improve the overall wellness of employees seeking fertility, surrogacy and adoption services to grow their families.



<sup>2</sup> CBC. "Surrogacy in Canada Has Increased 400% in 10 Years: More Facts". 2019.

<sup>3</sup> Clementson, L. et al. "Why a lack of oversight of surrogacy in Canada leaves some parents feeling taken advantage of". 2020.

<sup>4</sup> Government of Ontario. "Private domestic adoption". 2023.

<sup>5</sup> Government of Ontario. "International adoptions in Ontario". 2023.

<sup>6</sup> Rooney, K., Domar, A. "The relationship between stress and infertility". 2018.

### JUST THE NUMBERS

▶ [ESG Performance Tables](#)

# Community wellness

## Community solutions to global challenges

The global trends related to diabetes and mental health are concerning. Global cases of diabetes are expected to more than double by 2050, affecting an estimated 1.3 billion people<sup>1</sup>. A recent study found that half of the world's population will experience a mental health disorder in their lifetime<sup>2</sup>. The need for action is clear.

Our investments and initiatives reflect Sun Life's commitment to helping people live healthier lives. We're aiming to improve physical health, mental health and overall well-being with a particular focus on youth and underserved communities. We continue to strive for meaningful impact in our global philanthropic cause: type 2 diabetes prevention. We harness the full breadth of our resources, including our people and expertise, to make a positive difference.

### Our approach at a glance

- > Encouraging healthy, active living that's inclusive
- > Slowing the advance of diabetes
- > Responding to ongoing challenges in mental health
- > Harnessing and supporting the community work of employees and advisors

[Learn more online](#)

## 2023 Performance

As a major health insurance and health benefits provider, a core part of our Purpose is to help our Clients live healthier lives.

We also see firsthand the impact of chronic illness on our Clients' lives and the health-care system. Diabetes is one of the leading causes of death and disability worldwide<sup>1</sup>, but the vast majority of diabetes cases are type 2 and preventable with healthy lifestyle choices. This is why we invest in programs in all our markets to help people live healthier lives. For over a decade, our philanthropic strategy has centered on diabetes causes, with a growing focus on expanding access to health services. Since 2022, we've increased our community investments to support access to mental health services for youth and their families and to promote physical activity as an integral component of overall health. As part of our efforts to advance diversity, equity and inclusion, we focused philanthropy support on reaching youth in disadvantaged and underserved communities.

### Community focus areas

#### Health

- Oral Health
- Diabetes
- Mental Health

#### Culture

#### Education

#### Social Services

Inclusion and empowerment for underrepresented and marginalized people

### Diabetes prevention and care

- Contributed \$5.7 million of Sun Life's global corporate giving to the fight against diabetes. We supported initiatives to prevent type 2 diabetes with a particular focus on underserved communities. These initiatives included practical programs that encourage physical activity and healthy eating habits to create long-term lifestyle changes.
- Collaborated with SickKids Foundation in Canada to launch a new initiative that teaches youth how to adopt and sustain healthy lifestyle changes at The Hospital for Sick Children (SickKids). The BALANCE program uses a group-based mental health framework to support youth who are at-risk of developing type 2 diabetes.
- Continued to help patients with pre-diabetes and type 2 diabetes improve their health through our partnership with the Montreal Heart Institute Foundation in Canada. In support of the Diabetes Prevention and Remission Clinic, Sun Life announced an additional donation of \$450,000 over three years. The Clinic's goal is to reverse type 2 diabetes and pre-diabetes by detecting the disease earlier and encouraging the adoption of healthy lifestyle habits. Over the past four years, they have:
  - treated 1,100+ patients,
  - delivered 40,000+ fitness sessions for patients, and
  - facilitated over 11,000 patient meetings with teams of nurses, nutritionists, doctors and kinesiologists.

<sup>1</sup> The Lancet. "Global, regional and national burden of diabetes from 1990 to 2021, with projections of prevalence to 2050". 2023.

<sup>2</sup> The Lancet. "Age of onset and cumulative risk of mental disorders: a cross-national analysis of population surveys from 29 countries". 2023.



**Alain Gignac**  
President, Montreal  
Heart Institute

"The Clinic's innovative approach is based on several studies showing that when some people with type 2 diabetes make lifestyle changes, they can completely reverse their condition and thus dramatically reduce their risk of cardiovascular disease. Sun Life's ongoing support enables us to offer promising solutions that will improve quality of life for millions of people across the country."

- Helped at-risk and underserved communities in the U.S. get the care they need by awarding US\$350,000 to six organizations as part of our Team Up Against Diabetes grant program. This program supports local organizations offering fitness, nutrition, and diabetes management programs and services to their communities.
- Provided education on physical activity and healthy living to more than 5,000 children and their families across the U.S. through our continued sponsorship of Project Power. The youth-focused free program from the American Diabetes Association<sup>3</sup> improves

access to diabetes programs in underserved and at-risk communities. The program uses a curriculum of nutrition and fitness, as well as family engagement, including diabetes risk assessments and resources for parents.

- Raised awareness for diabetes prevention among students through educational programming in partnership with Diabetes Hong Kong. The initiative has reached over 7,000 students across 160+ schools.
- Distributed 5,000 diabetes care packs, which included a blood glucose self-test kit, to Sun Life Malaysia employees, advisors and the general public. We also hosted a series of workshops for underprivileged families aiming to educate them on the importance of a healthier diet and lifestyle to prevent diabetes.

### Promoting active living and wellness

- Supported people across Canada in leading healthy and balanced lives by launching the Sun Life Healthy You campaign. Sun Life Healthy You provides one-of-a-kind health and wellness content from experts within the Toronto Raptors organization. The campaign aims to provide people with advice to empower them on their health journey.
- Encouraged people to get active by providing funding for the ParticipACTION Community Challenge in Canada. The 2023 Challenge also provided grants to increase sport and physical activity participation of equity-deserving groups. Participants reported positive and encouraging outcomes as a result of their involvement in the Challenge.
- Encouraged Filipinos to lead a healthy lifestyle through the relaunch of the popular Sun Life Cycle PH in the Philippines after a three-year pause. More than 1,000 cyclists from ages 2 to 67 years old participated in the event. The event was attended by local celebrities, adding excitement and creating a memorable experience for riders and families. Sun Life Foundation donated PHP 750,000 to Hebreo 12:1 Foundation, Inc. to support scholarships for disadvantaged students.
- Promoted healthier lives through basketball across Indonesia and the Philippines with the Sun Life #MovementMatters campaign. By promoting physical activity, this campaign aimed to counter the high rates of physical and mental health challenges associated with inactivity amongst Asian youth and adolescents. Our support included a \$1 million donation to renovate basketball courts and facilitate coaching workshops and youth activities as part of our Hoops+Health program. This program is expected to impact the lives of over 10,000 youth through program grants and 100 coaches through education workshops in Hong Kong, Indonesia, Malaysia, the Philippines, Singapore and Vietnam.
- Supported physical and mental wellness programs in Malaysia, including:
  - The Brighter Health Blood Glucose Screening Program to provide complimentary blood glucose



Sun Life U.S. helped fund a new basketball court in downtown Portland, Maine. At the facility's unveiling, over 80 local youth participated in fun basketball drills led by Boston Celtics coaches and Sun Life volunteers, fostering teamwork, skill development and a sense of community.

- screenings. We screened over 5,000 adults in 2023, bringing the total number of people impacted during the program's four years to over 28,000.
- The Brighter Wellness program, which hosted experiential events to nurture a healthier mind and body.
- Workshops on mental and physical well-being for underprivileged youth ages 12-18 in partnership with HOPE worldwide Malaysia, a non-profit organization. These workshops provided essential knowledge and skills, empowering young

<sup>3</sup> Copyright 1995–2023. American Diabetes Association®.



► Client health ► Employee wellness ► **Community wellness**

individuals to lead healthier lives with the help of mental wellness coaches and nutritionists.

- Complimentary health checks as part of the “10 Years Brighter” roadshow series, to empower Malaysians with early health risk identification. Over 2,500 screenings were provided in 2023.

**An enhanced investment in mental health**

- Expanded support for mental health programs for at-risk and marginalized youth across Canada through a milestone commitment of \$4.7 million. Over the next three years, this investment will help 11 partner organizations expand their mental health services and programs, improve access to care and reach more young Canadians. This brings Sun Life’s donations in support of mental health in Canada to more than \$7.1 million since 2020.
- Aimed to improve access to mental health programming for young people by partnering with the Children’s Aid Foundation of Canada. We committed to providing \$1 million in funding over four years to help launch the Sun Life Bright Futures Kids Wellness Program, a pan-Canadian mental health prevention initiative for young people living in government care. The funding will also support the inclusion of mindfulness modules within existing programs at several of the Foundation’s partner agencies. This program is expected to directly support 700 youth ages 6-18, with a focus on Black and Indigenous children.

- Helped raised funds to support the well-being of cancer patients and their families by serving as the title sponsor of “Move for Maggie’s 2023”. The event raised around HK\$600,000 that will be used by Maggie’s Cancer Caring Centre to offer around 6,000 sessions of mind-body-spirit workshops at no cost to individuals affected by cancer.

**Supporting youth in all communities**

- Supported health and wellness programming for approximately 1,500 children and youth from 25 Indigenous communities in Canada through the Promoting Life-Skills in Aboriginal Youth (PLAY) program. The program provides Indigenous children and youth with play-based, culturally competent programming that supports their overall health, including their physical and mental well-being. We supported this program by committing an additional \$900,000 over the next three years to help scale and expand the PLAY Program. Sun Life has been a proud partner of Right to Play since 2015, contributing \$2.3 million to the PLAY Program since then.
- Expanded our existing partnership with Spirit North to help deliver physical health programs to an estimated 6,000 Indigenous youth in Canada. Read the case study on page 26 to learn more.
- Provided scholarships in the Philippines and Vietnam to help ensure equal access to quality education, including:
  - The first Sun Life Global Solutions (SLGS) Philippines Scholarship program with one of the country’s top public universities. Five senior

computer science students were chosen as beneficiaries with the aim to hire them after graduation. We also increased access to technology and learning opportunities for youth and students by donating over 130 used laptops to public schools.

- A scholarship for five students in partnership with the Philippine Financial Inter-Industry Pride (PFIP). The objective of this initiative is to empower the workforce of the future through education and enhance the opportunity of LGBTQ+ youth to be successful in society. We also provided a financial literacy workshop to recipients.
- Provided scholarships to 30 underprivileged children in Vietnam to cover school tuition fees.
- DentaQuest, part of Sun Life U.S., demonstrated its commitment to providing underinsured adults and children access to oral health care across the U.S. through new and ongoing partnerships. We provided financial support to Missions of Mercy free care clinics which delivered more than US\$12.5 million in care to over 13,500 people in major U.S. cities. Our funding for TeamSmile, a national nonprofit that offers one-day free clinics at professional sports stadiums, served more than 2,300 children and provided over US\$800,000 in free dental care and oral health education in 2023.
- Helped build awareness on health disparity and the importance of oral health in communities across the U.S. through the Share your Smile campaign. Sun Life U.S., DentaQuest and America’s ToothFairy teamed up to build awareness of dental health inequities, the

effect it has on children as they grow and actions people can take to help. In addition, the campaign encourages teens to consider careers in dentistry to support marginalized communities where children often grow up with higher rates of tooth decay.

**Philanthropy and community impact**

- Empowered employees in North America to make a difference in their communities by providing \$1.7 million in matched donations. Through the You Give We Give program, Sun Life supports employees and advisors in giving back to the causes important to them – in time or money – by providing matching funds to registered charities. Employees globally also gave back their time by volunteering over 28,300 hours in 2023. Learn more in our annual [Public Accountability Statement](#).
- Demonstrated commitment to racial and social justice through a US\$100,000 donation to Embrace Boston in the U.S. The fund, established to create a memorial tribute to Dr. Martin Luther King Jr., Coretta Scott King and 69 unsung heroes who marched alongside them, recently expanded its work to dismantle systemic racism through arts and culture and research and policy.
- Supported efforts to find solutions to end the opioid crisis in the U.S. by donating US\$100,000 to RIZE Massachusetts. DentaQuest has supported RIZE in its commitment to achieve zero stigma and zero deaths related to opioid use disorder since 2018.

## Addressing health inequities in underserved Indigenous communities across Canada



### The issue:

Millions across Canada are pre-diabetic or living with type 2 diabetes. Indigenous youth are 25 times more likely to be diagnosed with type 2 diabetes than non-Indigenous youth<sup>4</sup>.



### The partnership:

Since 2021, Sun Life has teamed up with Spirit North to help Indigenous youth get active and make health a priority.

Spirit North works collaboratively with individual Indigenous communities to co-create and deliver physical activity and land-based programs based on the unique cultures, traditions, languages and values of each community. Children and youth participate in activities such as cross-country skiing, snowshoeing, canoeing and shelter-building throughout the school year. In 2023, Sun Life announced an additional \$1 million in funding over the next three years. This support will help more Indigenous youth in underserved communities access these important programs.



### The impact:

Since the partnership began in 2021:

- Programming has reached more than 1,500 Indigenous youth.
- 89% of participants surveyed reported that they met or exceeded the recommended daily amount of physical activity by taking part in these programs.
- 100% of participants' parents noted their child's levels of joy and wellness improved.

Our new funding commitment will extend programming to 10 communities in Manitoba and four communities in the Yukon by year three.



**Beckie Scott**  
Founder of Spirit North

"We are incredibly grateful for this support from Sun Life and the meaningful impact that it will have on our programs and ability to reach and engage Indigenous children and youth across the country."

- Aimed to inspire Clients in Singapore to become advocates of philanthropy and charitable giving through the Sun Life Singapore Philanthropic Pledge. We announced the Pledge to correspond with the launch of SunBrilliance Indexed Universal Life. With every purchase of the plan, Sun Life Singapore will donate up to 0.5% of the premiums

received, to a maximum of US\$20,000 per policy. Donations will fund Singapore-based programs aligned with Sun Life's philanthropy goals.

- Donated PHP 1.5 million via the Sun Life Foundation in support of a project that promotes optimal breastfeeding practices and builds the capacity

of health services providers in the Philippines. In partnership with Save the Children Philippines, the project aims to reduce and prevent malnutrition among infants, young children, pregnant and lactating women, as well as teenage mothers.

### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

### MORE ONLINE

- ▶ [Donations and partnerships](#)
- ▶ [Team Up Against Diabetes grant program](#)

<sup>4</sup> Ruth C, Sellers E, Chartrand C, McLeod L, Prior H, Sirski M, Dragan R, Chen H, McDougall C, Schultz J. Type 2 Diabetes in Manitoba. Winnipeg, MB. Manitoba Centre for Health Policy. Autumn 2020.



# Advancing sustainable investing

We aspire to deliver sustainable returns for Clients. To pursue our aspiration, we:

- Manage assets with material environmental, social and governance factors embedded in our investment processes
- Offer our Clients sustainable investing opportunities
- Invest our own assets to support a low-carbon and more inclusive economy

## Material topic in this chapter:

- [Sustainable investing](#)

## Our work is aligned to Sustainable Development Goals:



► **Sustainable investing**

# Sustainable investing

## We aren't just invested in a sustainable future, we're creating it

The asset management industry has increased its focus on sustainability in recent years. Sun Life recognizes the influence that comes with being one of the world's largest asset managers. We have the ability to use our position to better meet our own and our Clients' objectives.

Sustainable investing is a key aspect of being a part of the climate solution. It can also be a driver of social good. By mobilizing capital towards these two objectives, Sun Life, as an asset owner, is prioritizing the innovations that can have a measurable positive impact on the environment and society.

## Our approach at a glance

- > Meeting our duty to act in the best interests of our asset management Clients
- > Prioritizing engagement and education, where consistent with Client objectives
- > Supporting a low-carbon and more inclusive economy, where consistent with Client objectives
- > Advocating for effective public policy and regulation
- > Strengthening transparency and reporting to help stakeholders evaluate our efforts

[Learn more online](#)

In this section, we primarily discuss Sun Life's general account and asset management businesses and fund platform noted below.

### Asset Managers

#### **SLC Management:**

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

- **Fixed income:**
  - Investment grade public and private fixed income and infrastructure debt offered by SLC Fixed Income
  - Private credit and non-investment grade public fixed income offered by Crescent Capital Group ("Crescent")
- **Real assets:**
  - Real estate asset investment and management in primary, secondary and co-investment markets offered by BGO
  - Infrastructure equity across a range of listed and unlisted funds 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.

#### **SLGI Asset Management Inc. ("SLGI"):**

Investment manager offering a diverse lineup of innovative investment solutions to a broad array of Canadian retail and institutional Clients.

### Fund Platform

#### **Sun Life Group Retirement Services ("GRS"):**

The largest Canadian workplace retirement and savings plan provider for capital accumulation plans and defined benefit plans.

## 2023 Performance

During the year, we continued to make progress towards our sustainable investing objectives, including achieving net zero by 2050 for our investments. We leveraged our assets and resources to create positive social and environmental impacts. In addition, some of our asset managers continued to offer sustainable investing solutions and education for investors looking to further incorporate sustainable investing in their portfolios.

Differences in approaches between our asset managers and fund platform are due to their distinct business models, the varying stages of their sustainable investing journeys and the Clients they serve. We provide highlights of key 2023 initiatives in the following pages. Some of our asset managers also publish their own sustainable investing reports for readers interested in learning more.

### Progress on net-zero targets and plans

- Set four interim net-zero targets for Sun Life's general account, applicable to three asset classes. Refer to our [Net Zero by 2050](#) report for more details and the latest updates.
- Continued to enhance our understanding of greenhouse gas (GHG) emissions within different investment portfolios to serve as a baseline for climate action. For example:
  - Sun Life Asia expanded the scope of GHG emissions measurement within its investment portfolios in Asia.
  - Crescent engaged a data provider to conduct borrower level Scope 1, Scope 2 and Scope 3 emissions estimates across select private credit portfolios.

## ► **Sustainable investing**

- InfraRed collected emissions data from portfolio companies through an annual GHG emissions questionnaire. The questionnaire helps to frame the company's engagement strategy relating to climate change. As a result of targeted engagement by InfraRed's asset management team, they achieved a 98% response rate, up from 75% in 2022.
- Enhanced engagement with investee companies on their decarbonization strategies. Proactive engagement is critical to understanding risks and can contribute to achieving net-zero goals. Examples include:
  - MFS led and co-led three engagements and supported three other engagements via Climate Action 100+. It also conducted its engagements with tier 1 and tier 2 priority companies as part of its commitment to the Net Zero Asset Managers (NZAM) initiative. MFS conducted these engagements to aid its financial analysis and explore the creation of science-based emissions reduction plans where helpful to mitigate investment risk.
  - Sun Life Asia participated in engagement efforts with six companies in Asia, via the Asia Investor Group on Climate Change and Climate Action 100+. The companies included utility and power companies in Hong Kong, Indonesia, Malaysia and Thailand. The strategy has been to engage with these issuers to

discuss their capital allocation decisions toward assets and operations that would align them with our Clients' goals and investing principles.

- SLC Fixed Income continued to participate in company engagements through Climate Action 100+ and Climate Engagement Canada.
- SLC Fixed Income set three interim targets applicable to assets it manages for the Sun Life general account. The targets were accepted by the NZAM initiative in July 2023. Refer to our [Net Zero by 2050](#) report for details and the latest updates.
- SLGI launched two new funds with a net-zero focus<sup>2</sup>:
  - The Sun Life Acadian International Equity Fund will seek to reduce the Fund's carbon exposure to 50% of the Fund's baseline levels by 2030.
  - The Sun Life Net Zero Target Bond Fund invests in a manner that is consistent with achieving net-zero GHG emissions by 2050. The Fund applies a GHG decarbonization and a sovereign green bond allocation 2030 target to fund holdings consistent with prevailing industry frameworks.

# 93%

Sun Life's North American real estate investment portfolio, based on net rentable area, with at least one green building certification<sup>1</sup> (2022: 93%)



The Faro Montreal building

Both funds will seek to achieve further reductions in a manner that's consistent with achieving global net-zero GHG emissions and/or carbon emissions by 2050.

- The Faro Montreal building, owned by Sun Life and managed by BGO, achieved Zero Carbon Building (ZCB)-Performance Standard certification from the Canada Green Building Council. The ZCB-Performance Standard supports the net-zero transition by establishing a framework for how buildings are assessed against their zero carbon operational goals. The building qualified for this certification through

the implementation of energy-efficient measures, including switching from natural gas to electric boilers.

- SLC Fixed Income and BGO strengthened their climate-related disclosures through the publishing of inaugural Climate Reports.

## **Investing to create a low-carbon and inclusive future**

- Contributed an additional \$3.3 billion in new investments towards Sun Life's sustainable investment goal of \$20 billion between 2021 and 2025<sup>3,4</sup>. These additional investments ranged from renewable energy, energy efficiency, sustainable buildings, water management and clean transportation, to social infrastructure projects such as an emergency shelter (refer to our feature story "[Financing emergency shelters for women and families in the U.S.](#)"). As of December 31, 2023, we have achieved 88% of our goal. Sun Life currently has \$77 billion in sustainable investments including assets in our general account and certain of our asset management businesses<sup>4,5</sup>.
- Sun Life Hong Kong made direct private investments of nearly NZ\$40 million in a New Zealand rooftop solar and battery operation. The investment is being co-financed with the government-owned New Zealand Green Investment Finance Limited. Sun Life

<sup>1</sup> Certificates include BOMA BEST, LEED®, IREM Certified Sustainable Property, Fitwel and ENERGY STAR® certified 2023. LEED®, and its related logo, is licensed in Canada to the Canada Green Building Council and is used here with permission.

<sup>2</sup> Refer to SLGI's latest [Simplified Prospectus](#) for more information.

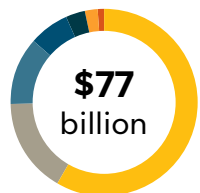
<sup>3</sup> Values as at transaction date.

<sup>4</sup> General account and certain third-party Clients, where relevant. More information on AUM methodology, including asset managers and criteria included in the calculation, is available upon request. Client asset values included represent a non-IFRS financial measure. Investments counted toward Sun Life's sustainable investment goal meet one or more of the criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles,GRESB Real Estate Benchmark, and/or 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. Assets included may not align with criteria in the Sun Life Sustainability Bond Framework. Does not include all holdings in companies that may be defined as sustainable under other taxonomies.

<sup>5</sup> Portfolio at December 31 (general account and certain third-party Clients, where relevant).

► **Sustainable investing**

**Sustainable investment AUM<sup>4,5</sup>**



- Sustainable/green buildings<sup>6</sup> (\$42.9 billion)
- Renewable energy (\$12.3 billion)
- Access to essential services (\$8.7 billion)
- Green, social and sustainability bonds (\$7.2 billion)
- Energy efficiency (\$3.5 billion)
- Clean transportation (\$1.7 billion)
- Sustainable water management (\$0.7 billion)

**Progress towards goal of \$20 billion in new sustainable investments by 2025**



Hong Kong also invested US\$25 million in a 600 megawatt green field offshore wind farm in Taiwan. The project will generate enough renewable energy to power around 650,000 households, reducing reliance on coal and supporting Taiwan's drive towards a 20% renewable energy target by 2025.

- Sun Life Philippines was an anchor investor in the country's first Sustainability-Linked Note issued by Ayala Corporation (valued at PHP 5 billion).
- Sun Life Philippines and Sun Life Indonesia made inaugural investments in green bonds. Sun Life Vietnam also purchased its first public bond from the Bank for Investment and Development of Vietnam, issued to fund green projects.
- Sun Life Hong Kong and Sun Life's Asia regional office seeded and launched an Asia ESG Pilot bond strategy with a mandate to invest in dollar-denominated bonds by Asian issuers with higher ESG ratings or that are ESG-aligned<sup>7</sup>.

**Deepening ESG integration and expertise**

- BGO took steps to build a loan portfolio designed to enhance resilience to sustainability risks while maximizing positive environmental and social impact. It developed a new scorecard to help measure the ESG and sustainability strength of each relevant loan application it evaluates. Where relevant, BGO will engage with the borrower where sustainability

risks arise or where ESG qualifications of the investments can be improved.

- BGO established a Climate Project Team to support its climate and net-zero ambitions. It's a cross-functional group, consisting of senior decision-makers, supported by four working groups with subject-matter experts from across the business.
- Sun Life Asia engaged a global consulting firm with deep experience in climate change and net-zero strategies to assess its top financed emitters for alignment with the Paris Aligned Investment Initiative's Net Zero Investment Framework. Based on these assessments, we engaged with the investees to encourage them to strengthen their commitments to net zero.
- MFS amplified its commitment and approach to encourage them to respect human rights everywhere it does business, as outlined in its newly published [Statement on Human Rights](#).
- Continued to educate Clients and investors on ESG-related topics. Our investment businesses use various communication channels and formats, including articles, blogs, videos and presentations, to discuss the merits and opportunities of sustainable investing. For example, MFS published reports such as "[Is Engagement More Powerful Than Exclusion?](#)"

and "[Linking Climate, Companies and Communities: A Framework for Evaluating the Just Transition](#)". SLC Management produced Three in Five podcast episodes including "[Kevin Quinlan on climate change as a material investment risk](#)" and "[Kate McKeon on sustainable investing and Net Zero](#)".

**Meeting Client demand for sustainable investing**

- Further advanced sustainable investing goals of Sun Life's general account by completing our second sustainability bond offering. The \$500 million Sustainability Bond (SLF Series 2023-1 subordinated debentures due 2035) follows the success of Sun Life's inaugural sustainability bond offering issued in 2019, which won the Corporate Sustainability Bond of the Year Award from Environmental Finance in 2020. Sun Life intends to use an amount equivalent to the net proceeds from the offering to finance or refinance, in whole or in part, new and/or existing green or social assets that meet the eligibility criteria set out under Sun Life's [Sustainability Bond Framework](#).
- GRS added the PH&N Future Solutions Bond Segregated Fund to its core investment platform. The Fund's goal is to provide long-term capital growth through investment in fixed income securities of issuers that aim to create positive environmental or social change. As of December 31,

<sup>4</sup> Real estate assets include investment properties, owner-occupied properties and real estate in limited partnership investments.  
<sup>7</sup> The strategy has a mandate to invest in bonds that are: (i) from issuers that are contributing to the climate transition (e.g. renewable energy infrastructure or electric vehicle supply chains), (ii) from issuers that are top ESG-rated within their respective sector, or (iii) labelled as green, social or sustainability according to ICMA Principles. ESG ratings are based on an internal assessment of the issuers' public disclosures and external ratings such as MSCI.

► **Sustainable investing**

## Powering the future: InfraRed invests in its first EV charging infrastructure business



### The challenge:

European Union (EU) member states approved a plan in March of 2023 that requires all new cars sold in the EU to be zero-emission by 2035. Despite the broad support for a low-carbon future, the transition from internal combustion engines to electric vehicles (EVs) faces many challenges. In particular, EV affordability, availability and charging infrastructure are major barriers to EV adoption.



### The initiative:

InfraRed made an investment in JOLT Energy ("JOLT"), a company specializing in ultra-fast chargers for EVs in European and North American cities. JOLT's innovative technology through the combination of ultra-fast chargers and battery storage allows an electric car to fully charge within 20-30 minutes. The transaction is the culmination of several years of work assessing the EV charging sector.



### The impact:

JOLT's first stations are already in operation, with plans to install hundreds more throughout 2024. With InfraRed's investment, JOLT will be able to scale its business and deploy thousands of ultra-fast chargers in metropolitan areas across its service territories — bridging the gap between the era of internal combustion engines and an electrified future.

2023, the GRS Core Investment Platform offers five screened funds (fossil fuel free) and six sustainability-focused investment options. In addition, GRS' Shariah Fund for group savings plans, launched in 2022, continued to grow, with 63 plan sponsors offering the fund and a total of \$11.8 million in assets.

- Expanded our ESG product portfolio in Hong Kong with four ESG-focused product launches. SunGuardian, SunGuardian (Care Version) and SunProtect were the first ESG-focused whole life

protection plans in the Hong Kong market<sup>8</sup>. The plans are backed by investments made through an ESG framework focused on creating value for people, society and the environment. Additionally, one of the new fund choices we launched was a low-carbon focused Mandatory Provident Fund (MPF) fund. We provide this fund as an investment option for our MPF members to save towards a healthy retirement in a better and sustainable way<sup>9</sup>.

- Sun Life Philippines launched the Peso Global Sustainability Growth Fund, its first sustainability-

driven variable universal life equity fund. The Fund aims to generate long-term capital appreciation by investing in global funds that are focused on ESG factors.

- GRS undertook Client research to better understand the awareness, experience and information needs of plan members related to sustainable investing. Among the findings, members expressed interest in having consistent data and proof points specific to the investment managers/funds that they use. GRS will use the results of this research to further refine its sustainable investing member experience in 2024.

## Stewardship and proxy voting

- Sun Life's International Investment Centre (IIC) enhanced its annual ESG questionnaire and Request for Proposals to gather more information on managers' proxy voting and engagement activities. The IIC is Sun Life's internal investment research and consulting group. Findings include:
  - 90% of managers confirmed that they vote in line with their proxy voting policy and 81% publish their voting records online.
  - 74% of managers voted in favour of climate-related resolutions in 2023.
- MFS updated its proxy voting policy to enhance transparency on its voting decisions and establish guidance on key ESG topics, including remuneration and board diversity. Refer to MFS' [website](#) for more information on its proxy voting policy.
- SLGI sent questionnaires to all investment managers, including affiliates, on strategy-specific climate considerations and stewardship principles. Stewardship-related questions concerned responsible investment matters such as:
  - participation in environmental (and related) shareholder proposals,
  - voting and stewardship guidelines and records around including Indigenous Peoples, and
  - advocacy efforts.

<sup>8</sup> Based on market conditions as of June 30, 2023 for SunGuardian and SunProtect and comparison among other whole life protection plans for new Composite and Long Term Businesses as defined by the Insurance Authority in the Register of Authorized Insurers.  
<sup>9</sup> As of July 28, 2023, according to the MPFA website ([www.mpfa.org.hk](http://www.mpfa.org.hk)), Sun Life MPF Global Low Carbon Index Fund is the only Low Carbon MPF fund in Hong Kong.

► **Sustainable investing**



**Adelina Romanelli**  
Director, Responsible Investing, SLGI, Sun Life

"From an institutional investor perspective, we see climate change as material, pervasive and non-diversifiable at the portfolio level. So collaborating on the global fight against climate change means preserving wealth over time, mitigating downside risk and seizing investment opportunities that will continue to arise from a low-carbon transition."

- SLGI implemented new climate-related reporting requirements for its newly launched ESG-focused funds (the Sun Life Acadian International Equity Fund and the Sun Life Net Zero Target Bond Fund)<sup>2</sup>. They include:
  - notification of material changes to ESG approaches (methodologies and/or assumptions),
  - climate-related metrics, and
  - greater transparency around stewardship activities.

- Recognized 13 'gold standard' projects through InfraRed's Creating Better Futures Awards. The awards encourage and celebrate impactful initiatives that align with InfraRed's vision of creating better futures across four sustainability priorities: impact on climate, impact on environment, impact on communities and impact on people. The awards are open to all InfraRed portfolio businesses. They have been designed to create a forum through which best practices can be shared.

**External collaboration and commitments**

- Participated in industry forums and organizations to advocate for advancements in sustainable finance. For example:
  - Sun Life began co-chairing the Canadian Chamber of Commerce's Green and Transition Finance Council. This advocacy group brings together members of the financial sector to promote improved climate-related financial disclosures and action on a Canadian Sustainable Finance Taxonomy.
  - Sun Life became a signatory to the Statement by the Québec Financial Centre for Sustainable Finance, an initiative of Finance Montreal. The statement outlines the commitments of stakeholders within the province's financial sector regarding responsible investment and sustainable finance.

- Sun Life Hong Kong participated in the Hong Kong Federation of Insurers Green Insurance Task Force. The task force brings together industry experts to establish best practices and guidelines in areas such as disclosures and green product development.
- Sun Life Philippines was a key participant in a regulator-led engagement on the initial draft of the Philippines' Sustainable Finance Taxonomy Guidelines.
- InfraRed established a dedicated portfolio impact strategy, focused on strengthening relationships with investee companies. The objective is to support the delivery of more targeted social impact initiatives for the communities in which its assets are located.
- SLC Fixed Income joined the Institutional Investors Group on Climate Change (IIGCC). The IIGCC brings together members of the investment community to share best practices in achieving net zero and a climate resilient future. MFS and SLGI are also members.

Refer to [our website](#) for a list of our key external commitments and memberships.

JUST THE NUMBERS

- [ESG Performance Tables](#)

MORE ONLINE

- [Net Zero by 2050: Sun Life's Climate Journey](#)
- [Financing emergency shelters for women and families in the U.S. \(feature story\)](#)
- [MFS Net Zero Progress Report](#)
- [MFS 2022 Annual Sustainability Report](#)
- [SLC Fixed Income 2022 Sustainable Investing Report](#)
- [SLC Fixed Income 2022 Climate Report](#)
- [BGO 2023 Environmental, Social and Governance Report](#)
- [BGO 2022 Climate Report](#)
- [InfraRed 2023 Sustainability Report](#)
- [InfraRed Net Zero Progress Report](#)
- [Sun Life Global Investments](#)
- [Sun Life Group Retirement Services](#)
- [Sustainability Bond Framework](#)





# Building resilience to climate change

We're committed to being a part of the climate solution. We're decarbonizing our business and engaging with our stakeholders to support the transition to a low-carbon economy. Meaningful climate action is essential to achieving our Purpose and ensuring the resiliency of our business.

## Material topic in this chapter:

- [Climate change](#)

## Our work is aligned to Sustainable Development Goals:



► **Climate change**

# Climate change

## Committed to doing our part in the transition to net zero

Climate change is the defining issue of our time. It puts what we do and who we serve at risk. It takes all of us to tackle climate change and limit its effects on our planet. Sun Life is focused on implementing plans and tactics to achieve our goal of net-zero greenhouse gas (GHG) emissions in our operations and investments by 2050. More information can be found in our [Net Zero by 2050](#) report.

While we remain committed to reducing our own carbon footprint, we know these efforts alone are not enough. Doing our part means bringing others along with us to move the needle on global climate change goals. This is why we have brought climate change to the forefront of our sustainability work. We're engaging our employees, Clients and communities so we can collectively drive meaningful action to address climate change.

## Our approach at a glance

- Setting and working towards interim targets aligned to our net-zero goal in our operations and investments
- Assessing and mitigating climate risks across our businesses
- Adapting our facilities and portfolios to improve climate resilience
- Embedding accountability at all levels in Sun Life
- Measuring our performance and focusing on transparent reporting
- Contributing to global climate action through collaboration and advocacy

[Learn more online](#)

## 2023 Performance

Much of our work in 2023 focused on educating and engaging employees on the transition to net zero. By bringing together experts and forming important partnerships, we made efforts to expand our enterprise knowledge and drive collective impact. We also put significant effort into broadening our understanding of our scope 3 emissions and set interim targets for our general account emissions. We continue to take important steps in defining our pathway to net zero. We recognize that to truly tackle the ongoing climate crisis, we need to raise ambition and engagement at all levels.

This section highlights our climate efforts and broader environmental activities related to Sun Life's operations and workforce. Refer to [Sustainable Investing](#) for more details on our sustainable investment approach and activities in 2023, including the ways we're supporting the net-zero transition.

### Improving the climate performance of our operations

- Absolute GHG emissions in our operations increased by 3.7% against our 2019 base year – from 40,368 tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e) to 41,847 tCO<sub>2</sub>e<sup>1</sup>. Since our 2019 base year, we've made progress toward reducing emissions in our corporate real estate portfolio. Our overall operational emissions rose primarily due to an increase in travel in support of our business priorities. As we continue to develop our climate strategy and data quality and availability improves, we expect to identify additional decarbonization levers that will help to reduce our operational emissions.

- Implemented and installed environmentally-friendly technology across our corporate offices. Improving the sustainability of our office spaces is an ongoing effort. For example, we:
  - Installed ENERGY STAR certified equipment and waste management systems that accommodate recycling and compost streams at several of our Canadian and U.S. offices, and our office in Ireland. Our aim is to improve diversion and reduce waste to landfill.
  - Renovated four of Sun Life's U.S. offices (in Maine, Connecticut, Massachusetts and Maryland) and two Canadian offices (in Waterloo, Ontario) with water-efficient toilets, faucets and fixtures, LED lighting, and implemented waste recycling and diversion strategies. Our employees can also make sustainable commuting choices through easy access to public transportation, along with bike storage and EV charging options at select offices in North America.
  - Sourced the equivalent of 32% of our global electricity consumption through renewable sources in 2023. Our Waterford, Ireland office used solar power for an average of 20% of its monthly energy needs, following the installation of 276 solar panels that went into operation in February 2023.
- Further advanced our management of environmental impacts at the Sun Life Global Solutions (SLGS) India office by getting ISO 14001:2015 certification. This is an international standard for environmental management systems, which includes guidelines for how businesses should deal with the environment in the form of plans, policies, procedures and records.

**32%**

of our global electricity consumption from renewable sources such as solar and wind

<sup>1</sup> Emissions resulting from global corporate offices and data centres as well as from business travel, inclusive of majority-owned Sun Life affiliate companies. All emissions reporting is aligned to the GHG Protocol Corporate Accounting and Reporting Standard using the financial control approach. Refer to the [ESG performance tables](#) for more details.

## ► **Climate change**

- Encouraged employees in the Waterloo Region in Canada to contribute to Sun Life's sustainability efforts through the Region's TravelWise program. The online platform allows employees to connect with carpool partners and/or acquire a corporate public transportation pass. TravelWise is an internationally recognized workplace program focused on encouraging employees to take transit, cycle, walk or carpool to work instead of driving alone.
- Maintained CarbonNeutral<sup>®2</sup> company certification across our global business operations<sup>3</sup> in line with The CarbonNeutral Protocol developed by Climate Impact Partners. This certification covers our operational GHG emissions from our corporate offices, data centres and business travel. We continue efforts to reduce GHG emissions across our operations, and for the emissions that remain, we've purchased high-quality carbon credits. Carbon offsetting is not part of our long-term decarbonization strategy but an interim measure to help manage Sun Life's impact in pursuit of net zero. Selected projects were focused on forestry conservation and reforestation in Canada and the U.S., as well as increasing the use of biogas in India.
- Progressed development of an enterprise climate transition plan that will act as the roadmap to 2050. This roadmap will lay out the pathways by which

the organization will meet its interim and long-term net-zero goals. The plan will integrate climate risk management, strategy and governance considerations and will be informed by high-quality data.

### **Supporting nature and biodiversity conservation**

- Demonstrated our commitment to integrating nature-related considerations into our business decision making by joining the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. The Forum provides an opportunity for organizations to contribute to the development of additional TNFD guidance.

## **Climate-related goals**

1. Net-zero GHG emissions by 2050, for operations and investments. Interim targets established or under development for our asset management businesses and for Sun Life's general account<sup>4</sup>. Refer to [Sustainable Investing](#).
2. 50% absolute reduction of GHG emissions in our operations by 2030, relative to 2019<sup>1</sup>
3. Carbon neutral operations globally from 2021<sup>3</sup>

- Contributed to biodiversity conservation projects in our markets in Asia. For example, SLGS India employees planted more than 2,200 trees as part of a forest project and will provide tree maintenance for two years. In addition, \$80,000 was allocated via the Sun Life Foundation to fund a two-year mangrove restoration and citizen-science project in the Philippines.
- Helped provide food security and sustainable livelihoods for Filipinos. The Sun Life Foundation signed an agreement with World Wide Fund for Nature (WWF) Philippines to establish two food shed farming enterprise projects in Surigao del Norte, Philippines. The projects are designed to provide economic resiliency for low-income urban communities. The projects also aim to mitigate food shortages in the community by using sustainable agriculture methods. These methods promote climate-resilient and sustainable production systems that minimize stresses that contribute to food insecurity. The initiative has touched nearly 3,000 lives.
- Diverted waste from landfills through the installation of two reverse vending machines at our SLGS India office. The vending machines allow employees to insert used plastic bottles, aluminum cans or multi-layer packaging to be recycled. The office also added a composting bin for food waste.

### **Building capacity for climate action**

- Continued to expand our dedicated group of climate experts responsible for integrating climate across our business. These responsibilities include:
  - Climate change risk: Responsible for identifying, assessing and addressing the impacts of physical and transitional risks posed by climate change to our business.
  - Climate change performance: Responsible for managing Sun Life's enterprise-wide GHG emissions inventory, ensuring our carbon accounting and performance management practices are grounded in industry best-practice frameworks and methodologies.
  - Climate change strategy: Responsible for the development and implementation of an enterprise-wide climate transition plan including working with each business to build and operationalize roadmaps for decarbonization.
  - Program management: Responsible for governing and managing our climate initiatives to deliver on expected business outcomes. Our program team collaborates across climate and business teams to ensure we bring a continuous improvement and performance excellence mindset to our work.

These new roles help build our capacity to drive climate action in key performance areas and support our businesses in developing and implementing their climate strategies.

<sup>2</sup> CarbonNeutral<sup>®</sup> is a registered trademark of Climate Impact Partners and is achieved in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

<sup>3</sup> Includes MFS and SLC Management affiliates (BGO, InfraRed Capital Partners, Crescent Capital Group and Advisors Asset Management).

<sup>4</sup> Refer to our [Net Zero by 2050](#) report for details and our latest updates.

► **Climate change**

## Driving climate education and engagement

- Launched a series of virtual climate training modules to support and educate our employees globally on the effects of climate change and actions they can take to reduce their environmental impact. Employees gained an understanding of climate science and the impact climate change has on people, communities, biodiversity and nature. In addition, employees discovered how these global challenges can affect our businesses and their teams' work. They also learned about how we measure and reduce our carbon footprint.
- Elevated Sun Life's leadership engagement on climate change as we advanced on the transition to net zero. For example, we provided climate-focused training to the Board of Directors and had regular engagement with the Board and Executive Team on climate-related matters throughout the year.
- Contributed \$80,000 to support research by the Intact Centre on Climate Adaptation. The research will assess select Canadian municipalities on the state of their preparedness to limit extreme heat risk. The Centre is an applied research institute at the University of Waterloo focused on reducing risks associated with climate change and extreme weather.
- Provided US\$50,000 in funding to the Society of Actuaries to support a research project that addresses the impact of climate change, air pollution and air quality on mortality and morbidity risk.

## Advancing scope 3 emissions reporting

Measuring our scope 3 emissions is a key component of our climate strategy. Scope 3 emissions are emissions incurred upstream and downstream in our value chain as a result of our business activities. These include emissions associated with business travel, the offices our employees occupy and the activities of the companies in which we invest. Scope 3 emissions data provides critical insights into our decarbonization efforts, detailing climate risks and opportunities in our journey towards achieving net zero.

While data challenges exist, to date we have made significant strides in measuring our scope 3 emissions footprint through the quantification of select data associated with our real estate, business travel, data centres and general account

- Aimed to bring greater awareness to the link between health and wellness outcomes and severe impacts from climate change through our active participation with Climate Proof Canada. Together, we co-convened a roundtable on adapting to extreme heat with the Canadian Association of Physicians for the Environment. We contributed to Climate Proof Canada's recommendations to the federal government on achieving health and well-

investments. Related to our general account investments, we have measured and disclosed our emissions associated with our directly managed listed equities and listed corporate bonds (refer to our [ESG Performance Tables](#) for details). Looking ahead, we aim to enhance our ability to measure our scope 3 footprint, including emissions from our purchased goods and services, employee commuting, remote work and more.

Comprehensive and robust scope 1, 2 and 3 data is foundational to our ability to build and deliver on our climate transition plan. It enables us to create data-based emissions reductions roadmaps that model our interim and long-term pathway to net zero. Importantly, the data allows us to effectively

being targets in Canada's first National Adaptation Strategy. In addition, Sun Life participated in a panel discussion at COP28, with representatives from Health Canada and the Canadian Association of Physicians for the Environment, on how to address the potential impacts of climate change on mortality and morbidity outcomes.

measure progress against our goals and targets. Scope 3 data, however, extends beyond our company to organizations throughout our value chain. As a result of its interconnected nature, expanding our understanding of that footprint is a critical component of the global transition to net zero. We look forward to continuing to advance the measurement of this data and leveraging it to drive the transition to net zero.

### JUST THE NUMBERS

- [ESG Performance Tables](#)

### MORE ONLINE

- [Net Zero by 2050: Sun Life's Climate Journey](#)
- [Climate-related financial disclosures \(guided by the Task Force on Climate-related Financial Disclosures framework\)](#)
- [2023 GHG Emissions Reporting Methodology](#)
- [2023 GHG Emissions Assurance Statement](#)



# Operating as a trusted and responsible business

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

From expanding our diversity, equity and inclusion efforts, to ensuring our Clients and employees feel valued, we're building on our long-standing sustainability practices and achievements.

## Material topics in this chapter:

- [Diversity, equity and inclusion](#)
- [Client experience](#)
- [Data security and privacy](#)
- [Talent management](#)
- [Risk management](#)
- [Governance and ethics](#)

## Our work is aligned to Sustainable Development Goal:



► **Diversity, equity and inclusion** ► Client experience ► Data security and privacy ► Talent management ► Risk management ► Governance and ethics

# Diversity, equity and inclusion

## Building inclusivity from the inside out

Advancing diversity, equity and inclusion (DE&I) isn't accomplished from a standalone initiative. It's not a campaign we can launch and call it a day. Nor can we expect true inclusion to simply happen organically. DE&I efforts must be intentional, ongoing and measurable, requiring commitment and engagement at all levels of our organization. In 2023, we continued to lean into our [Diversity, Equity and Inclusion \(DE&I\) Strategy 2025](#), where we laid out our action plan, our focus areas and our promise to keep pushing for change. And we made real headway in the outcomes we aim to achieve.

We stand firmly behind our belief that an inclusive and welcoming culture – one that fosters diverse ideas and a sense of belonging for all – extends beyond creating stronger teams within our organization. It also drives equity and inclusion in our relationships with Clients, communities and the products and services we provide around the world.

## 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 and community organizations
- > Engaging employees in building an inclusive culture
- > Protecting and supporting human rights across our businesses and operations
- > Measuring and reporting on our progress

[Learn more online](#)

## 2023 Performance

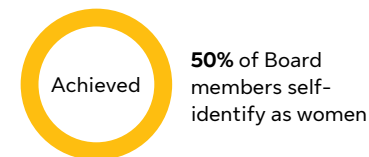
### Enterprise aspirational goals by 2025

#### Gender parity<sup>1</sup> Vice-president (VP)+ Global



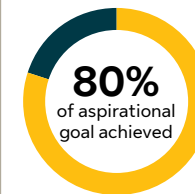
- 37%** women VP+
- 18%** women underrepresented ethnicities<sup>2</sup> VP+ (North America)
- 51%** women hires VP+
- 48%** women promotions VP+

#### Balanced gender representation Board of Directors



### Regional aspirational goals by 2025

#### 25% Underrepresented ethnicities<sup>2</sup> (URE) VP+ North America

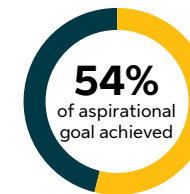


- 20%** URE VP+
- 16%** URE hires VP+
- 10%** URE promotions VP+

#### Progressive Aboriginal Relations certification Canada

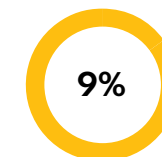
Phase 2 complete  
Phase 3 in progress

#### 3.5% Black employees<sup>3,4</sup> VP+ Canada

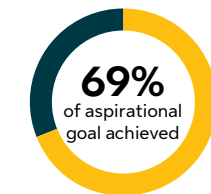


- 1.9%** Black VP+
- 5%** Black workforce
- 5%** Black student workforce (aspirational goal: 5%)

#### 3% Philanthropic spend on Black community initiatives<sup>3</sup> Canada

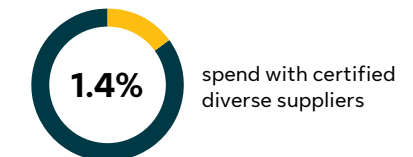


#### 13% Black/African American employees Each level U.S.<sup>5</sup>



- 7%** Black/African American VP+
- 6%** Black/African American AVP and Directors
- 15%** Black/African American workforce

#### 5% Diverse supplier spend North America



<sup>1</sup> Gender parity is defined as women representation between a range of 47% to 53%. This range accounts for employees who identify as non-binary based on current global averages.

<sup>2</sup> 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.

<sup>3</sup> Part of a series of aspirational goals included in our role as signatory to the BlackNorth Initiative.

<sup>4</sup> Data based on voluntary self-identification.

<sup>5</sup> U.S. refers to the U.S. Group Benefits, Dental and In-Force management businesses of Sun Life U.S. as reported by Sun Life Financial Group Inc. Data based on voluntary self-identification.

- **Diversity, equity and inclusion** ► Client experience ► Data security and privacy ► Talent management ► Risk management ► Governance and ethics

As we set out in our DE&I Strategy 2025, one of our strategic pillars is to build our “DE&I muscle” by fostering a culture with inclusive policies, programs and education. In 2023, we made meaningful progress in building this muscle. We launched extensive programming that improved employee awareness and knowledge of DE&I practices and the representation of diverse voices across the organization. We also shared our insights and learnings with plan sponsors, highlighting the evolution of inclusive benefits and the importance of providing plans and coverage that support all members.

### **An internal commitment: Engagement, representation and education**

- Took important steps to create our Indigenous reconciliation action plan in Canada. For example, we:
  - Completed Phase 2 of the Progressive Aboriginal Relations certification program through the Canadian Council of Aboriginal Business. This achievement highlights our commitment to strengthen relationships with Indigenous Peoples in Canada and remove barriers for Indigenous Clients, employees and communities.
  - Strengthened our Board of Directors' understanding of the relationship between Canada and its Indigenous Peoples. Board members participated

in the foundational Four Seasons of Reconciliation education program. They also held a session on Indigenous economics with an Anishinaabe executive and board director.

- Worked towards setting intentional commitments focused on Indigenous employee representation, supplier diversity and philanthropic giving.
- Expanded our internal employee inclusion networks. These employee-led communities support and advocate for the diverse populations at Sun Life. Each year, the networks hold events, engage employees and provide philanthropic funding to community partners and charitable organizations. In 2023, we:
  - Introduced Sun Life's first internal Indigenous inclusion network in Canada, the Indigenous Circle. The network is about creating a sense of belonging and a space for employees to learn about Indigenous communities.
  - Established the Veterans Engagement Team to support employees who are current, former or retired military service members, military family members or allies.

**94%**

of employees said that Sun Life supports diversity in the workplace<sup>6</sup> (2022: 95%)

- Merged our inclusion networks with DentaQuest and refreshed our executive sponsors to strengthen the reach of our inclusive culture.
  - Launched an employee playbook that outlines the role and value of our internal networks across the organization.
  - MFS also strengthened their internal employee inclusion platform by establishing a number of new employee resource and affinity groups. The groups include Neurodiversity, Caregiving, Brave (for military and families), Amplify (for allies and advocates), Healthier Minds and Peace.
- Refer to our feature story on page [40](#) for more 2023 highlights on Sun Life's internal inclusion networks.
- Continued monitoring our pay programs to ensure pay decisions and pay levels are equitable across genders and other diverse groups. Sun Life is committed to pay equity for all employees.
    - In Canada: The average total compensation for women as a percentage of men is between 95% and 98%<sup>7,8</sup>. The average total compensation by job level for underrepresented ethnicities<sup>2</sup> is higher than non-underrepresented ethnicities<sup>8,9</sup> (101% to 104%).
    - In the U.S.: The average total compensation for women as a percentage of men is between 96% and 98%<sup>7,8</sup>. The average total compensation by job

level for underrepresented ethnicities<sup>2</sup> is higher than non-underrepresented ethnicities<sup>8,9</sup> (100% to 102%).

- In countries in Asia, the average total compensation for women as a percentage of men is between 95%-102% and 96%-99% at the middle management and staff levels, respectively<sup>7,8,10</sup>.
- Gender ethnicity pay is reported on a regional basis due to differing pay practices in the various countries. A global number would not be a true representation of our focus on equitable pay.
- Enhanced transparency and accountability on diversity performance at MFS through two initiatives:
    - Updated the talent insights dashboard, shared with the management committee and senior leadership team, to provide additional breakdowns of recruitment and headcount metrics by gender and ethnicity. The dashboard is used to monitor recruitment, employee sentiment, promotion, turnover and headcount. It was updated to better demonstrate any gaps and drive strategic decision-making.
    - Cascaded a DE&I goal for all employees to complete five DE&I-focused activities around the themes of education, exposure and experience. MFS employees participated in around 33,000 DE&I activities in 2023<sup>11</sup>.

<sup>6</sup> Based on the Q4 global employee engagement survey. 71% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

<sup>7</sup> Data based on self-identification.

<sup>8</sup> As at April 1, following completion of annual compensation cycle. Calculated for full-time employees only, excluding those participating in specialized incentive plans; includes base salary, annual incentives and long-term incentive grants.

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

<sup>10</sup> Countries in Asia include India, Indonesia, Hong Kong and the Philippines.

<sup>11</sup> Examples of activities include the completion of DE&I-related training and online learning modules, as well as attendance of events or meetings focused on DE&I topics.

## More impact. More empowerment. Sun Life's difference-making employee groups.

Whether we call them Employee Resource Groups (ERGs), Business Resource Groups (BRGs), Affinity Groups or Inclusion Networks, our employee-led groups share a common purpose: to foster a diverse, inclusive workplace by connecting members with a common cause or interest. Not only do these groups support Sun Life's organizational mission, values and practices, they enable the development of future leaders, increase employee engagement and provide a platform for community outreach. In other words, these groups make a positive impact on workplace culture, talent development and communities and causes outside the organization.

Inclusion networks at Sun Life have evolved over time. They have moved from networking and affinity groups to drivers of change that influence and impact the business and the community. These networks are

empowered to lead by example. They demonstrate inclusion and belonging, using their platform to amplify voices of historically marginalized communities and create a safe space for critical conversations. They also elevate philanthropic efforts and opportunities, making it easier for employees to volunteer, fundraise and form meaningful local partnerships.

Starting with our first internal inclusion network – Black Excellence Alliance – Sun Life has remained committed to supporting these employee-led groups through funding and executive sponsorship. Today, there are 11 internal inclusion networks, with more than 10,600 members across Sun Life.

Here are some highlights of the impact that our internal networks had in 2023:

### BrightWomen

- Launched a mentorship program with the objective to empower women and expand their networks through one-to-one relationships. Close to 40 women were paired across our North American business where they created new connections, held career and development conversations and learned about different areas of the business.
- In partnership with The Humphrey Group, a global provider of leadership communications training, we sponsored training for 16 Sun Life facilitators to deliver seven cohorts of Taking the Stage<sup>®12</sup>, a two-day program which helps women at Sun Life position themselves as leaders. The program teaches women to use communication as a tool for empowerment, inspiration and leadership.

### Mosaic

- Hosted a session at the Ascend Canada Annual Conference 2023 for 30 DE&I and ERG-focused leaders and other sponsor organizations, including representatives from large multinationals. The session focused on the evolution of Sun Life's inclusion networks and participants discussed the maturity level of their inclusion networks based on a five-step progression model presented by Sun Life.

### Pride Network

- Hosted a learning event for 39 executive leaders in response to recent legislation impacting the LGBTQ+ community in the U.S., with possible implications for Ireland and Canada. Attendees from Sun Life Legal, Sustainability, Government Relations and Human Resources learned how changes could affect employees and their benefits.

### DiverseAbility

- Took the step to elevate Sun Life's focus on employees with disabilities. The network worked with an external consultant on a multi-phase project with the intention of evolving Sun Life to be an employer of choice for employees with disabilities.

### EPN Emerging Professionals Network

- Membership grew to over 500 employees since the network launched in 2022, with an established board that has doubled in size. The network has delivered various events and initiatives to Sun Life employees focused on professional development and innovation. We also donated a combined \$50,000 to develop a Yukon-based mentorship program, to establish a scholarship with HEC Montreal and to fund other programs across North America.

<sup>12</sup> Taking the Stage<sup>®</sup> is a registered trademark of The Humphrey Group.



- ▶ **Diversity, equity and inclusion**
- ▶ Client experience
- ▶ Data security and privacy
- ▶ Talent management
- ▶ Risk management
- ▶ Governance and ethics

## Leading through learning

- Continued to deliver and expand DE&I education in all our learning channels. For example, we renewed our contract with Hive Learning to deliver our Kaleidoscope program for another three years. The program leverages a social learning platform where, over a three-month period, teams engage to:

- learn more about core DE&I concepts,
- implement inclusive behaviours into their daily routine, and
- create safe spaces for conversation.

Participant feedback has been very positive: 97% of employees said they would apply what they learned in the program to their work and with their team and colleagues.

We also aimed to improve our cultural competency by providing resources on days of recognition, including Black History Month, International Women's Day and Pride Month.

- Helped employees from diverse communities to develop the skills to grow their careers through key initiatives. For example, we:
  - Provided 11 Black and Indigenous employees in Canada with a senior sponsor and an external career coach, through an internal pilot program called the Career Accelerator Program.

- Expanded our career coaching program for employees of colour in Canada and the U.S. As a result of the program's growth, it has reached more than 130 participants to date.

Refer to the [Talent Management](#) section for more examples.

## Developing the foundation for inclusive societies

- Launched a DE&I [Bright Paper report](#) in Canada to help sponsors understand how to diversify group benefits offerings and how to attract and retain talent. The playbook:

- Addresses the intersections between DE&I and group benefits.
- Shares insights from a national survey of over 2,300 working people aged 18-65 from multiple diverse communities. The objective was to learn how plan members of diverse groups perceived and valued group benefits and to identify ways for sponsors to optimize plans to support health and wellness for all members.
- Provides steps for plan sponsors to better address the needs of diverse groups, through services such as: virtual care, mental health care, coverage for alternative medicines, fertility services, gender affirmation procedures and access to diverse and allied practitioners.



- Welcomed the second cohort of the Dean Connor Inclusion Scholarship for Black and Indigenous Students in Canada. The program provides financial support to eligible students for their final year of studies, as well as the opportunity to intern at Sun Life. The program has become a talent pipeline for Sun Life. In 2023, five of the students returned for co-op opportunities at the end of the summer, while another received a full-time employment offer. Refer to our feature story "[Scholarship opens doors for Black and Indigenous students](#)" for more information.

### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

### MORE ONLINE

- ▶ [Diversity, Equity & Inclusion Strategy 2025](#)
- ▶ [Scholarship opens doors for Black and Indigenous students \(feature story\)](#)

# Client experience

## Enhancing the Client experience at every touchpoint

Our Clients remain at the centre of everything we do – and providing great experiences is a central part of our promise to them. We continue to make significant investments to enhance the Client experience and provide meaningful support at every touchpoint – when, where and how they need us.

Sun Life is focused on innovating and providing digital tools to create a more seamless experience. We're creating new distribution channels to enable greater access to our products. And we're helping Clients navigate the evolving financial and health-care ecosystems through friendly, easy-to-understand communication. In addition to this section, we also discuss our efforts to deliver great Client experiences in the [Financial Security](#) and [Client Health](#) sections of this report.

### 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 online](#)

## 2023 Performance

Throughout 2023, Sun Life served millions of Clients in Canada, the U.S. and countries in Asia. Our efforts were supported by a network of Sun Life advisors, third-party partners and other distributors. We continued to invest in digital services and create more personalized experiences with our Clients. These investments help serve Clients' unique needs better and faster while increasing access to products, services and care.

### Better Client communication and connections

- Helped Clients in Canada make positive financial and health decisions by providing them with information and guidance to manage their money and health. Through nudges by Ella, our digital coach, we connected over 154 million times with our Clients in 2023 (2022: 160 million). Ella provides Clients with personalized tips and reminders about coverage and plans, and can help them find local health-care providers, check their account balances and more.
- Maintained our focus on making our messaging simple, clear and sensitive to the needs of Clients. Since launching our plain language initiative in 2017, we've improved more than 4,300 documents in Canada – including nearly 700 in 2023 alone. These documents ranged from Client letters and emails to chatbot messages and voice scripts. Publishing clear, useful information about our products, services and programs has resulted in positive feedback received through our user testing. This feedback suggests we are driving better Client experiences.



**Chris Wei**

Executive Vice-President & Chief Client and Innovation Officer, Sun Life

"Today's consumers crave meaningful and relevant experiences from the companies they choose to engage with. These expectations are increasingly intersecting with a growing awareness of sustainability issues. Sun Life has a true interest in social progress and improving the lives of millions of Clients through the products, services and technologies we design and deliver. To fulfill our Purpose and support our ambition, we're focused on being a Client-centered, sustainability-driven and people-first global brand."

### Digital solutions for faster, smoother experiences

- Improved our digital offerings to provide better Client experiences. For example:
  - In Canada, we enhanced the my Sun Life mobile app to improve user experience and help users find the information they need quicker. For example, we integrated Lumino Health provider search which allows Clients to find their provider when submitting a new claim without having to manually enter information. This update means Clients make fewer data-entry errors when submitting, saving time for Clients and leading to quicker resolution timelines.
  - In the U.S., we launched the myDentaQuest mobile app to give Clients more flexibility and convenience in how they access dental care. The myDentalQuest app is available to approximately two million Medicaid and Children's Health Insurance Program Clients in Texas. It allows them

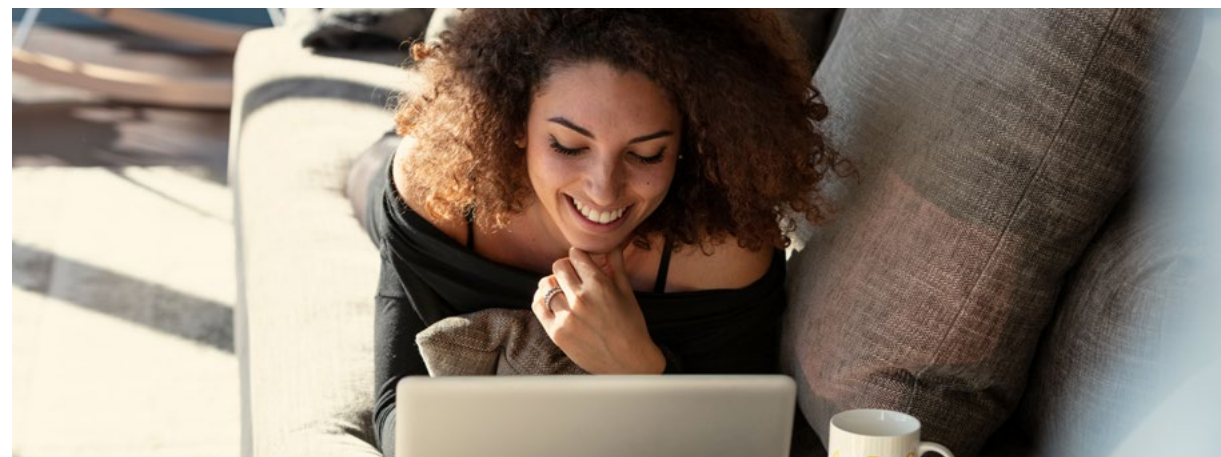
- ▶ Diversity, equity and inclusion ▶ **Client experience** ▶ Data security and privacy ▶ Talent management ▶ Risk management ▶ Governance and ethics

to manage their DentaQuest dental benefits from their smartphone, find a dentist near them and change their main dentist, among other features.

- Continued to streamline the process for administering benefits through the integration of application programming interfaces (APIs) in our U.S. business. APIs can connect with benefit administration platforms and human capital management systems so that administrators don't have to manually create benefits for new employees. They can also provide real-time evidence of insurability decisions, streamline billing, and automate absence leave creation and return to work by removing manual burdens for Clients and enhancing their overall experience. We added three new APIs in 2023, saving Clients more than 30,000 hours through these automations.
- Improved the stop-loss underwriting process by introducing an advanced digital underwriting tool pilot in the U.S. Through this tool, which uses machine learning, we were able to provide medical stop-loss to more Clients.
- Made the Client onboarding experience faster and easier through the launch of Sun Life Onboard's Digital Smart Form in our U.S. market. This new form, which captures information needed to complete the employer benefits setup, has reduced the time it takes Clients to complete the onboarding paperwork from six to three days. Clients are digitally guided through logical, concise sections with plain-language questions. We've replaced difficult to understand, industry-specific terms. Smarter,

interactive design shows only the questions and fields required for the Client based on their setup and the answers they provide. Examples and tips provide additional context and helpful guidance along the way.

- Sun Life Asia provided faster, smoother experiences for Clients by digitizing and optimizing multiple services offered in our Hong Kong, Indonesia, Malaysia, Vietnam and Philippines markets.
  - In Hong Kong, we digitized document submission for onboarding resulting in 86% of applications submitted digitally (up 16% from 2022).
  - In Indonesia, we launched a digital platform enabling Clients to access, complete and submit documents digitally, replacing the previously lengthy and complex offline processes.
  - In Malaysia, we launched SunSmart resulting in a 94% digital submission rate (up 6% from 2022), and optimized straight-through processing rules to increase new business turnaround times (TAT) by 50% compared to 2022.
  - In Vietnam, we developed a self-help guide for Clients to improve their onboarding and claims journeys. We also shortened claim processing and settlement for health insurance benefits, reducing TAT from three days to fifteen minutes.
  - In the Philippines, we reduced the overall TAT for claims by allowing Clients to submit their hospital income benefits claims digitally, resulting in 50% of claims paid within three days.



### Measuring the Client experience

- Achieved strong performance in our global Client Satisfaction (CSAT) score in 2023<sup>1</sup>, up 1 point compared to the previous year. As our primary metric for Client sentiment, CSAT scores measure the holistic experience that Clients have with Sun Life and give us insights into where we need to improve our Client experience delivery. CSAT covers our key business lines across regions where we operate. Sun Life began measuring CSAT globally in 2022 as a replacement to the Client Experience Index. CSAT provides a more complete measurement of the Client experience through its greater relevance across all our markets and sensitivity to change in our Clients' service experiences.
- Recorded 1,777 Client complaints in Canada that required a review by our Client Advocacy

team (2022: 1,531). 100% of cases reviewed by an independent complaint resolution body or regulator<sup>2</sup> resulted in a recommendation consistent with Sun Life's final position. More than 1,800 Client complaints escalated to our Client Advocacy team were resolved within 15 days, on average. We view complaints as an opportunity to improve and deepen our understanding of Client pain points.

#### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

#### MORE ONLINE

- ▶ [Code of Conduct and Ethics Hotline](#)

<sup>1</sup> Refer to [Report Scope - Note 6](#).

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

# Data security and privacy

## Being hypervigilant to keep data and systems secure

As technologies advance in the fast-evolving digital ecosystem, so do the nature and scale of cybersecurity threats. Organizations like Sun Life must keep up with the skills and tools used by those looking for potential system vulnerabilities to exploit.

It's critical for us to strengthen our programs in the face of these constantly evolving risks. Staying ahead of the curve necessitates applying industry best practices for data protection. We work proactively to anticipate and address tomorrow's cybersecurity threats and safeguard our Clients' information.

## 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 online](#)

## 2023 Performance

### Strengthening our cyber resilience

- Continued to enhance our security controls to protect Client data and sensitive information and to stay ahead of potential threats. Among our efforts, we completed the global roll out of Data Loss Prevention (DLP) tools. Tools such as DLP ensure we have the capability to secure data from accidental loss and insider threats. They also help further educate workers on the safe handling of sensitive data.
- Improved our ability to respond to DLP data incidents by implementing a new, automated incident response program. It allows for information to automatically flow from security devices to the assigned DLP team for action. The automation of this flow of information ensures that any potential data security incident is responded to in a uniform manner.
- Implemented multi-factor authentication within the privileged ID/password vaulting solution. Sun Life has a robust Privileged Access Management program featuring key security controls for system and application accounts with elevated privileges. Individuals responsible for performing activities requiring elevated privileges are equipped with secondary IDs which are stored in the vaulting solution.
- Provided ongoing training to help employees recognize and combat evolving digital threats. We delivered 36 phishing simulation scenarios to employees, contractors and Canadian advisors in 2023<sup>2</sup> (2022: 30). Our simulations included real-life scenarios to help identify and avoid all types of phishing emails.

# 98%

of employees completed information security and privacy training<sup>1</sup> (2022: 91%)

### Enhancing privacy controls to protect Clients

- Upheld strong privacy controls by conducting 584 Privacy Impact Assessments (PIAs) for new or modified products, services and programs<sup>2</sup> (2022: 511). PIAs help us ensure Clients' privacy rights are protected, while also enabling Sun Life to meet evolving privacy laws, best practices and regulators' expectations.
- Broadened employee knowledge of privacy-related topics by delivering targeted, on-demand training through our Global Privacy Centre of Excellence. This training augments Sun Life's annual mandatory privacy training and other awareness-building programs, such as educational videos about our Client Data Privacy Principles.
- Promoted a strong privacy culture by sharing privacy best practices within the company. Our privacy club hosted two webinars on the topic of bias in artificial intelligence for marketing and online privacy. Guest experts who are thought leaders on these topics joined the conversation.
- Recorded 1 substantiated privacy complaint from a regulatory body in 2023<sup>2</sup> (2022: 1). The complaint involved the disclosure of one individual's personal information. In response, we took corrective action to prevent a reoccurrence. The regulator acknowledged that the data involved was not sensitive and supported our assessment of the risk and resolution.

#### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

#### MORE ONLINE

- ▶ [Security at Sun Life](#)
- ▶ [Your privacy at Sun Life](#)

<sup>1</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

<sup>2</sup> Refer to [Report Scope - Note 5](#).

# Talent management

## Empowering our people to thrive in the future of work

The workforce today has different priorities than previous generations. They are in search of purpose, belonging and opportunities for development that will keep them equipped for an ever-changing workforce. With emphasis on flexibility and fulfillment, providing a positive experience and managing talent requires a purposeful strategy that reflects the truth that employees are people, not just workers.

We focus on empowering our talented team of over 58,000 people across 28 markets and nurturing a sense of belonging for all. Recognizing that our people drive our competitive advantage, we strive to uphold a culture where everyone feels comfortable being themselves, confident to speak up and connected to the values and Purpose of Sun Life. In doing so, we believe our people will be productive, passionate and focused on delivering the best for our Clients – no matter where or how they work.

## Our approach at a glance

- > Cultivating a strong corporate culture
- > Inspiring and supporting our people through our focus on future of work
- > Providing a wide range of training and development opportunities
- > Investing in next-generation talent and leaders
- > Engaging our people through multiple communication channels

[Learn more online](#)

## 2023 Performance

### Advancing our future of work strategy

- Continued to embed our future of work strategy into Sun Life's culture. We focused our efforts on flexibility, empowerment and group collaboration in our workspaces. For example, we continued to support virtual and hybrid working arrangements, and built new collaboration spaces to make hybrid meetings more effective. We also offered interactive learning series to help employees and leaders support effective work in a hybrid environment. Key initiatives include:
  - New benefit for employees to support opportunities to work short-term from another country. Eligible employees can request to work outside of their home country for up to 20 workdays within a calendar year, depending on the destination.
  - The introduction of modern, activity-based workspaces in offices across North America with a strong focus on employee collaboration and well-being. The spaces aim to provide better support for virtual, in-person and global teams. For example, our new people-focused workspace in Waterloo, Ontario features enhanced collaboration spaces. Our Wellesley office in the U.S. has a yoga and fitness room, under desk treadmills and a relaxation room that can be used by anyone who needs time for themselves.
  - Enhancing the Client experience and strengthening the hybrid working model for employees with the opening of S.PACE, a new office model for multi-channel distribution in Vietnam. The unique and modern workplace features a variety of workspaces to accommodate different needs, from individual focus areas to collaborative team spaces.

- Improving teamwork and productivity with a better collaboration and communication tool which integrates many of the digital tools our people use every day.



**Joanne St. Bernard-Honegan**

VP, Talent Management,  
Sun Life

"Ensuring our talented team continues to drive our competitive advantage over the long term necessitates preparing them now for work in the future. We're focused on providing learning and development opportunities for every employee to continue to grow their careers at Sun Life."

### Investing in employee development

- Supported employee growth by investing \$48 million in training and development programs (up from \$34 million in 2022)<sup>1</sup>. This amount covered in-house learning programs, as well as external conferences, seminars and courses. On average, employees spent 21 hours participating in learning activities during the year<sup>2</sup>.
- Empowered 60 employees that identify as Asian, Black or Hispanic-Latino to develop the skills, mindsets and peer networks to grow their leadership capabilities and achieve their career goals. Through their participation in a leadership development program, employees spent 3-4 months learning how to build core management and leadership capabilities. The program covered topics such as problem solving,

<sup>1</sup> Refer to [Report Scope - Note 3](#).

<sup>2</sup> Refer to [Report Scope - Note 8](#).

- ▶ Diversity, equity and inclusion ▶ Client experience ▶ Data security and privacy ▶ **Talent management** ▶ Risk management ▶ Governance and ethics

business strategy, personal brand and time management. The academy has benefited over 200 employees since 2021.

- Strengthened Sun Life's skills infrastructure through a skills pilot. Using third-party artificial intelligence (AI), the program identified the skills, strengths and gaps of 800 employees in Canada. It then created career paths and individualized learning plans. The program provided real-time insights that facilitated a proactive approach to workforce planning and decision-making related to reskilling and upskilling needs. Through the pilot, 88% of participants prioritized development plans that addressed skills gaps for their desired career goals.
- Developed our workforce in Malaysia to support our diversity, climate and sustainable investment objectives. Initiatives included webinars on climate risk management and governance, training on specific products (e.g., Value-Based Intermediation for Takaful) and a lunch-and-learn series on ESG investment topics.
- Supported the delivery of good Client advice by upskilling over 200 Sun Life advisors in the Philippines through a comprehensive learning program that covered life insurance planning, investment planning, risk, health care and estate planning. The advisors were awarded with Associate Wealth Planner and

Certified Wealth Planner designations by the Wealth Management Center (WMC). The WMC is the leading educational institution in the Philippines for financial services professionals.

- Helped develop the next generation of talent in Vietnam by welcoming eight new students into the Sun Bright global talent development program. The program offers students a multi-year learning experience, including:
  - an internship in Vietnam,
  - a second internship in another Asian country, and
  - full-time employment with a short-term assignment in Canada.

The first cohort of seven students completed their second internship and will undertake a short-term assignment in Canada in 2024.

### **Elevating our leadership capabilities**

- Trained over 1,000 senior leaders (AVP and above) to make faster and better decisions, and empower their teams through the Sun Life Leadership Academy. The program supports cultural change through common learning experiences and embeds new practices to strengthen leadership within Sun Life.
- Launched the Sun Life Executive Development Program, an immersive learning experience for senior

leaders. Built in collaboration with a renowned academic institution, participants engage in a combination of online and classroom experiences. The program provides direct access to some of the world's leading thinkers on topics including strategy, leadership, innovation, implications of digital/AI and Client experience. Leaders bring learnings back to our organization as they engage with Clients, employees and other stakeholders.

- Launched Sun Life's Leadership Education and Development program in recognition of the integral role people leaders play in fostering engagement and supporting our culture. The program helps new people leaders in North America and Asia build core management skills and capabilities. The program brings together new leaders from different countries and business groups through an engaging 15-month experience.
- Strengthened the learning and development culture at Sun Life Global Solutions India through the launch of two programs: Catalyst and the Leadership Capability Series.
  - Catalyst is a six-month leadership journey for senior managers that provides participants with the skills needed to advance their careers through one-on-one mentorship, group coaching sessions and masterclasses. In 2023, the program trained 15 high-potential female technologists.

- The Leadership Capability Series provides standalone learning modules for directors on topics such as effective decision-making and strategic thinking. In 2023, 24 directors participated in this training.

### **Leading in employee engagement**

- Achieved an 88% employee engagement score<sup>3</sup> (2022: 89%). This score exceeds the global financial services norm of 85%<sup>4</sup>. Employees continued to report that our employee value proposition and commitment to caring for our colleagues is exceptional, while operating in a largely hybrid and virtual workforce.
- Experienced a decrease in employee turnover, with a rate of 11.6% in 2023<sup>5</sup>, from 14.7% in 2022. Retaining top talent remains a priority.

#### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

#### MORE ONLINE

- ▶ [Careers at Sun Life](#)

<sup>3</sup> 71% of employees surveyed participated. Refer to [Report Scope – Note 4](#).

<sup>4</sup> Based on Willis Towers Watson's Benchmark of Global Financial Services

<sup>5</sup> Refer to [Report Scope – Note 7](#).

# Risk management

## From climate risks to cyber threats – we're risk ready

A proactive risk management approach makes our business more resilient and helps us meet our financial commitments to Clients. It protects our competitiveness and long-term sustainability and leads to better societal outcomes.

Our [Annual Report](#) provides more details on our approach to risk management. The section to the right focuses on our 2023 performance for environmental and social risks.

## Our approach at a glance

- > Following our [Risk Management Framework](#) ensures 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
- > Addressing other ESG risks

[Learn more online](#)

## 2023 Performance

- Reinforced our commitment to being a responsibly-managed business with 98% of our global employees completing risk-related training in 2023<sup>1</sup>. A key premise of our culture is that all employees play an important role in managing the Company's risks.
- Supported the resiliency of our business through risk management practices and by building our capabilities to identify, track and mitigate evolving sustainability risks including climate risk. For example, we:
  - Strengthened leader oversight of climate risk by hiring an AVP of Climate Change Risk and an actuary focused on climate risks.
  - Continued to hold senior discussions on sustainability risks and opportunities in areas such as climate change and human rights.
- Enhanced [climate-related reporting](#) in our 2023 Annual Report by updating our disclosures guided by the Task Force on Climate-related Financial Disclosures. These disclosures give stakeholders insight on our governance, risk management, strategy, and metrics and targets related to climate change. We also disclose newly integrated governance processes and provide information about our ongoing climate maturity journey.

### 98%

of employees completed risk-related training in 2023<sup>1</sup> (2022: 91%)

- Helped advance the development of regulatory and policy responses to climate-related risks by engaging with policy makers and industry stakeholders. For example, we offered recommendations to the Office of the Superintendent of Financial Institutions (OSFI) in Canada, directly and through the Canadian Life and Health Insurance Association, on aligning with existing and emerging industry-standard reporting frameworks. In addition, we supported OSFI issuing life insurance industry-specific reporting guidelines. We were also an active participant in the Government of Canada's Sustainable Finance Action Council (SFAC). One of the key priorities of SFAC is to enhance and standardize the disclosure of climate risks and opportunities.

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

	Standard & Poor's	Moody's	A.M. Best	DBRS
<b>Sun Life Assurance Company of Canada</b>	<b>AA Very strong</b>	<b>Aa3 High quality</b>	<b>A+ Superior</b>	<b>AA Excellent</b>

Ratings are for Sun Life Assurance Company of Canada ("Sun Life Assurance"). Sun Life Assurance is Sun Life Financial Inc.'s principal operating life insurance subsidiary.

#### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

#### MORE ONLINE

- ▶ [Annual Report](#)
- ▶ [2024 Management Information Circular](#)
- ▶ [Financial Strength Ratings](#)

<sup>1</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

# Governance and ethics

## Setting the foundation for trusted and responsible business

Instilling confidence in the way we manage our business – and the financial needs of our Clients – is fundamental to our strength, stability and reputation as a global financial organization. For us, it's about good governance and management. It's about acting responsibly, complying with laws and regulations and exhibiting the highest standards of professional behaviour. And it's about treating our Clients, employees and other stakeholders with the utmost respect at all times.

### Our approach at a glance

- > Committing to best-in-class corporate governance
- > Embedding an ethical culture through robust practices
- > Providing a confidential way to raise concerns about unethical behaviour
- > Respecting fundamental human rights
- > Shaping public policy in a way that benefits public interests

[Learn more online](#)

## 2023 Performance

- Achieved our aim of gender balance on the Board (with at least 35%-45% self-identifying as women) and representation of underrepresented groups (aim: 20-25%), with:
  - 50% of Board members self-identifying as women; and
  - 25% of Board members self-identifying as members of underrepresented groups<sup>1</sup>.
- Enhanced accountability for delivering on our sustainability commitments by introducing a Sustainability Modifier to our Senior Executive Sun Share Unit Plan. The modifier (+/- 10 percentage points) is based on our performance over three years against four sustainability goals. Goals include sustainable investment, gender and underrepresented ethnicity representation at executive levels and greenhouse gas emissions reduction in our operations<sup>2</sup>.
- Renamed the Board committee with oversight for sustainability matters the Governance, Investment & Sustainability Committee and expressly included climate-related matters and Sun Life's Sustainability Strategy (including the development of a climate transition plan) amongst existing sustainability-related responsibilities for that Committee.

50%

of Board members self-identify as women

25%

of Board members self-identify as belonging to an underrepresented group<sup>1</sup>

75%

of Board committee chairs self-identify as women

- Measured our progress in achieving an ethical culture through employee surveys. In 2023, 80% of employees told us they feel it's safe to speak up at Sun Life<sup>3</sup> (2022: 78%). This result exceeds the global financial services norm of 76%<sup>4</sup>.
- Strengthened our ethical culture by undertaking a review of our Code of Conduct and updating it to better reflect relevant and emerging trends within our industry and alignment with the Company's initiatives. The refreshed Code will be published in 2024 and will be made available in nine languages. In 2023, 97% of our employees completed Sun Life's annual Code of Conduct training<sup>5</sup>.
- Maintained strong governance of our supply chain by assessing the alignment of 100% of critical suppliers with our Supplier Code of Conduct. Our Supplier Code sets out standards and expectations for suppliers on topics such as privacy, ethics, human rights and sustainable practices.
- Strengthened our approach to managing key human rights issues. For example, we initiated an enterprise-wide human rights supply chain risk assessment and are developing targeted training.

### JUST THE NUMBERS

- ▶ [ESG Performance Tables](#)

### MORE ONLINE

- ▶ [Sun Life Code of Conduct](#)
- ▶ [Ethics Hotline](#)
- ▶ [Statement of Corporate Governance Policies and Practice](#)
- ▶ [2024 Management Information Circular](#)

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

<sup>2</sup> Refer to Sun Life's [Management Information Circular](#) dated March 15, 2024 for more details.

<sup>3</sup> Based on the Q3 global employee engagement survey. 73% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

<sup>4</sup> Based on Willis Towers Watson's Benchmark of Global Financial Services

<sup>5</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).



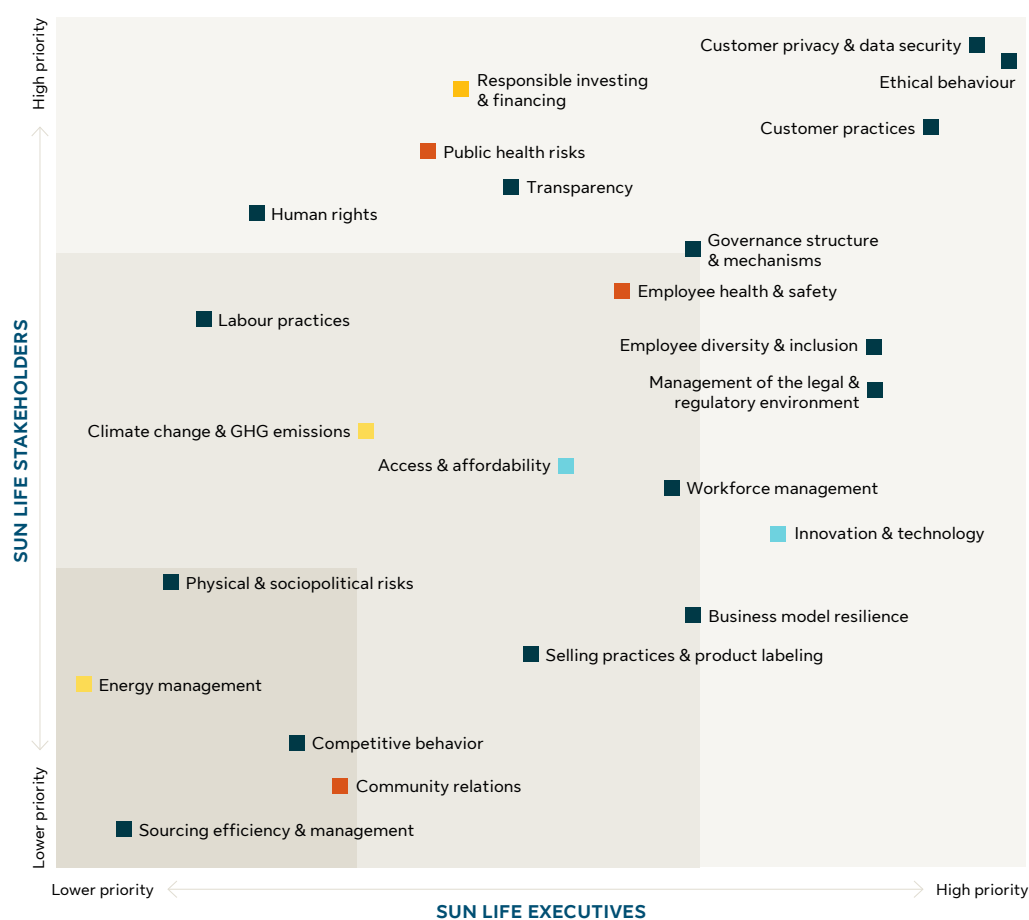
# APPENDIX I: Stakeholder engagement and materiality

Engaging with our stakeholders is critical to our success, and we do so in many ways – as highlighted throughout this report and in our [GRI Index](#). Our key stakeholders are: Clients, employees and advisors, governments and regulators, industry associations, shareholders, investors, analysts, suppliers, and community organizations and members.

One of the ways we check in with internal and external stakeholders is through a materiality assessment, which is our process for identifying and prioritizing ESG issues of greatest importance. The results guide Sun Life’s sustainability initiatives and reporting.

We conducted our last materiality assessment in 2021. The matrix on the right shows the results. This report is structured around the top 12 material topics from that assessment, grouped into the five focus areas of our Sustainability Plan (Financial Security, Healthier Lives, Sustainable Investing, Climate Change, and Trusted and Responsible Business). Refer to our [2021 Sustainability Report](#) for more details about our materiality process. We will be conducting a new materiality assessment in 2024.

## 2021 materiality assessment results



Material topics	Relevant issues/sub-topics
Client experience	Customer practices Selling practices & product labeling Transparency
Client health	Public health risks Innovation & technology
Climate change	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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## APPENDIX II: ESG performance tables

Relevant standards/ indicators	Financial security	2023	2022	2021
<b>GRI 3-3, 203-2</b> <b>SDG 8.3, 8.10</b>	Number of lives covered under affordable insurance policies (Asia) <sup>1</sup> (millions)	<b>2.4</b>	1.6	1.5
	Number of positive financial actions taken by Clients in Canada towards financial security <sup>2</sup> (millions)	<b>1.3</b>	1.1	1.1
	Number of Sun Life Canada Group Retirement Services Clients with a financial plan	<b>401,006</b>	331,477	284,933
	Number of financial roadmaps created for Clients in Canada, powered by the Sun Life One Plan digital tool	<b>95,874</b>	45,822 <sup>3</sup>	-
	Dollars paid in claims and benefits <sup>4</sup> (\$ billions)	<b>\$26.0</b>	\$21.6 <sup>5</sup>	\$18.7

<sup>1</sup> Affordable insurance products help people in the mass market (including lower-income segments) meet risk protection needs at an accessible price point. The criteria for a product to be considered affordable insurance varies by country and is based on factors such as: insurance premium amount relative to average income, coverage period, underwriting requirements and/or government regulation. Refer to [Report Scope - Note 1](#).

<sup>2</sup> Examples of positive financial actions include adding voluntary benefits, adding a voluntary savings product, making a lump sum deposit and more.

<sup>3</sup> Restated due to change in methodology.

<sup>4</sup> Refer to [Report Scope - Note 2](#).

<sup>5</sup> Restated due to change in accounting standards.

Relevant standards/ indicators	Client health	2023	2022	2021
<b>GRI 3-3, 203-2</b> <b>SDG 3.4, 3.8, 3.d</b>	Number of positive health actions taken by Clients in Canada towards health and wellness <sup>1</sup>	<b>1,840,735</b>	-	-
	Number of Clients and their family members with access to Lumino Health Virtual Care in Canada	<b>871,000</b>	755,000	556,000
	U.S. stop-loss Clinical 360 savings for Sun Life and Clients (\$ millions)	<b>US\$36.2</b>	US\$30.5	US\$24.5

<sup>1</sup> Positive health actions are actions a Client makes to lead a healthier life. One example of a positive health action is consulting a health-care professional via Lumino Health Virtual Care.

Relevant standards/ indicators	Employee wellness	2023	2022	2021
<b>GRI 3-3, 403-6</b> <b>SDG 3.4, 3.8, 5.4</b>	Total spent on compensation and benefits <sup>1</sup> (\$ billions)	<b>\$6.1</b>	\$5.1	\$5.1
	Percentage of qualified employees in North America voluntarily contributing to Sun Life's defined contribution plan			
	Canada	<b>91%</b>	90%	88%
	Percentage eligible for auto-enrollment who did not opt out	<b>92%</b>	94%	94%
	U.S.	<b>88%</b>	88%	86%
	Percentage eligible for auto-enrollment who did not opt out	<b>95%</b>	95%	98%
	Percentage of qualified employees in North America voluntarily contributing to Sun Life's share purchase plan			
	Canada	<b>62%</b>	61%	65%
	U.S.	<b>20%</b>	21%	21%
	Percentage of employees who say that their immediate supervisor/manager supports their well-being <sup>2</sup>	<b>92%</b>	92%	-
	Percentage of employees who completed Sun Life's annual safety and emergency preparedness training <sup>3</sup>	<b>98%</b>	93%	96%
	Absentee rate (% of total days scheduled)	<b>5.6%</b>	4.7%	4.8%
	Critical injuries (work-related accidents) <sup>4</sup> (Canada)	<b>0</b>	0	0

<sup>1</sup> Refer to [Report Scope - Note 3](#).

<sup>2</sup> Based on the Q3 global employee engagement survey. 73% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

<sup>3</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

<sup>4</sup> Refers to a serious injury that places life in jeopardy, and involves an employee that is unconscious, experienced a significant loss of blood, a fracture or amputation of a limb, burns over major portions of the body, loss of sight in an eye or other significant losses that require immediate medical attention in a hospital setting.

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Relevant standards/ indicators	Community wellness	2023	2022	2021
<b>GRI 3-3, 203-2</b> <b>SDG 3.4, 3.8, 3.d</b>	Total corporate giving <sup>1</sup> (\$ millions)	\$25.1	\$23.8	\$20.9
	Sun Life	\$18.9	\$17.8 <sup>2</sup>	\$15.3
	MFS	\$4.3	\$4.1	\$4.3
	BGO	\$1.1	\$1.0	\$0.8
	Crescent	\$0.5	\$0.5	\$0.4
	InfraRed	\$0.3 <sup>3</sup>	\$0.4	\$0.1
	Breakdown of Sun Life donations by focus area (\$ millions)			
	Health	\$12.7	\$10.5	\$9.2
	Oral Health	\$1.2	\$0.6 <sup>4</sup>	-
	Diabetes	\$5.7	\$5.7	\$6.0
	Mental Health	\$4.4	\$3.3	\$0.8
	Culture	\$0.5	\$1.3	\$1.7
	Social Services	\$4.7	\$3.3	\$3.3
	Education	\$1.0	\$1.2	\$1.1
	Total donations to diversity, equity and inclusion initiatives (\$ millions)	\$4.3	\$3.8	\$2.0
	Percentage of Canadian philanthropic donations spent on Black community initiatives <sup>5</sup> (Aim: 3%)	9%	10%	-
	Total donations to climate change initiatives (\$ millions)	\$0.3	-	-
	Dollars raised by employees for charities across North America and Ireland <sup>6</sup> (\$ millions)	\$2.2	\$2.2	\$2.3
	Number of registered charities supported by employee giving and volunteering in North America and Ireland <sup>6</sup>	4,263	3,212	3,085
	Employee volunteer hours <sup>7</sup>	28,351	25,978 <sup>8</sup>	19,553

<sup>1</sup> Corporate giving amounts reflect giving towards registered charities and non-profit organizations.  
<sup>2</sup> Restated to include DentaQuest.  
<sup>3</sup> Amount is impacted by rounding.  
<sup>4</sup> Reflects donations made following Sun Life's acquisition of DentaQuest in June 2022.  
<sup>5</sup> Part of a series of aspirational goals included in our role as signatory to the BlackNorth Initiative.  
<sup>6</sup> 2021 value does not include Ireland.  
<sup>7</sup> Number of hours an employee performed a service without pay for the greater good of others, on behalf of a registered charity. 2023 value includes India and Malaysia joint venture, 2022 and 2021 values include Vietnam and Malaysia joint venture.  
<sup>8</sup> Restated due to correction of error.

Relevant standards/ indicators	Sustainable investing	2023	2022	2021
<b>GRI 3-3, 203-1, 203-2</b> <b>SDG 7.1, 7.2, 7.3, 13.1, 13.3</b>	Sustainable investment AUM* <sup>1</sup> (\$ billions)	\$77.0	\$80.4	\$65.4
	Renewable energy	\$12.3	\$13.0	\$10.9
	Energy efficiency	\$3.5	\$2.8	\$1.9
	Sustainable/green buildings <sup>2</sup>	\$42.9 <sup>3</sup>	\$47.1	\$35.8
	Clean transportation	\$1.7	\$1.8	\$1.3
	Sustainable water management	\$0.7	\$0.7	\$0.7
	Access to essential services	\$8.7	\$9.5	\$9.3
	Green, social and sustainability bonds	\$7.2	\$5.5	\$5.5
	Value of new sustainable investments <sup>4,5</sup> (\$ billions) (Goal: \$20 billion between 2021-2025 <sup>6</sup> )	\$3.3	\$6.6	\$7.7
	Sustainability-themed investment AUM (SLGI) <sup>7</sup> (\$ millions)	\$595	\$523	\$469
	Percentage of green-certified space (real estate investments in North America) <sup>8</sup>	93%	93% <sup>9</sup>	86%

\* Portfolio at December 31 (general account and certain third-party Clients, where relevant). Client asset values included represent a non-IFRS financial measure.  
<sup>1</sup> General account and certain third-party Clients, where relevant. More information on AUM methodology, including asset managers and criteria included in the calculation, is available upon request. Client asset values included represent a non-IFRS financial measure. Sustainable investments meet one or more of the criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Principles, GRESB Real Estate Benchmark, and/or 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. Assets included may not align with criteria in the Sun Life Sustainability Bond Framework. Does not include all holdings in companies that may be defined as sustainable under other taxonomies.  
<sup>2</sup> Real estate assets include investment properties, owner-occupied properties and real estate in limited partnership investments.  
<sup>3</sup> Amount is impacted by rounding.  
<sup>4</sup> Values are as at transaction date. Figures may be adjusted year-over-year due to rounding. Client asset values included represent a non-IFRS financial measure.  
<sup>5</sup> Examples of typical investments include solar, wind and hydro renewable energy investments, energy efficiency projects, affordable housing and long-term care facilities.  
<sup>6</sup> Includes investments from the Sun Life general account, SLC Fixed Income and two of SLC Management's affiliates: BGO and InfraRed.  
<sup>7</sup> Represents mutual funds investments in companies with good environmental, social and governance credentials and high potential to generate positive and measurable environmental and social outcomes. Investments may represent all or only a portion of a mutual fund. For further details into SLGI's mutual funds, refer to its latest [Simplified Prospectus](#).  
<sup>8</sup> Certificates include BOMA BEST, LEED®, IREM Certified Sustainable Property, Fitwel and ENERGY STAR® certified 2023. LEED®, and its related logo, is licensed in Canada to the Canada Green Building Council and is used here with permission.  
<sup>9</sup> Figure restated following completion of external audit.

Relevant standards/ indicators	Client experience	2023	2022	2021	
<b>GRI 3-3, 203-2</b>	Change in Client Satisfaction (CSAT) score <sup>1</sup> from previous year (Goal: +2)	+1	-	-	
	<b>Problem resolution in Canada:</b>				
	Client problems reviewed by Sun Life's Client Advocacy team	1,777	1,531	875	
	Client problems resolved by Sun Life's Client Advocacy team <sup>2</sup>	1,838	1,462	1,062	
	Client problems reviewed by an independent complaint resolution body or regulator <sup>3</sup>	65	48	28	
	Client problems reviewed that resulted in a recommendation different from Sun Life's position <sup>3</sup>	0	0	0	

<sup>1</sup> Sun Life began measuring overall Client Satisfaction (CSAT) globally in 2022 as a replacement to the Client Experience Index. As a result, year-over-year changes in CSAT are only available for 2023. Refer to [Report Scope - Note 6](#).  
<sup>2</sup> Client problems resolved in the calendar year may be higher than the number of problems reviewed, as prior year problems may not be resolved until the following year.  
<sup>3</sup> Represents cases investigated by OmbudService for Life and Health Insurance, Ombudsman for Banking Services and Investments, or Autorité des marchés financiers.

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Relevant standards/ indicators	Diversity, equity and inclusion <sup>1</sup>	2023	2022	2021
<b>GRI 2-7, 3-3, 405-1, 405-2</b> <b>SASB FN-AC-330a.1</b> <b>SDG 5.1, 5.2, 5.5, 8.5</b>	Women (Global)	60%	59%	59%
	Senior management <sup>2</sup> (Vice-President and above) (Aspirational goal: Gender parity by 2025 <sup>3</sup> )	37%	33%	31%
	Middle management (Assistant Vice-President and Director)	50%	48%	48% <sup>4</sup>
	Staff	62%	62%	61%
	Underrepresented ethnicities <sup>5</sup> (North America)	36%	34%	31%
	Senior management (Aspirational goal: 25% by 2025)	20%	19%	17% <sup>4</sup>
	Middle management	31%	29%	28% <sup>4</sup>
	Staff	38%	35%	32%
	Black/African American	8%	6%	5%
	Indigenous <sup>6</sup>	1%	1%	1%
	Asian	18%	18%	16%
	Hispanic/Latino	3%	2%	2%
	Other underrepresented ethnicity	7%	7%	8%
	Not disclosed	9%	10%	11%
	LGBTQ+ (North America)	3%	3%	3%
	Persons with disabilities (North America)	2%	2%	1%
	Black (Canada) <sup>7</sup>	5%	5%	4%
	Senior management <sup>2</sup> (Aspirational goal: 3.5% by 2025) <sup>8</sup>	1.9%	3.1%	2.2%
	Middle management	2%	2%	1%
	Staff	6%	5%	4%
	Within student workforce (Aspirational goal: 5% by 2025) <sup>8</sup>	5%	8%	4%
	Indigenous <sup>6</sup> (Canada)	1%	1%	1%
	Senior management	1%	1%	1%
	Middle management	0%	0%	0%
	Staff	1%	1%	1%
	Black/African American (U.S.) <sup>9</sup>	13%	10%	8%
	Senior management (Aspirational goal: 13%)	7%	10%	7%
Middle management (Aspirational goal: 13%)	6%	3%	3%	
Staff (Aspirational goal: 13%)	15%	11%	9%	
Diversity in hiring				
Women (Global)	60%	58%	55%	
Underrepresented ethnicities <sup>5</sup> (North America)	48%	52%	51%	
Age diversity (Global)				
<30	18%	19%	18%	
30-50	60%	60%	58%	
50+	22%	21%	24%	

<sup>1</sup> Underrepresented ethnicity data is based on employee voluntary self-identification. 91% of employees surveyed have provided self-identification data.  
<sup>2</sup> 2022 and 2021 data has been restated as our definition of senior management has been amended to reflect alignment with our asset management peer group.  
<sup>3</sup> Gender parity is defined as women representation between a range of 47% to 53%. This range accounts for employees who identify as non-binary based on current global averages.

	2023	2022	2021
Average total compensation for women as a percentage of men by role <sup>10</sup> (Canada)			
Senior management	95%	96%	94%
Middle management	98%	98%	98%
Staff	97%	98%	99%
Average total compensation for underrepresented ethnicities <sup>5</sup> as a percentage of non-underrepresented ethnicities <sup>10,11</sup> (Canada)			
Senior management	104%	111%	105%
Middle management	101%	101%	100%
Staff	103%	103%	103%
Average total compensation for women as a percentage of men by role <sup>10</sup> (U.S.)			
Senior management	98%	97%	99%
Middle management	98%	98%	97%
Staff	96%	97%	96%
Average total compensation for underrepresented ethnicities <sup>5</sup> as a percentage of non-underrepresented ethnicities <sup>10,11</sup> (U.S.)			
Senior management	101%	103%	116%
Middle management	102%	104%	100%
Staff	100%	101%	101%
Average total compensation for women as a percentage of men by role <sup>10,12,13</sup> (Countries in Asia)			
Middle management	95-102%	89-104%	98-106%
Staff	96-99%	98-101%	97-101%
Percentage of total direct spend (North America) with certified diverse suppliers (Goal: 5% by 2025)	1.4%	1.0%	1.6%
Percentage of employees who feel that Sun Life supports diversity in the workplace (recognizing and respecting the value of human differences) <sup>14</sup>	94%	95%	94%
Diversity and Inclusion Index score <sup>14</sup>	88%	87%	-

<sup>4</sup> Restated as our definition of senior management has been amended to reflect alignment with our asset management peer group.  
<sup>5</sup> 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.  
<sup>6</sup> 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 Métis.  
<sup>7</sup> 2022 and 2021 data has been restated due to changes in employee self-identification.  
<sup>8</sup> Part of a series of aspirational goals included in our role as signatory to the BlackNorth Initiative.  
<sup>9</sup> U.S. refers to the U.S. Group Benefits, Dental and In-Force management businesses of Sun Life U.S. as reported by Sun Life Financial Group Inc.  
<sup>10</sup> As at April 1, following completion of annual compensation cycle. Calculated for full-time employees only, excluding those participating in specialized incentive plans; includes base salary, annual incentives and long-term incentive grants.  
<sup>11</sup> Includes primarily employees who self-identify as white, those who choose not to identify and those for whom there is no data.  
<sup>12</sup> Senior management populations across comparator groups did not meet the minimum required for reporting.  
<sup>13</sup> Countries in Asia include India, Indonesia, Hong Kong and the Philippines.  
<sup>14</sup> Based on the Q4 global employee engagement survey. 71% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

For MFS diversity, equity and inclusion data refer to [MFS Diversity Annual Report](#).

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Relevant standards/ indicators	Talent management	2023	2022	2021
<b>GRI 2-7, 3-3, 401-1, 401-2</b> <b>SDG 5.4, 5.5, 8.5</b>	Total number of employees <sup>1</sup>	58,245	52,072 <sup>2</sup>	50,012
	Regular employees	30,941	28,932 <sup>2</sup>	24,589
	Temporary employees	999	1,066 <sup>2</sup>	1,233
	Regular employees - Asia joint ventures	25,775	21,549	23,576
	Temporary employees - Asia joint ventures	530	525	614
	Employee engagement score <sup>3</sup>	88%	89%	89%
	Participation rate in employee engagement survey <sup>3</sup>	71%	68%	72%
	Total turnover rate <sup>4</sup>	11.6%	14.7% <sup>5</sup>	14.0% <sup>5</sup>
	Percentage of employees who left who identify as women	57.8%	55.1%	54.6%
	Voluntary turnover rate	8.7%	13.1% <sup>5</sup>	12.3% <sup>5</sup>
	Percentage of employees who voluntarily left who identify as women	59.4%	55.9%	54.9%
	Average employee tenure <sup>4</sup> (years)	8.2	8.4	9.0
	Percentage of employees who received a promotion <sup>4</sup>	8.1%	9.8% <sup>5</sup>	8.6%
	Percentage of employees who received a promotion who identify as women	57.0%	55.9%	54.6%
	Number of new hires <sup>4</sup>	10,321	9,765 <sup>5</sup>	7,026 <sup>5</sup>
	Percentage of hires filled by internal candidates	38%	44% <sup>5</sup>	53%
	Percentage of hires filled by women	59.7%	58.0%	56.0%
	Percentage of women in technology	37%	38%	38%
	Percentage of women in junior management positions	61%	60%	60%
	Total invested in training and development <sup>6</sup> (\$ millions)	\$48	\$34	\$25
	Total hours of employee training <sup>7</sup>	626,420	515,526	328,596
Average hours of training per employee <sup>8</sup>	21	20	10	
Mandatory risk-related training	5	3	4	
Other training <sup>9</sup>	16	17	6	
Senior management	16	-	-	
Middle management	21	-	-	
Staff	22	-	-	

<sup>1</sup> Represents full-time equivalent employees. Refer to [Report Scope - Note 3](#).

<sup>2</sup> Restated due to change in methodology.

<sup>3</sup> Refer to [Report Scope - Note 4](#).

<sup>4</sup> Refer to [Report Scope - Note 7](#).

<sup>5</sup> Restated to reflect additional data.

<sup>6</sup> 2022 figure reflects resumption of some training and development and conferencing activities which were cancelled or delayed due to the pandemic. Refer to [Report Scope - Note 3](#).

<sup>7</sup> Refer to [Report Scope - Note 8](#).

<sup>8</sup> Amounts are impacted by rounding. Refer to [Report Scope - Note 8](#).

<sup>9</sup> Other training includes skills and career development training.

Relevant standards/ indicators	Risk management	2023	2022	2021
<b>GRI 3-3</b> <b>SDG 13.1</b>	Percentage of employees who completed Sun Life's annual risk-related training modules <sup>1</sup>	98%	91%	94%

Relevant standards/ indicators	Data security and privacy	2023	2022	2021
<b>GRI 3-3, 418-1</b>	Number of scenarios used in phishing simulation tests that were delivered to employees, contractors and Canadian Advisors (combined total) <sup>1</sup>	36	30	36
	Number of substantiated privacy complaints from a regulatory body <sup>1</sup>	1	1	1
	Percentage of employees who completed Sun Life's annual information security and privacy training <sup>2</sup>	98%	91%	96%
	Privacy Impact Assessments (PIAs) reviewed <sup>3</sup>	584	511	566

<sup>1</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

<sup>1</sup> Refer to [Report Scope - Note 5](#).

<sup>2</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

<sup>3</sup> PIAs are mandatory evaluations that teams across Sun Life must complete when developing new business initiatives. Conducting a PIA is a strong risk management practice for identifying and mitigating privacy risks. Refer to [Report Scope - Note 5](#).

Relevant standards/ indicators	Governance and ethics	2023	2022	2021
<b>GRI 3-3, 405-1</b> <b>SDG 5.1, 5.2, 5.5</b>	Number of directors on the Board	12	11	12
	Number of independent directors on the Board	11	10	11
	Percentage of Board members who self-identify as women ( <b>Aim:</b> gender balance)	50%	55%	42%
	Percentage of Board committee chairs who self-identify as women	75%	75%	50%
	Percentage of Board members who self-identify as belonging to an underrepresented group <sup>1</sup> ( <b>Aim:</b> 20-25%)	25%	27%	25%
	Percentage of employees who feel it is safe to speak up at Sun Life <sup>2</sup>	80%	78%	81%
	Percentage of employees who completed Sun Life's annual Code of Conduct training <sup>3</sup>	97%	96%	89%
	Percentage of employees who completed Sun Life's annual financial crime awareness training <sup>3</sup>	98%	92%	96%

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

<sup>2</sup> Based on the Q3 global employee engagement survey. 73% of employees surveyed participated. Refer to [Report Scope - Note 4](#).

<sup>3</sup> Training completion rates are as at January 15 since annual training assigned during the reporting year may be completed after year-end. Refer to [Report Scope - Note 5](#).

► I. Stakeholder engagement and materiality ► **II. ESG performance tables** ► III. Recognition

Relevant standards/ indicators	Enterprise greenhouse gas emissions (tCO <sub>2</sub> e)	2023	2022	2021	2019 (base year)
<b>GRI 3-3, 305-1, 305-2, 305-3, 305-5</b>	<b>Scope 1</b>	<b>15,057</b>	15,046	13,532	16,839
<b>SDG 3.9, 8.4, 13.1, 13.3</b>	Natural gas	15,010	14,995	13,476	16,780
	Distillate oil	47	51	56	59
	<b>Scope 2 Location-based<sup>1</sup></b>	<b>19,161</b>	20,164	19,138	24,717
	Purchased electricity	18,506	19,445	18,519	24,081
	District heat and steam	616	684	582	593
	Chilled water	39	35	37	43
	<b>Scope 2 Market-based<sup>2</sup></b>	<b>12,553</b>	12,281	17,103	23,253
	Impacts of contractual instruments (renewable energy credits and residual mix emissions factors) <sup>3</sup>	-6,608	-7,883	-2,035	-1,464
	<b>Scope 3 Location-based</b>	<b>8,947,866</b>	28,818	23,601	40,482
	Category 4 Upstream transportation and distribution <sup>4</sup>	223	227	233	236
	Category 5 Waste generated in operations <sup>5</sup>	2,475	2,757	2,635	3,175
	Category 6 Business travel	18,872	5,962	1,011	13,755
	Air	15,918	4,730	545	11,004
	Car <sup>6</sup>	2,024	1,219	462	2,704
	Rail	14	13	4	47
	Other (taxi, ride-share, bus) <sup>7</sup>	916	-	-	-
	Category 8 Upstream leased assets <sup>8</sup>	20,616	19,872	19,722	23,316
	Natural gas	5,180	5,251	5,212	5,716
	Distillate oil	11	18	31	34
	Purchased electricity	14,576	13,455	13,394	16,291
	Chilled water	16	21	20	26
	District heat and steam	734	1,021	954	1,117
	Water	99	106	111	132
	Category 15 Investments (general account: listed equities and corporate bonds) <sup>9</sup>	8,905,680	-	-	-
	General account: listed equities and listed corporate bonds (Scope 1 & 2)	2,328,990	-	-	-
	General account: listed equities and listed corporate bonds (Scope 3)	6,576,690	-	-	-
	<b>Scope 3 Market-based<sup>10</sup></b>	<b>8,947,889</b>	28,674	23,597	40,173
	Impacts of contractual instruments (renewable energy credits and residual mix emissions factors) <sup>3</sup>	23	-144	-4	-309
	<b>Total emissions location-based<sup>11</sup></b>	<b>8,982,084</b>	64,028	56,271	82,038
	<b>Total emissions market-based<sup>12</sup></b>	<b>8,975,499</b>	56,001	54,232	80,265

The significant increase in emissions totals from 2022 to 2023 is in large part due to the addition of Scope 3, Category 15 investments, which was introduced in the emissions inventory in 2023.

Sun Life engaged KPMG LLP (KPMG) to provide limited assurance over selected Scope 1, 2 and 3 data for GHG emissions in this report, for the year ended December 31, 2023. Refer to the [Assurance Statement](#) for more information.

In 2023, we applied changes to our methodology. Refer to Section 7.1 of Sun Life's [GHG Emissions Reporting Methodology](#) for more information.

- <sup>1</sup> Location-based electricity emissions reflect the grid-average emission intensity (gCO<sub>2</sub>e/kWh) for the region in which a property is located.
- <sup>2</sup> Market-based electricity emissions reflect contractual instruments implemented with respect to electricity purchases, i.e., renewable energy credits (RECs) or power purchase agreements (PPA).
- <sup>3</sup> Refer to Sun Life's [2023 GHG Emissions Reporting Methodology](#) for more information on RECs and residual mix emissions factors.
- <sup>4</sup> Emissions associated with water transmission and distribution (not including wastewater treatment) at Real Estate Investment (REI) properties.
- <sup>5</sup> Emissions associated with waste by disposal type (landfill, recycling, etc.) for REI properties.
- <sup>6</sup> Emissions associated with car rental for business purposes and employee-claimed mileage.
- <sup>7</sup> Emissions associated with taxi, ride-share and bus are included in 2023, however prior year data is not available.
- <sup>8</sup> Sun Life does not have ownership or financial control over its Corporate Real Estate (CRE) leased offices (unless they are in REI properties), thus, all energy and water emissions from CRE are allocated to Scope 3 Category 8 upstream leased assets, except for CRE spaces located in REI properties.
- <sup>9</sup> Beginning in 2023, Sun Life calculated and reported financed emissions associated with listed equities and corporate bonds for its general account (GA) in alignment with The Partnership for Carbon Accounting Financials (PCAF) Standard Part A: Financed Emissions. These assets represent approximately 21.4% of GA assets under management.
- <sup>10</sup> Market-based emissions reflect the usage of RECs and residual mix emissions factors that are leveraged to offset emissions associated with CRE properties.
- <sup>11</sup> Total of all location-based emissions across Scope 1, 2, 3. The significant increase in emissions totals from 2022 to 2023 is in large part due to the addition of Scope 3, Category 15 investments, which was introduced in the emissions inventory in 2023.
- <sup>12</sup> Total of all market-based emissions across Scope 1, 2, 3. For Scope 3, Category 8 upstream leased assets the market-based emissions total is 20,639 tCO<sub>2</sub>e. The significant increase in emissions totals from 2022 to 2023 is in large part due to the addition of Scope 3, Category 15 investments, which was introduced in the emissions inventory in 2023.

Relevant standards/ indicators	Operational greenhouse gas emissions by source (tCO <sub>2</sub> e)	2023	2022	2021	2019 (base year)
<b>GRI 3-3, 302-2, 305-3</b>	<b>Total operational emissions<sup>1</sup></b>	<b>41,847</b>	28,657	23,312	40,368
<b>SDG 3.9, 8.4, 13.1, 13.3</b>	Corporate Real Estate (CRE) offices <sup>2</sup>	<b>20,981</b>	20,733	20,309	24,982
	Global data centres	<b>1,994</b>	1,962	1,992	1,631
	Business travel	<b>18,872</b>	5,962	1,011	13,755
	<b>Carbon offsets<sup>3</sup></b>	<b>-41,847</b>	-28,657	-23,312	-403

Sun Life engaged KPMG LLP (KPMG) to provide limited assurance for 2019 base year and 2023 total operational GHG emissions. Refer to the [Assurance Statement](#) for more information. The current reported base year decreased by 6% compared to the base year emissions number reported in the 2022 Sustainability Report due to correction of errors, improvements made to capture accurate travel data and application of appropriate emissions factors. Please note that the base year number reported in 2022 was not assured.

- <sup>1</sup> Sun Life's operational emissions include emissions resulting from global corporate offices, data centres and business travel, inclusive of majority-owned Sun Life affiliate companies.
- <sup>2</sup> Emissions from all global CRE offices, including the spaces that are in Sun Life's REI properties.
- <sup>3</sup> Sun Life has maintained a CarbonNeutral® company certification since 2021 which includes the purchase of carbon offsets for operational emissions. The total number of carbon offsets purchased by Sun Life from 2021 to 2023 is higher than the carbon offset values reported in the table above and in the 2022 Sustainability Report due to the requirements of The CarbonNeutral Protocol. CarbonNeutral® is a registered trademark of Climate Impact Partners and is achieved in accordance with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

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Relevant standards/ indicators	Real estate energy and water use	Corporate Real Estate (CRE) <sup>2</sup>				Real Estate Investments (REI)			
		2023	2022	2021	2019 (base year)	2023	2022	2021	2019 (base year)
<b>GRI 3-3, 303-5</b> <b>SDG 3.9, 8.4,</b> <b>13.1, 13.3</b>	<b>Energy<sup>1</sup></b>								
	<b>Total energy use (eMWh)</b>	<b>93,995</b>	93,789	94,951	111,164	<b>221,450</b>	213,896	200,640	238,926
	Heating fuels	<b>26,822</b>	28,064	27,890	30,625	<b>80,167</b>	79,952	71,842	89,540
	Natural gas	<b>26,781</b>	27,992	27,767	30,495	<b>79,982</b>	79,749	71,620	89,307
	Distillate oil	<b>41</b>	72	123	130	<b>185</b>	203	222	233
	District heat and steam	<b>2,732</b>	3,773	3,467	4,035	<b>1,875</b>	2,088	1,779	1,840
	Chilled water	<b>326</b>	275	282	341	<b>1,180</b>	251	269	312
	Total electricity	<b>64,115</b>	61,677	62,952	76,163	<b>138,228</b>	131,605	126,750	147,234
	Grid electricity	<b>56,416</b>	55,771	57,710	70,945	<b>80,919</b>	62,974	112,252	129,793
	Renewable electricity <sup>3</sup>	<b>7,699</b>	5,906	5,242	5,218	<b>57,309</b>	68,631	14,498	17,441
	<b>Energy use intensity (eMWh/Sq.ft)</b>	<b>0.0214</b>	0.0187	0.0183	0.0213	<b>0.0082</b>	0.0077	0.0073	0.0096
	<b>Water</b>								
	<b>Total water use (L)</b>	<b>254,582,368</b>	275,605,149	292,790,535	374,028,846	<b>1,433,837,166</b>	1,406,130,510	1,357,647,080	1,359,487,020
<b>Water use intensity (L/Sq.ft)</b>	<b>57.9</b>	54.8	56.6	71.8	<b>59.4</b>	51.1	50.8	57.6	

<sup>1</sup> All energy use values are in equivalent megawatt hours (eMWh).

<sup>2</sup> For the CRE offices located within REI properties, Energy & Water use for these offices are included under the REI portfolio totals to avoid double-counting.

<sup>3</sup> Renewable electricity (eMWh) represents on-site generation, all external REC purchases and green power purchases through the utility.

Relevant standards/ indicators	Paper consumption (tonnes) in North America <sup>1</sup>	2023	2022	2021
<b>GRI 3-3</b>	Office paper (internal) <sup>2</sup>	57	40	48
<b>SDG 8.4, 13.1, 13.3</b>	Business forms (external) <sup>3</sup>	279	294	320
	<b>Total</b>	<b>336</b>	334	368

<sup>1</sup> Approximate total volumes from operations in Canada and the U.S., excluding subsidiaries.

<sup>2</sup> Copy paper printed from networked printing devices.

<sup>3</sup> Marketing, direct-mail and statements.

The following notes apply to enterprise greenhouse gas (GHG) emissions, operational GHG emissions and real estate energy and water use, as reported on pages [54](#) and [55](#).

- All values are reported for the calendar year (January 1 to December 31).
- Historical results have been restated to reflect methodology changes, acquisitions and dispositions, updated emission factors and improvements in the data collection process, where applicable.
- Amounts are impacted by rounding.

Refer to Sun Life's [GHG Emissions Reporting Methodology](#) for more information.

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## APPENDIX III: Recognition

### General sustainability



Earned a spot on Corporate Knights' 2024 Global 100 Most Sustainable Corporations in the World, for the 15<sup>th</sup> consecutive year. We ranked first among insurance companies in Canada and represented 1 of only 8 Canadian companies across all sectors.



Included in the Dow Jones Sustainability North America Index (DJSI North America) for the 18<sup>th</sup> consecutive year. Sun Life is 1 of only 8 North American insurers to be included in the 2023 DJSI.



FTSE4Good

Constituent of the 2023 FTSE4Good Index for the 23<sup>rd</sup> consecutive year. Sun Life ranked in the top 8<sup>th</sup> percentile of global insurers.

### Client health



Sun Life Malaysia's Prime Family Critical Care-I offering was awarded Best Critical Illness Plan For Families at the Parents' Choice Awards 2023. This recognition is a testament to our unwavering commitment to product innovation and providing comprehensive protection to our Clients and their families during critical times.

### Employee wellness



Recognized as one of the Best Workplaces™ for Mental Wellness (Canada 2023) by Great Place to Work®. 80% of employee respondents said that our workplace is psychologically and emotionally healthy and supportive.



Sun Life Indonesia received the Bronze Award for Excellence in Corporate Wellness at the HR Excellence Awards 2023 Indonesia. The award recognizes companies that demonstrate a commitment to employee health and well-being in the workplace, prioritizing mental, physical and emotional health.

### Community wellness



Sun Life Healthy You won bronze at the Canadian Marketing Association (CMA) Awards in the Healthcare category. The award recognizes the best in Canadian marketing, including the top campaigns and marketers of the year.



Received the Most Impactful CSR Initiative award at the inaugural Insurance Asia News Country Awards for Excellence 2023 for Singapore. The award was in recognition of the Sun Life Singapore Philanthropic Pledge.

### Sustainable investing



Sun Life Assurance Company of Canada received a four-star rating in the latest Principles for Responsible Investment assessment<sup>1</sup> for the Policy, Governance and Strategy module. Sun Life also received three-star ratings for the Indirect-Fixed Income-Active and Confidence Building Measures modules.



BGO marked 13 consecutive years of excellence and industry leadership in ESG in the 2023 GRESB Real Estate Benchmark. Sun Life achieved a 4-star rating for standing investments and ranked 2<sup>nd</sup> in the Development module, increasing its position by one from 2022.

### Climate and environmental action



Earned Natural Resources Canada's ENERGY STAR® certification with a 2023 ENERGY STAR score of 100 for Sun Life's largest office space in North America, located at the Canadian head office in Waterloo, Ontario. This means the office is more energy efficient than all similar properties nationwide.



The U.S. Environmental Protection Agency (EPA) and the Department of Energy awarded BGO with the ENERGY STAR® Partner of the Year–Sustained Excellence award (13<sup>th</sup> consecutive year). This award recognizes BGO's leadership in energy management and achievements in reducing the environmental footprint of the Company's portfolio.

<sup>1</sup> For copies of Sun Life Assurance Company of Canada's 2023 PRI Transparency and Assessment reports, contact [sustainability@sunlife.com](mailto:sustainability@sunlife.com). For more information on the assessment, visit the [PRI website](https://www.pri.org).



► I. Stakeholder engagement and materiality ► II. ESG performance tables ► **III. Recognition**



BGO received Gold Recognition in the 2023 Green Lease Leaders program organized by the Institute for Market Transformation and the U.S. Department of Energy's Better Buildings Alliance. Launched in 2014, Green Lease Leaders sets national standards in the U.S. for what constitutes a green lease, while recognizing landlords and tenants who modernize their leases to spur collaborative action on energy efficiency, cost-savings, air quality and sustainability in buildings.



Sun Life Waterford in Ireland was the winner of the Excellence in Sustainability category at the Waterford Chamber of Commerce awards. This award recognizes Sun Life's commitment and delivery of sustainability for its Waterford office.

**Diversity, equity and inclusion**



Recognized by Women Lead Here for the 4<sup>th</sup> year in a row. Published by the Globe and Mail, Report on Business magazine, Women Lead Here is an annual list that sets the benchmark for gender diversity in corporate Canada.



For the 6<sup>th</sup> consecutive year, Sun Life was named to the Bloomberg Gender-Equality Index.



For the 15<sup>th</sup> consecutive year, Sun Life U.S. earned a 100% score on the Human Rights Campaign Foundation's Corporate Equality Index.



Sun Life U.S. was named one of America's Best Employers for Diversity 2023 by Forbes.



Sun Life U.S. was named a Top 25 Company Where Women Want to Work by Girls Club.



Awarded a Platinum level Parity Certification™ by Women in Governance. This certification recognizes organizations who demonstrate an exceptional commitment to gender parity in the workplace. Parity Certification™ is exclusively used by Women in Governance.



Sun Life Global Solutions (SLGS) India was recognized as a top 50 Best Workplaces for Women™ 2023 by Great Place to Work®.



SLGS India was recognized as one of the 100 Best Companies for Women in India by Avtar and Seramount. It was also recognized in the "100 Best-Hall of Fame" category for being listed in five editions of the award.

**Client experience**



Sun Life was recognized by the Trusted Brand Awards as the most trusted brand in the life insurance industry in the Philippines for the 14<sup>th</sup> consecutive year. Sun Life was also named as the most trusted investment fund company for the 9<sup>th</sup> consecutive year.

**Talent management**



Certified as a Great Place to Work at Sun Life Canada, Sun Life U.S., SLGS India and Philippines, Sun Life Philippines, Sun Life Ireland, Sun Life Indonesia, Sun Life Malaysia and Sun Life Vietnam. Great Place to Work Certification is an accreditation that shows an organization is an employer of choice.



Sun Life Canada has also been recognized in 2023 by Great Place to Work as one of the:

- Best Workplaces in Financial Services & Insurance
- Best Workplaces with Most Trusted Executive Teams
- Best Workplaces in Ontario
- Best Workplaces for Mental Wellness



Sun Life U.S. named a Top Workplace by the Hartford Courant for third consecutive year. The recognition is based on employee surveys and Sun Life's employee programs and benefits.