

Sun Life Financial Inc.

Type of Engagement: Annual Review

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Engagement Team:

Anjansingh Bist, anjansingh.bist@morningstar.com

Introduction

Sun Life Financial Inc. (“Sun Life”) issued two sustainability bonds (the “2023 Sustainability Bond” and the “2024 Sustainability Bond”) between June 2023 and May 2024 (collectively the “Sustainability Bonds”)¹ and raised a total of CAD 1,250 million to finance and refinance a variety of green and socially impactful projects. In April 2025, Sun Life engaged Sustainalytics to review the projects financed with proceeds from the Sustainability Bonds (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and reporting commitments established in their respective frameworks (the “Frameworks”).² This is Sustainalytics’ second annual review of the 2023 Sustainability Bond, following a previous review in April 2024,³ and the first annual review of the 2024 Sustainability Bond in terms of allocation and reporting issued under the Frameworks.

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Sun Life’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Frameworks; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Frameworks.

¹ The Sustainability Bonds include the 2023 Sustainability Bond, which was issued in June 2023 and raised CAD 500 million with a maturity of June 2035 under the 2019 Sun Life Sustainability Bond Framework and the 2024 Sustainability Bond, which was issued in May 2024 and raised CAD 750 million with a maturity of May 2036 under the 2024 Sun Life Sustainability Bond Framework.

² The Frameworks include the 2024 Sun Life Sustainability Bond Framework at (<https://www.sunlife.com/content/dam/sunlife/regional/global-marketing/documents/com/sun-life-sustainability-bond-framework-2024-e.pdf>) which is an update of the 2019 Sun Life Sustainability Bond Framework at (https://cdn.sunlife.com/static/Global/Investors/Sun_Life_Sustainability_Bond_Framework_March_2019_FINAL-s.pdf). Sustainalytics has provided SPOs for each of the Frameworks, available <https://www.sunlife.com/content/dam/sunlife/regional/global-marketing/documents/com/sustainability-bond-framework-second-party-opinion-2024-e.pdf> which is an update of the 2019 Sun Life Sustainability Bond Framework at https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/sun-life-financial-sustainability-bond-second-party-opinion-03272019.pdf?sfvrsn=cfb16074_3

³ Sustainalytics, “Annual Review, Sun Life”, (2024), at: <https://www.sunlife.com/content/dam/sunlife/regional/global-marketing/documents/com/sustainability-bond-second-party-review-report-2023-e.pdf>

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs of the 2019 Sun Life Sustainability Bond Framework

Use of Proceeds	Eligibility Criteria	Key Performance Indicators
Renewable Energy	Investments in facilities and equipment dedicated to generation, transmission and distribution of energy from renewable sources, including: <ol style="list-style-type: none"> i. Wind ii. Solar iii. Geothermal iv. Hydro⁴ (run of river, small scale <25MW, upgrades of existing facilities or other hydro facilities subject to an ESG assessment). v. Biomass (waste or other non-food feedstock that does not deplete existing terrestrial carbon pools). 	<ul style="list-style-type: none"> • Renewable energy capacity installed (MW)
Energy Efficiency	Investments in facilities and equipment that reduce energy consumption or improve the efficiency of resources, including: <ol style="list-style-type: none"> i. Installation of energy efficient heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment. ii. Systems for capture and recycling of waste heat such as district heating and heat recovery. iii. Projects that improve efficiency in the delivery of bulk energy services such as energy storage, smart grids, demand response. iv. Projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems, sensors or building information systems. 	<ul style="list-style-type: none"> • Tonnes of greenhouse gas (GHG) emissions reduced or avoided annually (measured in tonnes of CO₂ equivalent) • Annual energy savings (MBtu)
Green Buildings	Investments in new or existing commercial or residential buildings that have received, or expect to receive based on its design, construction and operational plans, certification according to third party verified green building standards, or energy ratings such as: <ol style="list-style-type: none"> i. LEED: Platinum or Gold ii. Other equivalent certification schemes, such as BOMA BEST, ENERGY STAR 	<ul style="list-style-type: none"> • Green Building Certifications
Clean Transportation	Investments in sustainable and efficient transit infrastructure including: <ol style="list-style-type: none"> i. Rolling stock, infrastructure and vehicles for fully electric or non-motorized public transport. ii. Infrastructure dedicated to mass public transportation. 	<ul style="list-style-type: none"> • Expected vehicles/year
Access to Essential Services	Investments in facilities and equipment that enhance access to public, not-for-profit, free or subsidized essential services including: <ol style="list-style-type: none"> i. Infrastructure for hospitals, laboratories, clinics, healthcare, childcare and elder care centers. ii. Infrastructure for the provision of child, youth or adult education and vocational training services. 	<ul style="list-style-type: none"> • Number of care beds added • Number of shelter apartments added • Number of shelter beds added

Table 2: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs of the 2024 Sun Life Sustainability Bond Framework

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>Investments in facilities and equipment dedicated to generation, transmission and distribution of energy from renewable sources, including:</p> <ul style="list-style-type: none"> i. Wind ii. Solar iii. Geothermal (direct emissions intensity <100g CO₂e/kWh) iv. Hydro⁵ v. Biomass (waste or other non-food feedstock that does not deplete existing terrestrial carbon pools, compete with food production, or have links to deforestation or other ecosystem conversion and associated biodiversity loss) with direct emissions intensity <100g CO₂e/kWh) and municipal waste to energy projects. vi. Hydrogen generation facilities using renewable energy. vii. Renewables deployment and servicing enablement, distributed energy projects (e.g. microgrids, solar, and storage) and energy storage (technology agnostic). 	<ul style="list-style-type: none"> • Renewable energy capacity installed (MW) • Annual GHG emissions reduced or avoided (metric tonnes of CO₂ equivalent)
Energy Efficiency	<p>Investments in facilities and equipment that reduce energy consumption or improve the efficiency of resources, including:</p> <ul style="list-style-type: none"> i. Installation of energy efficient heating, ventilation, air conditioning, refrigeration, lighting and building envelope improvements. ii. Systems for capture and recycling of waste heat such as district heating and heat recovery. iii. Projects that improve efficiency in the delivery of bulk energy services such as energy storage and smart grids. iv. Projects that enable monitoring and optimization of the amount and timing of energy consumption such as smart meters, load control systems, demand response, sensors or building information systems. 	<ul style="list-style-type: none"> • Annual energy savings (MWh) • Annual GHG emissions reduced or avoided (metric tonnes of CO₂ equivalent)
Green Buildings	<p>Investments in new or existing commercial or residential buildings that have received, or expect to receive, based on its design, construction and operational plans, certification according to third party verified green building standards, or energy ratings such as:</p> <ul style="list-style-type: none"> i. LEED (Platinum or Gold) ii. CaGBC Zero Carbon Building Certification (Design and Performance) iii. BOMA BEST (Platinum or Gold) iv. ENERGY STAR (85 and above) 	<ul style="list-style-type: none"> • Annual GHG emissions reduced or avoided (metric tonnes of CO₂ equivalent) • Green building certifications and certified area (square footage)

⁴ To determine if other hydroelectricity facilities > 25 MW constitute an Eligible Asset, we will assess the investment relative to our Environmental, Social and Governance (“ESG”) framework. This ESG assessment will include the location, size and any other relevant environmental and social risk factors related to the hydroelectricity facility. Our ESG assessment will be subject to review by a qualified third party

⁵ Hydro projects will meet any of the following: (1) lifecycle GHG emissions below 100gCO₂e/kWh for hydropower plants in operation before 2020 and below 50gCO₂e/kWh for hydropower plants in operation in 2020 or after, (2) power density greater than 5W/m² for hydropower plants in operation before 2020 and 10W/m for hydropower plants in operation in 2020 or after or (3) electricity generation facility is a run of river plant.

	<ul style="list-style-type: none"> v. Passive House Institute – EnerPHit vi. Toronto Green Standard Tier 2 or higher vii. BC Step Code (Step 3 or above) viii. New or existing buildings belonging to the top 15% low carbon buildings based on emission intensity in the region, as determined by a third-party assessment. 	
Clean Transportation	<p>Investments in sustainable and efficient transport and supporting infrastructure including:</p> <ul style="list-style-type: none"> i. Infrastructure dedicated to mass public transportation ii. Electric vehicles 	<ul style="list-style-type: none"> • Annual GHG emissions reduced or avoided (metric tonnes of CO₂ equivalent) • New public transportation infrastructure built (km)
Affordable Housing	<p>Investments aimed at maintaining or improving access to suitable, sustainable and affordable housing,⁶ including acquisition, repair, expansion, and/or improvement of social housing including:</p> <ul style="list-style-type: none"> i. Projects that target households with income less than 80% of area median income, or equivalent threshold, and or meet national or regional affordable housing definitions in the applicable jurisdiction. 	<ul style="list-style-type: none"> • Number of individuals or families benefiting from subsidized housing
Access to Essential Services	<p>Investments in facilities and services that enhance access to public, not-for-profit, free or subsidized essential services targeted at populations such as low-income or marginalized communities and vulnerable groups as well as the general public including:</p> <ul style="list-style-type: none"> i. Infrastructure for hospitals, laboratories, clinics, healthcare, childcare and elder care centers. ii. Infrastructure for the provision of child, youth or adult education and vocational training services. iii. Emergency or temporary shelters 	<ul style="list-style-type: none"> • Number of hospital beds • Number of families supported at any one time in emergency shelter
Socioeconomic Advancement and Empowerment	<p>Investments that support the provision of equitable access to and control over assets, services, resources and opportunities including:</p> <ul style="list-style-type: none"> i. Capital to support equity ownership by Indigenous communities. 	<ul style="list-style-type: none"> • Number of loans supporting equity ownership by Indigenous communities

Issuer’s Responsibility

Sun Life is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from the Sustainability Bonds. The work undertaken as part of this engagement included collection of documentation from Sun Life and review of said documentation to assess conformance with the Frameworks.

Sustainalytics relied on the information and the facts presented by Sun Life. Sustainalytics is not responsible nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Sun Life.

⁶ Definitions to be provided as part of project descriptions in post-issuance reporting.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁷ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Frameworks. Sun Life has disclosed to Sustainalytics that the proceeds from the Sustainability Bonds were fully allocated as of 31 December 2024.

Detailed Findings

Table 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Frameworks.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Frameworks.	Sun Life reported on at least one KPI per use of proceeds category.	None

⁷ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 4: Allocation of Proceeds from the 2023 Sustainability Bond

Use of Proceeds Category	Project Description	Project Status ⁸	Location	Allocated Amount (CAD million)
Renewable Energy	Financing for a wind farm (onshore)	Operational	Canada	22
	Financing of hydroelectric facility		Canada	31
	Financing of hydroelectric facility		Norway	26
Energy Efficiency	Installation of energy conservation measures at a US government lab. Energy savings are monitored and verified throughout life of investment.	Under construction	US	26
	Installation of energy conservation measures at US agency headquarters. Energy savings are monitored and verified throughout life of investment.	Under construction	US	27
Green Buildings	All electric industrial development located in a Canadian city. Property has solar arrays and is anticipated to achieve LEED Gold.	Under construction	Canada	35
	Retail mall located in the downtown area of a Canadian city that is BOMA Best Platinum certified	Operational	Canada	73
Clean Transportation	Invested in transit project for a new subway line in a major Canadian city	Under construction	Canada	61
Access to Essential Services	Financing of new long-term care homes	Under construction	Canada	87
	Providing financing for a family emergency shelter	Operational	US	14
	Providing financing for two emergency shelters in a major US city	Under construction	US	98
Total Amount Allocated				500
Total Proceeds Unallocated				0
Total Net Proceeds Raised				500

⁸ Sun Life has communicated to Sustainalytics that projects under construction have projected impacts.

Table 5: Allocation of Proceeds from the 2024 Sustainability Bond

Use of Proceeds Category	Project Description	Project Status	Location	Allocated Amount (CAD million)
Renewable Energy	Financing of multiple eligible renewable energy projects (solar, wind and storage projects)	Operational	US	182
	Financing of solar and battery storage projects		US	65
	Financing for a wind farm (onshore)		Canada	30
Energy Efficiency	Financing energy efficiency upgrades or renewable energy installations for commercial properties	Under construction	US	40
Green Buildings	Office building located in a Canadian city that is LEED Gold certified	Operational	Canada	125
	Residential building located in a Canadian city that is LEED Gold certified		Canada	35
Affordable Housing	Financing housing initiatives for households earning less than 80% of the area median income	Operational	France	70
Access to Essential Services	Providing financing for a transitional housing facility in a major US city	Under construction	US	10
	Providing financing for an emergency shelter in a major US city	Under construction	US	25
	Financing new and expanded long-term care homes	Under construction	Canada	83
Socioeconomic Advancement and Empowerment	Supporting First Nations ownership in an electricity transmission line in Canada	Operational	Canada	85
Total Amount Allocated				750
Total Proceeds Unallocated				0
Total Net Proceeds Raised				750

Appendix 2: Reported Impact

Table 6: Reported Impact from the 2023 Sustainability Bond

Use of Proceeds Category	Project Description	Project Status	Reported Impact Metric	Reported Impact
Renewable Energy	Financing for a wind farm (onshore)	Operational	Renewable energy capacity installed	41 MW
	Financing of hydroelectric facility in Canada			
	Financing of hydroelectric facility in Norway			
Energy Efficiency	Installation of energy conservation measures at a US government lab. Energy savings are monitored and verified throughout life of investment	Under construction	Annual energy savings	12,643 MBtu
	Installation of energy conservation measures at U.S. agency headquarters. Energy savings are monitored and verified throughout life of investment	Under construction	Annual GHG emissions reduced or avoided	992 tCO ₂
Green Buildings	All electric industrial development located in a Canadian city. Property has solar arrays and is anticipated to achieve LEED Gold	Under construction	Green building certification	LEED Gold
	Residential building located in a Canadian city that is LEED Gold certified	Operational	Green building certification	BOMA BEST Platinum
Clean Transportation	Invested in transit project for a new subway line in a major Canadian city	Under construction	Passenger vehicles off the road	77 per year
Access to Essential Services	Financing of new long-term care homes in a Canadian city	Under construction	Long-term care beds	204
	Providing financing for a family emergency shelter	Operational	Available shelter apartments	30
	Providing financing for two emergency shelters in a major US city	Under construction	Available shelter beds	227

Table 7: Reported Impact from the 2024 Sustainability Bond

Use of Proceeds Category	Project Description	Project Status	Reported Impact Metrics	Reported Impact
Renewable Energy	Financing of multiple renewable energy projects (solar, wind and storage projects)	Operational	Renewable energy capacity installed	199 MW
	Financing of solar and battery storage projects			
	Financing for a wind farm (onshore)			
Energy Efficiency	Financing energy efficiency upgrades or renewable energy installations for commercial properties	Under construction	Annual energy savings	1,946,925 Kwh
Green Buildings	Office building located in a Canadian city that is LEED Gold certified	Operational	Green buildings certifications	LEED Gold
	Residential building located in a Canadian city that is LEED Gold certified			
Affordable Housing	Financing housing initiatives for households earning less than 80% of the area median income	Operational	Number of individuals or families benefiting from subsidized housing	597
Access to Essential Services	Providing financing for a transitional housing facility in a major US city	Under construction	Available shelter beds	40
	Providing financing for an emergency shelter in a major US city	Under construction	Number of families supported at any one time in emergency shelter	21
	Financing new and expanded long-term care homes	Under construction	Available long term care beds	225
Socioeconomic Advancement and Empowerment	Supporting First Nations ownership in an electricity transmission line in Canada	Operational	Number of loans supporting equity ownership by indigenous communities	1

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