

**PUBLIC
ACCOUNTABILITY
STATEMENT**

2017 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, 2017 to December 31, 2017). 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 2017, we continued to advance our goal of building sustainable, healthier communities where we all live and work, and through our donations and sponsorships, we 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. In 2017, Sun Life committed a total of \$11.4 million in charitable donations across Canada, the U.S., Asia and the U.K.

In Canada, in 2017, our charitable donations supporting community organizations coast to coast totaled \$8.5 million, and a further \$153,200 was allocated to sponsorships of cultural, community and economic development initiatives. Here are a few examples of our 2017 global donations and sponsorships in the area of community development that align with our business goals and priorities.

HEALTH

Diabetes Canada (*formerly the Canadian Diabetes Association*)

Sun Life once again teamed up with Diabetes Canada to support its national Diabetes Awareness Campaign in the month of November. The goal of the campaign was to increase diabetes awareness and encourage Canadians to go online and get screened for their risk of developing type 2 diabetes using the CANRISK assessment tool. Throughout November, over 111,400 Canadians completed the test. Results showed that 62% tested at medium or high risk and were encouraged to talk to their health care professional about their results.

Kansas City Royals Strikeout Diabetes and Home Run to Health youth clinic

Sun Life sponsors Strikeout Diabetes, a fundraising campaign that benefits local organizations involved in the fight against diabetes. We donated \$23 for each strikeout by a Kansas City pitcher during the 2017 regular season. The program supported JDRF Kansas City's Bag of Hope program, which generously provides a backpack full of resources and educational material for children newly diagnosed with diabetes.

We are also the exclusive sponsor of the Royals' youth clinic – Home Run to Health. In 2017, 125 local youth participated in this event at Kauffman Stadium with Royals players and members of their sports medicine staff, who led the group through exercise and health lessons. Participants tracked their progress over four weeks and were recognized at a Kansas City Royals game for their efforts.

Diabetes Month

To mark World Diabetes Day on November 14, 2017, Sun Life held a range of events across the globe to raise awareness of diabetes and to help our Clients live healthier lives.

The “Sun Life Asia Diabetes Awareness Study” was conducted in Hong Kong, Philippines, Indonesia, Vietnam and Malaysia, to demystify the disease, bridge the knowledge gap, raise public awareness and drive positive perception change towards this chronic disease. Highlights from the study included: 30% of Asian women who were pregnant in the past three years were unaware of the risk of developing gestational diabetes in pregnancy, and nearly 1 in 3 respondents in the region did not know there is more than one type of diabetes.

All five countries published the results on World Diabetes Day, with each country hosting a range of activities to reinforce Sun Life's Purpose of helping our Clients achieve lifetime financial security and live healthier lives.

ARTS AND CULTURE

Sun Life Financial Musical Instrument Lending Library program

In 2016, we launched the Sun Life Financial Musical Instrument Lending Library program in Toronto, Vancouver and Montreal. Due to its overwhelming success and in celebration of Canada's 150th birthday, we expanded the program to more cities across Canada. In 2017, the program launched in three additional public libraries in Calgary, Kitchener and Ottawa. In addition, 150 instruments were donated to each library, including guitars, ukuleles, violins, drums, xylophones and portable keyboards. 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. After each launch, all instruments were loaned out within two to seven days and success of the Sun Life Financial Musical Instrument Lending Library program continues to grow.

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 2017, employees and advisors volunteered thousands of hours and donated to their favourite charities and organizations.

In support of employee giving, Sun Life's Matching Gifts program matches eligible donations to registered charities dollar-for-dollar up to \$500 for every employee and advisor.

Sun Life Assurance Company of Canada Employee Matching Gift Contributions¹

Canada	2017
# Employee Contributions	827
Employee Contributions	\$379,979.75
Company Match	\$192,268.80
Total Combined Donation	\$572,248.55
# Registered Charities Supported	340

¹The contributions do not include Sun Life employees' or advisors' support of the United Way.

Sun Life Assurance Company of Canada Employee United Way Contributions

A long-standing supporter of the United Way across Canada, Sun Life encourages employees and advisors to organize local campaigns in their communities and matches each employee and advisor's individual donations dollar-for-dollar up to \$500.

In 2017, Sun Life Financial received the United Way Spirit Award from United Way Toronto & York Region for Best Employee Campaign in the Finance Sector and for the 14th consecutive year, the Thanks a Million Award from United Way Centraide Canada for generating over \$1 million in donations during the year across Canada. Additionally, Dean Connor, President and CEO of Sun Life Financial, led the United Way record-breaking campaign by taking on an expanded role as the United Way Toronto & York Region 2017 Campaign Chair.

Canada	2017
Employee Contributions	\$1,542,518.66
Company Match	\$783,713.44
Total Combined Donation	\$2,326,232.10

OUR VOLUNTEER PROGRAM

In Canada, Sun Life's volunteer program recognizes the efforts of employees and advisors who volunteer at least 50 hours each year for a registered charity or humanitarian cause. Those who qualify receive a \$500 cheque for the charity of their choice. In 2017, our employees and advisors reported over 29,560 volunteer hours of their personal time to local charities and organizations.

Sun Life Assurance Company of Canada Employee Volunteer Grant Contributions, 2017

Employee contributions	29,560 Hours
Company match	\$106,800
# Registered charities supported	167

Each year, we recognize the efforts of employees by identifying a National Volunteer of the Year, as well as three finalists. In 2017, we were proud to recognize Tracey Weiler as our National Volunteer of the Year, for her work teaching and mentoring students and youth. Our three finalists, Julie Gosselin, Wing Leung and Elizabeth Taylor were recognized for their commitment to encouraging participation in sport while promoting a healthy lifestyle, supporting aviation activities through educational programs and working with a charity to eliminate housing poverty across the world. The Volunteer of the Year Award gives us the opportunity to celebrate those who lead in volunteerism and their remarkable commitment to their communities. Each of their charities received a donation from Sun Life totaling \$19,000 in support.

VOLUNTEER HIGHLIGHTS

Community Care Day

Sun Life U.S. hosts a Community Care Day each year. In 2017, 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, build a new storage shed and paint new lines in the archery center. In addition to the volunteer work, Sun Life Financial also donated \$2,500 to the Camp so they can continue the great work to support its valuable programs and services every day.

Sun Life Philippines Foundation Marks 10th Anniversary

The Sun Life Foundation, Philippines marked its 10th anniversary in 2017 by collaborating with local organizations to launch several new projects focused on improving education, health and wellness and the environment. The Foundation helped 300 people from disadvantaged communities in Manila, Ifugao, Guimaras, Gilutangan Island and Cebu. It also partnered with Unilab Foundation to sponsor innovative programs that will address the health needs of communities by empowering and equipping the youth to help underserved communities.

To encourage more people to get active, the Foundation is creating a safe space for the local community to get fit and stay healthy. In Marikina City, the Philippines, the Foundation will create a linear park for wellness activities with a lighted pathway benefiting 19,000 households in the area.

To improve education opportunities for young people in disadvantaged areas, the Foundation will support over 200 students living in underserved areas in Cebu pursue their studies, provide personalized one-on-one learning sessions at home and build more schools in other areas of the Philippines including Leyte and Camarines Sur.

Sun Life Employees Give Back to Local School

In April 2017, more than 200 Group Benefits, Group Retirement Services and Sun Life Global Investments employees, leaders and their guests participated in a team-building event as part of the biennial recognition conference in Costa Rica. In the spirit of Sun Life's ongoing commitment to give back and enrich global communities, the group helped rebuild an elementary school in Guanacaste that was destroyed by a hurricane in 2016.

Contractors repaired windows, ceilings and walls, while Sun Life employees got busy painting classrooms and corridors, repairing desks and playground equipment, and planting a new vegetable garden. Friends and family of the employees prepared backpacks for the children filled with donations they brought from Canada. Murals were hand painted for the classrooms and coffee bags were decorated and sold at the souvenir shop, with proceeds going to help the school purchase supplies.

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 2017, Sun Life paid \$3.7 billion in salaries and benefits to employees worldwide.

Employees in Canada¹

	Full-time	Part-time	Total
Alberta	611	7	618
British Columbia	539	2	541
Manitoba	35	0	35
New Brunswick	10	1	11
Newfoundland and Labrador	6	0	6
Nova Scotia	52	0	52
Ontario	7,336	102	7,438
Prince Edward Island	2	0	2
Quebec	2,037	41	2,078
Saskatchewan	20	0	20
Total	10,648	153	10,801

¹As of December 31, 2017.

Employees around the world^{1,2}

Australia	25
Bermuda	59
China	2,237
Europe	18
Hong Kong	808
India	10,504
Indonesia	521
Ireland	385
Japan	31
Malaysia	553
Philippines	2,395
Singapore	27
South America	13
United Kingdom	237
United States	5,268
Vietnam	289
Total	23,370

¹Includes 12,600 employed by our Asia joint ventures.

²As of December 31, 2017.

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 2017, in all jurisdictions where we operate, taxes paid or payable to governments totaled \$1,289 million. Of this total, \$514 million was paid or payable in income taxes; \$350 million in premium taxes and investment income taxes; and \$425 million in excise, property, payroll and other taxes. In Canada, our total tax paid or payable amounted to \$527 million.

Sun Life Financial Inc.'s 2017 Consolidated Tax Expenses (in thousands of dollars) Canada

Type of tax	Income taxes*	Premium taxes and investment income taxes	Total other taxes**	Total
Federal	58,366	20,793	58,383	137,542
Alberta	1,806	26,592	23,873	52,271
British Columbia	1,729	27,360	16,324	45,413
Manitoba	246	4,321	113	4,680
New Brunswick	226	3,638	857	4,721
Newfoundland and Labrador	171	2,531	571	3,273
Northwest Territories	8	144	0	152
Nova Scotia	298	4,086	1,644	6,028
Nunavut	2	37	0	39
Ontario	7,661	95,858	79,449	182,968
Prince Edward Island	67	957	219	1,243
Quebec	2,917	40,522	37,660	81,099
Saskatchewan	365	6,842	78	7,285
Yukon	17	246	0	263
Total	73,879	233,927	219,171	526,977

* Income tax amounts are estimates based on information available for the year ended December 31, 2017.

** The category "Total other taxes" refers to \$98 million in property taxes, \$68 million in payroll taxes and \$53 million in sales and excise taxes.

Debt financing

as of December 31, 2017 (authorized amount in thousands of dollars)

Sun Life is committed to making debt financing available to businesses across Canada. In 2017, authorized debt financing totaled approximately \$3.6 billion.

		\$1,000,000 - \$4,999,999	\$5,000,000 +	Total
Alberta	Authorized Amount*	9,905	540,198	550,103
	Number of Clients	4	15	19
British Columbia	Authorized Amount*	36,025	737,859	773,884
	Number of Clients	13	30	43
Ontario	Authorized Amount*	52,174	1,651,351	1,703,525
	Number of Clients	16	62	78
Other provinces**	Authorized Amount*	3,500	108,242	111,742
	Number of Clients	1	3	4
Quebec	Authorized Amount*	0	467,270	467,270
	Number of Clients	0	11	11
Saskatchewan	Authorized Amount*	0	26,926	26,926
	Number of Clients	0	2	2
Total	Authorized Amount*	101,604	3,531,846	3,633,450
	Number of Clients	34	123	157

NOTES

* Authorized amount includes all new commitments for 2017.

** Other Provinces include Manitoba, New Brunswick, Newfoundland & Labrador, Nova Scotia, PEI, and Territories.

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 2017.

Principal subsidiaries

The following is a list of principal subsidiaries of Sun Life Financial Inc. as of December 31, 2017.

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