

Sun Life – 6th Annual Sustainability Bond Use of Proceeds Report

April 2025

Background

As of December 31, 2024, Sun Life has two outstanding Sustainability Bonds (“the Sustainability Bonds”), which include the C\$500 million Series 2023-1 Subordinated Unsecured 5.50% Fixed/Floating Debentures due 2035 (the “2023 Sustainability Bond”) and the C\$750 million Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures due 2036 (the “2024 Sustainability Bond”).

Sun Life first adopted a Sustainability Bond Framework in 2019 (the “2019 Sustainability Bond Framework”)¹. In 2024, we updated our Sustainability Bond Framework (the “2024 Sustainability Bond Framework” and, together with the 2019 Sustainability Bond Framework, the “Sustainability Bond Frameworks”)². The 2023 Sustainability Bond was issued under the 2019 Sustainability Bond Framework and the 2024 Sustainability Bond was issued under the 2024 Sustainability Bond Framework.

As noted in the Sustainability Bond Frameworks, the Frameworks address the four core components of the ICMA Green Bond Principles, the ICMA Social Bond Principles and the ICMA Sustainability Bond Guidelines and their recommendations on the use of external reviews and impact reporting.

We publish an annual use of proceeds report. This report is the sixth annual report.

Allocation of Net Proceeds

The charts below provide a breakdown of the allocated amount of net proceeds by eligible asset category, country and project type (new or existing)³ for the Sustainability Bonds⁴.

¹ Link to 2019 Sustainability Bond Framework: https://cdn.sunlife.com/static/Global/Investors/Sun_Life_Sustainability_Bond_Framework_March_2019_FINAL-s.pdf

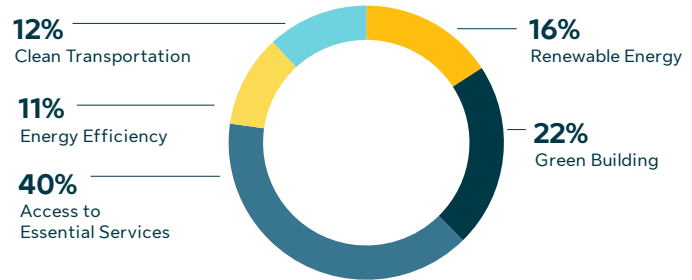
² Link to 2024 Sustainability Bond Framework: <https://www.sunlife.com/content/dam/sunlife/regional/global-marketing/documents/com/sun-life-sustainability-bond-framework-2024-e.pdf>

³ New projects are defined as those that were under development at the time of Sun Life's initial investment in the asset and existing projects are defined as those that were operational at the time of Sun Life's initial investment in the asset.

⁴ Numbers in this report may be impacted by rounding.

2023 Sustainability Bond

#1 Allocation to eligible asset categories as of December 31, 2024



#2 Allocation by country as of December 31, 2024

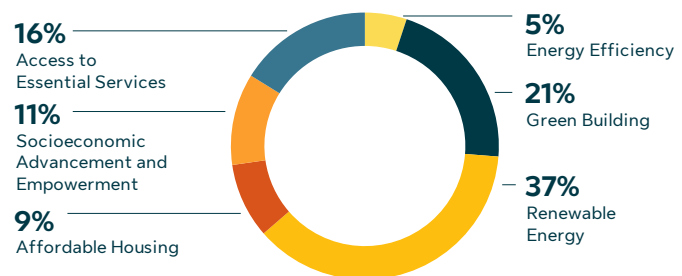


#3 Allocation to new/ existing projects as of December 31, 2024



2024 Sustainability Bond

#1 Allocation to eligible asset categories as of December 31, 2024



#2

Allocation by country

as of December 31, 2024



#3

Allocation to new/ existing projects

as of December 31, 2024



For further information on the criteria for each category of Eligible Assets – including for the categories of Clean Transportation, Renewable Energy, Energy Efficiency and Green Buildings – please see the applicable Sustainability Bond Framework.

External Review

As part of selecting the Eligible Assets for the Sustainability Bonds issuances, the assets were reviewed by an independent external party⁵ to confirm that they met the eligibility criteria of the relevant frameworks. The scope of the review included verification and confirmation that:

- i) the selected assets met the criteria for Eligible Assets as set out in the applicable Sustainability Bond Framework, and
- ii) Sun Life has reported on appropriate key performance indicators that aligned to the eligibility criteria for the relevant category of Eligible Assets, as set out in the applicable Sustainability Bond Framework.

See Appendix A for the Methodology used to develop this report.

⁵ Morningstar Sustainability, a globally-recognized provider of ESG research, ratings and data, evaluated Sun Life's Sustainability Bond Frameworks and the alignment thereof with relevant industry standards and provided views on the robustness and credibility of the Frameworks. Sun Life's 6th Annual Sustainability Bond Use of Proceeds Report Review, whether in whole or in part, shall not be construed as part of the offering, and shall not be considered as an offer or advertisement to buy a security, solicitation of votes or proxies, investment advice, expert opinion or negative assurance letter as defined by the applicable legislation.

Use of Proceeds

The net proceeds of the Sustainability Bonds have been fully allocated to Eligible Assets as defined under the applicable Sustainability Bond Framework. There are no remaining unallocated proceeds^{6 7}.

Sustainability Performance

The tables below summarize the use of proceeds for the Sustainability Bonds. Based on Sun Life's general account's share of investment in the projects⁸, we report expected impact metrics.

Table 1: Use of Proceeds – 2023 Sustainability Bond

Sun Life Sustainability Bond Category	Number of Assets	Value at December 31, 2024 (C\$M)	Expected Impact Metric ⁹	Bond's Share of Impact Metrics
Renewable Energy	3	\$ 79	Renewable energy capacity installed (MW)	41
Energy Efficiency	1	\$ 26	Annual energy savings (MMBtu)	12,643 ¹⁰
	1	\$ 27	Annual GHG emissions reduced or avoided (metric tonnes of CO ₂ e)	992 ¹⁰
Green Buildings	2	\$ 108	Green buildings certifications	LEED Gold ¹⁰ BOMA BEST Platinum
Clean Transportation	1	\$ 61	Equivalent passenger vehicles off the road (expected vehicles/yr)	77 ¹⁰
Access to Essential Services	2	\$ 87	Available long term care beds	204 ¹⁰
	1	\$ 14	Available shelter apartments	30
	2	\$ 98	Available shelter beds	227 ¹⁰
Total	13	\$ 500		

⁶ For some Eligible Assets, only a portion of Sun Life's total investment was included in the allocation.

⁷ Each year, we will review the assets that are supporting the Sustainability Bonds. As is a normal part of our business, fixed income investments may prepay sooner than expected. If this occurs, we will find an eligible substitute investment and report that change as part of the annual reporting of the Sustainability Bonds.

⁸ Sun Life's general account's share of investments in the project is based on our debt and equity investments deployed in the projects as a proportion of the projects' net book value or other measure where relevant.

⁹ There are not yet standardized and universal methodologies for calculating the impact of proceeds, and guidance and market practices in this area continue to evolve, particularly in respect of estimating avoided greenhouse gas (GHG) emissions. See the disclaimer below.

¹⁰ Projected metric for project that is in development or certification pending.

Table 2: Use of Proceeds – 2024 Sustainability Bond

Sun Life Sustainability Bond Category	Number of Assets	Value at December 31, 2024 (C\$M)	Expected Impact Metric ⁸	Bond's Share of Impact Metrics
Renewable Energy	3	\$ 277	Renewable energy capacity installed (MW)	199
Energy Efficiency	1	\$ 40	Annual energy savings (Kwh)	1,946,925 ¹⁰
Green Buildings	2	\$ 160	Green buildings certifications	LEED Gold
Affordable Housing	1	\$ 70	Number of individuals/families benefiting from subsidized housing	597
Access to Essential Services	1	\$ 10	Available shelter beds	40 ¹⁰
	1	\$ 25	Number of families supported at any one time in emergency shelter	21 ¹⁰
	3	\$ 83	Available long term care beds	225 ¹⁰
Socioeconomic Advancement and Empowerment	1	\$ 85	Number of loans supporting equity ownership by indigenous communities	1
Total	13	\$ 750		

See Appendix B for lists of Eligible Assets supporting the Sustainability Bonds. Due to provisions in non-disclosure agreements typical for transactions completed in the private markets, we do not disclose the name of individual investments.

Appendix A – Methodology

The decision on which environmental and social impact metrics to report was informed by the *Harmonized Framework for Impact Reporting*¹¹ and *Working Towards a Harmonized Framework for Impact Reporting for Social Bonds*¹² published by the International Capital Market Association in 2019 and more recently in 2023. This framework outlines core principles and performance indicators for impact reporting. Sustainability bond proceeds allocated to equity investments in the Green Buildings category are reported at “Total Cost”. Total Cost includes all initial acquisition costs in addition to investments in the relevant time periods.

For further information on the criteria used for each category of Eligible Assets, please see the 2019 Sustainability Bond Framework and the 2024 Sustainability Bond Framework, as applicable.

¹¹ International Capital Market Association, *Harmonized Framework for Impact Reporting*, June 2019 and June 2023
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>

¹² International Capital Market Association, *Working Towards a Harmonized Framework for Impact Reporting for Social Bonds*, June 2019 and June 2023
<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Framework-for-Social-Bond-Reporting-Final-06-2019-100619.pdf>
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf>

Appendix B – Assets Backing Sustainability Bonds

Table 3: 2023 Sustainability Bond

						Amount Allocated to Sustainability Bond	
Category	Link to Category	Asset	Description	Country	Sustainable Investment Description	C\$M at Dec 31, 2024	%
Renewable Energy	Investments in facilities and equipment dedicated to generation, transmission and distribution of energy from renewable sources	1	Wind farm	Canada	Financing for a wind farm located in Canada	\$22	4%
		2	Hydroelectric facility	Canada	Financing of hydroelectric facility in Canada	\$31	6%
		3	Hydroelectric facility	Norway	Financing of hydroelectric facility in Norway	\$26	5%
Energy Efficiency	Investments in facilities and equipment that reduce energy consumption or improve the efficiency of resources	4	Energy conservation at government building in the United States	United States	Installation of energy conservation measures at a US government lab. Energy savings are monitored and verified throughout life of investment.	\$26	5%
		5	Energy conservation at government building in the United States	United States	Installation of energy conservation measures at U.S. agency headquarters. Energy savings are monitored and verified throughout life of investment.	\$27	5%
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	6	Industrial building in Canada	Canada	All electric industrial development located in a Canadian city. Property has solar arrays and is anticipated to achieve LEED Gold	\$35	7%
		7	Retail building in Canada	Canada	Retail mall located in the downtown area of a Canadian city that is BOMA Best Platinum certified	\$73	15%
Clean Transportation	Investments in sustainable and efficient transit infrastructure	8	New rapid transit in Canadian city	Canada	Invested in transit project for a new subway line in a major Canadian city	\$61	12%

Access to Essential Services	Investments in facilities and equipment that enhance access to public, not-for-profit, free or subsidized essential services	9	Long term care homes in Canada	Canada	Financing of new long-term care homes in a Canadian city	\$43	9%
		10				\$44	9%
		11	Emergency shelters in US city	United States	Providing financing for three emergency shelters in a major US city	\$44	9%
		12				\$14	3%
		13				\$54	11%
		Total					

Table 1: 2024 Sustainability Bond

						Amount Allocated to Sustainability Bond	
Category	Link to Category	Asset	Description	Country	Sustainable Investment Description	C\$M at Dec 31, 2024	%
Renewable Energy	Investments in facilities and equipment dedicated to generation, transmission and distribution of energy from renewable sources	1	Mix of renewable assets	United States	Financing of multiple renewable energy projects in the United States	\$182	24%
		2	Solar and battery storage assets	United States	Financing of solar and battery storage projects in the United States	\$65	9%
		3	Wind farm	Canada	Financing for a wind farm located in Canada	\$30	4%
Energy Efficiency	Investments in facilities and equipment that reduce energy consumption or improve the efficiency of resources	4	Energy efficiency upgrades	United States	Financing energy efficiency upgrades or renewable energy installations for commercial properties	\$40	5%
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	5	Office building in Canada	Canada	Office building located in a Canadian city that is LEED Gold certified	\$125	17%
		6	Residential building in Canada	Canada	Residential building located in a Canadian city that is LEED Gold certified	\$35	5%
Affordable Housing	Investments aimed at providing access to affordable housing	7	Social housing in Europe	France	Financing housing initiatives for households earning less than 80% of the area median income	\$70	9%
Access to Essential Services	Investments in facilities and equipment that enhance access to public, not-for-profit,	8	Transitional housing in a US city	United States	Providing financing for a transitional housing facility in a major US city	\$10	1%

	free or subsidized essential services	9	Emergency shelter in a US city	United States	Providing financing for an emergency shelter in a major US city	\$25	3%
		10	Long term care homes in Canada	Canada	Financing new and expanded long-term care homes in Canada	\$30	4%
		11				\$18	2%
		12				\$35	5%
Socioeconomic Advancement and Empowerment	Investments that support the provision of equitable access to and control over assets, services, resources and opportunities	13	Electricity transmission line in Canada	Canada	Supporting First Nations ownership in an electricity transmission line in Canada	\$85	11%
Total						\$750	

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In addition, this report and our Sustainability Bond Frameworks are informed by various laws, guidelines, taxonomies, methodologies, frameworks, principles, market practices and standards (collectively, "Standards"). These Standards may change over time. If any Standards change significantly, we may need to update our Sustainability Bond Frameworks and this report, including our categories of Eligible Assets. We have also made good faith assumptions and estimates in our Sustainability Bond Frameworks and in this report, including in respect of our impact metrics and reporting. Although we believe these assumptions and estimates are reasonable, they may prove incorrect or inaccurate for reasons we cannot reasonably foresee or predict. If any of these assumptions or estimates provide incorrect, our report may be inaccurate. For this report, we also rely on data obtained from third party sources, including from our investments. Although we believe these sources are reliable, we have not independently verified the data, or assessed the assumptions underlying such data, and cannot guarantee its accuracy or completeness. The data may be of varying quality or usefulness and may change over time as Standards evolve. These factors could impact and cause us to update our Sustainability Bond Frameworks and this report.