



Life's brighter under the sun

# Sustainability Report 2020

Bringing our Purpose to life



# Welcome

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

In this report, you can read about our sustainability approach and progress in 2020.

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#### FORWARD-LOOKING STATEMENTS

Certain statements made in this report are forward-looking statements, including statements relating to our plans, targets and priorities and statements that include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will” and similar expressions. The forward looking statements represent our current expectations, estimates and projections regarding future events and are not historical facts. These forward-looking statements are not a guarantee of future performance, involve inherent risks and uncertainties and are based on key factors and assumptions, all of which are difficult to predict. Future results may differ materially from those expressed in forward-looking statements due to, among other factors, the matters set out in the Company’s Annual Information Form for the year ended December 31, 2020 under the heading “Risk Factors” and other factors detailed in the Company’s annual and interim financial statements and management’s discussion and analysis and any other filings with Canadian and U.S. securities regulators made available on www.sedar.com and www.sec.gov, respectively. The forward-looking statements contained in this report describe our expectations as at December 31, 2020 and accordingly, are subject to change after such date. The Company does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

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## REPORTING SUITE

The following resources complement our Sustainability Report:

[Annual Report \(PDF\)](#)

[Sustainability Website](#)

[GRI Index and SASB Index \(PDF\)](#)

[Management Information Circular \(PDF\)](#)

[Sustainability Highlights \(PDF\)](#)

[Supporting the Sustainable Development Goals \(PDF\)](#)

[Sustainability Bond - Use of Proceeds Report \(PDF\)](#)



# 2020 Sustainability Highlights



**+3**

increase in our Client experience index score



**1.2 million**

positive financial actions taken by Clients in Canada



**36%**

of Sun Life's Board of Directors are women



**\$60.1 billion**

invested in assets and businesses that support the transition to a low-carbon and more inclusive economy



**89%**

employee engagement score, exceeding the global financial services norm



**\$18.3 billion**

claims and benefits paid globally



**\$9.7 billion**

portfolio value of renewable energy projects



**\$38 million**

committed to diabetes initiatives since 2012



# Global Context and Megatrends

A look at global events and trends during the past year that influence the context in which we operate and informed our sustainability actions.



## Global pandemic

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. It has resulted in the loss of lives, impacts on disability, pressure on health-care systems, supply chain disruptions, financial stress and more.

The pandemic affected our stakeholders and all areas of our business. We adjusted our operations as government restrictions and measures evolved around the globe. And we acted quickly to provide extra support for our Clients, employees and communities. Learn more about our response throughout this report.



## Climate crisis

Over the course of 2020, the world continued to witness the intensifying impacts and risks associated with climate change. At the same time, we saw more people and organizations responding to the crisis with various actions. Sun Life's current focus is to mobilize investments in businesses and assets that support the transition to a low-carbon economy, reduce our operational impacts, and integrate climate resiliency factors into our buildings and continuity planning. To learn more, refer to pages 28-30 and 41-46.



## Racial injustice

2020 provided a wake-up call. Racial injustices shook us to our core, highlighting systemic barriers affecting the lives of Black and Indigenous people, and People of Colour. These barriers hurt us as a society, but are particularly painful for members of underrepresented communities who face discrimination and lack equal access to opportunities. As an organization that values equality, inclusion and justice, we recognized our responsibility to help drive social change. We took new measures to address and eliminate systemic racism. To learn more, refer to pages 37-40.



## Data security

Cyberattacks continued to impact people and organizations while making headlines in 2020. Most industries and stakeholders are understandably concerned about rising cybercrime and how to stay ahead of the risks. Sun Life continues to strengthen its defences and monitoring to prevent all types of cybercrime. To learn more, refer to pages 47 and 48.



## Demand for sustainability disclosures

In 2020, sustainability became a much bigger focus. More Clients, investors, rating firms and regulators wanted more information on company strategies and performance across a host of environmental, social and governance (ESG) issues. Sun Life expanded its ESG reporting. We have begun disclosing in-line with the recommendations of the [Task Force on Climate-related Financial Disclosures](#) (in our Annual Report). We continue to align our reporting with the [GRI Standards](#) and for the first time are reporting on relevant [Sustainability Accounting Standards Board](#) metrics.



## Mental health crisis

The World Health Organization estimates that 450 million people currently struggle with mental illness. It's the leading cause of disability worldwide.<sup>1</sup> The global pandemic amplified the problem. It disrupted mental health services in many countries at a time when demand for these services skyrocketed. In 2020, Sun Life increased investments to boost mental health support. To learn more, refer to pages 16-23.



<sup>1</sup>World Health Organization. "COVID-19 disrupting mental health services in most countries, WHO survey". Oct 2020.

# Message from the President and CEO

2020 challenged us in ways we never imagined. The pandemic, Black Lives Matter and severe weather events cast a light on society's vulnerabilities, including access to health care, social unrest, systemic racism, diversity and inclusion, and climate change.

As a global industry leader, Sun Life has the responsibility and ability to create meaningful change in these areas. This has meant further embedding sustainability as a critical part of our business strategy.

In 2019, we launched a new purpose-led Sustainability Plan.

Our plan starts from a foundation as a **trusted and responsible business**. We then build on the areas where we can have the most significant impact: **increasing financial security, fostering healthier lives and advancing sustainable investing**.

This past year we took significant actions to progress our plan and achieve measurable outcomes.

**Broadening the availability of products and services is key to helping Clients increase their financial security.**



In Asia, new digital solutions across the region, and two new bank distribution partnerships in Vietnam, made it easier for millions of Clients to get the coverage and advice they need.

As part of **fostering healthier lives**, we launched Lumino Health Virtual Care in Canada, which connects Clients with medical practitioners for virtual consultations. In the U.S., our Maxwell Health digital platform helped Clients enrol easily in the benefit choices they needed through their workplace. We also expanded our mental health programs and services to help Clients and employees during these challenging times.

Through our asset management businesses, we support **sustainable investments** that contribute to the transition to a low-carbon and more inclusive economy. We have committed to \$20 billion in new sustainable investments over the next five years in assets and businesses that support this transition. Last year, we completed our majority acquisition of InfraRed Capital Partners. InfraRed invests in infrastructure projects, including renewable energy, and the addition broadens SLC Management's alternative investment solutions for institutional Clients.

Our Canadian Group Retirement Services business introduced a new Environmental, Social and Governance (ESG) evaluation framework that helps our Clients make informed decisions for sustainable investing.

Diversity, equity and inclusion is an essential driver of a resilient and sustainable business. At Sun Life, we are making the changes to create a place where everyone is treated fairly and respectfully, has equal access to opportunities and resources, and can fully contribute their thoughts, beliefs, perspectives and talent. We are committed to reaching gender parity, and to having 25% under-represented communities with specific goals for Black, Indigenous and People of Colour in senior management roles in North America by 2025.

We continue to push ourselves to achieve more on our sustainability journey. To guide our efforts, we align to the Global Reporting Initiative (GRI) Standards and five of the

United Nations Sustainable Development Goals (SDGs): good health and well-being, gender equality, affordable and clean energy, decent work and economic growth and climate action. We have also developed disclosures in line with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

I am proud of the actions we've taken during my tenure to become a more sustainable organization, but there's so much more to do. Kevin Strain will succeed me as President and CEO in August 2021, and I know Kevin shares the same dedication and commitment to our sustainability journey.

Despite the challenges of the pandemic, we drove meaningful change in 2020. Through it all, we remained laser-focused on our purpose: to help our Clients achieve lifetime financial security and live healthier lives. Thank you to our employees and advisors for their commitment and dedication to help our Clients, our communities and each other through this extraordinary time.

**Dean A. Connor**

President & Chief Executive Officer

# Message from the Executive Sponsor of Sustainability

“

**Our ambition is to be one of the best insurance and asset management companies in the world, where sustainability is a key contributor.**

”



2020 marked a year of extraordinary events – a global pandemic, racial injustices and climate change impacts – all which impacted societal health, equity, the environment and economies around the world. These events heightened and highlighted the importance of sustainability and the long-term resilience of society and our Company.

**Sun Life** believes that businesses play a critical role in **advancing sustainability**. We've taken measured steps to embed sustainable practices into our everyday business operations, leading to **meaningful outcomes**.

Our ambition is to be one of the best insurance and asset management companies in the world, where sustainability is a key contributor. In 2021, Corporate Knights named Sun Life one of the Global 100 Most Sustainable Corporations in the World for the 12<sup>th</sup> consecutive year, recognizing our rigorous sustainability practices, especially in carbon productivity, clean revenue and board gender diversity.

I am pleased to share highlights from our 2020 Sustainability Report that focuses on advancing areas we know best: increasing financial security, fostering healthier lives and advancing sustainable investing. Our report shows how we plan to drive impact for the greater good and continue to lay the foundation for future generations.

We hope our actions inspire others to create a cleaner, equitable and more sustainable future.

**Melissa J. Kennedy**

Executive Vice-President, Chief Legal Officer & Public Affairs and Executive Sponsor of Sustainability

# About Sun Life

Sun Life is a leading international financial services organization providing insurance, wealth and asset management solutions to individual and corporate Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda.



## OUR PURPOSE:

To help our Clients achieve lifetime financial security and live healthier lives

## OUR AMBITION:

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

## OUR FOUR PILLAR STRATEGY:

Our strategy is focused on four key pillars of growth, where we aim to be a leader in the markets in which we operate.

**CAN** A leader in insurance and wealth solutions in our Canadian home market

**US** A leader in U.S. group benefits

**AM** A leader in global asset management

**ASIA** A leader in Asia through distribution excellence in higher growth markets

## SUN LIFE'S STRATEGIC AREAS OF FOCUS

- Building lasting and trusted relationships with our **Clients**
- Providing our Clients with the right support through **distribution excellence**
- Embedding **sustainability** in everything we do
- Transforming our business using **digital, data and analytics**
- Continuing our track record of prudent risk management and **financial discipline**
- Cultivating **top talent and culture**
- Delivering faster and exceptional digital experiences and Client results through our **Digital Enterprise**

We provide a diverse range of insurance, wealth and asset management solutions to individuals and corporate Clients, including:



### Asset Management

- Mutual funds, pooled funds and separately managed accounts for retail and institutional investors



### Wealth

- Mutual funds, segregated funds, annuities and guaranteed investment products



### Insurance

- Life insurance, including term life and permanent life
- Health insurance, including personal health, critical illness and disability



### Financial Advice

- Financial planning and retirement planning services through licensed professionals

**MORE ONLINE:**



[2020 Annual Report](#)



# Sustainability at Sun Life

## Sustainability Governance

Our governance and oversight of sustainability reflects its priority to Sun Life.



### Executive Sponsor

Our Executive Vice-President, Chief Legal Officer & Public Affairs serves as Executive Sponsor of Sustainability. She chairs our International Sustainability Council (ISC) and champions our strategy to maximize our positive impact on society while supporting business goals.



### International Sustainability Council

The ISC is composed of senior executives from each of our businesses, key functions and regions. ISC members are responsible for implementation of our sustainability plan, through the areas of focus that align with their business. ISC members champion, influence and drive action. This group meets at least four times per year. ISC members also meet regularly in smaller groups to focus on specific areas of our sustainability plan.



### Global Sustainability Team

This team acts as a central resource and expert for all sustainability activities. The team manages the sustainability plan, its implementation and reporting of our global environmental, social and governance (ESG) performance. Supporting the team's efforts is a network of sustainability champions from business groups and regions in which we operate.



### Board of Directors

The Governance, Investment & Conduct Review Committee of the Board of Directors provides oversight of sustainability at Sun Life. This includes reviewing and approving our Sustainability Policy and annual Sustainability Report.

## Our Sustainability Plan

Advancing sustainability is a core strategic priority that supports our Purpose. We aspire to lead the global financial industry in helping to create a cleaner, more inclusive and more sustainable future. Our commitment to lead responds to global challenges and an increasing public desire for corporations to support sustainability. Strong sustainability initiatives and practices are crucial for business longevity and better outcomes for all.

Collaboration is a cornerstone of our approach. Along with people and partners from around the world, we work to support broader sustainability initiatives. We're doing this in markets where we operate, as well as at the global level.

One of the most prominent and ambitious campaigns we stand behind is the Sustainable Development Goals (SDGs) developed by the United Nations. The SDG framework is composed of 17 goals and 169 underlying targets. The SDGs aim to end poverty, advance human rights and protect the planet. For Sun Life, the SDGs embody many opportunities to offer innovative, sustainable solutions for a better world. They serve as a compass to better our own operations.

Sun Life focuses on supporting five SDGs where we believe we can have the greatest influence and impact. These are:

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

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

## WE ARE RECOGNIZED FOR OUR SUSTAINABILITY LEADERSHIP



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA



## AREAS OF FOCUS

Our sustainability plan focuses on our areas of expertise where we can have the most positive social and environmental impact:

- increasing financial security,
- fostering healthier lives, and
- advancing sustainable investing.

These efforts build from our foundation as a trusted and responsible business.

Within these focus areas, our sustainability plan – and this report – addresses the ESG topics that matter most to our stakeholders. In our latest materiality assessment, conducted in 2019, stakeholders ranked 12 topics as having the highest current importance. These 12 topics and additional important topics are covered throughout this report. Refer to [Stakeholder Engagement and Materiality](#) for more details.



### Aspiration:

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

### Approach:

- Provide innovative financial products and services
- Educate Clients and community members to improve financial knowledge
- Expand access to insurance and wealth products

### Goal:

- Help Clients take positive financial actions. We are working towards setting a target.

### Primary SDG focus:



### Aspiration:

To improve health and wellness outcomes for all

### Approach:

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

### Goals:

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

### Primary SDG focus:



## Sustainable investing



### Aspiration:

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

### Approach:

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

### Goals:

- Rigorous incorporation of ESG considerations in all of our investment processes and decisions
- \$20 billion in new investments over the next five years in assets and businesses that support the transition to a low-carbon and more inclusive economy

### Primary SDG focus:



## Trusted and responsible business

### Aspiration:

To be a responsibly-managed business that is:

- Client-focused
- competitive
- forward-thinking
- financially and environmentally resilient
- sustainable for the long term

### Approach:

- Focus on meeting Client needs
- Build a talented and diverse workforce
- Advance diversity, equity and inclusion
- Mitigate climate change, build climate resilience and demonstrate environmental stewardship
- Safeguard data with robust security and privacy practices
- Identify, measure, manage, monitor and report risks
- Ensure strong governance and an ethical culture

### Goals:

- Reduce greenhouse gas emissions 30% by 2030 (based on cumulative year-over-year reductions in tonnes of carbon dioxide equivalent per square foot, relative to a 2014 baseline)
- Carbon-neutral operations globally from 2021
- 50% women in Vice-President (VP)+ roles globally and 25% underrepresented ethnicities in VP+ roles in North America by 2025

### Primary SDG focus:



## PROGRESS IN 2020

- 2020 was the first full year of implementing our new purpose-led sustainability plan, which was developed in 2019. We set priority initiatives for the year, spanning the plan's focus areas. We achieved or made good progress against the majority of our goals. The pandemic delayed some initiatives, and these will be completed in 2021. Performance details are available throughout this report; refer to our 2020 scorecard on the right for highlights.
- We refreshed our Board-approved sustainability policy to reflect our new plan and increased emphasis on sustainability. The enterprise-wide policy also outlines our approach to sustainability, including oversight and reporting.
- Our leaders and employees are integral to our sustainability plan. We ran internal campaigns in 2020 to drive increased awareness and understanding of the plan. At the same time, we inspired our teams to take sustainable actions.

### OUR SUSTAINABILITY CAMPAIGN: WHAT EMPLOYEES SAID

“

**Sun Life helps me live a healthier life by encouraging us to stay active. In particular, Sun Life's Teams for Health program allows us to remain physically active with our coworkers, boosting team spirit.**

Alexandrine, Canadian employee

**With retirement around the corner, Sun Life has helped me to stay focused with check-ins on my 401K. Knowing I am on track with financial stability in my future has helped to calm my soul so I can concentrate on other things in life.**

Gail, U.S. employee

”

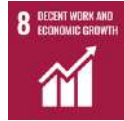
2020 SCORECARD			
	Priority initiative	Status	Progress in 2020
<b>Enterprise-wide</b>	Embed sustainability further into annual strategic planning and as part of core strategy	<b>On track</b>	<ul style="list-style-type: none"> <li>• Reinforced importance of sustainability to Sun Life by formalizing it in our enterprise strategy framework</li> <li>• Each of our business groups is integrating sustainability into their annual strategic plans</li> </ul>
<b>Financial Security</b>	Help Clients take positive actions towards their financial security	<b>On track</b>	<ul style="list-style-type: none"> <li>• Defined global principles for positive financial actions that move the dial on financial security</li> <li>• Developed list of positive actions to track and set targets for Canada and the U.S.</li> </ul>
<b>Healthier Lives</b>	Help Clients take positive actions towards their good health and well-being	<b>On track</b>	<ul style="list-style-type: none"> <li>• Defined global principles for positive health actions that enable healthier lives</li> <li>• Developed list of positive actions to track and set targets for Canada and the U.S.</li> </ul>
	Address regional health issues	<b>On track</b>	<ul style="list-style-type: none"> <li>• Establishing a mental health strategy in Canada. Also issued call to action to CEOs to make mental health a C-suite issue.</li> <li>• Continued building the Clinical 360 program in the U.S. to support Clients in identifying cost savings for high-cost claims</li> </ul>
<b>Sustainable Investing</b>	Establish a target for sustainable investments	<b>Complete</b>	<ul style="list-style-type: none"> <li>• Committed to \$20 billion in new investments over the next five years in assets and businesses that support the transition to a low-carbon and more inclusive economy; criteria for investments based on market standards</li> </ul>
	Continue tobacco divestment from general account and announce publicly	<b>Complete</b>	<ul style="list-style-type: none"> <li>• No active fixed income tobacco exposure in our general account from 2020; any equity exposure is generally passive</li> </ul>
	Set up proprietary ESG scoring for investments and managers	<b>On track</b>	<ul style="list-style-type: none"> <li>• SLC Management scored all general account investments in investment grade public corporate bonds. It's working to score all private fixed income by the end of 2021.</li> <li>• Sun Life's Group Retirement Services launched an ESG integration evaluation framework</li> </ul>
	Create external engagement plan for sustainable investing	<b>Complete</b>	<ul style="list-style-type: none"> <li>• Plan implementation to continue in 2021</li> <li>• SLC Management and MFS joined Climate Action 100+</li> </ul>
<b>Trusted and Responsible Business</b>	Establish carbon-neutral operations plan	<b>Complete</b>	<ul style="list-style-type: none"> <li>• Target set: Achieve carbon-neutral operations globally from 2021</li> </ul>
	Disclose and achieve diversity and inclusion commitments by 2025	<b>On track</b>	<ul style="list-style-type: none"> <li>• Targets set and publicized; refer to <a href="#">Diversity, Equity and Inclusion</a></li> </ul>
	Verify 2020 greenhouse gas emissions	<b>Complete</b>	<ul style="list-style-type: none"> <li>• Refer to the <a href="#">Assurance Statement</a> and <a href="#">ESG Performance Tables</a></li> </ul>
	Publish environmental statement	<b>Complete</b>	<ul style="list-style-type: none"> <li>• Statement published in the <a href="#">Climate Change and the Environment</a> section (refer to "Our Approach")</li> </ul>
	Review existing sustainable procurement processes to ensure alignment to best practices	<b>Not started</b>	<ul style="list-style-type: none"> <li>• Delayed due to the pandemic; work to continue in 2021</li> </ul>



# Financial Security

*We aspire to increase the lifetime financial security of our Clients, employees and communities. We're advancing financial security through innovative products, proactive education and improved access for underserved groups.*

**Our priority Sustainable Development Goal:**





# Financial Security

Around the world, we see first-hand the importance of developing financial security. The need to help people create more stable and secure financial futures is growing:

- The World Economic Forum projects retirees around the world will outlive their savings, with the highest burden being on women.<sup>1</sup>
- The economic and social effects of the COVID-19 pandemic are putting increasing pressure on retirement savings.<sup>2</sup> The pandemic has also elevated financial stress: 45% Canadians surveyed in 2020 felt less financially secure than previously.<sup>3</sup>
- Many people around the world are underinsured or not insured at all. This leaves them and their dependents financially vulnerable.

## Our Approach

We offer a broad range of protection and wealth products and services. Directly in line with our Purpose, they help our Clients and employees increase their lifetime financial security:

- **Insurance** – including life, health, travel and stop-loss insurance products. These products give people a financial safety net, allowing them to protect themselves and their families in moments that matter;
- **Investments** – including individual and workplace savings, investment, pension, mutual fund and annuity options. These options enable Clients to build savings and to enjoy their savings in retirement; and
- **Advice** – including financial planning and retirement planning services.

Through our public policy and business activities, we also advocate for ways to improve financial resilience in society.

A key pillar of our sustainability plan is to expand and create new opportunities to boost financial security. It's an area where Sun Life can make a real difference. To maximize our impact, we're building on our strengths and focusing on three areas:



### 1. Driving positive financial action

We're using new technologies and innovative products to drive better financial habits and decisions. An example in Canada is our digital coach, Ella. She inspires our Clients and employees to take advantage of opportunities to save and prepare for the future. In the U.S., we offer the ability for plan sponsors to auto-enroll their employees for disability coverage. In Hong Kong, we provide Clients and the broader community with education, guidance and digital tools like the Retirement Journey Planner to help them achieve ideal retirement results.



### 2. Increasing access to affordable insurance

In some countries where we operate, life insurance penetration is low. In fact, it's as low as 2%.<sup>4</sup> The opportunity to help people gain access to affordable insurance represents huge growth potential for any insurer that can help bridge this significant coverage gap. We've introduced new micro-insurance solutions and distribution channels to support underserved and low-income people. In Malaysia, for example, our microinsurance product, GOLIFE, helps consumers access affordable insurance.



### 3. Financial education and engagement

Our experience shows that with greater knowledge and confidence, people can make better financial decisions. Across our regions, we're increasing our financial education campaigns for Clients and community members. We use social media as a key platform to reach new segments and amplify the importance of being financially secure. Working one-on-one with Clients, advisors offer education on the importance of insurance, savings and investments. Advisors also help Clients build financial plans to meet their goals today and in the future.

<sup>1</sup> World Economic Forum. "Investing in (and for) Our Future". June 2019.

<sup>2</sup> Natixis Investment Managers. "2020 Global Retirement Index". September 2020.

<sup>3</sup> Sun Life. "Nearly half of all Canadians feel less financially secure due to COVID-19". September 2020.

<sup>4</sup> Bain. "Making the Most of Asia-Pacific's Insurance Boom." May 2019.

## 2020 Highlights

### SUPPORTING FINANCIAL RESILIENCE DURING THE PANDEMIC

- Offered grace periods for premium payments for individual and group benefits Clients. We offered rebates and credits to group benefits Clients. We also expedited payments to Clients and beneficiaries who were facing financial uncertainty.
  - Extended benefits coverage limits (for example, for hospital stays) and covered services at more hospitals and clinics. In Asia, we waived wait periods and continued coverage for policies that lapsed due to quarantine or hospitalization.
  - Broadened the documentation and identification Clients could use to access their savings easily. This was particularly significant when Clients couldn't get their documents certified due to the pandemic.
  - Expanded options to help U.S. plan members who were temporarily laid off keep their benefits coverage.
- Worked with the non-profit Credit Counselling Society to offer free credit counselling and debt management services for plan members in Canada. More than 350 Clients benefitted from this offering.
  - Added COVID-19 coverage to U.S. critical illness policies. We also launched COVID-19 outbreak coverage and related stop-loss insurance products. Both products serve needs of self-funded employers in the U.S. These new solutions allow employers to focus on creating a safe working environment for employees, with protection for higher-than-expected plan costs associated with COVID-19.
  - Worked with regulators to develop flexible administrative and funding relief options for Sun Life Canada's Group Retirement Services (GRS) Clients. These solutions allowed them to maintain their plans and support the financial security of their employees.
  - Worked with U.S. Congress to ensure that businesses taking Paycheck Protection Program loans can use the funds to continue providing benefits for their employees.

### DRIVING POSITIVE FINANCIAL ACTION

- Helped Clients in Canada take 1.2 million positive financial actions. For example, thanks to Ella, our digital coach, Clients placed \$700 million in savings products and obtained \$1 billion of insurance coverage.
- Launched Times & Dimes, a Sun Life podcast available on Spotify. Each episode examines the emotional impact of money and how it affects our lives. In the podcast, Canadians share their struggles and successes.



**1.2 million**

**positive financial actions taken by Clients in Canada towards financial security.**

**Examples include:**

- ✓ Working with an advisor to set up a financial plan
- ✓ Adding a voluntary benefits product such as life insurance
- ✓ Increasing payroll contributions to a workplace savings plan for at least three months

- Supported GRS plan members in sticking with their plans through market volatility caused by the pandemic. Plan members saw the value in their Sun Life plan, as only 2.5% made fund changes during this period.
- Created more than USD\$16.2 million in savings for Sun Life and our stop-loss Clients through our Clinical 360 program in the U.S. The program combines data analytics with clinical experts who act as a second set of eyes for our Clients to identify cost savings and opportunities to improve care. This work leads to better treatment outcomes for plan members and lower costs for our Clients.
- Spearheaded initiatives to encourage retirement readiness among Hong Kong millennials. For example, we introduced "Sunny", a digital retirement planning buddy. Sunny helps people explore suitable solutions and gain retirement planning knowledge.

- Launched a **campaign** to empower Canadians to achieve their financial, physical and mental health goals. "Let's get you there" helps people set goals and stay on track for a happy, healthy life. The site offers advice, tools, online resources and connections to a network of advisors across the country.

### INCREASING ACCESS TO AFFORDABLE INSURANCE

- Introduced hospital indemnity insurance in the U.S. to help offset the high out-of-pocket costs for long hospital stays. This new coverage brings people financial and medical security during a time when they need it most.
- Expanded low-cost insurance options for consumers in the Philippines and Indonesia, through strategic partnerships with MediCard and LinkAja. Refer to the case study on page 14 for details.



**118,600**

**microinsurance policies issued to date, including 31,800 in 2020**

## FINANCIAL EDUCATION AND ENGAGEMENT

- Promoted financial literacy in Vietnam through a series of countrywide events. The events focused on raising awareness of personal financial planning and family budgeting among women.
- Ran a wellness pulse check for GRS Clients. Over 5,500 Clients completed an assessment that included questions about their financial health.
- Hosted the Sun Talks Virtual Conference to encourage Filipinos to save, budget and grow their money, despite the global pandemic. The conference included a discussion on the role of life insurance in one's personal financial plan.

- Converted face-to-face financial education sessions to online webinars. In this new virtual format, GRS was able to increase the number of webinars held and saw a 120% increase in attendance. The team is looking at the opportunity to continue providing digital-only solutions – including webinars, webcasts and podcasts.



### Key Performance

For key performance indicators on financial security, refer to [ESG Performance Tables](#).



## CASE STUDY

# Inclusive insurance: expanding coverage in Asia

Improving financial inclusion is a priority for Sun Life, particularly in Asia. We're helping more people, including underserved and lower-income populations, get access to good, low-cost insurance.

In 2020, Sun Life Philippines teamed up with MediCard to offer more affordable personal accident insurance to Filipinos. For only P20.00, qualified Health Check members can avail a one-year personal accident insurance coverage worth P20,000. This coverage provides financial protection in case of loss of life, dismemberment and loss of sight due to an accident.

In Indonesia, we partnered with financial technology company, LinkAja, to leverage their digital distribution channels. Together, we're expanding access to insurance products through their digital apps, with nearly 10,000 policies sold in 2020.

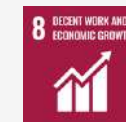
We also continue to provide low-cost insurance solutions for Clients through partnerships with Lazada (Philippines) and U Mobile (Malaysia).

Through Lazada, we distributed simple life and health insurance products. More than 5,000 new Filipino Clients in 2020 alone purchased the insurance. In Malaysia, we reached more than 16,000 new Clients via the U Mobile partnership in 2020.



Sun Life Philippines and MediCard representatives announce a new solution to make personal accident insurance affordable for more Filipinos.

### This work supports our priority SDG target 8.10:



Strengthen the capacity of domestic financial institutions to encourage and to expand access to banking, insurance and financial services for all

2020 GOALS	RESULTS
• Use digital platforms to encourage the use of tools and services to generate positive financial outcomes for Clients in planning for their retirement	✓ Achieved
• Support financial education among our Clients, employees and communities	✓ Achieved
• Continue to help plan members close coverage gaps	✓ Achieved
• Continue to advocate in support of Paid Family and Medical Leave legislation in the U.S.	✓ Achieved
• Continue to expand wellness program to help Clients manage financial and physical health	✓ Achieved
2021 GOALS	
• Develop and champion innovative solutions that strengthen retirement security for Clients and promote the protection of plan members' benefits	
• Support financial education among our Clients, employees and communities	
• Continue to help plan members close coverage gaps	
• Provide ideas and solutions that ensure every American has access to Paid Family and Medical Leave	



# Healthier Lives

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



HEALTHIER LIVES

## Our priority Sustainable Development Goal:



## AWARDS



Top choice for Disability Management Consulting and Wellness Programs, by readers of Canadian HR Reporter magazine



Named one of Canada's Best 50 Corporate Citizens by Corporate Knights



## Client Health

As a company that offers life, health and disability insurance, we know good health is central to overall well-being. The COVID-19 pandemic underscored that. We see first-hand the effect that access to health services and support tools has on Client health, including mental wellness.

### Our Approach

We're committed to being a partner for Clients throughout their health journey. We offer a growing suite of resources, including innovative wellness apps, health education and voice technology powered by artificial intelligence. These resources inspire and encourage healthier living and help Clients find the right support.

Mental health is one of the key issues of our time. That's why we've made it a priority in many of our businesses and regions. According to Centre for Addiction and Mental Health (CAMH), half a million Canadians miss work each week due to mental illness.<sup>1</sup> Sun Life's own claims data confirms that mental health-related disability claims are increasing.<sup>2</sup> We continue to prioritize mental health for Clients. Our focus is on removing barriers to effective treatment and recovery. We collaborate with renowned health-care leaders and organizations in the field and help companies create healthy workplaces for their employees.

Virtual care is revolutionizing the health-care landscape. More people are turning to electronic devices to address their health concerns and connect with medical professionals virtually. The COVID-19 crisis transformed an emerging trend into an essential service for many. Sun Life continues to invest in virtual care solutions. They empower our Clients to better manage their health and well-being.

Many of our solutions centre on access to care and helping Clients get back to productive work after illness or injury. Examples include:



#### Virtual health care on demand:

We are leaders in offering access to virtual health-care services in Canada. From the comfort of their home, Canadian Clients can get immediate care. Virtual health-care visits can be with a doctor, nurse or other health-care professional by live video or telephone.



#### Mobile app:

Sun Life Malaysia helps Clients live healthier lives using a mobile app. The app encourages Clients to stay active and live healthy, ultimately developing a more health-conscious society.



#### Workplace accommodation consultative service:

This service helps injured or ill U.S. Clients in an employer disability plan remain productive at work or return to work, when appropriate. It provides resources to assist with medical limitations and helps employers manage productivity. We also help Clients find and train for new employment if they can no longer perform their prior job.



#### Health-care navigation service:

This service helps Clients on disability leave overcome obstacles in getting physician specialist care and treatment within the health-care system. In Canada, this service is available through Medical Confidence Inc.

<sup>1</sup> Centre for Addiction and Mental Health. "Workplace mental health playbook for business leaders". 2020.

<sup>2</sup> Sun Life. "Designed for health: A focus on mental health disability claims". 2020.



## 2020 Highlights

### HELPING CLIENTS THROUGH COVID-19

- Added flexibility to paperwork requirements for many health and dental benefits. We also eliminated the wait period for Short Term Disability benefits. In Canada, we committed to at least 14 days of coverage for COVID-19 claims.
- Introduced measures to help Clients through the challenging times the COVID-19 pandemic presented. For example, we:
  - > Developed COVID-19 webpages with:
    - videos and webinars on topics such as managing mental health and difficult conversations during a time of unrest in America,
    - answers to top employer questions,
    - relevant product updates,
    - support for those experiencing job or income loss, and
    - links to public health resources.
  - > Accelerated the launch of Lumino Health Virtual Care in Canada powered by Dialogue. We also offered this service free of charge for an initial period early in the global health crisis. Through Lumino Health Virtual Care, eligible Clients and their dependents can connect with medical practitioners virtually. This offering helps Clients in need of enhanced medical support while social distancing.



**523,000**  
**Clients**

and their family members used Lumino Health Virtual Care in Canada powered by Dialogue

### ENHANCING CLIENT OUTCOMES

- Introduced the Mental Health Navigator (MHN) from Teladoc Health's Best Doctors, in Canada. MHN provides early intervention for eligible Clients who are still at work but struggling with mental well-being. The service offers help with mental health issues before conditions worsen and require disability leave.
- Released a mental health resource site for employers and advisors in Canada. The online toolkit helps organizations build a foundation, identify opportunities, set priorities, take action and re-evaluate mental health programming.
- Made a \$32.7 million equity investment in Dialogue, Canada's leading telemedicine provider. This investment will help expand virtual care to more people.

### LEADING RESEARCH AND AWARENESS

- Partnered with CAMH to urge Canadian companies to make mental health a C-suite business priority in support of World Mental Health Day. We hosted a webinar and are planning a 2021 summit for business leaders. These events will raise awareness and spur more investment in workplace mental health support.
- Engaged with both U.S. political parties to demonstrate how the private disability insurance industry could administer COVID-19 related Paid Sick Leave and emergency Paid Family and Medical Leave benefits.
- Published our annual [Stop-loss Research Report](#) with insights on high-cost medical claims and emerging clinical trends in the U.S.

- Launched a new paper in the [Designed for Health research series](#) focused on mental health disability claims. Mental health claims are rising, causing absence rates and claims costs to grow, and productivity to fall. The report explores trends in claims and solutions to reduce the impact on plans and workplaces.
- Published two Bright Paper reports to boost Client awareness of topical issues. The 2020 reports were "[Virtual care. Its time has come](#)" and "[From pilot to launch: closing the gaps around access to mental health care](#)."



### Key Performance

For key performance indicators on Client health, refer to [ESG Performance Tables](#).



2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>• Continue to focus on expanding virtual health solutions to help Clients live healthier lives</li> <li>• Expand our mental health footprint by offering innovative solutions to help Clients on their road to recovery</li> <li>• Continue to advocate in support of Paid Family and Medical Leave legislation in the U.S.</li> <li>• Increase engagement in U.S. prescription drug pricing reforms by offering ideas that will reduce the costs for Clients</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> <li>✓ Achieved</li> <li>✗ Postponed. With the COVID-19 crisis, our U.S. advocacy focus shifted to ensuring Americans had continued access to insurance coverages during the pandemic.</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>• Expand innovative solutions to positively impact health outcomes of Canadians</li> <li>• Strengthen the employer-based health insurance system in the U.S. by championing ideas that will lower the overall cost of care</li> <li>• Provide ideas and solutions that ensure more Americans have access to Paid Family and Medical Leave</li> </ul>	



## Employee Wellness

Employee wellness underpins our ability to deliver excellent service to Clients and to attract and retain top talent. It also helps to support our high-performance culture.

We've been fostering employee wellness for years. The COVID-19 pandemic has reinforced the importance of our wellness programs to Sun Life's resilience. That's especially true for programs focusing on mental health.

### Our Approach

#### GLOBAL WELLNESS STRATEGY

We help our Clients achieve lifetime financial security and live healthier lives. We want the same for our employees. Through our Global Wellness Strategy, we aim to drive a culture of health and well-being for employees worldwide. In line with Sun Life's Purpose, the global strategy centres on three pillars – mental, physical and financial wellness.



Mental  
Wellness



Physical  
Wellness



Financial  
Wellness

Our global wellness offerings include:

- benefit plans to support the health of employees and their families;
- Employee Assistance Program (EAP), with free, 24/7 access to third-party confidential advice and help for employees and their families;
- paid and unpaid time off to promote mental health and provide work/life balance;
- flexible work options to allow employees to choose where, when and how they work. This includes reduced hours, compressed work weeks and staggered hours;

- retirement and savings plans to help employees build financial security for the future; and
- a Benevolent Fund to help employees facing unforeseen financial difficulties.

#### REGIONAL PROGRAMS

The design of our wellness programs varies by region, recognizing local needs, Sun Life products and priorities. Where possible, we offer flexibility to allow employees to choose programs that meet their unique circumstances.

Other wellness programs offered in some countries include:

- digital wellness platforms giving employees an opportunity to earn incentives for building healthy habits;
- enhanced coverage for mental health practitioners and other health-care professionals;
- access to virtual health care and other on-demand services, like webinars to navigate work and life challenges;
- inclusive paid family and medical leave programs (maternity, paternity, parental/adoption, compassionate and sick) exceeding minimum legal rules;

- access to paid emergency days and additional resources for unforeseen challenges, including child and elder care; and
- paid sabbatical programs to allow employees to recharge, connect with family or pursue personal development.



“

**Work-family balance is so important these days. Employees first is a reality at Sun Life; maybe a competitive advantage too.**

”

Michel Vulgarides,  
Head of Business Excellence,  
Sun Life Asia

## 2020 Highlights

Amid the global pandemic, our employees faced new challenges in their work and personal lives. To support them, we accelerated and invested in new wellness programs and initiatives. We have also adapted existing ones. At the same time, we made progress on our 2020 priorities to invest in long-term programs that support employee wellness.

### MENTAL WELLNESS

- Reminded employees of the EAP and other resources available to them. In Asia and the U.S., we arranged access to mental health webinars through our EAP and other providers.
- Fast-tracked our mental health investments for Canadian employees. Actions included launching people leader training, encouraging mental health virtual check-ins, and offering resilience training for employees. Refer to the case study on page 20.



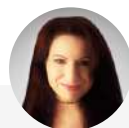
# 92%

of employees felt well-connected to their team during the pandemic in 2020<sup>1</sup>

- Encouraged Canadian employees to sign up for Lumino Health Virtual Care powered by Dialogue. This free app from Sun Life connects users with health-care professionals, innovators and resources.
- Provided all Sun Life employees with paid wellness days. Wellness days allowed employees to step away from the stresses of work during the pandemic.

<sup>1</sup>Based on 2020 COVID-19 employee surveys.

- Encouraged employees to adopt healthy meeting practices while working remotely. Examples include meeting-free lunch hours and Friday afternoons. We also supported more flexible work schedules.
- Introduced Flexibility 2.0 and a virtual summer camp program in the U.S. These programs offer flexible work arrangements and resources to support parents and caregivers while working remotely.
- Launched a parental support network for families to connect during these challenging times.



**Alicia Attubato**

I am helping my older parents and the time they need can be overwhelming. At the moment, neither parent can drive, so I am trying to accommodate work, their doctors appointments and my own appointments. Knowing Sun Life is making Flexibility 2.0 an option for its staff is helping people like me and my family - thank you!

Like • Reply • 7w



### FINANCIAL WELLNESS

- Incorporated automatic enrollment in our retirement plan for all new Canadian employees. This change helps employees to start saving for retirement right away and get full advantage of the company match, instead of needing to take the initiative to enroll. In addition, we added a Registered Education Savings Plan option to help employees save for their children's future schooling. For some, the pandemic brought protection gaps into sharper focus. We made a change to allow employees to increase optional life insurance and critical illness coverage at any time during the year.
- Supported initiatives to help employees manage extra costs and financial challenges caused by the pandemic. The temporary programs differed by region and need. Examples include:
  - > maintaining salaries for employees who could not work because their jobs could not be done from home,
  - > extending paid emergency leave,
  - > covering some home office expenses to support employees working from home, and
  - > allowing COVID-impacted U.S. employees to temporarily access more of their 401(k) accounts.

### PHYSICAL WELLNESS

- Held events in each country to promote physical wellness. Events ranged from virtual runs in Indonesia and Vietnam, to step challenges in Canada and the U.S. In the Philippines, our employees participated in a challenge to reach 1.25 billion steps in 2020. This event was one of the many activities held to mark Sun Life's 125<sup>th</sup> anniversary in the Philippines.
- Improved access to care so employees could maintain and improve their health. For example, we:
  - > expanded virtual health-care coverage in Canada and the U.S.;
  - > offered a health app in Hong Kong, promoting healthy living; and
  - > waived member cost sharing in the U.S. for testing and treatment of eligible COVID-19 services.
- Offered all Canadian employees and their families virtual fitness classes and stretch breaks as we moved to remote work.



CASE STUDY

# Accelerating our 2020 priority to support employee mental health in Canada

Mental health programs have long been a key pillar of our Canadian employee wellness programs and investment. Benefit plan enhancements launched in previous years (e.g., expanded psychology coverage, virtual therapy) showed good promise. But mental health claims continue to be a top driver of employee disability at Sun Life.

Mental wellness was a top 2020 priority for Sun Life in Canada – even before the pandemic emerged. The isolation and stresses of COVID-19 led us to speed up and intensify our employee mental health plans. In our 2020 COVID-19 employee surveys, 57% of employees in Canada said they were feeling anxious or nervous due to COVID-19. However, 92% also said they have confidence senior leaders will prioritize their mental health and well-being.

We defined a new vision: Sun Life empowers and supports its employees to achieve optimal mental well-being. We established a long-term roadmap to help achieve our vision.

The roadmap includes offering leading mental health benefits for employees and increasing our focus on data. We'll use the data to inform the mental health strategy on an ongoing basis, adapting to evolving employee needs.

Talking about mental health in the workplace has always been a challenge. In 2020, we brought this issue into the spotlight by supporting and encouraging employees to openly share their experiences. We initiated several actions that included:

- reminding employees about available resources, including the EAP and Lumino Health network;
- piloting and quickly expanding mandatory training webinars. We took these steps to help our people leaders support their teams', as well as their own mental well-being;

- hosting regular "Ask Me Anything" sessions and webinars, often focused on external mental health. These dialogues featured in-house psychologists and external mental health advocates such as Canadian champion rower Silken Laumann; and

- supporting Mental Health Week in Canada. Canadian employees contributed to the #GetReal about how you feel campaign. It encouraged others to understand it's OK not to be OK in these times.

**This work supports our priority SDG target 3.4:**



By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.



**Sun Life has been providing us with so many tools to have a healthy lifestyle: virtual health care, wellness incentives, and information surrounding mental wellness.**

**We were always a firm that was amazing with work-life balance. But they have truly shown during this pandemic we can do this!**



Staci Werbin-Tanner, Director, National Accounts, Sun Life Canada

2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>• Increase flexibility in employee benefits in select Asia countries</li> <li>• Develop targeted programs in Canada to support employee mental well-being</li> <li>• Implement defined contribution plan auto-enrollment for new hires in Canada</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved – expanded benefits choices in Hong Kong and the Philippines</li> <li>✓ Achieved</li> <li>✓ Completed</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>• Launch benefit plan enhancements in the U.S. to support healthy living</li> <li>• Advance the mental health strategy in Canada to promote mental health and support recovery</li> </ul>	



**Key Performance**

For key performance indicators on employee wellness, refer to [ESG Performance Tables](#).





## Community Wellness

We have a vested interest in contributing to the health and well-being of communities we serve. Our Clients, employees and their families live and work in these communities. That means our shared success depends on supporting their development and sustainability.

### Our Approach

Sun Life has a long-standing focus on community health and wellness. We invest in initiatives that encourage healthy and active living in our communities, as well as help create a more inclusive society. We also partner with community organizations that align with our corporate giving values. We're not only donating, but also striving to make a real, positive difference. We do this by harnessing the full breadth of our resources, including our people and expertise, to generate a positive impact.

In 2012, we announced our commitment to the fight against diabetes. Diabetes is a global epidemic and affects over 463 million people worldwide.<sup>1</sup>

The good news is, in many cases, Type 2 diabetes can be prevented. That's why Sun Life aims to slow the advance of diabetes and its related complications by boosting the health and wellness of our Clients, employees and the community. We have focused our corporate giving on diabetes awareness, prevention and care. To date, we have contributed over \$38 million to the cause globally. These donations include support for our flagship Team Up Against Diabetes global program.

Sun Life employees and advisors embrace diabetes as our signature cause. They volunteer, donate to and participate in local diabetes initiatives. In addition, we support employees' community work, tailored to regional needs.

In North America, for example, we match employee donations and pay registration fees to take part in health-related charitable events.

Beyond our philanthropic investments, we support community health and wellness in other ways. For example, Sun Life offers health and wellness resources to Canadians through its Lumino Health network. This free digital tool empowers people to connect with health-care providers and resources. It helps them take charge of their health journey.

**MORE ONLINE:**



[2020 Public Accountability Statement](#)



### WHY DIABETES?

Diabetes now affects over 463 million people worldwide.<sup>1</sup> That's one person in 11 and the numbers are expected to double in the next 20 years. Diabetes is a chronic health condition that can lead to even worse health problems. It can cause diseases of the heart, blood vessels, kidneys, eyes and limbs. Diabetes even influences our cancer risk and mental health.

### A global crisis<sup>1</sup>



**463 million** adults worldwide have diabetes.



**4.2 million** estimated deaths from diabetes and its complications in 2019.



**USD\$760 billion** total estimated spend on diabetes care in 2019.



**USD\$1.31 trillion** total global estimated cost of diabetes in 2015.



**90%** of diabetics have type 2 diabetes.

<sup>1</sup>International Diabetes Federation. "IDF Diabetes Atlas Ninth edition 2019". 2019

## 2020 Highlights

• Donated \$18.5 million to community organizations globally. Due to the COVID-19 pandemic, many of our partners faced challenges from staff reductions, event suspensions or cancellations, and lower fundraising activity. We kept our financial commitments and loosened our funding criteria to help our partners respond to more immediate needs.



• Boosted our charitable funding for communities hit hard by the pandemic. We contributed over \$1 million to support research and trials, mental health services, food and necessities, emergency childcare, and medical teams. Refer to "[Stepping up for COVID-19 emergency relief](#)" to explore the organizations we supported.

> MFS also donated over \$1 million to COVID-19 relief efforts. They prioritized support for organizations on the front line including health-care organizations, food banks, programs focused on the elderly and education outreach.

• Engaged our people in volunteerism and fundraising. Employees volunteered more than 13,000 hours, including through safe, virtual opportunities. Our employees raised more than \$2.4 million for charities across North America. Employees also delivered many 'acts of kindness'. Examples included shopping for a neighbour and buying the person behind them coffee at a drive-thru.



• Reviewed our philanthropic investments, and validated our commitment to diabetes prevention globally. Our review showed opportunities in: addressing other locally relevant health causes in markets where we operate, and developing ways to better measure our social impact.

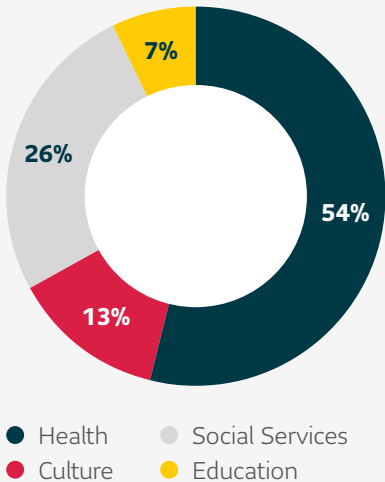
### TAKING STEPS TO PREVENT DIABETES WORLDWIDE

- Contributed 32% of Sun Life's corporate giving to the fight against diabetes.
- Sponsored the Sun Life Walk to Cure Diabetes for JDRF and Sun Life Ride to Defeat Diabetes for JDRF. More than 1,000 employees and advisors took part in virtual versions of these annual events. The events raised \$46,000.

• Continued to fund our three-year commitment to the Montreal Heart Institute's Diabetes Prevention Clinic. During the clinic's second year, the majority of participants reduced their weight, waist circumference and average blood sugar. Since opening, the Clinic has seen over 200 patients and conducted more than 17,000 fitness sessions and 1,900 individual meetings.

- Gave USD\$250,000 through our Team Up Against Diabetes Grant Program to five organizations. Funding will support a variety of community-based initiatives to prevent and manage diabetes in high-risk areas.
- Held the #SunLifeDunk4Diabetes annual campaign in the U.S., supporting the YMCA of Greater Boston's Healthy Habits Program. This program focuses on preventing and managing diabetes. Each time someone used the hashtag #SunLifeDunk4Diabetes on social media in November, we donated USD\$21 to the program. The donation amount is in recognition of the fact that every 21 seconds an American aged 20 years or older is diagnosed with diabetes.<sup>2</sup> In 2020, the campaign raised USD\$105,000 bringing the total raised to over USD\$600,000 since it launched in 2014.
- Collaborated with the American Diabetes Association® to reinvent the annual Call to Congress as a virtual town hall event. The program educated advocates on how to support people with diabetes during the pandemic. People with diabetes are three times as likely to need hospitalization if infected with COVID-19.<sup>3</sup>

### SUN LIFE DONATIONS BY FOCUS AREA\*



\* Excludes BentallGreenOak, InfraRed and MFS

• Developed a new philanthropic partnership with TouGo to support our commitments to diabetes prevention and mental health. Initiated by the Government of Québec, TouGo is a French web platform dedicated to helping Quebecers take charge of their health. The platform includes healthy recipes, exercise routines and tips to encourage people to move more, eat better and feel good.

<sup>2</sup> American Diabetes Association. "Fast facts: Data and statistics about diabetes". Aug 2017.

<sup>3</sup> Vanderbilt University Medical Center. "Researchers urge priority vaccination for individuals with diabetes". December 2020.

- Delivered a free blood glucose screening initiative together with wellness providers in Malaysia. The nationwide campaign screened nearly 13,000 Malaysians at 127 community pharmacies. Participants also received information on diabetes management and preventive care. Read more about the results [here](#).
- Held our annual Sun Life Resolution Run in Malaysia and Indonesia. Due to the pandemic, we developed alternative virtual run events in Hong Kong and the Philippines. The events engaged over 10,000 participants and raised money for diabetes programs for the underprivileged.
- Sponsored Diabetes Hongkong's children's picture book "Is Something Wrong with Granny?!". The picture book educates children and their parents on living a healthy lifestyle.
- Launched a prediabetes control management program in Hong Kong. The program includes free access to Q&A sessions with medical professionals who help debunk myths about diabetes. We also encouraged people to use a mobile app that helps prevent prediabetes and better control diabetes.

### SUPPORTING OVERALL WELL-BEING

- Increased our philanthropic budget by \$540,000 to boost our support for diversity and inclusion initiatives in North America. Refer to [Diversity, Equity and Inclusion](#) for examples.

- Announced a \$100,000 fund for more mental health services for Québec City youth. Sun Life will invest \$75,000 over three years and the City of Québec will donate \$25,000. The fund will invest in three areas:
  - > awareness building,
  - > early detection in schools, and
  - > improving access to care for youth struggling with mental health.
- Worked with Health Futures Foundation, Inc. to build eight barangay health stations in Batangas, Philippines. The stations will provide primary health-care, maternal and child care services, immunizations, consultations, and more. The project includes training for local health workers who will help sustain the health initiatives in the community.
- Contributed to Project TALA (Tradition, Arts and Livelihood Advocacy) through the Philippines' ECHOSi Foundation. Project TALA is preserving the weaving tradition of the Bagobo-Tagabawa tribe in Bansalan, Philippines, through livelihood-building activities and skills training.



### Key Performance

For key performance indicators on community wellness, refer to [ESG Performance Tables](#).



### CASE STUDY

## Fit to Win takes the Celtics online to inspire kids

Fit to Win is a four-week program for YMCA youth in Greater Boston, Hartford and Southern Maine. It encourages kids to incorporate health and fitness in everyday life. By tracking their fitness activities, young participants can receive Boston Celtics gear as an incentive.

After the COVID-19 pandemic began, Sun Life and the Celtics transformed this annual initiative to a virtual format. Over 250 local youth participated. Celtics conditioning coaches and community teams created weekly workout videos on social media. Each week featured a new workout routine and wellness technique.

An exciting online finale event celebrated the kids' achievements.

Based on our success with virtual platforms, Sun Life and the Celtics may expand this format to reach more youth.



**This pandemic has been hard on children, with school closures and stay-at-home restrictions. We are thrilled to see that so many kids participated in the program while at home.**

Dan Fishbein, M.D., President, Sun Life U.S.



### This work supports our priority SDG target 3.4:



By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

#### 2020 GOALS

- Standardize measurement and reporting of programs we support and our efforts to raise awareness of key issues
- Continue to focus our community giving to support our Purpose, in particular helping people live healthier lives

#### RESULTS

- ✗ Initiated work but completion delayed to 2021 due to the pandemic
- ✓ Achieved

#### 2021 GOALS

- Expand focus of philanthropy portfolio to include support for Canadian mental health
- Prioritize diversity and inclusion programs within global philanthropic framework
- Set up and begin using a framework to measure the social impact of our philanthropic investments



# Sustainable Investing

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

1. manage capital with sustainability embedded in our investment processes,
2. invest in assets and businesses that support the transition to a low-carbon and more inclusive economy, and
3. offer our Clients sustainable investing opportunities.



## Our priority Sustainable Development Goals:



## AWARDS



Sun Life Assurance Company of Canada scored "A" in every module in the PRI's annual global evaluation of responsible investing.<sup>1,2</sup>



Sun Life was recognized with the corporate Sustainability Bond of the Year Award by Environmental Finance.



For 10 years in a row, BentallGreenOak's global real estate investing platform achieved top rankings in the GRESB Real Estate Benchmark. BentallGreenOak received this recognition for its ESG leadership and commitment to sustainability.

<sup>1</sup> For additional information, please visit <https://www.unpri.org/reporting-and-assessment/reporting-and-assessment-archive/6567.article> and/or download our [2020 Scorecard](#)

<sup>2</sup> For copies of Sun Life Assurance Company of Canada's 2020 PRI Transparency and Assessment reports, please contact [sustainability@sunlife.com](mailto:sustainability@sunlife.com).



# At a glance: Sustainable investing across our businesses

We're one of the world's largest asset managers, with \$1.2 trillion<sup>1</sup> in total assets under management (AUM). These assets include public equity, public fixed income, private fixed income, real estate and infrastructure. We commit to using this position to drive sustainable outcomes. Our full range of sustainable investing activities is conducted through Sun Life's Asset Management pillar, complemented by various other business groups. Below is a snapshot of our businesses that are engaged in sustainable investing activities.

	ASSET MANAGEMENT			SUN LIFE CANADA		
<b>BUSINESS PROFILE</b>	<b>SLC Management<sup>2</sup></b>			<b>MFS</b>	<b>Sun Life Global Investments<sup>3</sup></b>	<b>Group Retirement Services</b>
	<ul style="list-style-type: none"> <li>\$264.4 billion AUM</li> <li>Offers traditional, alternative and yield-oriented investment solutions to institutional investors globally</li> <li>Three affiliate companies providing Clients with a broader range of investment opportunities</li> </ul>			<ul style="list-style-type: none"> <li>\$776.8 billion AUM</li> <li>Offers equity and fixed income products to retail and institutional investors globally</li> </ul>	<ul style="list-style-type: none"> <li>\$32.7 billion AUM</li> <li>Offers a diverse lineup of managed solutions and mutual funds through various sub-advisory relationships</li> </ul>	<ul style="list-style-type: none"> <li>\$115.1 billion AUM</li> <li>Largest Canadian workplace retirement and savings plan provider</li> <li>Core investment platform provides defined-contribution and defined-benefit plan sponsors a broad selection of 23 investment managers and over 140 investment options</li> </ul>
	<b>Sun Life Capital Management (Canada) Inc. and Sun Life Capital Management (U.S.) LLC</b>	<b>BentallGreenOak</b>	<b>InfraRed Capital Partners</b>			
	<ul style="list-style-type: none"> <li>Public and private fixed income</li> <li>Infrastructure (debt)</li> </ul>	<ul style="list-style-type: none"> <li>Real estate (equity and debt)</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure (equity)</li> <li>Real estate (equity and debt)</li> </ul>			
<b>SUSTAINABLE INVESTMENT APPROACH</b>	<ul style="list-style-type: none"> <li>ESG integrated in investment analyses and processes</li> <li>Sustainability bond (issued by Sun Life)</li> <li>\$1.3 billion green, social and sustainability bond AUM</li> </ul>	<ul style="list-style-type: none"> <li>ESG incorporated in analysis and management</li> <li>Top rankings in the GRESB Real Estate Benchmark for five funds</li> </ul>	<ul style="list-style-type: none"> <li>ESG embedded into each stage of the investment process</li> </ul>	<ul style="list-style-type: none"> <li>ESG considered in all investment decisions</li> <li>\$1.3 billion green, social and sustainability bond AUM</li> </ul>	<ul style="list-style-type: none"> <li>ESG integrated in investment decisions, including fund manager selection and oversight</li> <li>Sustainability-themed renewable resource strategy incorporated in managed solutions</li> <li>\$367 million ESG-themed investment AUM</li> </ul>	<ul style="list-style-type: none"> <li>Proprietary ESG integration evaluation framework</li> <li>All 23 investment managers are PRI signatories; 11 are TCFD supporters and 11 are members of the Canadian Coalition for Good Governance</li> <li>Offers 11 sustainable fund options (e.g. Divestment (SRI/Fossil Fuel Free), Environmentally Aware, Sustainable Growth)</li> </ul>
<b>PRI SIGNATORY</b>	✓	✓	✓	✓	✓	N/A

AUM = assets under management

\*Sun Life Assurance Company of Canada formally endorsed the Principles for Responsible Investment (PRI). As an affiliate company, SLGI Asset Management Inc. falls under its PRI signatory status and is committed to integrating ESG considerations in its investment decisions.

**MORE ONLINE:** 

[MFS – Sustainable Investing Annual Report](#)  
[How Sustainability Works at MFS](#)

[SLC Management – Beyond ESG](#)

[InfraRed – Sustainability End of Year Update](#)

[Sun Life Global Investments](#)

[Sustainability Bond Framework Sustainability Bond Use of Proceeds Report](#)



<sup>1</sup> Comprises general fund assets, segregated funds, mutual funds, managed funds and other AUM.

<sup>2</sup> SLC Management is the brand name for the institutional asset management business of Sun Life Financial Inc. ("Sun Life") under which Sun Life Capital Management (U.S.) LLC in the United States, and Sun Life Capital Management (Canada) Inc. in Canada operate. BentallGreenOak and InfraRed Capital Partners (InfraRed) are also part of SLC Management. BentallGreenOak is a global real estate investment management advisor and a provider of real estate services. InfraRed Capital Partners is an international investment manager focused on infrastructure and real estate.

<sup>3</sup> Sun Life Global Investments is a trade name of SLGI Asset Management Inc., Sun Life Assurance Company of Canada and Sun Life Financial Trust Inc. SLGI Asset Management Inc. is the investment manager of the Sun Life Mutual Funds, Sun Life Granite Managed Solutions and Sun Life Private Investment Pools.



## ESG Integration

Our world is increasingly being challenged by ESG issues, from climate change to social inequality. Integrating ESG factors helps us manage sustainability risks in our investment portfolios. It also helps us identify opportunities. Research shows that the consideration of ESG criteria has a positive or neutral effect on financial performance.<sup>1</sup> The pandemic has put a spotlight on sustainable investing. In particular, the focus is on how well companies are able to anticipate and react quickly to ESG issues.

### Our Approach

We're committed to ESG integration. We believe that looking at investments through an ESG lens leads to superior financial results over the long term. We apply this thinking for our Clients' assets and the assets we own in our general account. ESG is not only about avoiding investments that are less sustainable. It's also a critical lens for identifying strong investment opportunities.

Each of our asset management businesses supports and contributes to Sun Life's commitment to sustainable investing. But they may take their own approach. The underlying business value proposition and the asset classes they invest in guides each business's strategy and investment decision-making.

While their approaches and activities around ESG integration vary, all of the businesses:

- apply ESG considerations to the data and research rigour they rely on for investment success,
- recognize the connection between ESG and value,
- integrate ESG factors in their investment analyses and processes to identify risks and opportunities, and
- favour engagement over divestment when appropriate, using dialogue and collaboration with company management.

Both SLC Management and MFS engage with organizations in which they invest to promote sustainability. This engagement may take the form of:

- encouraging greater disclosure,
- seeking management support of sustainability, or
- exercising voting rights in support of sustainability initiatives, in some cases.

Owning and engaging with companies to improve their ESG performance can sometimes be a more effective path to positive outcomes for our investment portfolio and for other stakeholders than exclusion and divestment. Engagement has prompted companies to take action to reduce greenhouse gas emissions and their overall environmental impact. This is particularly true in relation to fossil fuel companies.

Sun Life and the companies in our Asset Management group are all signatories to the Principles for Responsible Investment (PRI). Sun Life is the largest insurance asset owner signatory in Canada by AUM. Please refer to the websites of each Asset Management business for more details on their specific ESG integration strategies.

### 2020 Highlights

- Continued to meet our commitments as signatories to PRI. Sun Life and its asset management businesses scored "A" or higher on all modules for asset classes that represent 10% or more of AUM. SLC Management scored "E" on the listed equity – active ownership module which is optional as this asset class represents less than 1% of its AUM, well below the 10% threshold at which reporting on this asset class would be required.<sup>2,3</sup>
- The Sun Life General Account scored its best result ever in the GRESB Real Estate Benchmark, placing 2<sup>nd</sup> in Canada and 6<sup>th</sup> globally for the Diversified, Non-listed, Core peer group.
- SLC Management named one of the Best Places to Work in Money Management by Pensions & Investments.
- MFS named ESG/SRI Provider of the Year at the 9<sup>th</sup> annual Irish Pensions Awards for the second consecutive year. The Responsible Investment Brand Index also named MFS one of the top 10 fund houses genuinely committed to ESG.
- Sun Life applied ESG analysis to 100% of its internally managed active investment grade public corporate bond general account assets during both initial and ongoing reviews.

<sup>1</sup> Friede, G., Busch, T., Bassen, A. "ESG and Financial Performance: Aggregated Evidence from More than 2000 Empirical Studies". Oct 2015.

<sup>2</sup> For additional information, please visit <https://www.unpri.org/reporting-and-assessment/reporting-and-assessment-archive/6567.article> and/or download our [2020 Scorecards](#).

<sup>3</sup> For copies of our 2020 PRI Transparency and Assessment reports, please contact [sustainability@sunlife.com](mailto:sustainability@sunlife.com).

- SLC Management assigned proprietary ESG scores on all public corporate issuers covered. Our credit research analysts generated these ratings of public corporate issuers in their sectors. We weight ESG factors differently, depending on the sector.
- SLC Management rolled out an ESG webinar series. The webinars help our entire firm learn more about the ESG analysis studies we've conducted to date. Different SLC Management analysts provide insights during these 45-minute lunch-and-learn webinars.
- SLC Management released a [Sustainable Investment Policy](#). It sets forth principles consistent with the PRI, which have always been an integral part of our initial and ongoing investment analysis and decision-making. The policy provides additional direction and guidance regarding SLC Management's sustainable investing philosophy, practices and governance, and clarifies certain common terminology.
- Contributed to industry groups working to advance ESG issues. For example:

- > SLC Management joined Climate Action 100+. Along with other asset managers and asset owners, we engage in collaborative discussions with the top carbon-emitting companies.
- > SLGI Asset Management Inc. (SLGI) participated in the Investment Funds Institute of Canada Responsible Investing/ ESG Task Force. Through this Task Force, SLGI contributed feedback and suggestions to the CFA Institute's public consultation on its ESG Disclosure Standard for Investment Products. The voluntary standard seeks to provide greater product transparency and comparability for investors by enabling asset managers to clearly communicate the ESG-related features of their investment products.
- > MFS joined the Workforce Disclosure Initiative, ShareActions' collaborative engagement program promoting responsible investment and improvement in corporate behavior. MFS also joined the CDP Science-Based Targets Campaign and became an investor member of Climate Action 100+.

- Sun Life's Group Retirement Services (GRS) launched a proprietary ESG evaluation framework for its core investment platform of 23 investment managers. This framework identifies ESG leaders and helps Clients understand the level of ESG integration for the funds offered in their plans. GRS is also actively engaging with investment managers to improve their ESG integration and active ownership activities.
- SLGI published an [ESG statement](#). It discloses its approach to ESG integration in its sub-advisor selection practices. The statement also highlights key features of SLGI's ESG philosophy and process.

- SLGI ensured ESG integration of all its funds through manager selection and oversight.
- InfraRed refined its investment processes. This included introducing early sustainability screening to ensure the company only pursues opportunities that align with its Sustainability Policy. Early sustainability screening also ensures key risks and opportunities are identified at the outset.
- All InfraRed employees now have an ESG objective reflective of their role. The ESG objectives have a direct effect on staff's performance assessment and overall remuneration.

For insights into MFS's leadership on sustainable investing, refer to their [Sustainable Investing Annual Report](#).

- MFS developed a comprehensive ESG training program to raise expertise on sustainable investing topics across the firm. This supports MFS's goal to empower its employees to incorporate sustainability practices into their work.

For key performance indicators on sustainable investing refer to [ESG Performance Tables](#).

2020 GOALS	RESULTS
<b>SLC Management</b> <ul style="list-style-type: none"> <li>• Complete ESG analysis modules on remaining sectors</li> <li>• Using the ESG dashboard built in 2019, assign proprietary ESG scores on all corporate issuers covered</li> <li>• Develop sustainable investing policy</li> </ul>	<ul style="list-style-type: none"> <li>✓ Completed</li> <li>✓ Completed</li> <li>✓ Completed</li> </ul>
2021 GOALS	
<b>SLC Management</b> <ul style="list-style-type: none"> <li>• Continue advancing ESG in the investment world through thought leadership, education and collaboration</li> <li>• Assign proprietary ESG scores on all private fixed income issuers</li> </ul>	
<b>SLGI</b> <ul style="list-style-type: none"> <li>• Build out ongoing Client reporting and communication on ESG matters to advance transparency and engagement</li> </ul>	
<b>GRS</b> <ul style="list-style-type: none"> <li>• Continue to engage managers to evolve their processes for ESG integration and engagement/active ownership</li> <li>• Evolve the GRS ESG evaluation framework to cover alternative asset classes</li> <li>• Advocate for legislative/regulatory change regarding inclusion of ESG considerations as part of fiduciary responsibilities</li> </ul>	



# Sustainable Investments and Products

Sun Life is an asset owner and global asset manager. We have the opportunity to invest in high-impact assets and businesses contributing to a low-carbon and more inclusive economy. Our role also enables us to provide sustainable investing opportunities for Clients. We're seeing a massive shift in the investment world. More and more, institutional Clients and the broader investment community are seeking sustainability-themed investments.

## Our Approach

We offer Clients sustainable investing opportunities. We also commit to investing our own assets to support the transition to a low-carbon and inclusive economy. Each of our asset management businesses contributes to these goals in different ways.

### Supporting Client interest in sustainable investing

Across our businesses there is a range of products, policies, practices and governance controls around sustainable investing. For example:

- For institutional Clients, such as pension plans, foundations and insurance companies, SLC Management integrates ESG considerations into investment analysis. This analysis covers public and private fixed income, infrastructure and real estate equity and debt.
- For retail investors, SLGI Asset Management Inc. (SLGI) works with investment managers around the world to offer a diverse line-up of managed solutions and mutual funds, integrating ESG considerations into manager selection and oversight.
- Through our Group Retirement Services business in Canada, we offer plan sponsors access to sustainable investment options. Plan sponsors can then make these options available to their employees.
- To help all investors with their decision-making, MFS produces company-specific, sectoral and thematic ESG research.

We are the first life insurer globally to issue a sustainability bond. Sun Life issued a \$750 million, 10-year sustainability bond in 2019. The bond supports investments in green assets and other assets serving a broader social purpose. The transaction attracted positive feedback and strong investor demand.

### Choosing sustainable investments for Sun Life

As an organization, Sun Life makes investments too. We hold a portfolio of investments valued at \$177.9 billion in our general account. We strive to ensure that these investments are aligned with business objectives including meeting policyholder obligations.

We're committed to investing sustainably. ESG has become a critical lens for choosing our investments and structuring our portfolios. Sustainable infrastructure is a particular emphasis for our organization. We have more than \$60 billion in total assets under management in sustainable investments across our asset management businesses. There's an enormous societal need for infrastructure spending, to improve everything from hospitals to transportation to power generation that supports the transition to a low-carbon economy.

In Canada, we're one of the biggest financers of private sustainable infrastructure, providing long-term private capital to support construction, operation and maintenance. SLC Management works with governments, other businesses, local communities and Clients to help bring such projects to fruition and ensure they achieve strong sustainable value. There are six areas of focus for our sustainable infrastructure investments:

- renewable energy,
- energy efficiency,
- sustainable/green buildings,
- clean transportation,
- sustainable water management, and
- access to essential services.

Sun Life also actively buys green bonds and other forms of social finance lending across the globe. Across our asset management businesses and general account, we have \$2.6 billion in green, social and sustainability bond holdings. As well, we have invested in a private equity mandate focused on clean energy in China. The fund invests in clean energy and green businesses identified as helping to address environmental pollution in the country.

# 2020 Highlights



“  
**I'm proud to have led work to more closely align Sun Life's investments with its Purpose. Committing to a tobacco-free investment portfolio as an asset owner is a natural fit with Sun Life's focus on helping Clients live healthier lives.**  
 ”

Randy Brown,  
 Chief Investment Officer, Sun Life and  
 Head of Insurance Asset Management, SLC Management

- Participated in Canada's Task Force for a Resilient Recovery. As an expert advisor, Melissa Kennedy, Executive Vice-President, Chief Legal Officer & Public Affairs and Executive Sponsor of Sustainability at Sun Life, provided input on ways the government could leverage the expertise and long-term investment horizons of insurers and institutional investors. Their investing activity has the potential to spur economic recovery from the global pandemic and contribute to sustainable economic growth.

- Launched BentallGreenOak's proprietary social impact assessment tool. The tool was developed to help assess the social impacts of investments, with the aim to:

1. integrate social impacts into decision making,
2. build social sustainability awareness and literacy, and
3. improve portfolio social sustainability performance over time.

In 2020, BentallGreenOak used this tool to assess the social impacts of over 400 properties, across four funds.

- Broadened investment capabilities to provide our Clients with a wider range of investment opportunities. For example, we:

> Acquired InfraRed Capital Partners (InfraRed), a global infrastructure and real estate investment manager headquartered in London. Over the past 30 years, InfraRed has established itself as a highly successful developer and custodian of core infrastructure, renewable energy and real estate assets that play a vital role in supporting sustainable communities.

> Announced our intent to acquire Crescent Capital Group (Crescent), a global alternative credit asset management firm. The transaction closed January 5, 2021.

- Introduced new ESG investment options for investors. For example:

- > Sun Life Asset Management launched an ESG Index Fund in Hong Kong. It brings the first Hang Seng ESG 50 Index fund to retail investors in the country.
- > InfraRed developed a new fund focused on sustainable investments in renewable energy and core infrastructure in Europe. They are also pursuing an energy transition strategy in North America focused on renewable energy generation and energy storage solutions.

- Continued to decrease our investments in coal-fired power producers in Malaysia with a 6.5% reduction this year. At the same time, we recognize that fossil fuels such as coal and gas continue to be important to meet the country's electricity demand in the near- to medium-term.



**Committed to \$20 billion**

**in new sustainable investments over the next five years in assets and businesses that support the transition to a low-carbon and more inclusive economy**

SUSTAINABLE INVESTMENTS <sup>1</sup>			
Category of investment	2020 <sup>*</sup> (\$ millions)	2019 <sup>*</sup> (\$ millions)	New investments in 2020
Renewable energy	\$9,709	\$5,154	11
Energy efficiency	\$1,643	\$648	13
Sustainable/green buildings <sup>2</sup>	\$33,706	\$32,470 <sup>3</sup>	19
Clean transportation	\$1,884	\$1,914	1
Sustainable water management	\$650	\$431	0
Access to essential services	\$9,910	\$7,429	12
Green, social and sustainability bonds	\$2,594	\$1,643 <sup>3</sup>	**
<b>TOTAL</b>	<b>\$60.1 billion<sup>4</sup></b>	<b>\$49.7 billion</b>	<b>56 new real estate and infrastructure investments<sup>5</sup> worth \$3.6 billion</b>

<sup>\*</sup> Portfolio at December 31 (general account and third party Clients). Client asset values included represent a non-IFRS financial measure.  
<sup>\*\*</sup> Bonds are publicly traded assets purchased and sold throughout the year.  
<sup>1</sup> Criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, GRESB Real Estate Benchmark, and PRI Impact Investing Market Map.  
<sup>2</sup> Real estate assets include investment properties, owner-occupied property and real estate in limited partnership investments.  
<sup>3</sup> Restated to align with sustainable investments commitment methodology.  
<sup>4</sup> Sustainable investment AUM increased by \$10.4 billion compared to December 31, 2019, primarily driven by the acquisition of InfraRed.  
<sup>5</sup> Examples of typical new investments include solar, wind and hydro renewable energy investments, rolling stock rail, hospitals, long-term care facilities and other public infrastructure in Canada, the U.S. and the UK.

- Made 56 new sustainable investments. That includes 12 investments in access to essential services and 13 investments in energy efficiency. For example, we funded:
  - > an investment with a large non-profit to provide temporary housing and holistic social services for men experiencing homelessness,
  - > energy and water efficiency projects across several school buildings for a K-12 public school district, and
  - > smart meter installations for residential and commercial properties across the UK, allowing end-users to manage their energy use more efficiently.
- Invested \$1.2 billion in renewable energy generation and energy storage solutions, bringing our total portfolio value to approximately \$9.7 billion. These investments help the growing low-carbon economy.
- Launched a new strategy that seeks to identify companies with an environmental or social purpose that execute in a way that recognizes the value in all stakeholders (MFS). The goal of the MFS Transformative Capital strategy is to outperform the MSCI ACWI

Index over a full market cycle while investing in companies that are well positioned to serve environmental or social needs, either directly or indirectly, over the next decade.

- Increased our thought leadership and investor education. For example, our investment professionals:
  - > published articles such as:
    - o “Is your portfolio ready for the next big disruption – climate change?”, and
    - o “Sustainable investing: There is no one size fits all approach”;
  - > conducted a virtual roadshow to share practices and engage with consultants and group advisors on ESG issues;
  - > spoke at conferences such as the Responsible Investor (RI) Digital 2020 event, a virtual ESG conference held in Canada;
  - > co-authored a byline feature in Private Debt Investor entitled “Why private credit should fit the bill for ESG investors”; and
  - > wrote a piece for Reactions magazine in the U.S. on why it’s the right time for insurers to consider ESG on both sides of their balance sheet.

For key performance indicators on sustainable investing refer to [ESG Performance Tables](#).

2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>• Seek opportunities for integrating sustainable investment options within group retirement savings plans</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>• Continue to build thought leadership on sustainable investing through articles, conferences, etc.</li> <li>• Invest to support the transition to a low-carbon and more inclusive economy, to progress towards our target of \$20 billion in new investments from 2021-2025</li> </ul>	



CASE STUDY

# Offshore wind farm contributes to decarbonisation

Promoting clean energy including wind energy investments is a key area of focus for InfraRed, our new investment management business based in the UK. InfraRed is a successful developer and custodian of many renewable energy assets. It has been a signatory of the Principles for Responsible Investment (PRI) since 2011. In 2020, PRI awarded the company a triple-A+ score.<sup>6</sup>



In December 2019, The Renewables Infrastructure Group (TRIG), managed by InfraRed, acquired a 25% equity interest in Merkur Offshore. This 396MW operational offshore wind farm is located in the German North Sea and utilizes 66 GE Halidade 6MW turbines, covering 47km<sup>2</sup> – the equivalent of over 6,000 soccer fields. The hub height of a single turbine is more than 100m above water level and the innovative gearless 6MW machine is equipped with one of the largest rotors in the wind industry. InfraRed provided advisory services to TRIG as part of its ongoing mandate as investment manager of the fund.

Wind energy offers social, economic, health and environmental benefits for communities. Merkur Offshore provides green energy to approximately 500,000 households.

This work supports our priority SDG target 7.2:



By 2030, increase substantially the share of renewable energy in the global energy mix

<sup>6</sup> For additional information, visit <https://www.unpri.org/reporting-and-assessment/reporting-and-assessment-archive/6567.article> and/or download InfraRed’s [RI Transparency Report](#) and [Assessment Report](#).



# Trusted and Responsible Business

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

*Operating ethically, treating our Clients and employees with utmost respect, and reducing our impact on the environment are all vital components of maintaining the longevity and resiliency of our business.*

## Our priority Sustainable Development Goals:



## AWARDS



Named Canada's Most Respected Life Insurance Company 2020-21, by Canada's Most Respected Award Program by DART Insight & Communications.



Sun Life Indonesia named one of the most Innovative Insurance Companies in Indonesia from Iconomics.



For the 12<sup>th</sup> consecutive year, Sun Life ranked in the top 10 in The Globe and Mail Report on Business' Board Games review of corporate governance practices of Canada's largest companies.



## Client Focus

In a competitive global marketplace, people and organizations have more choice in products and providers. That's why our focus on Clients is more critical than ever. For Sun Life, being Client-focused means listening and understanding what Clients need from us. We're there for them through both good and tough times. It's not just about selling insurance, benefits or investment products. It's about delivering the best outcomes for our Clients.

### Our Approach

#### OUR CLIENT FOCUS STRATEGY

We put Clients at the centre of everything we do. Our caring approach, optimistic outlook and relevant advice help to shape every Client interaction. We continue to modernize and humanize our business, emphasizing five themes that reflect our Client focus:

- ✓ **Easy to do business with**
- ✓ **Proactive contact**
- ✓ **Superior Client service**
- ✓ **Quality products and services**
- ✓ **Strong investment performance**

#### Easy to do business with

We're making our products and services more accessible. We're creating more opportunities to help Clients make informed decisions. And we're improving the way we communicate with Clients. Plain language is our priority because we want Clients to easily understand our materials, plans and products. We want to help empower them to make the right choices by offering the clear, concise information they need.

#### Proactive contact

We are both increasing and personalizing our Client outreach, in ways that make the most sense to each Client. That could be through an advisor, in person or by phone, videoconference, email, digital apps, text or social media.

#### Superior Client service

We view any issues that Clients may have as opportunities to create positive experiences. Across Sun Life, we have processes to handle concerns and complaints while ensuring we learn and improve from them. For example, in Canada our goal is to resolve Client problems within our problem resolution teams. When this isn't possible, our Client Advocacy team works with Clients and our internal problem resolution teams. Our social media team also tracks online comments and facilitates responses to Clients within one business day.

#### Quality products and services

We aim to provide quality products and services that meet the needs of our Clients. Examples are provided throughout this report.

#### Strong investment performance

We strive to achieve strong investment performance as an important part of our effort to maximize the value we provide to our Clients. Refer to our [Annual Report](#) for more details.

#### MEASURING THE CLIENT EXPERIENCE

We measure our success in delivering a great Client experience through several metrics:



#### Client experience index

This index measures a Client's overall experience from all of their interactions with us.



#### Business performance outcomes

At the beginning of the year, each business is responsible for identifying and committing to measurable Client outcomes. This ensures a strong focus on service delivery.

These two factors make up 25% of our annual incentive compensation. We also continue to track Net Promoter Score<sup>®</sup>.<sup>1</sup> This globally recognized methodology measures the likelihood that Clients will recommend Sun Life to others.

<sup>1</sup> Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of NICE Systems, Inc., Bain & Company, Inc., and Fred Reichheld.



## 2020 Highlights

This year, we recognized that many of our Clients faced more difficulties because of COVID-19 and lockdowns. We committed to helping them through it. We worked hard to be proactive, visible and relevant. Our roles enable us to be there for our Clients at some of the best and worst times in their lives.



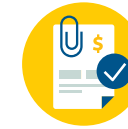
# 218

process changes launched in Canada alone to support thousands of Clients during the pandemic



# 99%

of Sun Life Canada employees completed Client-focused training



# \$18.3 billion

claims and benefits paid to Clients globally

### EASY TO DO BUSINESS WITH

- Expanded our digital offerings to make managing health and wealth easier for Clients, particularly through the pandemic. Our prior digital investments continue to serve us well and among our new initiatives to provide a seamless, virtual experience, we:

- Introduced virtual insurance enrollment in several markets, as well as more forms that take e-signatures. These enhancements make it easier to get insurance any time, on any device, securely and virtually.

- Shared new features on our Client communication platforms to allow Clients to connect on-demand and virtually with an advisor. In the U.S., we introduced text messaging and live chat features on our Maxwell Health digital benefits platform to provide fast and easy support to Clients at a time when they had more questions and needs. Apps like My Sun Life HK allow Clients to manage their health and wealth protection from the comfort of home.

- Launched new digital tools, like Vietnam's Sun Fast and Canada's Sun eApp to make insurance applications easier and faster. With the Sun eApp Clients receive a decision on their application in as little as 24 hours.

- Offered a remote online medical exam service in the Philippines. This service is to help Clients unable to visit a clinic be a step closer to securing an insurance policy in the safety and comfort of their own homes.

- Extended accelerated underwriting in Canada. Accelerated underwriting uses artificial intelligence to determine if Clients need any medical tests to support insurance applications. We can now use this process for applications from people of a wider range of ages and for higher coverage amounts than before. This improvement makes it easier for Clients to get the coverage they need.

- Supported transparency and clarity in financial communications with our plain language initiative. This is an ongoing international priority. In Canada alone, we rewrote 1,200 documents in 2020 to make information more clear and understandable for our Clients. These documents ranged from letters to Clients to insurance forms.

- Worked with regulators to help shape the *Fair Treatment of Customers* legislation in Canada. The new law will set the bar for fair dealings by all insurers. Within Sun Life, we advanced our understanding of mental health issues to ensure our practices are progressive and supportive. We also continued to build our awareness of gender diversity issues and best practices, to ensure we're inclusive in all our dealings.

### PROACTIVE CONTACT

- Reached out to our Clients' families in Canada who were affected by the Ukraine International Airlines Flight 752 disaster. We wanted to do what we could to help them while expressing compassion and empathy. For example, we set up a special number and email address for their families to connect with us. Together with Global Affairs Canada, we also engaged and influenced other insurers in Canada to make contact with victims' families.

- Engaged Clients through our online forums in North America and our insights communities in Hong Kong and the Philippines. These channels help us gather real-time input and feedback to guide our work. For instance, over 700 U.S. employers and brokers/consultants participated in our proprietary “Voices” online community. We:

- > shared product prototypes for feedback,
- > gauged interest in new solutions, and
- > sought information on how Clients’ needs might be changing.

Clients found the Voices community to be receptive and informative, yielding an 89% satisfaction rating.

- Expanded proactive outreach to U.S. employers, adding thousands of touchpoints in 2020. We also reached out as a result of the pandemic to advise employers about the insurance policy accommodations we offered. Along with individual contacts, we provided 31 employer webinars. They offered solutions for COVID-19 disruptions, updates on compliance, regulatory changes and financial relief programs, and guidance on helping employees cope during times of stress. These webinars reached over 44,000 employers and brokers.

### SUPERIOR CLIENT SERVICE

- Launched a Client experience quality program in Canada to improve and measure our problem resolution process.
- Experienced a 5% decrease in complaints investigated by our internal ombuds office in Canada. That’s an improvement from 153 cases in 2019 to 146 in 2020.
- Continued to effectively resolve Client issues in the U.S. as measured by post problem resolution Client surveys. 94% of Clients were satisfied, up from 85% in 2019.
- Piloted a program in Canada that used our problem resolution data to predict problems before they occurred. That allowed us to reach out to Clients and avoid inconveniences for them.



### Key Performance

For key performance indicators on Client focus, refer to [ESG Performance Tables](#).



### CASE STUDY

## Listening to Clients during the pandemic

In 2020, we did a COVID-19 Client pulse survey. We wanted to find out how the pandemic has affected our Clients. We also wanted to know how they felt about Sun Life’s response to date and what more we could do to support them.

The findings confirmed that the pandemic has taken a significant toll on our Clients’ overall well-being. Clients across the globe were pleased with Sun Life’s performance through the crisis. We exceeded expectations in two key areas that are important to our Clients:

- maintaining our service levels, and
- showing care and empathy towards our own employees in the face of so much upheaval.

The large majority of our Clients globally say their opinion of Sun Life has not changed since before the pandemic.

However, those that were aware of Sun Life’s efforts during the crisis were substantially more likely to view us in a more positive light.



**Sun Life stays in touch with its clients, even if just to say “hang in there” and “is there anything we can help you with?” Communication is one of the most important things in uncertain times - thank you!**

Canada Group Benefits Member

**I have had no interruption of my claims payments/contacts during this time. It has been business as usual.**

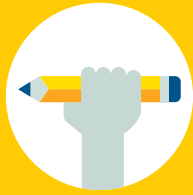
U.S. Business Client

**Sun Life is concerned about the health of their employees and also their customers, that’s why I think they are very effective amid covid19.**

Philippines Retail Client



2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>Continue to make Sun Life easier to do business with by using new technology platforms and capabilities</li> <li>Work with regulators to implement regulation focused on fair treatment of consumers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved; work is ongoing</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>Continue to improve our Client experience index score</li> <li>Make it easier for our Clients to have their problems resolved</li> <li>Continue to digitalize our processes to make it easier for Clients to do business with us</li> </ul>	



# Talent Management

Talent and culture is one of Sun Life's six strategic focus areas. It's about hiring people with the right skills and investing in their development. It's about making their jobs meaningful, rewarding and engaging. We also want our employees to feel motivated in their work. When they are, we believe they'll be more productive and passionate in delivering on our Purpose.

## Our Approach

We're committed to creating inclusive, sustainable and empowering workplaces where employees can be themselves and reach their potential. The collaboration technologies and flexible learning approaches we offer support our employees working from any location. This includes working from home in most cases. Over the past few years, we've updated our workplaces to encourage new and diverse ways of working. We recognize there is no "one-size-fits-all" approach. Our model of open, bright and agile workspaces at many Sun Life locations reflects this thinking.



### TRAINING AND DEVELOPMENT

Developing our employees is a top priority. We offer in-house training and leadership development for all employees and leaders. We also offer job rotation and tuition help. We have an e-learning portal that contains more than 6,000 courses, tools and resources. All employees must complete yearly training on a range of topics. For the most effective learning, we offer a wide variety of choices to allow employees to design their own learning paths based on their particular needs. Virtual classrooms, simulation/gamification and social learning are among the learning technologies we offer.



### INVESTING IN THE NEXT GENERATION OF SUN LIFE EMPLOYEES

There is a pressing need to find and nurture next-gen employees and leaders. They are the future of our business and they inspire us with fresh ideas to meet Client needs.

We have many programs to help us ensure a strong pipeline of talent:

- practical learning opportunities for people still in school (co-op and work-study arrangements);
- Rotational Leadership Development Program: gives new grads the opportunity to explore different roles at Sun Life;
- internal online talent marketplace: matches employees with short-term opportunities to build new experiences and develop skills. Also balances supply and demand of the workforce;
- experience leadership program: fast tracks the development of top-talent Directors into roles that are more senior;

- millennial think tank: enables leader-nominated millennial employees to network, offer insight and collaborate with business leaders; and
- yearly talent reviews: identifies future senior leaders across Sun Life.



### LISTENING TO EMPLOYEES

We encourage open, two-way dialogue with our employees and seek their input through various channels. These channels include:

- a 360-degree feedback program,
- performance reviews,
- career planning sessions,
- our social media platforms, and
- surveys on specific topics including engagement.

**MORE INFO:**



[Careers at Sun Life](#)



## 2020 Highlights

- Temporarily transitioned more than 95% of employees to work from home and offered flexible, part-time or modified work. This allowed employees to work safely and balance other priorities during the pandemic. We were successful in this transition because of our existing tools and technology, combined with our business continuity planning.



95%

of employees told us they had the right tools and support from Sun Life to work from home in 2020<sup>1</sup>

- Checked in regularly with employees during the pandemic to gauge the effectiveness of the work-from-home model. Survey results indicated that the technology and tools were successful in maintaining engagement, productivity and collaboration:

- 92% of employees still felt connected to their teams and 93% felt supported by their managers.
- 97% of employees said Sun Life was doing a good job keeping them informed.
- 87% found they were as effective working from home as from the office.

<sup>1</sup>Based on 2020 COVID-19 employee surveys.

<sup>2</sup>Based on Willis Towers Watsons benchmark of Global High Performance Companies and Global Financial Services.



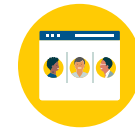
93%

of employees said they are getting the manager support they need<sup>1</sup>

- Invested \$26 million in employee training and development. This amount is lower than the previous year. Throughout most of 2020, external training events and conferences were cancelled because of the pandemic. We provided training for our people leaders on how to manage their teams virtually. We also educated employees on how to successfully work from home.

- Achieved an 89% score in our 2020 Global Employee Engagement Check-in Survey, which is above the global financial services norm.<sup>2</sup> This survey measures key factors that contribute to employee performance and their overall experience. Almost 80% of our employees took part in the survey.

- Introduced an internal online talent marketplace. It matches employees who are looking to gain new skills, with short-term opportunities outside of their core team. The pandemic highlighted the opportunity to redeploy employees across business areas to adjust for peak demand.



89%

employee engagement score

- Launched Kaleidoscope, a diversity-focused social learning platform. It gives employees opportunities to discuss and engage on diversity topics with experts as well as peers. Refer to the [Diversity, Equity and Inclusion](#) section for more details.

- Adjusted our performance management approach to ensure equitable treatment given 2020's pandemic-related challenges. We provided guidance for leaders to fairly measure contributions, considering workload and priority shifts and respecting employees' personal obligations. We placed more emphasis on succession management activities with a focus on emergency succession in response to risks brought on by the pandemic.

### AWARDS



Named one of the best employers in Massachusetts on Forbes' 2020 Best-in-State Employers list



Named one of Universum's 2020 Top 100 Most Attractive Employers for students in Canada



### Key Performance

For key performance indicators on talent management, refer to [ESG Performance Tables](#).



2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>Continue to remain above the financial services industry benchmark<sup>2</sup> for employee engagement</li> <li>Continue to invest in employee development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>Stay above the financial services industry benchmark<sup>2</sup> for employee engagement</li> </ul>	



# Diversity, Equity and Inclusion

Fostering diversity, equity and inclusion (DE&I) is the responsible thing to do, but it's much more than that. It helps our Clients, colleagues and communities shine. And companies with inclusive cultures and diverse teams are more likely to be innovative, collaborative and agile.

## Our Approach

Across Sun Life, our practices reflect a promise to be an inclusive business. We support diversity of all kinds – gender, race, religion, age, country of origin, sexual orientation, neuro and physical ability – and encourage diverse perspectives and beliefs. These practices help drive a respectful and inclusive workplace for our colleagues, better service to our Clients and engagement with our communities.

### OUR FOCUS AREAS AND STRATEGY

We focus our DE&I efforts on three areas: Clients, colleagues and communities (refer to sidebar for details). Our DE&I strategy has three priorities:

- 1. Make the most of data to inspire action:** Use insights to find opportunities; track progress through advanced metrics.
- 2. Improve policies and practices:** Foster a respectful workplace through inclusive policies, programming and education.
- 3. Focus on ownership and accountability:** Build tools to support leaders and drive desired outcomes through accountability.

AREA OF FOCUS	GOAL	KEY ACTIONS	Commitments and memberships
CLIENTS	Better reflect and understand the unique needs of our Clients across all lines of business and locations	<ul style="list-style-type: none"> <li>Inclusive marketing and advertising</li> <li>Employee education on how to inclusively serve our Clients</li> <li>Multilingual information materials and services</li> <li>Internal inclusion networks focused on building community and awareness of diverse Client needs</li> <li>Inclusive products (e.g., gender affirmation benefits, virtual access to mental health care)</li> </ul>	
	Build the foundation for a respectful workplace through inclusive policies, practices, awareness and education	<ul style="list-style-type: none"> <li>Intensive diversity training for our executive team</li> <li>Canadian and U.S. task forces to accelerate our DE&amp;I strategies and measure outcomes</li> <li>Inclusive policies and practices</li> <li>Diversity targets for women, underrepresented ethnicities and board members</li> <li>Development and mentoring programs for diverse talent</li> <li>Training and peer learning on DE&amp;I topics, to help employees embed acts of inclusion into their behaviours</li> <li>Employee engagement initiatives, including internal forums for fostering learning and discussion</li> <li>Accessible offices, ergonomic solutions and assistive technologies</li> <li>DE&amp;I metrics to gauge progress</li> </ul>	
COMMUNITIES	Promote more inclusive communities	<ul style="list-style-type: none"> <li>Donating to and sponsoring diversity causes and charities (e.g., Pride festivals, Women in Insurance STEM program)</li> <li>Collaboration with groups and leaders working to build awareness and capability (e.g., Right to Play, University of Winnipeg, Canada Learning Code, William Osler Health System)</li> <li>Supplier Diversity Program</li> </ul>	

### DIVERSITY TARGETS BY 2025



**50%**

Percentage of women in VP+ roles globally



**25%**

Percentage of underrepresented ethnicities in VP+ roles in North America

## OUR DE&I VISION

Our vision sees an environment where everyone:

- is treated fairly and respectfully,
- has equal access to opportunities and resources, and
- can contribute their thoughts, beliefs, perspectives and talent fully.

We track our progress over time and identify areas for improvement by benchmarking against external best practices and monitoring various indicators of DE&I. One indicator we monitor relating to gender diversity is pay. One of Sun Life's five guiding principles for compensation is to support fairness for all employees and reward top performance. We're committed to ensuring managers make unbiased, performance-driven pay decisions. Supporting that commitment, we regularly review pay by gender. We also provide data on the diversity of our workforce to leaders across Sun Life. This data includes how we are progressing on representation and engagement survey results related to inclusive behaviours that contribute most to company culture. Refer to page 39 and [ESG Performance Tables](#).

## PROTECTING HUMAN RIGHTS

As a company that operates around the globe, upholding human rights is fundamental to being a trusted and responsible business. It's vital to our ability to make all employees feel safe. It helps us mitigate risks in our supply chain. And it's essential to advancing a more sustainable world.

We integrate human rights protections throughout our business. It starts with our global [Code of Conduct](#). Our commitment is supported by policies on employment equity, health and safety, harassment and discrimination, and procurement. These policies help guide all of us at Sun Life, as well as our suppliers, in respecting human rights and applicable laws. We enforce zero tolerance for any forms of violence, harassment, discrimination and human trafficking, in both our workplace and supply chain.

Sun Life also has programs in place such as:


- Mandatory and refresher employee training on various aspects of human rights
- Supplier screening procedures that assess performance on human rights criteria such as labour practices
- An Ethics Hotline for reporting human rights violations

We continue to assess our practices in this area. Learn more in [Governance and Ethics](#).

## INCLUSION NETWORKS

3,500 employees are members of our internal inclusion networks. These employee-led communities offer an avenue for connecting, raising awareness and exchanging ideas.





**“ Diversity is a fact. Inclusion is a choice. We need both if we're to reflect the communities we serve and deliver on our Purpose. ”**

Rowena Chan,  
President, Sun Life Financial Distributors (Canada) Inc. and  
Senior Vice-President, Distribution

## 2020 Highlights

### INCLUSIVE WORKPLACE

- Continued to focus on leadership diversity:
  - > 34% women in VP+ roles globally (target was 40%), and
  - > 15% underrepresented ethnicities in VP+ roles in North America (target 25%).

Our workforce data tells us that we're doing a relatively good job at recruiting diverse talent. But we have more to do. We need to create more growth opportunities and career development pathways to retain talent and build a strong, diverse leadership pipeline for the future.

- Set a new goal to increase the representation of women in senior management to 50% globally by 2025.
- Intensified our actions to achieve 25% representation of underrepresented ethnicities in senior management in North America by 2025. We have specific representation objectives for underrepresented communities, where we are particularly lagging.
- Created new committees in Canada, U.S. and Asia to accelerate our DE&I strategy. The committees created action plans on metrics and communicated our progress.

For details on Board diversity, refer to [Governance and Ethics](#).



# 94%

of employees feel that Sun Life supports diversity in the workplace (recognizing and respecting the value of human differences)<sup>1</sup>

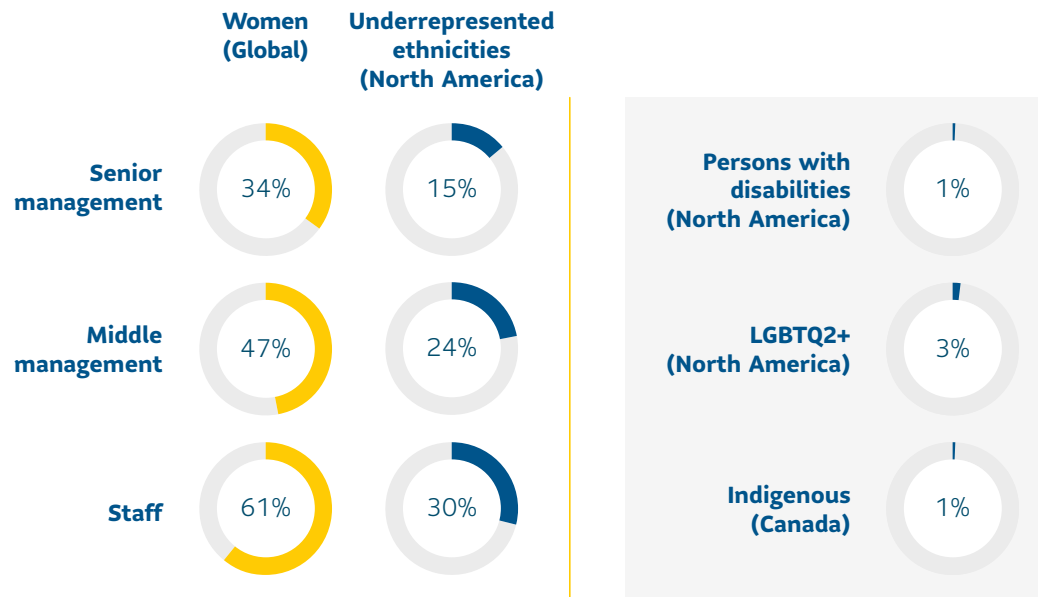
- Expanded analysis of total average pay by gender for roles at the same level, to include U.S. employees.
  - In Canada, the results from the previous year were sustained (women earn 98-99 cents for every \$1 earned by men), except at the executive level, where the gap increased to 5 cents. This gap was driven by a change in population – the departure of some lower-paid men and the promotion of women, with corresponding “developing” pay packages.
  - In the U.S., our analysis showed women earn between 95 and 97 cents for every \$1 earned by men depending on level. Demographic factors such as geographic location contribute to these differences as the cost of talent varies across the U.S.

We continue to heighten awareness of potential pay gaps through a tool that shows managers and HR how annual pay decisions (i.e., performance distribution, salary adjustments, annual incentive awards and long-term incentive grants) compare across women and men, as well as other diverse groups.

<sup>1</sup>Based on 2020 employee engagement survey.

- Introduced new internal forums to engage employees in conversations about racism, racial diversity and inclusion. Facilitated by senior leaders, these forums are safe spaces allowing our employees to share their personal stories and perspectives. These conversations will continue throughout 2021.
- Launched the Kaleidoscope program, by Hive Learning. Sun Life is the first insurer to introduce the leading interactive DE&I digital learning program. Kaleidoscope takes participants on a journey from awareness to action. The program embeds tiny, but powerful, acts of inclusion into participants’ daily behaviours and routines. This way of learning is proven to create behaviour change and help organizations develop a more inclusive culture. Over the past 18 months, we piloted the Kaleidoscope program with 1,500 employees in North America and Asia. We will continue to roll out the initiative in 2021.
- Introduced a new artificial intelligence resume-screening tool to minimize discrimination and bias while recommending top candidates. We also continued to focus on strengthening career paths and opportunities for diverse students. Of the 300 students hired in North America this year at Sun Life, over a quarter self-reported as ethnically diverse.
- Used focused leadership programming to encourage more women in our Asia Service Centre in India to aspire to leadership positions. For example, in partnership with an external agency, women received mentorship support from industry leaders in the region. Women also benefitted from a series of personal development master classes.

## DIVERSE TALENT IN OUR WORKFORCE



## BENTALLGREENOAK ANNOUNCES A BOLD DIVERSITY TARGET

BentallGreenOak, our real estate management subsidiary, announced a goal that two-thirds of all incoming hires at the firm be women or from underrepresented ethnicities. Refer to [this feature](#) with Sonny Kalsi, CEO of BentallGreenOak, for more details.



Named to the 2021 Bloomberg Gender-Equality Index



Named among the “Best Places to Work for LGBTQ Equality” in the Human Rights Campaign’s 2021 Corporate Equality Index, for the 13th year in a row

## INCLUSIVE SOCIETY: CLIENTS AND COMMUNITIES

- Signed on to the goals in the BlackNorth Initiative. The Canadian Council of Business Leaders Against Anti-Black Systemic Racism leads this initiative. It aims to remove systemic barriers that negatively affect the lives of Black Canadians.
- Provided an extra \$100,000 to support important needs identified in underrepresented communities in Canada. For instance, a portion of the funding will go towards Black researchers at the undergraduate and graduate levels (who are currently disproportionately underrepresented). The researchers will perform health research specific to the Black community, and in diabetes and mental health.
- Supplied \$340,000 for community groups, including the NAACP Legal Defense and Educational Fund, Inc., the Smithsonian National Museum of African American History & Culture in Washington, D.C. and the Canadian Race Relations Foundation. These organizations support underrepresented communities, with an emphasis on Black/African-American coalitions and social justice reform.
- Took more steps to encourage diverse suppliers as part of our competitive bidding process. We focused on increasing our relationships with vendors, suppliers and small businesses owned by underrepresented communities and women.



### CASE STUDY

## Taking action against racism

In a year when the COVID-19 pandemic took centre stage, racial injustices and the ensuing street-filled social protests reminded all of us that the fight for true inclusion remains as critical as ever. Systemic racism is a serious, long-standing issue for society, as well as for businesses. This issue clearly reached a tipping point in 2020.

During this challenging time, we spoke up to make a very public statement that Sun Life stands for equality, social change and justice. Our company has long maintained a DE&I strategy. But the Black Lives Matter movement caused us to mobilize in new ways, both at the executive level and across our employee population.

In 2020, we augmented many of our existing DE&I initiatives. Enhancements include additional support and services for employees, and solidifying our commitment to supporting underrepresented ethnicities. From expanding employee learning on DE&I topics to creating spaces for open and candid discussions about racial injustice and social changes, we are working to remove systemic barriers that negatively affect the lives of underrepresented communities.

**“We’re at an inflection point in society. There is a movement to drive lasting change to address and eliminate systemic racism. At Sun Life, we’re increasing our efforts to create organizational and societal change. That includes engaging in difficult conversations about race to create equal opportunity and foster inclusion for Black, Indigenous and People of Colour at Sun Life.”**

Dean Connor,  
President and CEO  
Sun Life



### Key Performance

For key performance indicators on diversity, equity and inclusion, refer to [ESG Performance Tables](#).



2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>• Increase representation of women in Vice-President roles and above globally</li> <li>• Increase representation of underrepresented ethnicities in Vice-President roles and above in North America</li> <li>• Expand internal inclusion networks to our businesses in Asia</li> </ul>	<ul style="list-style-type: none"> <li>✗ Recorded minimal change in gender representation globally (1% decrease); however, our executive team achieved gender balance</li> <li>✓ Achieved 1.5% increase</li> <li>✓ Made progress in establishing a Sun Life Pride chapter in the Philippines</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>• Drive action towards our DE&amp;I commitments and regional priorities</li> <li>• Strengthen mentoring, coaching and leadership sponsorship</li> <li>• Set up and begin using a framework to develop, advance and retain underrepresented talent</li> <li>• Develop outcome-based data and performance measurements to hold leaders accountable for our representation and culture objectives</li> <li>• Make progress towards 2025 diversity targets (50% women in Vice-President roles and above globally and 25% underrepresented ethnicities in Vice-President roles and above in North America)</li> </ul>	





# Climate Change and the Environment

Two of the greatest threats we face today are a changing climate and natural resource depletion. These threats significantly affect our business and our stakeholders. Around the world, people are demanding that governments and corporations do more to fight climate change. A global pandemic has put even greater emphasis on our sustainability efforts.

## Our Approach

Slowing the climate crisis is a global priority. We have an important role to play. We must become more sustainable as a business and support the goal of the Paris Agreement to limit the global temperature increase in this century to well below 2 degrees Celsius compared to pre-industrial levels. We need effective, collective action to address this challenge. The long-term resilience of society, and our Company, depends on it.

Our approach to tackling climate change involves:

- Recognizing that as a long-term investor, we have the opportunity to be part of the solution to this global challenge and invest proactively in assets and businesses that support the transition to a lower-carbon economy. Refer to [Sustainable Investments and Products](#);
- Assessing climate-related impacts on our businesses and investments and adjusting accordingly, while acknowledging the challenges of uncertainty and imperfect data to inform such decisions;
- Committing to continuously improving our climate-related measurement, monitoring and reporting. Refer to [Risk Management](#) and [TCFD Disclosures](#) in our 2020 Annual Report;

- Focusing on reducing climate impact and strengthening the resilience of our own operations around the world, as well as the properties that we own in our investment portfolio; and
- Advocating for better data and disclosures, so we can make better-informed assessments of climate-related risks.

We commit to working together across industries and with our Clients to contribute to solving this global challenge. We recognize that we don't yet have the answers to this complex topic. Our strategy will evolve over time. We will build on our experience and on external developments.

We have a goal of reducing our greenhouse gas (GHG) emissions by 30% by 2030 (based on tonnes of carbon dioxide equivalent per square foot, relative to a 2014 baseline).<sup>1</sup> This goal focuses on all emissions (Scope 1, 2 and 3) in our corporate and investment real estate portfolios. In 2019, we met our goal to reduce GHG emissions intensity 20% by 2020<sup>1</sup> relative to a 2014 baseline one year ahead of schedule.

<sup>1</sup>We use a rolling base year approach to track cumulative savings that account for acquisitions and divestments.



## ASSESSING THE RISKS

We're working to understand and address potential climate change impacts to our business overall. For example, we assess the potential effects of various climate change-related impacts on our office locations and investment properties. These include storms and flash floods. Each year, we update our business continuity plans to build in current and developing climate risks.

We review environmental risks within Sun Life's Risk Management Framework (RMF). Our RMF outlines our risk management process for how we identify, measure, manage, monitor and report current and emerging risks. Refer to our [Annual Report](#) for more details on environmental risk.

In our asset management businesses, we consider environmental, social and governance (ESG) risks as part of our investment decision-making process. ESG risks include the physical and transition risks that climate change poses. Refer to [ESG Integration](#) for details.



## TAKING ACTION ON CLIMATE CHANGE AND BEYOND

We're adapting our facilities and operations to a changing climate, including through enhanced risk management and building and infrastructure retrofits. We're partnering with building owners and property managers. Proactively, we examine ways to build climate resilience and human wellness features in our corporate and investment real estate portfolios.

We continue to drive sustainable practices around water, paper and waste management in our operations. Our aim is to be a paperless company in our internal operations by 2030. We're on the way to achieving that. We continue to improve waste diversion across our global footprint. And we're reducing the use of plastics and other materials that pose environmental problems. Water use in our operations is minimal. We've reduced use where possible; for example, we use low-flow faucets and toilets in our offices, and in some cases, recycled water.



## COMMITMENT AT ALL LEVELS OF THE ORGANIZATION

Environmental accountability is embedded in our governance structure. Refer to our [GRI Index 103-2](#) for details.

Senior-level involvement ensures proper management and engagement throughout the business. Sun Life has integrated environmental considerations in our business planning and development, as showcased in our Sustainability Plan. Our International Sustainability Council (ISC) drives the implementation of the plan. We also have a dedicated senior executive steering committee that guides our implementation of the TCFD recommendations. Melissa Kennedy, Executive Vice-President, Chief Legal Officer & Public Affairs and Executive Sponsor of Sustainability chairs both the ISC and TCFD steering committee.

Employees play an important role in reducing negative environmental effects of our offices. We engage employees on environmental matters and empower them to take green actions. We encourage this behaviour, whether they're in the workplace or working from home.



## MEASURING AND REPORTING ON OUR ENVIRONMENTAL PERFORMANCE

We commit to transparent reporting about our environmental progress and increasing our level of disclosure. We track and report on a number of key performance indicators annually (refer to [ESG Performance Tables](#)). Sun Life has disclosed its GHG emissions to the CDP since 2010. We have further expanded our disclosures by reporting in line with TCFD recommendations, in our 2020 Annual Report.

We're monitoring our environmental program, setting new targets and piloting innovative ideas to improve our overall performance. We reward performance on goals related to our GHG reduction targets and other environmental achievements. For example, objectives related to our GHG reduction target are included in a senior executive's annual incentive plan goals. Performance against these goals is a factor in determining overall compensation.

## 2020 Highlights

### MITIGATING CLIMATE IMPACTS

- Continued to work toward fully implementing TCFD recommendations. Refer to our 2020 Annual Report for our first [TCFD-aligned disclosures](#).
- Achieved carbon-neutral operations in our Basingstoke, UK office. Refer to the [Sun Life of Canada UK website](#) for more details.
- Installed a solar power plant at our Asia Service Centre in India. The plant will produce five to six percent of the location's power needs. This will reduce our environmental footprint and help us rely less on the power grid. In India, the power grid supply is not able to meet demand. As a result, additional power is typically generated through fossil fuel burning. Our solar plant effectively offsets a modest amount of generator use and provides greener energy to the grid.

## ENVIRONMENT-RELATED COMMITMENTS AND MEMBERSHIPS



<sup>2</sup>SLC Management and MFS are participating.

- Decreased GHG emissions intensity and energy use. In 2019 we had already achieved our 20% by 2020 GHG emissions intensity reduction target. That happened before lower building occupancy related to the pandemic affected our energy and emissions performance. Restrictions during the pandemic were responsible for much of the continued reductions in 2020. Our internal decision to support employees working from home for an extended time also helped.

We continued our energy savings and emission reduction programs. We also adapted to maximize savings in buildings that were empty or in use by very few people. A few highlights:

- > Decreased GHG emissions intensity<sup>3,4</sup> by 18.3% vs. 2019. We remain on track to meet our longer-term 30% by 2030 target.<sup>5-7</sup>
- > Decreased absolute GHG emissions<sup>3</sup> by 9,630 tCO<sub>2</sub>e vs. 2019.
- > Decreased energy use intensity<sup>3,8</sup> by 10.7% vs. 2019.
- > Decreased absolute energy use<sup>3</sup> by 26,563 MWh vs. 2019.

We consider 2020 environmental performance as an anomaly as reduced energy use and emissions can be attributed to factors out of our control.

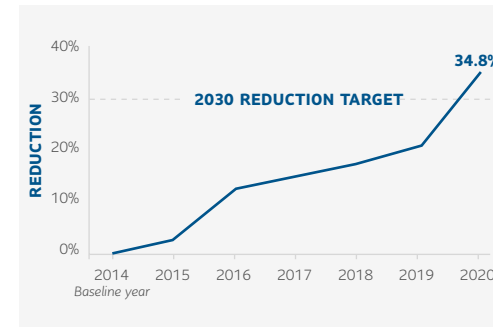
As operations begin to normalize, the pandemic response may affect our emissions in three ways:

- > increased emissions, for example through increased airflow management and HVAC requirements, in order to help keep our employees healthy through the pandemic;
- > delayed return to full building occupancy; and
- > continued flexible work-from-home capabilities.

- Experienced lower travel-related emissions, as the pandemic vastly reduced all business travel throughout most of the year. There was a 79.5% decrease in GHG emissions from corporate travel in 2020 vs. 2019. We plan to report on mileage claimed for travel in low-emission (hybrid or electric) vehicles once business travel resumes. Although some business travel will resume, the pandemic pushed us to find more ways to replace travel with virtual alternatives. We have increased our investments in virtual collaboration tools as they have been proven an effective way to work with colleagues around the globe.

- Decreased emissions per full-time employee (FTE) by 5% from 2017-2019, despite a growing workforce. In 2020, emissions per FTE decreased by 35% largely due to pandemic-related lower building occupancy.

### Pandemic-related low building occupancy led to a significant reduction in GHG emissions intensity in 2020<sup>3-7</sup>



### REDUCING WASTE

- Expanded our centralized waste diversion program to all major and regional offices in North America. Instead of using desk-side recycling bins, a centralized recycling station was set up on each floor. We ran a pilot program at one of our Toronto offices, before starting work from home measures as a result of the pandemic. The pilot increased waste diversion by 15%.

### IMPROVING CLIMATE RESILIENCE

- Built a sustainability assessment process into all aspects of our corporate real estate operations in North America. We now incorporate sustainability considerations in every step of a building's lifecycle. In 2021,

we intend to expand this process to all corporate real estate operations globally. Refer to the case study on page 44 for details.

- Provided property and asset management teams with asset-level climate adaptation plans (BentallGreenOak in partnership with RWDI). Plans included a customized climate risk assessment. BGO and RWDI developed a proprietary climate resilience tool to prepare these assessments. The tool combines industry research, on-the-ground surveying, predictive climate modelling, and adaptive algorithms. Through this work, we were able to deliver tailor-made climate action plans for 413 properties across BentallGreenOak's North American real estate investment portfolio, totaling 75 million square feet.



BentallGreenOak received the national Green Building Pioneer Award from the Canada Green Building Council. The award recognizes BentallGreenOak's innovative approach to delivering climate change resilience strategies for its commercial real estate portfolio.

<sup>3</sup> Normalized value.

<sup>4</sup> GHG emissions intensity is expressed as kilograms of carbon dioxide equivalent per square foot of real estate.

<sup>5</sup> The target calculation includes Scope 1, 2, 3 emissions from energy, water and waste (where weight data exists) for Canadian and U.S. Investment Properties, International Properties (owned from 2017 forward) and Corporate Real Estate properties >40,000 ft<sup>2</sup>. The properties included are those with greater than 75% data availability. Emissions are normalized for acquisitions, dispositions, weather, occupancy, and exceptional tenant load impacts (where data is available) so these factors do not affect progress towards the target. Sun Life's emissions used for target calculation differ from the annual absolute emissions which are calculated as per the GHG Protocol and reported on page 55. Further details on target calculation can be found in our [2020 GHG Emissions Reporting Methodology](#).

<sup>6</sup> We calculate year-over-year reductions annually. We report cumulative annual reductions since 2014 baseline.

<sup>7</sup> Reported reductions account for the purchase of renewable energy credits (RECs) and carbon offsets (net, market-based reporting).

<sup>8</sup> Energy use intensity is expressed as kilowatt-hours per square foot of real estate.



CASE STUDY

# Improving the climate resiliency of our buildings

In 2019, we conducted a property risk study at 16 of our corporate offices in North America. We identified a number of risks, with the highest-rated from weather-related impacts. In 2020, we worked on updating and/or closing these risks. Below are a few of the initiatives we completed over the year:

1. Developed **climate resiliency assessment processes** across our North American corporate real estate portfolio.
2. Set up a **risk dashboard** for each building. The dashboard will track and continuously evaluate risks.

3. Created a **risk management plan** for all North American major sites. We'll look to extend this process to our international offices starting in 2021.

We also incorporate WELL<sup>9</sup>, LEED<sup>10</sup> and BOMA BEST<sup>11</sup> requirements in new construction cases.

The work we've done is improving our preparedness and business continuity planning, along with employee safety of our buildings. We'll continue to address the physical risks of climate change to our properties. At the same time, we'll research new and innovative ways to adapt our buildings.

**This work supports our priority SDG target 13.3:**



Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

**SUSTAINABILITY CONSIDERED THROUGHOUT BUILDING LIFECYCLE**



For the tenth year in a row, the U.S. Environmental Protection Agency (EPA) awarded BentallGreenOak with the ENERGY STAR® Partner of the Year–Sustained Excellence award. This award recognizes our leadership in energy management and achievements in reducing the Company's environmental footprint.



**Key Performance**

For key performance indicators on climate change and the environment, refer to [ESG Performance Tables](#).



2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>Identify ways to further increase environmental efficiency within Sun Life operations</li> <li>Improve Sun Life's Sustainable Procurement Program</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved; initiated several eco-efficiency projects</li> <li>✓ In progress; updated Supplier Code of Conduct; added sustainability questions to all requests for proposals</li> </ul>
<ul style="list-style-type: none"> <li>Update or close risks identified in our 2019 property risk assessments</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>Achieve carbon-neutral operations globally</li> <li>Continue working to lower GHG emissions intensity<sup>4</sup> by 30% by 2030 (2014 baseline)<sup>5-7</sup></li> <li>Continue to improve Sun Life's Sustainable Procurement Program by developing a process to assess existing suppliers (deferred from 2020)</li> <li>Continue investing in virtual meeting capabilities to support a more remote workforce</li> </ul>	

<sup>4</sup> GHG emissions intensity is expressed as kilograms of carbon dioxide equivalent per square foot of real estate.

<sup>5</sup> The target calculation includes Scope 1, 2, 3 emissions from energy, water and waste (where weight data exists) for Canadian and U.S. Investment Properties, International Properties (owned from 2017 forward) and Corporate Real Estate properties >40,000 ft<sup>2</sup>. The properties included are those with greater than 75% data availability. Emissions are normalized for acquisitions, dispositions, weather, occupancy, and exceptional tenant load impacts (where data is available) so these factors do not affect progress towards the target. Sun Life's emissions used for target calculation differ from the annual absolute emissions which are calculated as per the GHG Protocol and reported on page 55. Further details on target calculation can be found in our [2020 GHG Emissions Reporting Methodology](#).

<sup>6</sup> We calculate year-over-year reductions annually. We report cumulative annual reductions since 2014 baseline.

<sup>7</sup> Reported reductions account for the purchase of renewable energy credits (RECs) and carbon offsets (net, market-based reporting).

<sup>9</sup> WELL™ – The WELL Building Standard™, delivered by International WELL Building Institute™, is a global rating focused exclusively on the ways that buildings, and everything in them, can improve comfort, drive better choices, and generally enhance, not compromise, our health and wellness.

<sup>10</sup> LEED® – an acronym for Leadership in Energy and Environmental Design™. It's a registered trademark of the U.S. Green Building Council®. The Canada Green Building Council is the sole license holder for the LEED® trademark in Canada.

<sup>11</sup> BOMA BEST Sustainable Buildings certification (BEST Sustainable Buildings in the United States) recognizes excellence in energy and environmental management and performance in commercial real estate. The Building Owners and Managers Association of Canada (BOMA Canada) manages the program and delivers it in conjunction with eleven local BOMA Associations throughout Canada.



# Risk Management

As a large insurer and asset manager, Sun Life faces a variety of risks and uncertainties. These risks range from interest rate fluctuations and cybersecurity, to emerging ones such as climate change. Identifying and mitigating these risks is critical to our competitiveness, long-term sustainability and ability to meet financial obligations to Clients.

## Our Approach

Our Risk Management Framework (RMF) is a comprehensive set of protocols and programs for conducting our business activities. The RMF spans all areas and geographies of our organization and includes:



### Our risk culture

Risk culture relates to how we behave and respond as an organization. We need to ensure we consider risk in everything we do. We have a Risk Culture Statement supported by key principles. They include tone from the top, transparency, effective challenge and communication, incentives and accountability. These principles are designed to embed a strong, unified risk culture throughout Sun Life. We encourage discussions on risk decisions and urge employees to speak up about potential concerns.



### Risk management policies

Our comprehensive suite of risk management policies and operating guidelines promote a consistent approach to managing risk exposure across Sun Life. Our Risk Appetite Policy is one example. It outlines specific constraints that define the total level of risk that Sun Life is willing to accept.



### Risk-related training

Everyone at Sun Life is responsible for identifying and managing risks when making business decisions. Our mandatory training program ensures employees are "risk ready". We educate them on how to spot, minimize and report risks that could affect our business. This training covers topics such as:

- code of conduct,
- emergency preparedness,
- health and safety,
- business continuity,
- financial crime awareness, and
- data protection.



### Management control and accountability

Our [three lines of defence model](#) outlines specific duties related to risks, oversight and reporting.

One of the ways we assess risk and the effectiveness of our internal controls is through scenario testing. Scenario testing involves making changes to a number of risk factors to assess the impact of an interaction between these risk factors. These scenarios include stress testing and reverse stress testing. These exercises analyze Sun Life's resiliency under extreme scenarios and consider the impact of a severe economic shock, a health pandemic, a cyber breach, extreme weather events, and more. Our business continuity plans consider various scenarios under which a disruption may occur. Every year, we update our business continuity plans to better integrate evolving risks and the findings of our scenario analysis.

## MANAGING ESG RISKS

Many stakeholders are increasingly interested in our exposure to environmental, social and governance (ESG)-related risks and the ways we're addressing them. Demand for climate-related disclosure, in particular, is increasing.

Climate risk mitigation and management is a priority amid the increasing threat of climate-related impacts. We continue working to better understand and address potential climate-related risks stemming from:

- Physical risk: risks related to physical impacts of climate change, including extreme weather events; and

- Transition risk: risks related to the transition to a lower-carbon economy, which includes policy, legal, technology and market changes to address the need to reduce and adapt to climate change.

We highlight some of our work in these areas in the [Climate Change and the Environment](#) section.

Sun Life supports the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations provide a framework for consistent, effective climate-related financial disclosures across industries. We're applying its recommendations to enhance our climate-related reporting (refer to 2020 Highlights on the right) and assess risks and opportunities.

We discuss other ESG-related risks in various sections of this report.

**MORE ONLINE:** 

[2020 Annual Report](#) (pages 52-77)



**Key Performance**

For key performance indicators on risk management, refer to [ESG Performance Tables](#).



## 2020 Highlights

- Continued to receive strong financial strength ratings<sup>1</sup> from AM Best, DBRS, Moody's and S&P. The drivers of our ratings include:
  - > the strength of our franchise,
  - > our strong and stable operating performance,
  - > a history of demonstrating robust capital and liquidity management, and
  - > our comprehensive and well-developed risk management framework that encompasses our diverse business, our operations in multiple jurisdictions and our investment risk.

### FINANCIAL STRENGTH RATINGS

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

<sup>1</sup>Ratings are as at Dec 31, 2020 and for Sun Life Assurance Company of Canada

- Continued to treat climate change as a top and emerging risk. Our risk teams and business leaders monitor potential impacts of climate change and related risks on our business and investments. We also engaged our executive team in deeper discussion of climate change management.
- Included our first [TCFD-aligned disclosures](#) in Sun Life's 2020 Annual Report. We've been communicating climate-related risks in our disclosures for several years. But these new disclosures in our Annual Report mark further progress on our journey to fully implementing the recommended disclosures. The disclosures help investors and other stakeholders to assess our management of potential climate-related impacts on our business.
- Actively participating in a climate scenario analysis pilot program between the Bank of Canada and the Office of the Superintendent of Financial Institutions (our regulator in Canada).

Our goal is to better understand the potential risks to the financial system of moving to a lower-carbon economy.

- Put our 'pandemic playbook' into action, to ensure we maintain key business functions and services through the COVID-19 crisis. Led by our Global Crisis Management Team, our actions included:
  - > activating local crisis management teams to identify and respond to local critical needs;
  - > restricting business travel;
  - > communicating openly with employees, advisors and Clients;
  - > implementing work-from-home requirements and tools; and
  - > preparing responses to the rapidly shifting environment.
- Ran a risk awareness campaign during Fraud Prevention Month. The campaign highlighted the growing problem of benefits fraud and how to recognize it.

#### 2020 GOALS

- Continue to work towards implementing the recommendations of the Task Force on Climate-related Financial Disclosures
- Continue to profile sustainability risks within our long-term strategic plan
- Continue to raise sustainability-related risks with executive management committees and forums

#### RESULTS

- ✓ Achieved
- ✓ Achieved – climate change considered in the Strategic Plan – Risk Profile
- ✓ Achieved – Executive Risk Committee and Risk Committee of the Board of Directors received quarterly reports on emerging and top risks including climate change. Sustainability Policy approved by the Governance, Investment & Conduct Review Committee.

#### 2021 GOALS

- Conduct additional climate change scenario analysis and stress tests with a focus on transition risk
- Continue implementing the recommendations of the Task Force on Climate-related Financial Disclosures
- Continue to profile sustainability risks and opportunities within our long-term strategic plan
- Continue to raise sustainability-related risks within executive management committees and forums



# Data Security and Privacy

In the digital age, organizations like Sun Life hold more personal information than ever before. Our Clients trust us with their information. It's critical that we take a leadership role to manage Client data safely and responsibly. Across our businesses, we use data to be more personal, predictive and proactive to help Clients reach their goals.

## Our Approach

### DATA SECURITY

Cybersecurity is a top priority for Sun Life. We continue to evolve our cyber defences, as outlined on our [security webpage](#). We're ensuring these defences are effective against the different threats that are emerging. We do this through:

- **Employee training:** Our global security awareness program teaches all employees about their security responsibilities and how to protect our Clients' data. The program includes required security training, phishing simulation tests, and regular communications. We also offer resources to help employees deliver on their responsibilities.
- **Defence-in-depth strategy:** We follow the three lines of defence model to manage security risks (refer to [Risk Management](#)). We incorporate a "defence-in-depth" strategy and use multiple control layers to protect all data. These include denial-of-service mitigation, web firewalls, intrusion monitoring, endpoint detection and response technology, anti-malware software, and encryption. We also align our security program to leading frameworks such as the Cybersecurity Framework of the National Institute of Standards and Technology. This framework outlines best practices to help organizations manage and lower their cybersecurity risks.

- **Security audits and testing:** We regularly perform security audits, scanning and testing of Sun Life's systems and practices involving Client data. Sun Life has established a team that conducts security missions to evaluate how effective our controls are and to drive operational improvements. We use security solutions that incorporate artificial intelligence and machine learning. These technologies help our security analysts to assess threats and respond to cyberattacks.

- **Security intelligence:** We use several cyber intelligence services to help us identify, assess and update our defences against the latest cyber threats. Sun Life also participates in industry committees to share intelligence and best practices for guarding against cyberattacks. Committees include: the Cyber Security Specialists Group organized by the Canadian Bankers Association, the Canadian Life and Health Insurance Association Information Security Sharing Group, and the Canadian Cyber Threat Exchange.

On a quarterly basis, we report on cyber risk and cybersecurity to the Risk Committee of the Board of Directors (the Board).

### PRIVACY

Our global privacy program is part of Sun Life's enterprise-wide risk management framework and includes various standards and processes. Our [Global Privacy Commitment](#) explains how we protect Clients' personal information in our care.

We use privacy by design in our product development. For new or changed initiatives, we conduct Privacy Impact Assessments (PIAs), which help us identify and manage risks. We also include privacy and security clauses in contracts with third parties that handle Client data.

We engage with external organizations such as the Canadian Anonymization Network (CANON) to develop best practices for building effective privacy programs. CANON promotes anonymization as a privacy-respectful way of using data for economic and socially-beneficial purposes.

All employees get annual privacy training as well as guidance through our privacy policies. This support helps them fulfill our corporate privacy commitments and understand relevant regulations.

Privacy Officers across the enterprise help our businesses make privacy-related decisions. On a quarterly basis, we report significant privacy matters to the Board.

### MANAGING DATA RESPONSIBLY

Our guiding Client Data Privacy Principles highlight our promise to Clients:

- ✓ **We use Client data to deliver on our Purpose**
- ✓ **We do not sell Client data**
- ✓ **We inform Clients about why we collect and use their data**

## 2020 Highlights

### BUILDING OUR CYBER DEFENCES

- Conducted more than 523,000 phishing simulation tests across our global workforces. We established additional learning activities for employees who failed the tests. For example, we launched an online training program available in English, French, Bahasa and Vietnamese.
- Upgraded to a new intrusion detection system. The new tool uses behavioural patterns to detect novel attacks and insider threats at an early stage. This security capability increases the accuracy of detections and reduces false positives.
- Implemented multi-factor authentication (MFA) for Clients on the sunlife.ca website. MFA strengthens the process for verifying Clients when they log in to our website.
- Promoted annual Cybersecurity Awareness Month to employees globally. We held virtual information sessions on topics including cloud security, application security, protecting the remote workforce against cyber threats, and security challenges in the wake of COVID-19.

### ENHANCING PRIVACY GOVERNANCE

- Took significant steps to embed our new Client Data Privacy Principles into our policies and guidelines. We also launched a communication and awareness campaign to help everyone at Sun Life live and breathe these principles.

- Enhanced the way we conduct PIAs for new business initiatives, including providing guidance around ethical considerations. Conducting a PIA is a strong risk management practice for identifying and mitigating privacy risks. This process generates a wealth of insights for reporting and analysis and will help us target areas for improvement.
- Engaged with Canadian governments at all levels to discuss data privacy issues. We discussed topics like open banking, innovations in health care, and digitization. We also provided our views on amendments to the federal privacy framework. We wanted to ensure that it reflected the importance of protecting the privacy of our Clients as well as all Canadians in the new data-driven economy. In addition, we actively engaged with provincial governments on proposed changes to privacy protection in their jurisdictions.
- Experienced one substantiated privacy complaint from a regulatory body in 2020. The regulator acknowledged the steps taken to resolve the complaint satisfactorily.



#### Key Performance

For key performance indicators on data security and privacy, refer to [ESG Performance Tables](#).



### CASE STUDY

## Protecting against COVID-related data attacks

The COVID-19 crisis not only spawned major health and economic impacts — it also fostered a new digital danger: malicious online attacks.

Capitalizing on uncertainty caused by the pandemic, COVID-19 related email phishing campaigns surged significantly from February to May 2020. Hackers and cybercrooks impersonated legitimate organizations and people to solicit donations, tricked users into downloading malware and more.

Sun Life's robust and advanced cybersecurity solutions ensured a stable and secure network for our Clients and employees. We used intelligence sources, automation, and web filtering to strengthen our response to high-risk COVID-19 themed phishing campaigns.

The malicious campaigns became a particular concern as many Sun Life employees shifted to working remotely. Working from home presented additional cyber security challenges for our Company, as it increased our "attack surface". For example, while video conference technology helped many Sun Life employees transition to remote work, the platform's popularity made it a target and exposed a number of security issues. Our information security and technology teams worked to address the issues identified.

#### 2020 GOALS

- |   |            |
|---|------------|
| • Use cybersecurity analytics to improve monitoring, investigation, reporting and response capabilities                                       | ✓ Achieved |
| • Continue to improve practices throughout Sun Life to embed ethical considerations in the development of innovative new digital capabilities | ✓ Achieved |
| • Begin global rollout of Sun Life's new Client Data Privacy Principles introduced in 2019  | ✓ Achieved |
| • Work with the federal and provincial governments in Canada on public policy related to data privacy, portability and innovation             | ✓ Achieved |

#### RESULTS

#### 2021 GOALS

- Streamline and adopt plain language in our public privacy statements
- Complete communication and awareness campaign and continue embedding Client Data Privacy Principles
- Leverage data from Privacy Impact Assessments for deeper analysis and enhanced reporting
- Launch improved mandatory privacy training





## Governance and Ethics

Good governance and behaviour are essential for any sustainable business. This is especially important for financial services companies like ours, which depend on public trust.

### Our Approach

Sun Life has built its business on ethics and integrity. We set strict guidelines and rules to direct the way we work. We follow them, wherever we do business.

#### CORPORATE GOVERNANCE

We're committed to best-in-class practices in corporate governance. We balance the interests of Company management, the Board of Directors (the Board), shareholders, Clients and other stakeholders. Our approach starts at the top with our Board. Ten of our eleven Board members, including the Chair of the Board, are independent. This helps to ensure that we address the long-term interests of our stakeholders. The Board strives for continuous improvement and regularly reviews its governance practices. This practice is to ensure that Sun Life stays on top of changing regulatory and market expectations.

Our Board Diversity Policy considers multiple aspects of diversity, including gender, age, ethnicity, sexual orientation, disability and geography. The Board has committed to having a minimum representation of at least 30% female directors, with an aim towards balanced gender representation.

To learn more about our diversity efforts, refer to [Diversity, Equity and Inclusion](#).

The Board also oversees our sustainability agenda – refer to [Sustainability Governance](#).

#### STRONG CULTURE

Acting ethically is the foundation of a healthy business culture. We expect everyone representing Sun Life<sup>1</sup> to behave responsibly. And we expect them to take accountability for their actions and comply with applicable laws wherever we operate. It's not just about following rules and policies. It's about doing the right thing and empowering our people to model an ethical culture.

Our [Code of Conduct](#) (the Code) sets out clear standards for proper behaviour. We have a robust framework of controls, policies and programs to support the Code and to help prevent and detect all forms of corruption. This protects our business and our Clients, and helps us meet legal and regulatory requirements.

We review the Code annually, with an in-depth review at least every three years. These reviews help us stay relevant with emerging topics and the current environment, and reflect evolving industry standards. All employees and Board members must complete annual training and a declaration of compliance with the Code.

We're committed to complying with the letter and the spirit of anti-corruption and anti-bribery laws in the countries where we operate. It's our policy to never engage in any form of bribery or corruption and to report potential violations immediately.

Our Code promotes speaking up and it outlines our commitment against retaliation. Employees and Board members are required to report all known and suspected Code breaches. Our Ethics Hotline empowers our employees to play an active role in protecting the organization. Employees can seek guidance and report misconduct anonymously. Our enterprise compliance team monitors and investigates reports to the Ethics Hotline.

<sup>1</sup> All employees, all Directors of Sun Life and their subsidiaries and controlled joint venture companies, and third parties acting on our behalf or representing us.

## RESPONSIBLE SALES AND MARKETING

The fair treatment of Clients is an integral part of our ethical culture. We, and our third-party representatives, are committed to keeping Clients top of mind. That's true for all aspects of our business operations and activities, including designing, marketing, selling and delivering our products and services. Our compensation, commission and incentive structures help encourage good sales practices. Our advertising and sales materials, including prospectuses and point of sale materials, are accurate, clear and offer full disclosure. We all have a responsibility to consider our Clients' interests at all stages of the product life cycle. We're committed to offering products and services that provide fair value.

## ADVOCACY AND PUBLIC POLICY

We engage with governments and regulators in public policy discussions to share our views and those of our Clients, employees and communities on issues relevant to our business.

We do this both directly and through our participation in industry associations, including the:

- Canadian Life and Health Insurance Association,
- American Council of Life Insurers, and
- Hong Kong Federation of Insurers.

You'll find 2020 highlights of our public policy activities throughout this report.

Wherever we operate, we comply with local lobbying laws and regulations. We're committed to being transparent about our public policy positions and activities. Our Compliance Risk Management Framework and Prevention of Bribery and Corruption Operating Guidelines, supported by our Code, set out clear rules and restrictions for engaging with politicians and government officials.



### Key Performance

For key performance indicators on governance and ethics, refer to [ESG Performance Tables](#).



## 2020 Highlights

- Achieved our gender representation goals for Board membership, with 36% women directors and 64% men directors. Also, three of our four Board committee chairs (75%) are women.
- Participated in Ontario's Capital Markets Modernization Taskforce. Melissa Kennedy, Executive Vice-President, Chief Legal Officer & Public Affairs, was one of five members who comprised the Taskforce. Its 70+ recommendations range from requiring board and executive management diversity targets and TCFD-aligned climate disclosures from public companies, to changing the Ontario Securities Commission's mandate and structure. Refer to the [Final Report](#) released in January 2021 for details.
- Held regular education sessions in conjunction with Board and Committee meetings. These sessions give directors a deeper understanding of our business and operating environment, and encourage more in-depth discussion in specific areas. Refer to the [2021 Management Information Circular](#) for a full list of education sessions completed in 2020.
- Held our 2020 Annual General Meeting virtually in light of the pandemic. This change made the meeting more accessible to shareholders and policyholders globally. They gave us positive feedback on having a greater opportunity to participate. There were more than three times the number of participants in 2020 compared to 2019.
- Proactively engaged with governments at all levels to assist in addressing the impacts of the COVID-19 pandemic. In the early days of the lockdown, for instance, our Government and Regulatory Affairs team informed public officials about the impacts our company was seeing on health-care services and the economy. We also provided suggestions on plans for a longer-term economic recovery, such as the opportunity for investment in sustainable infrastructure.
- Improved and streamlined our Code content for easier reading and comprehension. We also made the corresponding updates to our annual employee training on the Code to ensure our people understand their obligations.

2020 GOALS	RESULTS
<ul style="list-style-type: none"> <li>• Continue to target at least 30% women on our Board of Directors</li> <li>• Review and update our Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>✓ Achieved</li> <li>✓ Achieved</li> </ul>
2021 GOALS	
<ul style="list-style-type: none"> <li>• Improve accessibility of our Code of Conduct and Ethics Hotline on our website</li> <li>• Create awareness campaigns to encourage employees to speak up if they witness Code violations</li> <li>• Enhance digital services for shareholders to increase accessibility</li> <li>• Continue having a minimum representation of at least 30% women on our Board of Directors, with an aim to have balanced gender representation</li> <li>• Support the efforts of governments to address the pandemic and the economic recovery</li> </ul>	

# About this Report

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

This report focuses on the most relevant environmental, social and governance (ESG) issues that matter to our business and our stakeholders. We determined these issues through a materiality assessment conducted in 2019. Refer to [Stakeholder Engagement and Materiality](#) for more details.



## Our Process

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

- o internal subject-matter experts,
- o senior management,
- o members of our International Sustainability Council,
- o our internal Disclosure Committee, and
- o the Governance, Investment & Conduct Review Committee of our Board of Directors, which also approves the report for publication.

We did not seek an external, independent review of our full report. However, we obtained external and independent limited assurance of our Scope 1, 2 and selected Scope 3 data for our 2020 greenhouse gas (GHG) emissions, and target performance methodology. Refer to the [Assurance Statement](#) and [GHG Emissions Reporting Methodology](#) for more information.



## Sustainability Standards

We've been using the Global Reporting Initiative (GRI) framework since 2014 to guide our reporting. We've prepared this report in accordance with the GRI Standards Core option. We also report on relevant disclosure topics identified in the Insurance and Asset Management standards developed by the Sustainability Accounting Standards Board (SASB). Refer to our [GRI Index](#) and [SASB Index](#) for related disclosures.



## Report Scope

This Sustainability 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, 2020. Unless otherwise noted, we presented all information in this report as at and for the year ended December 31, 2020. 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.



## Feedback

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



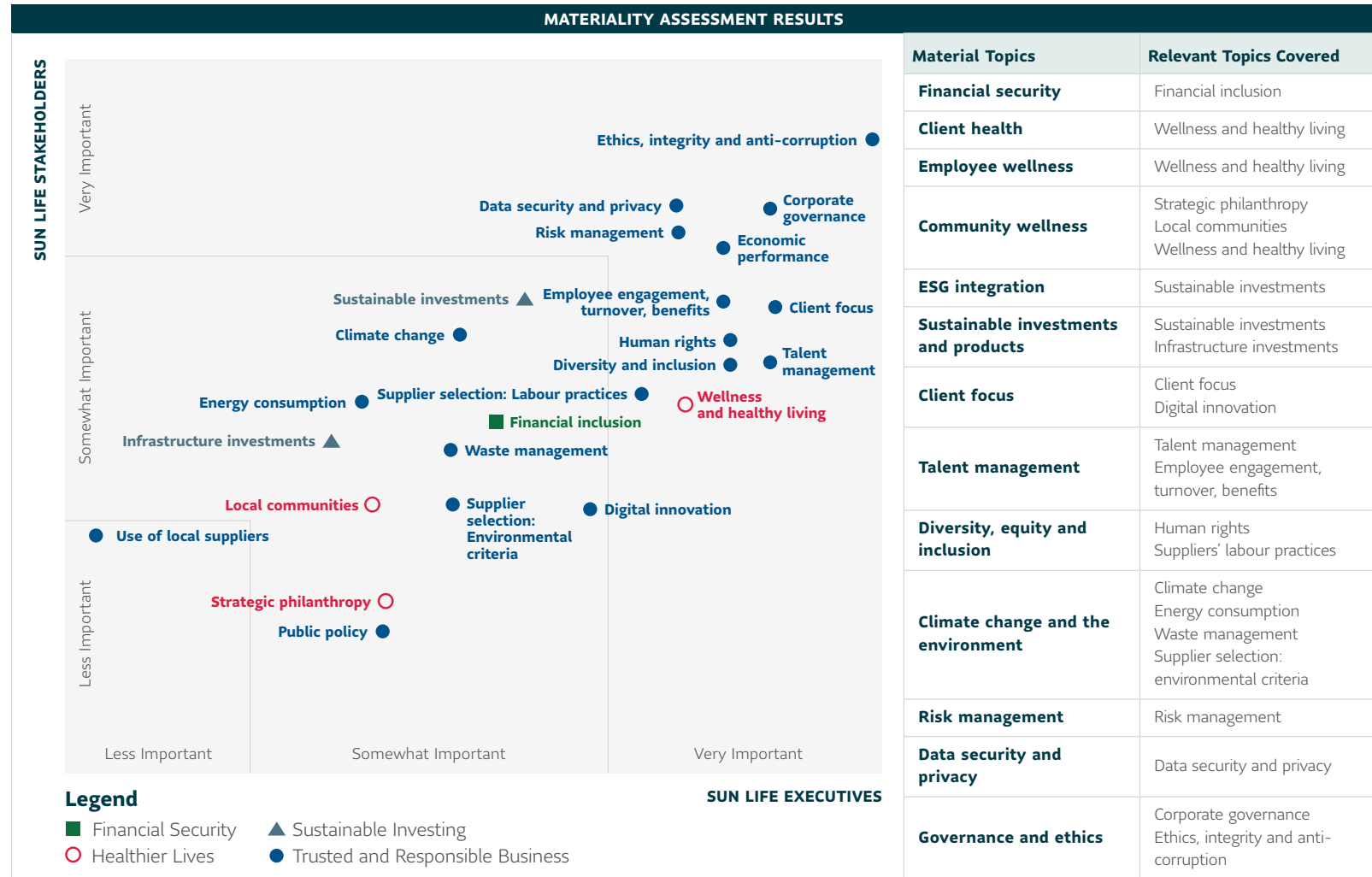
# Stakeholder Engagement and Materiality

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

We regularly engage with our stakeholders in a variety of ways. Refer to our [GRI Index](#).

Our sustainability reporting covers the ESG topics that matter most to our stakeholders. We review and evaluate these topics through a process that includes assessing our stakeholders' needs. This process ensures we're acting and reporting on the right topics. Under the Global Reporting Initiative (GRI) Standards for sustainability reporting, this overall process is called a materiality assessment. We conducted our latest materiality assessment in 2019. An independent third party managed the process, which involved three stages: topic identification, prioritization and validation.

As a result of this analysis, we identified a list of 24 ESG topics relevant to Sun Life. 12 of those topics are our most material. The matrix on the right shows the findings. In this report, we grouped some topics into broader themes, as certain topics are similar or interrelated. We plan to reassess this list again in 2021.



"Economic performance" is covered in Sun Life's Annual Report.  
 "Public policy" is a cross-cutting activity at Sun Life and therefore grouped within several other topics.  
 "Use of local suppliers" is considered low importance and therefore not discussed in our report.

# ESG Performance Tables

<b>FINANCIAL SECURITY</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of microinsurance policies issued (Asia)	<b>31,867</b>	48,463	38,284
Number of positive financial actions taken by Clients in Canada towards financial security (millions)	<b>1.2</b>	1.2	—

<b>CLIENT HEALTH</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Number of positive decisions taken by Clients in Canada towards health and wellness after a nudge from our digital coach, Ella	<b>109,200</b>	66,800	2,000
Number of Clients and their family members using Lumino Health Virtual Care in Canada	<b>523,000</b>	N/A	N/A
Number of Clients registered for the wellness rewards program in Canada	<b>20,379</b>	18,014	10,500

<b>EMPLOYEE WELLNESS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total spent on compensation and benefits (\$ millions)	<b>\$4,418</b>	\$4,046	\$3,667
Percentage of qualified employees in North America voluntarily contributing to Sun Life's defined contribution plan			
Canada	<b>86%</b>	83%	83%
Percentage eligible for auto-enrollment who did not opt out	<b>95%</b>	N/A	N/A
U.S.	<b>86%</b>	85%	81%
Percentage eligible for auto-enrollment who did not opt out	<b>96%</b>	N/A	N/A
Percentage of qualified employees in North America voluntarily contributing to Sun Life's share purchase plan:			
Canada	<b>64%</b>	62%	63%
U.S.	<b>19%</b>	16%	N/A
Absentee rate <sup>1</sup> (% of total days scheduled)	<b>4.2%</b>	4.3% <sup>2</sup>	4.3%
Data coverage (% of employees)	<b>75%</b>	74%	75%

<sup>1</sup> Total days not worked due to unplanned absence (e.g., sick days, short and long-term disability, personal emergency days) as a percentage of total planned days of work (standard work days minus scheduled or approved time off for holidays, vacation, sabbatical, study time, maternity or paternity leave, etc.).

<sup>2</sup> Number restated due to reporting error in previous year.

<b>COMMUNITY WELLNESS</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total corporate giving (\$ millions)	<b>\$18.5</b>	\$15.6	\$16.0
Sun Life	<b>\$13.8</b>	\$10.6	\$11.0
BentallGreenOak	<b>\$0.6</b>	\$0.5	\$0.5
MFS	<b>\$4.1</b>	\$4.4	\$4.5
Breakdown of Sun Life donations by focus area <sup>1</sup> (\$ millions)			
Health	<b>\$7.4</b>	\$6.6	\$6.3
Culture	<b>\$1.8</b>	\$1.8	\$2.5
Social Services	<b>\$3.5</b>	\$1.8	\$1.4
Education	<b>\$1.0</b>	\$0.5	\$0.8
Total giving to diabetes (\$ millions)	<b>\$4.5</b>	\$4.4	\$4.5
Dollars raised by employees for charities across North America (\$ millions)	<b>\$2.4</b>	\$2.3 <sup>2</sup>	—
Employee volunteer hours	<b>13,500</b>	18,000	20,900 <sup>3</sup>
Number of employees and community members that took part in walks, runs and bike rides in support of community causes	<b>17,000<sup>4</sup></b>	22,400 <sup>2</sup>	15,800 <sup>2</sup>

<sup>1</sup> Excludes BentallGreenOak, InfraRed and MFS.

<sup>2</sup> Restated to correct for rounding errors.

<sup>3</sup> Restated to correct for data omission of less than 5%.

<sup>4</sup> Cancelled or postponed events led to a decrease in participation numbers.

<b>SUSTAINABLE INVESTING</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
ESG analysis of internally managed active investment grade public corporate bond general account assets	<b>100%</b>	100%	100%
Sustainable investment AUM <sup>*1</sup> (\$ billions)	<b>\$60.1<sup>2</sup></b>	\$49.7	\$35.6
Renewable energy	<b>\$9.7</b>	\$5.2	\$5.2
Energy efficiency	<b>\$1.6</b>	\$0.6	\$0.5
Sustainable/green buildings <sup>3</sup>	<b>\$33.7</b>	\$32.5 <sup>4</sup>	\$22.0 <sup>4</sup>
Clean transportation	<b>\$1.9</b>	\$1.9	\$1.7
Sustainable water management	<b>\$0.7</b>	\$0.4	\$0.3
Access to essential services	<b>\$9.9</b>	\$7.4	\$5.0
Green, social and sustainability bonds	<b>\$2.6</b>	\$1.6 <sup>4</sup>	\$0.9 <sup>4</sup>
Square feet of green-certified space <sup>5</sup> (real estate investments in North America) (millions)	<b>22.1</b>	21.7	22.2

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

<sup>1</sup> Criteria for investments based on ICMA Green Bond Principles, ICMA Social Bond Principles, GRESB Real Estate Benchmark, and PRI Impact Investing Market Map.

<sup>2</sup> Sustainable investment AUM increased by \$10.4 billion compared to December 31, 2019, primarily driven by the acquisition of InfraRed.

<sup>3</sup> Real estate assets include investment properties, owner-occupied property and real estate in limited partnership investments.

<sup>4</sup> Restated to align with sustainable investments commitment methodology.

<sup>5</sup> Includes all certification levels for LEED, BOMA BEST and IREM.

CLIENT FOCUS	2020	2019	2018
Change in Client experience index score from previous year	<b>+3</b> (target: +2)	+2	+2
Change in Net Promoter Score from previous year	<b>+6</b>	+2	+5
Dollars paid in claims and benefits (\$ millions)	<b>\$18,307</b>	\$17,421	\$15,986
Problem resolution in Canada:			
Cases investigated by Sun Life's ombuds office	<b>146</b>	153	160
Cases investigated by an independent complaint resolution body or regulator <sup>1</sup>	<b>47</b>	45	25
Cases investigated <sup>1</sup> that resulted in a recommendation different from Sun Life's position	<b>2</b>	2	0
Problem resolution in U.S.:			
Percentage of Clients satisfied post problem resolution	<b>94%</b> (target: 90%)	85%	80%

<sup>1</sup> Represents cases investigated by OmbudService for Life and Health Insurance, Ombudsman for Banking Services and Investments, or Autorité des marchés financiers.

TALENT MANAGEMENT	2020	2019	2018
Employee engagement score	<b>89%</b>	85%	85%
Voluntary turnover rate	<b>7.2%</b>	9.8%	9.7% <sup>1</sup>
Average employee tenure (years)	<b>8.7</b>	8.4	8.1
Total invested in training and development (\$ millions)	<b>\$26<sup>2</sup></b>	\$43	\$39
Percentage of director level and above roles filled from within Sun Life	<b>68%</b>	62%	70%

<sup>1</sup> Number restated due to reporting error in previous years.

<sup>2</sup> Throughout most of 2020, external training events and conferences were cancelled because of the pandemic. This resulted in lower reported investments in training and development as compared to previous years.

RISK MANAGEMENT	2020	2019	2018
Percentage of employees who completed risk-related training modules	<b>98%</b>	<b>94%</b>	— <sup>1</sup>

<sup>1</sup> Refreshed training system to enable better tracking of data. Therefore, data from 2018 and prior is not comparable.

DATA SECURITY AND PRIVACY	2020	2019	2018
Number of substantiated privacy complaints from a regulatory body	<b>1</b>	1	0
Percentage of employees who completed Sun Life's annual information security and privacy training	<b>98%</b>	93%	— <sup>1</sup>
Number of phishing simulation tests delivered to employees and advisors	<b>523,601</b>	432,027	417,186

<sup>1</sup> Refreshed training system to enable better tracking of data. Therefore, data from 2018 and prior is not comparable.

DIVERSITY, EQUITY AND INCLUSION <sup>1</sup>	2020	2019	2018
Women (Global)	<b>59%</b>	59%	60%
Senior management (Vice-President and above) (Goal: 50% by 2025)	<b>34%</b>	35%	34%
Middle management (Assistant Vice-President and Director)	<b>47%</b>	47%	47%
Staff	<b>61%</b>	61%	62%
Underrepresented ethnicities (North America)	<b>29%</b>	28%	27%
Senior management (Goal: 25% by 2025)	<b>15%</b>	14%	12%
Middle management	<b>24%</b>	22%	21%
Staff	<b>30%</b>	29%	28%
LGBTQ2+ (North America)	<b>3%</b>	2%	2%
Persons with disabilities (North America)	<b>1%</b>	1%	1%
Indigenous (Canada)	<b>1%</b>	1%	1%
Average total compensation for women as a percentage of men <sup>2</sup> by role (Canada)			
Executives	<b>95%</b>	100%	—
Management – Seasoned Professional	<b>98%</b>	98%	—
Professional, Administrative and Operational	<b>99%</b>	99%	—
Average total compensation for women as a percentage of men <sup>2</sup> by role (U.S.)			
Executives	<b>96%</b>	—	—
Management – Seasoned Professional	<b>97%</b>	—	—
Professional, Administrative and Operational	<b>95%</b>	—	—
Percentage of employees who feel that Sun Life supports diversity in the workplace (recognizing and respecting the value of human differences) <sup>3</sup>	<b>94%</b>	—	92%
Number of employees in our inclusion networks	<b>3,500</b>	2,000	1,200

<sup>1</sup> Employee representation data based on employee voluntary self-identification. 88% of employees surveyed have provided self-identification data.

<sup>2</sup> Calculated for full-time employees only, excluding those participating in specialized incentive plans; includes base salary, annual incentives and long-term incentive grants.

<sup>3</sup> Based on employee engagement survey.

GOVERNANCE AND ETHICS	2020	2019	2018
Percentage of women on the Board	<b>36%</b>	36%	33%
Number of directors on the Board	<b>11</b>	11	12
Number of independent directors on the Board	<b>10</b>	10	11
Percentage of employees who feel Sun Life has an ethical culture <sup>1</sup>	<b>89%</b>	79%	84%
Percentage of employees who feel it is safe to speak up at Sun Life <sup>1</sup>	<b>81%</b>	75%	72%

<sup>1</sup> Based on employee engagement survey.

## ENVIRONMENT AND CLIMATE CHANGE

GLOBAL GHG EMISSIONS ASSOCIATED WITH REAL ESTATE (tCO <sub>2</sub> e)	2020	2019	2018
<b>Corporate Real Estate (Sun Life occupied space)<sup>1</sup> (market-based)</b>			
Scope 1 (Sun Life paid <sup>2</sup> natural gas, oil)	2,284	2,508	2,751
Scope 2 (Sun Life paid <sup>2</sup> electricity, steam, chilled water)	8,085	10,150	9,509
Scope 3 (water, landlord paid utilities <sup>3</sup> )	6,735	7,419	8,126
Total market-based <sup>4</sup>	17,104	20,077	20,386
Market-based emissions intensity <sup>4</sup> (kgCO <sub>2</sub> e/ft <sup>2</sup> )	3.9	4.5	4.6
<b>Real Estate Investments (Sun Life owned properties) (market-based)</b>			
Scope 1 (Sun Life paid natural gas)	16,687	19,462	19,021
Scope 2 (Sun Life paid electricity, steam, chilled water)	22,688	30,017	31,235
Scope 3 (water, waste <sup>5</sup> , tenant paid <sup>3</sup> electricity)	6,831	8,257	8,778
Total market-based <sup>4</sup>	46,206	57,736	59,034
Market-based emissions intensity <sup>4</sup> (kgCO <sub>2</sub> e/ft <sup>2</sup> )	1.7	2.2	2.3
<b>Total emissions (market-based)</b>			
Scope 1	18,971	21,970	21,773
Scope 2	30,773	40,167	40,743
Scope 3 <sup>6</sup>	13,566	15,676	16,904
Carbon offsets	-1,720	-1,617	-1,256
<b>Total net<sup>7</sup> emissions (market-based)</b>	<b>61,590</b>	<b>76,196</b>	<b>78,165</b>
<b>Overall market-based emissions intensity<sup>4</sup> (kgCO<sub>2</sub>e/ft<sup>2</sup>)</b>	<b>2.0</b>	<b>2.5</b>	<b>2.6</b>
<b>Total emissions (location-based)</b>			
Scope 1	18,971	21,970	21,773
Scope 2	34,759	41,671	42,406
Scope 3 <sup>6</sup>	14,056	16,279	17,465
<b>Total emissions (location-based)<sup>8,9</sup></b>	<b>67,786</b>	<b>79,920</b>	<b>81,644</b>

Sun Life obtained external and independent limited assurance of its Scope 1, 2 and selected Scope 3 data for its 2020 GHG emissions, and target performance methodology. Refer to the [Assurance Statement](#) and [GHG Emissions Reporting Methodology](#) for more information.

<sup>1</sup> Some corporate real estate offices are located in Real Estate Investment properties. Energy/water/emissions are counted under only one of the Real Estate Investment or Corporate Real Estate portfolios total emissions to avoid double-counting.

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

<sup>3</sup> Scope 3 emissions related to utilities for Corporate Real Estate where utility bills are paid by the landlord are prorated for Sun Life's share of the building's total gross leasable area and Real Estate Investment properties only include consumption where there is submetering. Scope 3 emissions from utilities that are directly billed to third party is excluded from reporting as it is considered outside of Sun Life's financial control.

<sup>4</sup> Market-based electricity emissions reflect contractual instruments implemented with respect to electricity purchases, i.e. renewable energy credits (RECs).

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

GLOBAL ENERGY USE ASSOCIATED WITH REAL ESTATE (eMWh)	2020	2019	2018
<b>Corporate Real Estate (Sun Life occupied space)<sup>1</sup></b>			
Heating fuels			
Natural gas	24,325	26,132	27,797
Distillate oil	102	128	160
Steam	2,799	3,277	3,175
Total heating fuel use	27,226	29,538	31,133
Chilled water use	295	379	460
Electricity			
Standard grid electricity	51,709	60,142	61,457
Renewable electricity purchases	2,967	3,471	3,768
Total electricity use	54,676	63,613	65,225
Total energy use	82,197	93,529	96,817
Energy use intensity (ekWh/ft <sup>2</sup> )	18.6	21.2	21.9
<b>Real Estate Investments (Sun Life owned properties)</b>			
Heating fuels			
Natural gas	90,150	105,222	102,812
Distillate oil	0	0	0
Steam	1,150	1,422	1,394
Total heating fuel use	91,300	106,644	104,206
Chilled water use	230	269	250
Electricity			
Standard grid electricity	115,795	141,470	143,919
Renewable electricity purchases	28,419	21,634	22,761
Total electricity use	144,214	163,104	166,680
Total energy use	235,745	270,017	271,136
Energy use intensity (ekWh/ft <sup>2</sup> )	8.8	10.2	10.6
<b>Total energy use</b>	<b>317,942</b>	<b>363,546</b>	<b>367,953</b>
<b>Overall energy use intensity (kWh/ft<sup>2</sup>)</b>	<b>10.2</b>	<b>11.8</b>	<b>12.3</b>

Refer to additional notes on page 56.

<sup>6</sup> The portion of emissions associated with landlord paid utilities for Corporate Real Estate and sub metered tenant paid electricity for Real Estate Investments (sources included in the assurance process) is reported as Scope 3. In 2020, the location-based emissions related to these sources was 7,292 tCO<sub>2</sub>e and market-based emissions related to these sources was 6,782 tCO<sub>2</sub>e.

<sup>7</sup> Net emissions account for carbon offsets purchased to compensate for property emissions.

<sup>8</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>9</sup> Sun Life determines consumption based on utility bills or meter readings from third party providers. Where data is incomplete, Sun Life uses linear regression of historical consumption compared with weather data or uses a portfolio average consumption intensity to estimate consumption. The proportion of estimated location-based emissions in 2020 for the combined Corporate Real Estate and Real Estate Investments portfolio is approximately as follows: Scope 1 emissions is 20%, Scope 2 emissions is 13% and Scope 3 emissions (related to landlord-paid utilities where Sun Life is the tenant or submetered tenant-paid utilities where Sun Life is the landlord (excluding waste and water) is 34%.

<b>GHG EMISSIONS ASSOCIATED WITH CORPORATE TRAVEL (tCO<sub>2</sub>e)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Car	565	2,586	2,906
Air	1,500	7,486	8,082
Rail	2	33	36
<b>Total</b>	<b>2,067</b>	<b>10,105</b>	<b>11,023</b>

Travel emissions data accounts for corporate travel by air, rail, car rental for business purposes and employee-claimed mileage (employee-owned car travel) for Sun Life's North American operations, and by employees based in the following office locations: India, the Philippines, the United Kingdom, Hong Kong, Ireland and Vietnam.

Refer to additional notes on the right.

<b>PAPER CONSUMPTION (TONNES) IN NORTH AMERICA<sup>1</sup></b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Office paper (internal) <sup>2</sup>	103	166	202
Business forms (external) <sup>3</sup>	296	540	664
<b>Total</b>	<b>399</b>	<b>706</b>	<b>866</b>

<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.

<b>GLOBAL WATER USE ASSOCIATED WITH REAL ESTATE</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Corporate Real Estate (Sun Life occupied space)<sup>1</sup></b>			
Water use (m <sup>3</sup> )	247,498	301,542	324,515
Water use intensity (L/ft <sup>2</sup> )	56.2	68.5	73.7
<b>Real Estate Investments (Sun Life owned properties)</b>			
Water use (m <sup>3</sup> )	1,358,765	1,448,950	1,495,380
Water use intensity (L/ft <sup>2</sup> )	53.3	54.7	55.8
<b>Total water use (m<sup>3</sup>)</b>	<b>1,606,263</b>	<b>1,750,492</b>	<b>1,819,895</b>
<b>Overall water use intensity (L/ft<sup>2</sup>)</b>	<b>53.7</b>	<b>56.7</b>	<b>58.3</b>

<sup>1</sup> Some corporate real estate offices are located in Real Estate Investment properties. To avoid double-counting, water use is counted under either the Real Estate Investment or Corporate Real Estate portfolio in these cases.

Refer to additional notes on the right.

The following notes apply to GHG emissions, energy and water consumption associated with real estate, and GHG emissions associated with corporate travel, as reported on pages 55 and 56.

- GreenOak corporate offices are excluded from the 2020 reporting cycle.
- Energy, water and GHG values are calculated based on the Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard, Revised Edition from World Business Council for Sustainable Development and World Resources Institute.
- Sun Life has chosen the financial control approach for determining the organizational boundary for its GHG and energy use reporting. Properties partially owned by Sun Life are accounted for based on Sun Life's equity share in the properties.
- All GHG values are listed in tonnes of carbon dioxide equivalents (tCO<sub>2</sub>e). All energy use values are in equivalent kilowatt hours (ekWh). Both are reported for the calendar year (January 1 to December 31).

- Emission factors are taken from publicly available sources, including but not limited to National Inventory Report 1990–2018: Greenhouse Gas Sources and Sinks in Canada (Environment and Climate Change Canada);

Emissions & Generation Resource Integrated Database (eGRID) (United States Environmental Protection Agency, eGRID2018); UK Government GHG Conversion Factors for Company Reporting (GOV. UK Department for Business, Energy & Industrial Strategy).

- Global warming potentials are taken from the Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.
- Historical results have been restated to reflect property acquisitions and dispositions, updated emission factors, the addition of reporting by more Sun Life offices (for travel and energy use), and updates to historical data.
- Refer to Sun Life's [GHG Emissions Reporting Methodology](#) for more information.





Life's brighter under the sun

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# 2020