

Public Accountability Statement

2018

Sun Life
Financial
Inc.

2018 Public Accountability Statement

This report is filed as the consolidated Public Accountability Statement (PAS) for Sun Life Financial Inc., Sun Life Assurance Company of Canada and Sun Life Insurance (Canada) Limited, pursuant to the PAS regulations of the Canadian federal government (Insurance Companies Act (Canada), section 489.1(1)). It contains information regarding our subsidiaries, including Sun Life Financial Trust Inc., and pertains to our most recent fiscal year (January 1, 2018 to December 31, 2018). Unless otherwise noted, all dollar amounts are expressed in Canadian currency. In this document, unless the context requires otherwise, references to “we,” “our,” “us,” “the Company,” “Sun Life,” and “Sun Life Financial” mean Sun Life Financial Inc. and its subsidiaries; and references to “employees and advisors” refer to those of Sun Life Financial Inc. and its subsidiaries.

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Community Development and Philanthropic Activity

As a global company with connections to communities around the world, we believe we play a role in their development and sustainability. In 2018, we continued to advance this focus through our donations and sponsorships and were proud to help improve the lives of our Clients, individuals and families.

Our philanthropic support is focused on two key areas: health, through our Team Up Against Diabetes platform; and arts and culture, through our Making the Arts More Accessible™ program. Since announcing support for the cause in 2012, Sun Life has committed more than \$25 million globally in support of diabetes awareness, prevention, care and research initiatives. In 2018, Sun Life donated a total of \$11 million to community organizations across Canada, the U.S., the UK, and countries in Asia. Our principal subsidiaries contributed an additional \$4.9 million to support community organizations globally.

In Canada, in 2018, Sun Life's charitable donations supporting community organizations coast to coast totaled \$9.1 million.¹ In addition, some business units sponsor cultural, community and economic development initiatives.

Here are a few examples of our 2018 global donations and sponsorships.

¹Includes donations made by individual business units.



Sun Life Walk to Cure Diabetes for JDRF

After four years as the National Sponsor for the JDRF Walk, in 2018 Sun Life became the title sponsor of the Sun Life Walk to Cure Diabetes for JDRF. Sun Life donated \$530,000 to the organization, while 1,800 Sun Life employees and advisors across the country participated in the Walk and teamed up with JDRF to drive fundraising efforts and raise much-needed research dollars. This new partnership will continue to solidify Sun Life's already strong commitment to diabetes in Canada.

Team Up Against Diabetes Regional Grant Program

Sun Life launched a North American-wide regional grant program, which provides programmatic support through grants of up to \$100,000 each to registered charities in Canada and the U.S. focused on type 2 diabetes awareness, prevention, education and care. The program was developed to meet the needs of grassroots organizations that are seeking funding for diabetes programming in their local communities.

In 2018, Sun Life granted more than \$450,000 to seven charities, including:

- University of British Columbia, It's a Family Affair: Improving dietary habits and cooking strategies in the South Asian community to prevent type 2 diabetes;
- The Salvation Army Toronto Grace Health Centre: Providing clinical staff the training and education required to improve the quality of care provided to patients living with diabetes.
- Boston Children's Hospital: Equipping health center patients in at-risk communities with the resources necessary to address the intersecting issues of food insecurity, obesity and diabetes, through the launch of a mobile kitchen initiative.

Kansas City Royals Home Run to Health Program

For the second consecutive year, Sun Life sponsored Home Run to Health, a four-week program in partnership with the Kansas City Royals that promotes healthy choices and fitness activities aimed at improving the health of local youth. In 2018, over 120 4th and 5th graders from Eastwood Hills Elementary School in Raytown, Missouri participated in the program. Over the course of the four weeks, participants consumed over 7,500 servings of fruits and vegetables, completed over 36,000 jumping jacks, and participated in over 45,000 minutes of vigorous physical activity.

World Diabetes Day

To mark World Diabetes Day on November 14, 2018, Sun Life held a range of events across the globe to raise awareness of diabetes and to help our Clients live healthier lives.

We conducted our second annual Sun Life Financial Asia Diabetes Awareness Study in Hong Kong, the Philippines, Indonesia, Vietnam and Malaysia. The latest Study themed "Family and Diabetes" revealed that although there is an overall improvement in awareness and understanding of type 2 diabetes (from 77% in 2017 to 82% in 2018), there is a substantial gap between this understanding and the number of people actually taking preventive measures against diabetes. For example, we discovered that 90% of respondents in the region agree that diabetes screening is necessary, but only 67% have undergone diabetes screening.

During the week of World Diabetes Day, in all five countries, Sun Life published the results of the Study and hosted a range of activities to reinforce Sun Life's Purpose of helping our Clients achieve lifetime financial security and live healthier lives. For example, Sun Life Hong Kong sponsored Walk for Diabetes 2018 organized by Diabetes Hongkong, and in the Philippines, Sun Life's medical team provided free screening tests evaluating four different indicators of diabetes risk.

Arts and Culture

Sun Life Financial Musical Instrument Lending Library Program

In 2018, we continued our expansion of the award-winning Sun Life Financial Musical Instrument Lending Library program, bringing it to four additional cities in Canada – Regina, Halifax, Fredericton and St. John’s. Sun Life made a philanthropic donation of \$140,000 to each library to fund the program’s operating costs. In addition, Sun Life donated 150 instruments, including guitars, banjos, mandolins, ukuleles, violins, drums and portable keyboards, and created a series of videos to assist with the use, care and enjoyment of the instruments.

The program is putting instruments into the hands of individuals, families and communities across Canada by allowing anyone with a valid library card the ability to borrow a variety of instruments free of charge. Thanks to the Sun Life Financial Musical Instrument Lending Library program, over three million library cardholders across Canada now have access to musical instruments.

Employee Contributions

We are extremely proud of our employee and advisor volunteers who work hard to make life brighter for others in their communities. In Canada, in 2018, employees and advisors volunteered thousands of hours and donated

to their favorite charities and organizations.

In support of employee giving, Sun Life’s Matching Gifts program matches eligible donations to registered charities, including United Way, up to \$1,000 for every employee and advisor.

Sun Life Assurance Company of Canada Employee Matching Gift Contributions¹

Canada	2018
Employee contributions (#)	4,486
Employee contributions	\$1,616,943
Company match	\$633,966
Total combined donation	\$2,250,909
Registered charities supported (#)	830

¹ Contributions include Sun Life employees’ or advisors’ support of United Way.

Our Volunteer Program

In Canada, Sun Life’s volunteer program recognizes the efforts of employees and advisors who volunteer for a registered charity or humanitarian cause. Those who qualify receive \$20 per hour up to 25 hours, or \$500 per year for the charity of their choice. In 2018, our employees and advisors reported over 18,000 hours of their personal time volunteered with local charities and organizations. Sun Life is also a long-standing supporter of United Way across Canada and encourages employees and advisors to organize local campaigns in their communities.

Sun Life Assurance Company of Canada Employee Volunteer Grant Contributions

Category	Amount
Employee contributions (hours)	18,300
Company donation	\$101,587
Registered charities supported (#)	189



Sun Life Employees Give Back to Local Food Program

In 2018, more than 50 Sun Life employees volunteered with Dixon Hall’s Meals on Wheels program, which delivers a variety of nutritious food options to low-income seniors and other vulnerable populations in Toronto. Employees have been volunteering with this United Way Greater Toronto Anchor Agency for more than 33 years. In the spirit of Sun Life’s ongoing commitment to give back and enrich local communities, the group has contributed to the agency’s annual delivery of approximately 75,000 meals to community members in need.

Day of Volunteering

Sun Life U.S. hosts a day of volunteering each year. In 2018, more than 100 Sun Life employees gathered at the New England Base Camp to tackle a variety of projects to prepare the camp for the busy summer season. Employees volunteered their time to

mulch gardens, construct new picnic tables, and cleared brush to develop a new campsite. In addition to the volunteer work, Sun Life donated \$2,500 USD to the Camp so they can continue the great work to support their valuable programs and services every day.

Sun Life Foundation, Philippines Launches New Volunteer Engagement Program

In 2018, the Sun Life Foundation, Philippines launched, a volunteer engagement program that encourages employees and advisors to give back to the community by sharing their time and talent with selected beneficiaries. The program is designed as a volunteerism menu, where departments, branches, units and even individuals can choose activities to take part in.

Our employees and advisors engaged in many activities throughout the year including a visit to an orphanage for the elderly, tree planting, an exercise class to encourage healthier lives, a school cleanup, as well as a blood donation drive that gathered enough units to help more than 650 lives.

Over the year, the program garnered strong support, engaged more than 400 volunteers, and touched more than 12,000 lives in 21 locations. This was above the usual Foundation-initiated activities in which 1,500 volunteers participated, touching more than 60,000 lives.

Employees and advisors

Sun Life Financial 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. In 2018, Sun Life spent \$3.7 billion on compensation and benefits globally.

Employees in Canada¹

Province	Full-time	Part-time	Total
Alberta	558	7	565
British Columbia	404	10	414
Manitoba	43	0	43
New Brunswick	11	1	12
Newfoundland and Labrador	6	0	6
Nova Scotia	49	0	49
Ontario	7,445	113	7,558
Prince Edward Island	2	0	2
Quebec	2,083	43	2,126
Saskatchewan	23	0	23
Total	10,624	174	10,798

¹As of December 31, 2018.

Taxes paid

The taxes we pay in Canada and around the world are another measure of the way Sun Life contributes to the economies and communities in which we live, work and do business.

In 2018, in all jurisdictions where we operate, taxes paid or payable to governments totaled \$1,358 million. Of this total, \$564 million was paid or payable in income taxes; \$345 million in premium taxes and investment income taxes; and \$449 million in excise, property, payroll and other taxes. In Canada, our total taxes paid or payable amounted to \$682 million.

Sun Life Financial Inc.'s 2018 Consolidated Tax Expenses in Canada

(in thousands of dollars)

Type of tax	Income taxes*	Premium taxes and investment income taxes	Total other taxes**	Total
Federal	129,998	17,689	58,500	206,187
Provincial				
Alberta	8,307	28,510	25,217	62,034
British Columbia	8,490	28,937	16,570	53,997
Manitoba	1,332	4,563	148	6,043
New Brunswick	1,331	3,902	820	6,053
Newfoundland and Labrador	936	2,570	552	4,058
Northwest Territories	37	140	0	177
Nova Scotia	1,604	4,110	850	6,564
Nunavut	11	38	0	49
Ontario	48,716	106,476	76,300	231,492
Prince Edward Island	446	1,149	251	1,846
Quebec	12,153	40,961	40,752	93,866
Saskatchewan	2,075	7,091	133	9,299
Yukon	73	237	0	310
Total	215,509	246,373	220,093	681,975

* Income tax amounts are estimates based on information available for the year ended December 31, 2018.

** The category "Total other taxes" refers to \$98 million in property taxes, \$70 million in payroll taxes and \$52 million in sales and excise taxes.

Debt financing

as of December 31, 2018 (authorized amount in thousands of dollars)

Sun Life is committed to making debt financing available to businesses across Canada. In 2018, authorized debt financing totaled approximately \$4 billion.

Province or territory	Category	\$1,000,000 - \$4,999,999	\$5,000,000 +	Total
Alberta	Authorized Amount*	0	240,384	240,384
	Number of Clients	0	13	13
British Columbia	Authorized Amount*	11,388	691,773	703,161
	Number of Clients	4	31	35
Ontario	Authorized Amount*	22,404	2,539,413	2,561,816
	Number of Clients	7	72	79
Other provinces**	Authorized Amount*	2,377	182,121	184,498
	Number of Clients	2	8	10
Quebec	Authorized Amount*	6,086	331,392	337,478
	Number of Clients	2	15	17
Total	Authorized Amount*	42,255	3,985,083	4,027,337
	Number of Clients	15	139	154

* Authorized amount includes all new commitments for 2018.

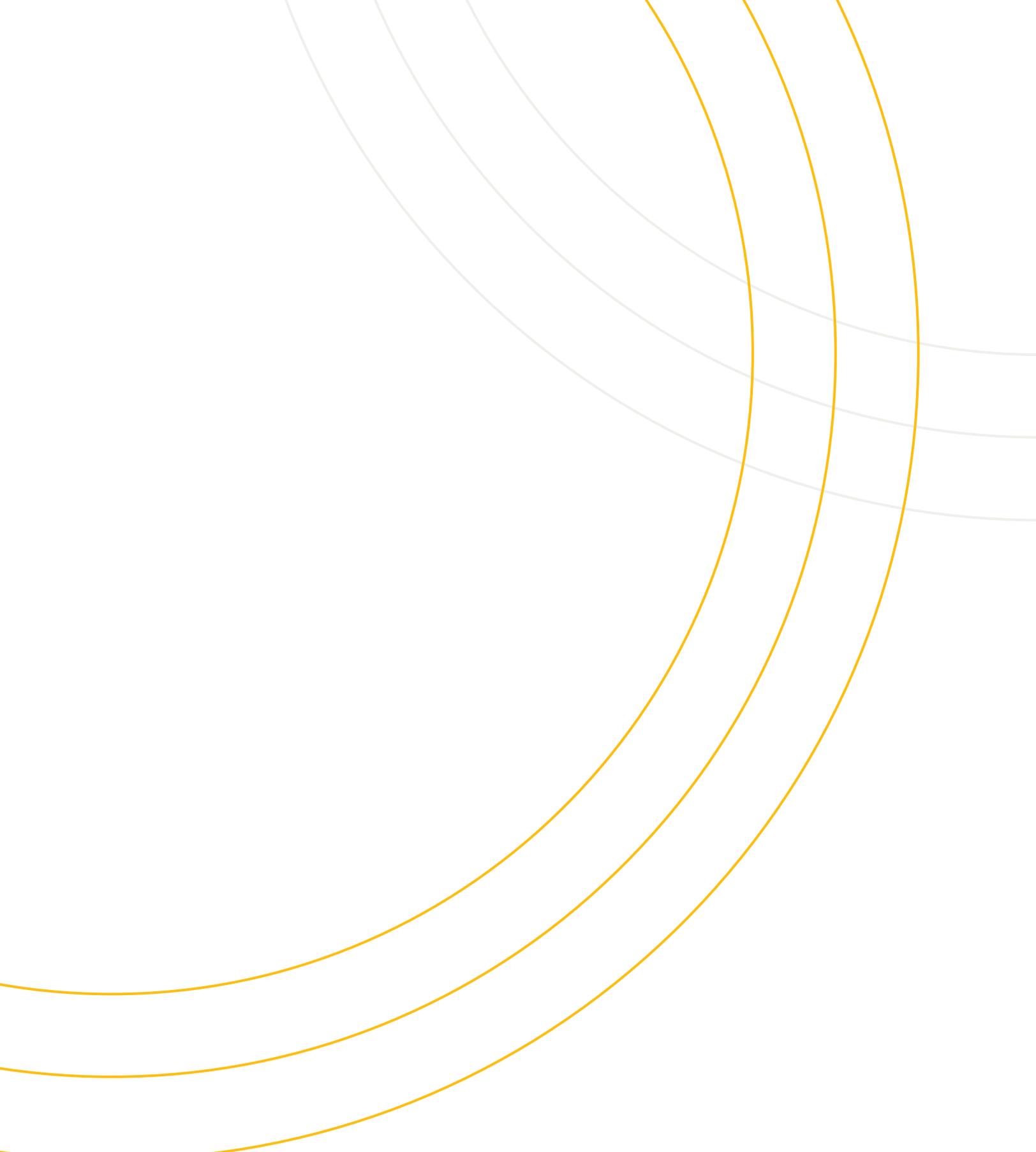
** Other provinces and territories comprises Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, Prince Edward Island, Saskatchewan, Northwest Territories, Nunavut and Yukon.

There was no activity for authorization levels \$0-\$24,999; \$25,000-\$99,999; \$100,000-\$249,999; \$250,000-\$499,999; \$500,000-\$999,999 in 2018.

Affiliates

The following is a list of principal subsidiaries of Sun Life Financial Inc. as of December 31, 2018

- Bentall Kennedy (Canada) Limited Partnership
- Bentall Kennedy (U.S.) Limited Partnership
- Massachusetts Financial Services Company
- PT. Sun Life Financial Indonesia
- Sun Life Assurance Company of Canada
- Sun Life Assurance Company of Canada (U.K.) Limited
- Sun Life Financial Distributors (Canada) Inc.
- Sun Life Financial Investment Services (Canada) Inc.
- Sun Life Financial Trust Inc.
- Sun Life Global Investments (Canada) Inc.
- Sun Life Hong Kong Limited
- Sun Life Institutional Investments (Canada) Inc.
- Sun Life Insurance (Canada) Limited
- Sun Life of Canada (Philippines), Inc.
- Sun Life Vietnam Insurance Company Limited



Life's brighter under the sun