

Sustainability

Building a sustainable future in all our business endeavours. The term “sustainability” has a number of definitions across several contexts; all of them important. We all recognize that it means paying attention to our environmental footprint on both a business and personal level – taking action today to achieve a greener tomorrow and build a better world for our children. Beyond that, it means identifying and planning for environmental, social and governance risks and opportunities as they continually evolve. Sustainability also means addressing health and wellness issues at all ages – especially those of an aging population whose need for care will impact our economies in the future. At Sun Life, perhaps the most pertinent definition of sustainability can be found in the very nature of our business: helping people around the world protect their families and manage personal financial risks throughout their lives. Ours is a business where we make promises that last 20, 30, 40 years or more – promises we know we will be able to keep tomorrow, because of the considered and effective steps we take today.

In this section of our Public Accountability Statement, we will report on a number of our sustainability initiatives, from small scale to larger undertakings. Overall, we continued to balance local, office-by-office initiatives that collectively enabled our employees to have a considerable impact, with long-term, enterprise-wide strategies, policies and procedures, through the work of our International Sustainability Council. These are augmented by numerous initiatives in our international operations, as described on pages 21 through 26 of this report.



Photo: Tam Pham

Recognition for our efforts

As mentioned on page 2 of this report, during 2010 and into early 2011, Sun Life received eight commendations at the national, North American and global levels for our ongoing sustainability initiatives. Following are three examples:

GLOBAL 100 MOST SUSTAINABLE CORPORATIONS IN THE WORLD



We are pleased to have been listed as one of the 2011 Global 100 Most Sustainable Corporations in the World for our performance during 2010 in proactively managing social, environmental and governance issues. The Global 100 Key Performance Indicators include energy, carbon and water productivity measurements, leadership criteria, innovation and transparency. Being named to the Global

100 also recognizes our sustainability as a provider of long-term financial security for our customers. The 2011 Global 100 includes companies from 22 countries, encompassing all sectors of the economy. Sun Life was the only North American life insurance company named to the list.

FTSE4GOOD INDEX



and the London Stock Exchange to identify companies that meet globally recognized standards for environmental sustainability, social betterment, stakeholder relations and human rights protection. Sun Life has been included in the Index since its inception.

The FTSE4Good Index was launched in 2001 by the *Financial Times*

DOW JONES SUSTAINABILITY INDEXES (DJSI)



In 2010, Sun Life was selected for the fourth consecutive year as a member of the Dow Jones Sustainability Index North America. DJSI are the first global indexes tracking the financial performance of the leading sustainability-driven companies from several industry sectors worldwide.

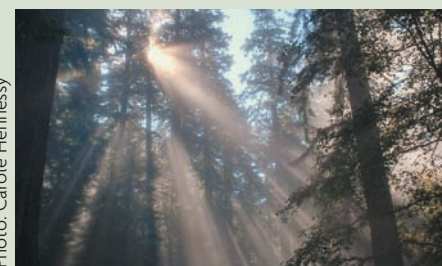


Photo: Carole Hennessy

Socially responsible products from Sun Life affiliates and subsidiaries

As a global financial services organization, the mission, vision and values of our affiliates, subsidiaries and joint venture partners, are consistent with those of Sun Life. We share a commitment to continual improvement as a sustainable organization, and to finding innovative solutions to some of the most complex challenges facing societies today. Here are three examples.



SOCIALLY RESPONSIBLE INVESTING (SRI)



Photo: Robin Solomon

McLean Budden, an affiliate of Sun Life, opened its doors in 1947 and has since grown to become one of Canada's most respected investment management companies. McLean Budden is a leader in SRI, which it also defines as *sustainable, socially conscious, or ethical* investing. McLean Budden has developed, and offers, a series of SRI funds (MB Responsible Funds), that seek to maximize both financial returns and social good by investing in companies that promote consumer protection, human rights, diversity and environmental stewardship. Responsible Funds are screened to exclude:

- companies that derive more than 10 per cent of their gross annual revenue from the manufacture and sale of tobacco products, alcoholic beverages, armaments, pornography, or from the provision of gaming facilities;

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- companies with significant operations and/or suppliers that do not adhere to local employment standards, and/or do not address the issue; and
- companies whose negative impact on the environment is greater than the average of their peers.

McLean Budden also offers customized screening for clients who wish to exclude certain companies and/or industries from their segregated (individually managed) portfolios. MB Responsible Funds address the growing importance in sustainable investing, and provide viable choices for clients who want their portfolio to reflect their own forward-thinking social and ethical values.



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)



MFS Investment Management (MFS), headquartered in Boston, dates back to 1924 with the launch of Massachusetts Investors' Trust, America's first mutual fund and a breakthrough of the era, since it opened access to stock markets for everyday investors. MFS is now a global operation with offices in major markets around the world, and has earned a reputation as one of the world's leading brands in investment management. To help its clients achieve their objectives, MFS employs an investment approach that generally focuses on companies with sustainable, long-term competitive advantages. MFS has determined that well-managed companies often achieve higher returns with less volatility over

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time than other companies. Therefore, MFS integrates environmental, social and corporate governance factors into its investment process, when those factors are consistent with its duty to help its clients achieve their investment objectives. MFS has established a Responsible Investing Committee to oversee the integration of ESG issues with its investment evaluation processes and ownership practices.



MICROINSURANCE IN INDIA



For many Indian families of limited means, a large proportion of whom live in remote rural areas of the country, the illness or death of the breadwinner – and the loss of what little income he or she earned – can be an overwhelming blow to the survivors already living in poverty and struggling to feed and educate their children. Microinsurance – small-premium, small-payout policies for the poor – can provide families with a measure of peace of mind not previously available. Birla Sun Life Insurance (BSLI), our joint venture in India, has provided microinsurance products since 2007, and has now expanded its services. Over the past two years, in an effort to ensure that the benefits of insurance can reach those who need it most, BSLI has joined forces with some of the largest non-governmental organizations (NGOs) across India to open more than 50 small offices known as Rural Bima Kendras, where rural residents can come to receive counsel and assistance with the purchase of these specially tailored microinsurance products.

Sustainability in our premises

Sun Life occupies 2.8 million square feet of office space in Canada, and we continually seek better ways to operate this space in a responsible and sustainable manner. In 2010, throughout our organization, we made advancements in energy reduction and water conservation, and achieved substantial improvements in overall waste diversion.



Specifically, at our Canadian Headquarters in Waterloo, Ontario, we expanded the organic recycling program, increased our contributions to recycling programs and improved our waste diversion (from landfill) by four per cent, for an overall diversion rate of 84 per cent for 2010. Almost 543,000 pounds of furniture and materials resulting from office renovations in Waterloo and Ottawa were donated to the Habitat for Humanity ReStore location in Waterloo, and to waste2wonder, an organization that redistributes redundant assets to good causes. Our 2010 donation to waste2wonder supported three local community services organizations in Ottawa.



Sustainability in our businesses

We are continually upgrading our business practices to include more environmentally sensitive ways of working, and to reduce our carbon footprint at every opportunity.

As an international company headquartered in Canada, we have offices in the United States, the United Kingdom and several countries throughout Asia. By linking our offices and departments with teleconferencing, videoconferencing and web conferencing technologies, we can maintain business communication without the need to travel, significantly reducing our carbon footprint.



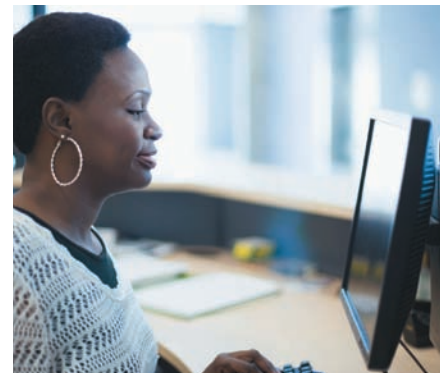
EMPLOYEE INVOLVEMENT

We continue to engage employees in sustainability issues through a series of thought-provoking articles, an online discussion forum, participation in Earth Hour, interactive Earth Week activities and the launch of a pilot sustainable community program at our Canadian Headquarters, in participation with the Region of Waterloo, Ontario.



PAPERLESS SERVICES

Our move to electronic services took a major leap forward in 2010. In every segment of our customer-facing businesses, technical innovation is gaining ground to beneficial results.



- Tens of millions of medical and dental claims are filed each year by our customers who are members of their employers' Sun Life benefit packages. With the use of e-claims and scanning technology, the paper claims process is turned into a paperless one, to the benefit of the member, sponsor and the environment.
 - Online retirement savings plan statements are replacing paper mailings, reducing the need for six million pages of paper per year, and saving the energy it takes to produce them.
 - At our U.S. operation, annual prospectuses for annuity products and funds will be delivered electronically to clients who elect "e-delivery."
 - Double-sided printing is now standard operating procedure in all Sun Life offices, resulting in a 35 per cent reduction in the amount of paper used throughout the organization.
- See "Increasing paperless claims" on page 28 in the Commitment to customers section of this report for details on a promotion to increase plan members' enrolment for electronic claims service.*

Investment in clean and renewable energy

Sun Life has been investing in clean and renewable energy for more than 27 years. In 2010, as part of our continuing involvement in this sector, we financed approximately \$270 million in six green and renewable energy projects. The portfolio also includes natural gas/cogeneration projects, which are considered environmentally preferable as they use otherwise waste heat from neighbouring industries.

DEEP-LAKE WATER COOLING

In 2010, Sun Life provided Enwave Energy Corporation with long-term debt financing. Enwave is a district energy company providing steam-based heating and deep-lake water cooling in Toronto. Enwave supplies in excess of 626 MW of steam energy to more than 140 office buildings in downtown Toronto. Unlike traditional

heating systems, steam-based heating does not generate stack pollution, refrigerant emissions or greenhouse gases. Enwave's deep-lake water cooling system is unique in North America. Cold water from Lake Ontario is used to chill water within Enwave's closed loop system through a state-of-the-art heat exchange process. Enwave's chilled water is then pumped to various large office buildings to provide cooling, thus providing a green alternative to conventional air conditioning. This district cooling system reduces electric power consumption and helps eliminate 145 tonnes of nitrogen oxide and 318 tonnes of sulphur oxide.



HYDROELECTRIC GENERATION



Hydroelectric generating is considered environmentally desirable because it often uses the natural flow of a river to activate the turbines that generate the electricity. This lowers the impact on the surrounding environment and produces one of the most long-term sustainable sources of energy available. In 2010, Sun Life invested in a development of four hydro generating sites near Kapuskasing, Ontario. The new facilities will have a total installed capacity of 20 megawatts, and will provide a new source of clean and renewable hydroelectric power.

Sustainability in our real estate

Owning a real estate portfolio for investment purposes requires Sun Life to be a socially and environmentally responsible landlord. Environmental compliance has always been a cornerstone of our real estate investment strategy. The Canadian Sun Life real estate team continues to broaden its environmental approach to encompass elements now found under the umbrella term "Sustainability." The strategy is to own a portfolio of real estate assets that have a sustainable footprint achieved through proactive management of their effects on the environment.



CERTIFICATION FOR EXISTING BUILDINGS

Our primary goal for existing buildings is to actively monitor and manage the environmental footprint of each property. In doing so, our first objective is to align ourselves with organizations in the real estate industry, such as BOMA⁶ Canada and the Canada Green Building Council, which have identified

industry best practices and developed programs to help landlords achieve optimal environmental performance. To date, 78 per cent (by market value) of Sun Life's commercial real estate has been awarded either a BOMA BEST⁷ or LEED[®] EB⁸ designation. These achievements, together with the measurement of our greenhouse gas footprint (shown on page 37),

provide our investment professionals with a benchmark from which to set new goals to help build even better environments for our occupants while minimizing the impact on our natural surroundings.

Our newest LEED[®] certification for Existing Buildings, our corporate Headquarters in Toronto, is described on the following page.

⁶ BOMA stands for Building Owners and Managers Association.

⁷ BEST stands for Building Environmental Standards.

⁸ EB stands for Existing Buildings.

[®] LEED is a registered trade-mark of the U.S. Green Building Council.

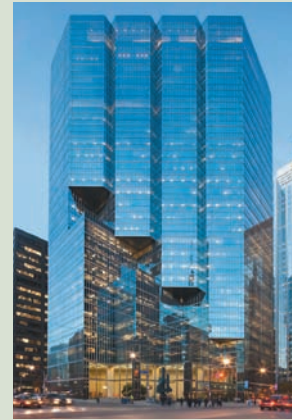
Our worldwide headquarters receives LEED® EB-O&M⁹ Gold



The renovated lobby at 150 King Street West, Toronto.



A section of one of the four “Living Walls.” Travertine from the original lobby floor being reclaimed for reuse.



Following its BOMA BEST Level 3 designation in 2009, in 2010, our worldwide headquarters, the Sun Life Financial Tower at 150 King Street West in Toronto, received a LEED® EB-O&M Gold designation

– the result of two years of physical and operational improvements. 150 King Street West is the second commercial office building in Canada to receive this designation from the Canada Green Building Council (CaGBC). Many innovative green strategies were incorporated within five environmental categories assessed by the LEED® designation committees. These include:

- **site sustainability** – close to public transit, walkable access to amenities, secure storage and showers for bicycle commuters, preferred parking for fuel-efficient vehicles;
- **water efficiency** – reductions in the use of potable water for irrigation and plumbing fixtures;
- **energy efficiency** – lighting upgrades including motion detectors, heat loss reductions and energy sourcing from renewable sources;
- **recycling and landfill diversion** of waste building materials; and
- **indoor environmental air quality** – improved fresh air distribution and use of green cleaning and maintenance procedures.

Green initiatives beyond LEED®

Among the many green initiatives incorporated in addition to those required to attain LEED® status, two special features of the Sun Life Financial Tower can be seen in its renovated lobby, shown here. Four “Living Walls” – columns clad with live, oxygen-releasing plants – act as natural air purifiers and humidifiers, and also add to the visual impact of the lobby area. As well, travertine removed from the lobby floor was reclaimed to be reused on the walls of the renovated elevator lobbies on the parking levels.

⁹ EB-O&M stands for Existing Buildings Operations and Maintenance.
[®] LEED is a registered trade-mark of the U.S. Green Building Council.

Certifications for new construction

During 2010, Sun Life received six certifications for new construction: one LEED® NC¹⁰ Gold certification, two LEED® NC Silver certifications, two LEED® certifications and one REAP¹¹ certification. We currently have a total of seven certifications for newly constructed buildings.



First Meadowvale Corporate Centre 1, Mississauga, Ontario.

This newly constructed ten-storey office tower is leased exclusively to Bank of Montreal. The bank considered only LEED® NC construction for its new premises. Documentation was submitted in 2010 for First Meadowvale Corporate Centre 1, targeting LEED® NC Gold designation. The building offers a wide range of tenant-desirable and environmentally responsible features, including:

- controlled site lighting to reduce spillover and light pollution through use of low-mercury lighting;
- a floor layout featuring 90 per cent access to exterior lighting and views;
- regionally sourced materials – 35 per cent of which were sourced within less than 800 km;
- low-flow plumbing fixtures to reduce indoor water consumption;
- low VOC (volatile organic compound) materials;
- drought-resistant planting in landscaped areas to reduce outdoor water consumption by 50 per cent; and
- a white roof to reduce heat island effect.



Tapestry at Wesbrook Village UBC (University of British Columbia).

Tapestry at Wesbrook Village UBC is a seniors' living community featuring a campus lifestyle. The development comprises 134 rental apartments and 46 condominium residences in two six-story buildings linked by an above-ground walkway and a pedestrian greenway at street level. In 2010, Tapestry at Wesbrook Village UBC earned a REAP designation for its environmental excellence.

For more information, visit www.discovertapestry.com.



Sun Life Centre, Bonafacio Global City, Manila, Philippines.

In mid-2011, the new headquarters for Sun Life's Philippines operations will be completed. The "Sun Life Centre" in Manila is scheduled to be one of the first LEED® certified (core and shell) office buildings in the Philippines, with a target of LEED® Gold. Sun Life will occupy 50 per cent of the new building, and is constructing its premises to LEED® CI¹² standards. Upon completion, occupancy and certification, this building will be the newest example of our commitment to sustainability in our global real estate portfolio.

TOTAL GHG INVENTORY (tonnes CO₂e) FOR CANADIAN REAL ESTATE

| | 2007 | 2008 | 2009 | 2010 |
|--|---------------|---------------|---------------|---------------|
| Natural gas (Scope 1) | 31,463 | 31,942 | 32,972 | 30,291 |
| Electricity and steam (Scope 2) | 56,521 | 57,896 | 57,106 | 54,107 |
| Waste and water (Scope 3) | 7,778 | 7,918 | 7,921 | 7,479 |
| Total | 95,762 | 97,757 | 97,999 | 91,878 |
| Intensity | 4.63 | 4.68 | 4.60 | 4.32 |

NOTES:

- Values are calculated based on the Greenhouse Gas Protocol of the World Resources Institute and the World Business Council for Sustainable Development (www.ghgprotocol.org).
- Sun Life has chosen the operational control approach for determining the scope of its GhG reporting. This includes all locations for which Sun Life (or its third party property managers) is directly metered and billed for energy used and where Sun Life has the ability to implement energy reduction initiatives. Joint venture properties for which Sun Life has operational control are accounted for based on percentage ownership.
- All values are tonnes of carbon dioxide equivalents (tCO₂e) reported for the calendar year (January 1st to December 31st).
- Emissions factors for natural gas and electricity are taken from the Environment Canada National Inventory Report 1990-2008 (April 2010). 2008 electricity emissions factors are applied across all years.
- Emissions factors for water are taken from the Polis Project on Ecological Governance (March 2009).
- The base-year of 2007 was chosen as the earliest period for which sufficiently complete and accurate data was available for GhG reporting. Industrial emissions for 2007 and 2008 were set to equal 2009 emissions, as data was not compiled for these years. Waste emissions for 2007 were set to equal 2008 emissions, as data was not collected for 2007. Waste data was not available for all sites.
- The impact of green power purchases is included in the results above.

¹⁰ NC stands for New Construction.

¹¹ REAP is an acronym for the Residential Environmental Assessment Programme at the University of British Columbia.

¹² CI stands for Construction Interiors.

• LEED is a registered trade-mark of the U.S. Green Building Council.