
Message from the CEO



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inspires, guides
and drives
everything we do.**

Helping Clients achieve lifetime financial security and live healthier lives has never been more meaningful and important. It's our purpose. It inspires, guides and drives everything we do.

So much has changed in the last two years. The COVID-19 pandemic's deadly toll, social justice inequities, environmental threats, and geopolitical aggressions have redefined our lives and our priorities. These pressures have weighed heavily on all of us, mentally and physically. We've felt isolated during lockdowns and seen great illness and tragic loss of life. Even as I write this letter, the world is now grappling with more tragedy and devastation with the invasion of Ukraine and the ensuing humanitarian crisis. It's my fervent hope that peace is restored quickly.

At the same time, it's been inspiring to witness the resilience and adaptability of the human spirit, which gives me hope. Nothing embodies this more than the introduction of vaccines and innovative therapies. Technology has also played a critical role in our ability to adapt by helping us stay in touch at work and in our personal lives. It has also led us to redefine the future of work at Sun Life, creating a work environment where there is flexibility and choice guided by Client and business needs.

We have been there for our Clients when they needed us most. Since March 2020, Sun Life has paid almost \$900 million to our Clients and their families in COVID-related claims. We've also been there for our communities throughout the pandemic, donating more than \$4.5 million in support of food banks, closing the gap around health inequities, and to aid vaccine distribution efforts.

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And we saw many people and companies, including Sun Life, make tangible and visible commitments to sustainability. We made net-zero greenhouse gas commitments as both an asset owner and as an asset manager in an effort to be part of the solution to climate change.

I remain hopeful that this resilience will lead to a brighter future and that we will create a more positive, sustainable, healthier world. As Nelson Mandela once said, *"I am fundamentally an optimist. Whether that comes from nature or nurture, I cannot say. Part of being optimistic is keeping one's head pointed toward the sun, one's feet moving forward."* At Sun Life we are optimistic about our future.

The Sun Life team rose to meet every challenge over the past year. We've kept our heads pointed towards the sun and kept moving forward. We rallied together, helped each other and showed great care in serving our Clients as they faced some of their greatest challenges. We found new and innovative ways to help our Clients with their financial security and to help them live healthier lives.

Having an impact on our Clients and communities

Helping our Clients **build and achieve** financial security – that incorporates wealth and asset management, health and protection solutions, and holistic advice – is core to what we do. Success is measured by impact: both financial and health outcomes. We’re also helping our Clients by increasing access to tools, support and products focused on driving positive outcomes. Here are some ways we helped our Clients in 2021.

Supporting financial outcomes



Malaysia – offering microinsurance solutions like GOLIFE, which helps Clients in underserved communities access affordable insurance.



Canada – teamed up with Conquest Planning to equip our Clients with personalized financial plans.



Asset Management – acquired Crescent Capital Group, extending SLC Management’s solutions to include alternative credit.

Supporting health outcomes



Canada – launched our online Mental Health Coach, helping group benefits Clients address mental health needs.



Philippines – GoWell Studio, an on-demand wellness initiative to help Clients access exercise programs, guided meditation and health-care awareness and education resources.



U.S. – expanded our online Dental Health Center with a dental cost estimator, videos and articles. The acquisition of DentaQuest (scheduled for completion in 2022) will position Sun Life as a leading dental benefits provider in the U.S., with a focus on supporting underserved populations to improve oral care access.

Purpose-driven business strategy

In 2021, we introduced our refreshed strategy with a focus to accelerate our priorities, drive bolder outcomes and most importantly, have greater Client Impact.

We have diversified businesses across asset management, insurance and health protection. This is what makes us truly unique. This mix of businesses will help deliver on our purpose, but also reach our ambition: to be one of the best asset management and insurance companies in the world.

Our path to win is based on a clear strategy to grow across our pillars – Asset Management, Canada, U.S. and Asia. We have four areas of focus: distribution excellence, financial discipline, digital leadership and sustainability.

We’re continuing to emphasize measures that have supported our success – excelling in distribution whether it be at Sun Life, through our best-in-class advisor channel, third-parties, or new innovative channels, combined with a prudent approach to financial discipline that includes financial performance, risk management and strong capital management.



Digital Leadership

To achieve digital leadership we are accelerating our digital capabilities, changing how we work together and thinking and acting like a digital company. Ultimately, we are focused on creating exceptional digital experiences and digital Client relationships.

The pandemic accelerated the need for digital tools and innovation to support Clients where and when they needed it. From virtual health care to new online products and services, to enhancing the ability for digital insurance applications, wealth transactions and eClaims, we made it easier for Clients to do business with us across our operations.



Digital coach, Ella, proactively nudged Canadian Clients more than 20 million times in 2021.



Canada digitally processed 93% of retail insurance applications, 83% of retail wealth transactions and 96% of group benefits health and dental claims, throughout the year.



Lumino Health website saw 1.6 million visitors.



The U.S. increased employees covered on the Sun Life + Maxwell Health platform by 70% compared to 2020.



Launched Sun Life Link in the U.S. – a portfolio of digital connection solutions creating easier interactions for plan sponsors.



In Asia, 71% of new business applications were submitted digitally in 2021.

Deepening our commitment to sustainability

If the pandemic is defining our lives at this moment, climate change will define our lifetime. 2021 was a year where Sun Life deepened its commitment to sustainability. For us, sustainability is an imperative. To keep our strategy future-focused, we appointed Sun Life's first Chief Sustainability Officer, reporting to me, with a mandate to lead company-wide actions and embed sustainable practices across our businesses.

Our drive for sustainability focuses on the areas we know best and where we can have the biggest impact – increasing financial security, fostering healthier lives and advancing sustainable investing. Last year we launched several initiatives to drive real change.

Through our General Account and SLC Management's third-party investments, we have approximately \$60 billion in sustainable investments and set a goal to invest an additional \$20 billion over the next five years. We achieved carbon neutrality across our global business operations and committed to the goal of net-zero greenhouse gas emissions by 2050 or sooner as an asset owner and manager.

Diversity, Equity & Inclusion

We continue to make progress towards our 2025 Diversity, Equity & Inclusion goals, which include gender parity at

the VP+ level and 25% of our senior leaders in North America from underrepresented communities. We're a member of the Canadian Council for Aboriginal Business and we're one of the first insurance companies in Canada to begin PAR (Progressive Aboriginal Relations) certification.

I'm proud of the positive social and environmental impact Sun Life has had and the work we've done towards our sustainability commitments. And because the work is not done, we will continue our impact and look for ways to increase it.



Delivering for shareholders

We delivered for our shareholders in 2021. Guided by our purpose, we executed on our strategic priorities and made great strides towards our ambition.

Our results are impressive, especially given they were achieved with the pandemic as a backdrop. In 2021, Reported net income was \$3.9 billion, up 64% compared to 2020. Underlying net income and underlying earnings per share increased 10% in 2021, at the top end of our medium-term objective of 8-10%.

Success was driven across the company with each business contributing to our results. 51% of our income came from wealth and asset management, SLC Management had net flows of over \$32 billion, MFS hit record AUM, Asia's wealth sales increased by more than \$4.5 billion, Canada saw growth in underlying net income of 5%, and the U.S. had record Group Benefits sales of US\$1.2 billion.

We're delivering value to our shareholders, with a 10-year Total Shareholder Return of 18.75%, compounded annually. And with the removal of government restrictions for regulated financial institutions last year, we announced a 20% increase to our common share dividend, reinforcing our commitment to provide strong returns to shareholders.

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We effectively managed capital with more than 10 strategic transactions. This included the acquisitions of PinnacleCare and Crescent Capital, our agreement to acquire DentaQuest (scheduled for completion in 2022), the IPO of our India asset management joint venture, and an increase in our investment in Bowtie, Hong Kong's first virtual insurer.

In Q3 2021, we announced a new medium-term underlying Return on equity (ROE) objective of 16%+, and for the year we trended well towards our objective, generating an underlying ROE of 15.4%.

Leadership matters

Last year, Sun Life's former President and CEO Dean Connor retired after 10 years leading the organization. Dean's legacy lives on. He is my mentor and under his leadership we put Clients at the centre of our strategy. Throughout Dean's tenure, Sun Life became known as a company with a strong strategy and even stronger execution.

Bill Anderson, Sun Life's Chair, announced in December he's retiring after his full term of 12 years on our Board, the last five as Chair. Bill has played an instrumental role charting Sun Life's path forward and delivering industry-leading returns to you, our shareholders.

Scott Powers, Chair of the Governance, Investment and Conduct Review Committee, will succeed Bill as Board Chair following our upcoming Annual Meeting in May. Scott brings an exceptional level of expertise and experience to his new role. I look forward to working with Scott as we build Sun Life for the future.



A brighter tomorrow

I'm excited about what lies ahead for Sun Life. Success means delivering on our purpose and executing on our strategy. Sustainability and digital will play important roles and our people and culture will be how we get there.

Our culture is our superpower. I'm honoured to lead a company that is empowered by passionate and engaged people. Together, we're focused on creating and embracing a future of work that is flexible, caring, and supportive of our employees' success and well-being.

We're a company that puts people first and delivers great Client experiences, with everyone united by our common purpose. We are leading with our heads turned towards the sun as we move our feet ever forward.

Sun Life's future remains bright for our Clients, employees, advisors, and for you, our shareholders, because optimism makes for a brighter tomorrow.

Thank you for your ongoing trust and confidence in Sun Life.



Kevin Strain

President & Chief Executive Officer

