

“As I reflect on 2022, I’m proud of our results and how we achieved them.”



Helping Clients achieve lifetime financial security and live healthier lives. It’s our Purpose. It’s the company’s reason for being. It connects every Sun Life employee and advisor around the world and most importantly, it drives what we do every day.

As I reflect on 2022, I’m proud of our results and how we achieved them – our dedicated people, their resilience, our inclusive and caring culture, and our focus on Clients to deliver on our Purpose.

Our 85 million Clients worldwide create an incredible opportunity, on a global scale, to deliver financial security and increase positive health outcomes and well-being. We know we play an essential role for our Clients in the areas that matter most, and we take great pride in helping them build brighter, optimistic futures for themselves and their families.

Resilience in the face of challenge

2022 highlighted our resilience. Faced with many external challenges, from economic, to geopolitical, to the COVID-19 pandemic, it was the resilience of our people and our strategy that enabled Sun Life to remain in a position of strength and deliver solid financial performance for our shareholders.

Sun Life’s reported net income for 2022 was \$3.06 billion and underlying net income was \$3.67 billion, up by 4% over the previous year. We saw strong growth in our protection and health businesses, which reinforces the importance Clients continue to place on health and financial security. While declines in global equity markets affected our asset management businesses, we are confident about their ability to perform and grow.

MFS maintained a leadership position in the U.S. retail mutual funds industry, ending the year 10th in assets under management¹¹, while SLC Management had net inflows of \$21.5 billion. We also effectively deployed capital through organic investment, selected strategic acquisitions and quarterly shareholder dividends, which were in line with our dividend payout ratio of 40 to 50%. Since November 2021, after regulator restrictions were lifted for dividend increases during the pandemic, we’ve increased our dividends by 31%.

Underlying Return on Equity (ROE) of 15.1% continues to trend towards our medium-term financial objective of 16+%. Our disciplined approach to risk and capital management, as well as our focus on capital light businesses, has served us well. Sun Life’s balance sheet remains strong with a LICAT ratio of 130% for Sun Life Financial Inc. We ended the year with \$1.33 trillion in assets under management.

These results aren’t just numbers but reflections of the promises we’re making to Clients to be there for them now, and when they need us in the future.

Delivering positive Client outcomes

Our Clients remain at the centre of everything we do. We continue to make a positive impact across all four business pillars – Asset Management, Canada, U.S. and Asia. Our focused approach allowed us to not only grow our business but to support our Clients in meaningful ways, like increasing distribution to enable greater access to our products; helping Clients navigate complex health systems and access the care they need; and developing innovative solutions and providing digital tools to create a more seamless experience.

Providing access to innovative investment solutions was a priority in our *Asset Management* businesses. We acquired a majority stake in Advisors Asset Management Inc., allowing us to bring our diversified range of alternative asset management capabilities to the U.S. high net worth market. We also announced the sale of our UK business to Phoenix Group,

which will include a strategic asset management partnership for both SLC Management and MFS.

The pandemic brought to the forefront an already concerning mental health crisis. Sun Life wants to be part of the solution. In *Canada*, we announced a \$3.7 million investment to support mental health programs for youth with the goal of improving access and expanding the reach of services and programs. Building capabilities and innovative solutions will expand access to care and support overall well-being, while helping employers manage benefits costs.

In the *U.S.* we closed our DentaQuest acquisition, the biggest in our history outside of Canada, building on our capability to be a leader in the health and benefits space. DentaQuest will transform our U.S. business into a larger, more health-care-focused organization with more than 70 per cent

of our benefits revenue coming from health care. Their focus on delivering quality oral health care to approximately 36 million Americans is helping make a difference in the lives of families in underserved markets.

With more than one billion Asians set to join the global middle class by 2030¹², *Asia* continues to represent a significant opportunity for growth. We're building quality distribution channels with new and extended bancassurance partnerships, making our products more accessible to more people. Dah Sing in Hong Kong and CIMB Niaga in Indonesia are great additions to our more than 20 quality bancassurance partnerships across seven Asian markets. Our history of execution in Asia has proven that strong bancassurance relationships coupled with high quality advisory networks provides a critical platform creating more Client impact.



Accelerating our digital journey

Future chapters of Sun Life's success will be defined by digital. Tied to our Purpose, we continue to build capabilities that create a frictionless digital experience for Clients. The goal is to build deeper digital relationships and more personalized experiences so we can better anticipate and serve our Clients' unique needs.

In Canada, we created more than 65,000 financial roadmaps for Clients last year using our Sun Life One Plan

digital tool. Having a personalized financial roadmap helps our Clients build financial confidence and provides clear steps to help them achieve lifetime financial security.

Clients are embracing digital more and more. Last year in Asia, 83% of applications were submitted digitally, up 12% from the previous year. And in Vietnam we saw a significant increase in Clients' comfort submitting claims digitally. Claims that previously took

up to two days to process can now be done in 15 minutes – benefitting our company and Clients.

We launched Sun Life Onboard in the U.S., a new, fully digital way to simplify the benefits setup process. How we "onboard" new benefits Clients is now a faster and easier digital experience for employers and their employees.



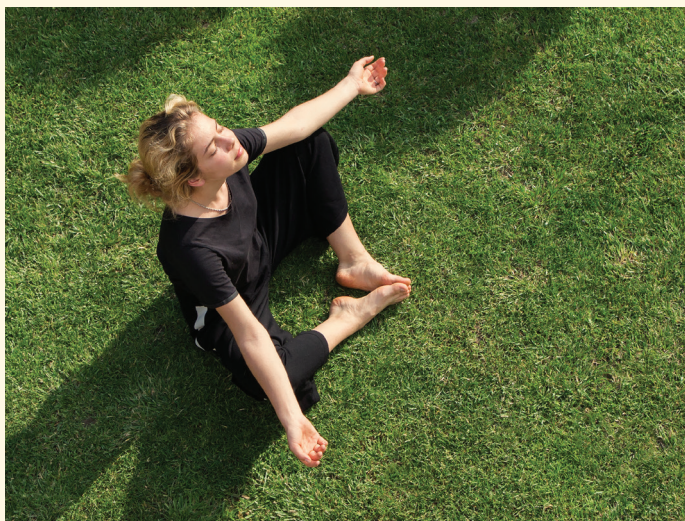
Passionate people and trusted brand

None of this happens without teams of passionate people motivated to deliver on our Purpose. Last year, I was pleased to visit many employees and advisors in person for the first time since the pandemic. I always come away energized and inspired. It's clear to me that our caring people and optimistic, Purpose-driven culture differentiates us and makes us an employer of choice for top talent.

Sun Life has been certified as a Great Place to Work® in many of our markets around the world. In the U.S., we received numerous recognitions, including being named a 2022 Top Place to Work by *The Boston Globe* for the fifth year in a row. And SLC Management was named 2022 Best Places to Work in Money Management for the third year in a row by *Pensions & Investments*.

Sun Life's recognition extends beyond being an employer of choice to being recognized as a trusted brand. For the 14th consecutive year, we're listed by Corporate Knights as one of the Global 100 Most Sustainable Corporations in the World, and this year as the top-ranked insurance company globally.

Awards are nice, but ultimately it's about our commitment to an inclusive culture. We're proud to support an environment where diversity is championed and where our people have access to resources and flexibility to support their mental, physical and professional well-being.



Being sustainability-driven

Sustainability is a shared goal. We **all** have a role to play if we are truly going to make the world a better, more sustainable place. It's why we believe in engaging everyone on this journey. We all need to do our part. Being sustainability-driven is a tremendous opportunity to nurture Client relationships, be innovative and drive real progress. It's simply the right thing to do. As part of the legacy we're creating, we're committed to embed sustainability into the actions we take and decisions we make.

Our efforts focus on where we can have the greatest impact: *increasing financial security, fostering healthier lives, and advancing sustainable investing*. This supports our reputation as a trusted and responsible business. Helping our Clients achieve financial security and health – which are at the very core of our Purpose – makes for stronger, more sustainable communities. As one of the largest asset managers

in the world, we understand our role in supporting sustainable companies through our investments.

And we're making an impact. For example, according to Diabetes Canada, one in three Canadians have diabetes or prediabetes. We've integrated our philanthropic diabetes focus into our business by increasing access to affordable insurance for Canadians living with diabetes. This includes a health and wellness solution where eligible Clients can access a specialized diabetes clinic and wellness platform with targeted content and resources. Since 2012, we've committed more than \$46 million globally to the cause.

Another great example is one of my favourite investment stories. SLC Management invested in a state-of-the-art health-care facility in Montreal that provides a wide range of health-care services and a cancer research institute. This provides tremendous

social benefit and access to much needed cancer care, positively contributing to local employment in the community. The facility also achieved LEED Gold certification demonstrating sustainable design and a high level of operating efficiency.

Sun Life is continuing to progress on its climate commitments. Our general account interim climate targets have been announced as part of our sustainability reporting. InfraRed Capital Partners, our international infrastructure investment manager, set interim targets aligned with the Net Zero Asset Managers initiative, including to have 70% of in-scope assets¹³ aligned or aligning¹⁴ by 2030. MFS set an interim target to align¹⁴ 90% of in-scope assets¹⁵ with the Net Zero Asset Managers initiative. And SLGI Asset Management Inc. set out an initial target to have 24% of total AUM¹⁶ to be net zero aligned or aligning¹⁴ by 2030.

Well-positioned for the future

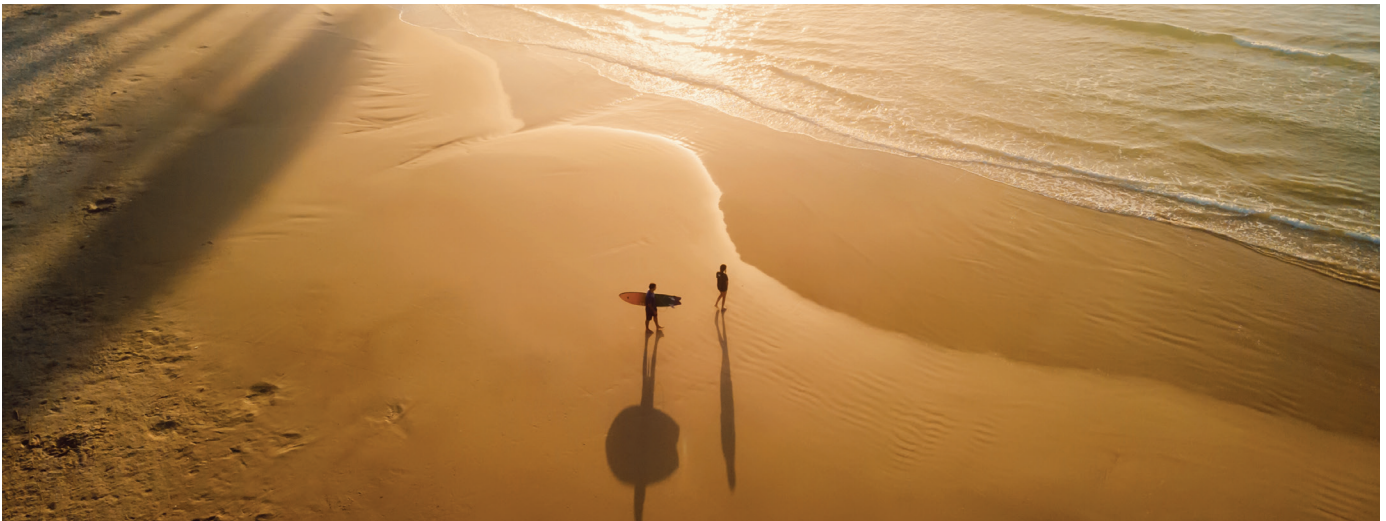
While we can't predict the year ahead, what is certain is that Sun Life will be there for our Clients and we have the resilience to deliver for our shareholders. Even in the most challenging times – whether it's inflation, interest rate volatility, geopolitical unrest or global health concerns – we're confident in our ability to navigate uncertainty. Sun Life's brand continues to represent trust, resilience and optimism.

Our ambition is *to be one of the best asset management and insurance companies in the world*. We hold a unique position of strength in both our asset management and insurance businesses to take advantage of opportunities where both sides can work together. We also have strength in the global nature of our business. This helps us better understand the world and what's happening. All of this is in support of delivering on our Purpose: *helping Clients achieve lifetime financial security and live healthier lives*.

I'll close my letter with thanks. Thank you to our Clients for trusting us with your financial security and health needs – nothing is more important. Thank you to our shareholders for your ongoing trust and support. Thank you to our people for bringing their best to work each day and delivering excellence for our Clients and partners. And finally, to our Board of Directors for the role they play in helping guide our journey.



Kevin Strain
President & Chief Executive Officer



Refer to page 213 for endnotes.