



To my Fellow Shareholders

In 2018 Sun Life continued to demonstrate strong financial performance across our four business pillars, and to maintain a balanced risk profile. Growth momentum in each of our business pillars contributed to strong performance against our medium-term financial objectives. We grew both underlying earnings per share and underlying return on equity, and increased our common share dividend by 9%.

2018 was also a year that saw several macro forces and strategic factors play out on the global stage – from significant geopolitical, market and economic uncertainty, to continued digital disruption and evolving Client expectations. We believe our Client centric strategy has been an important factor in allowing us to achieve total shareholder returns that outperformed industry peers in North America and globally on a one-, three- and five-year basis, although the absolute return for 2018 was below our long-term expectations. Your Directors are confident in the direction management is moving Sun Life forward to achieve our ambition to become one of the best insurance and asset management companies in the world.

The Board continues to place a strong focus on capital management. Sun Life remains well positioned following the implementation of the Life Insurance Capital Adequacy Test (LICAT), which took effect in January 2018. The Company maintains a strong balance sheet and capital ratio, supporting an ability to invest in organic growth as well as consider acquisitions that complement the Company's strategy.

A strong financial footing has also been the catalyst for significant investment in raising Sun Life's Client focus around the globe. We are pleased with the intensity of progress on this front, including digital transformation accomplishments across the Company.

As part of Sun Life's ongoing focus on diversity and inclusion, we were pleased to see Sun Life named to the Bloomberg Gender-Equality Index, the gold standard for organizations around the world demonstrating their commitment to gender equality in the workplace. The Board's oversight of diversity and inclusion is part of the Company's continuing focus to increase talent in strategic areas such as data analytics and digital innovation.

Your Directors remain unwavering in our commitment to ensure Sun Life grows as a sustainable organization that delivers long-term value to our Clients, employees, shareholders and communities. In support of this focus, we were pleased to see Sun Life recognized for the tenth consecutive year as one of the Global 100 Most Sustainable Corporations in the World.

I would like to take this opportunity to thank retiring director Christopher McCormick for his outstanding contributions to Sun Life's Board over the past two years. We have welcomed two new directors since our last annual meeting, James Peck and Ashok Gupta, whose experience and knowledge make them excellent additions to our Board.

On behalf of Sun Life's Board of Directors, thank you to our shareholders and Clients for your continued confidence and trust in Sun Life, and to our fabulous team of employees and advisors for the passion and dedication they bring to Sun Life every day.

WILLIAM (BILL) D. ANDERSON
Chairman of the Board