



# Message from the CEO

## Kevin Strain

President & Chief Executive Officer

Having an impact on the lives of our Clients is the foundation of Sun Life's Purpose – *helping Clients achieve lifetime financial security and live healthier lives*. Living healthy lives and achieving financial security are two powerful goals which can shape or reshape the future for individuals, families and communities.

Our Purpose and the positive impact we have reminds me of the times people or companies have impacted me. My grandmother comes to mind. She helped me finance my first years of university. Little did either of us know at the time the tremendous impact of that action. It's moments like these that can help shape the course of one's life and career, having impact on others, just like my grandmother did for me.

As a company, we can, and do, have this type of impact on our Clients; helping them with their financial security and health and helping them create their own impact for their families, friends, and communities. Whether that's building a financial nest egg or protecting your loved ones, we support Clients through actions that can have a ripple effect well beyond themselves, helping create opportunities that can have a lasting impact for them, their children and even their grandchildren.

“At Sun Life, focusing on Purpose and measuring impact is everything to us.”

Sometimes in today's fast changing and complicated world we can lose sight of what our role is, why we are here, what is our Purpose. At Sun Life, focusing on Purpose and measuring impact is everything to us. It is our guiding light. And this focus on Client impact drives

business growth and business growth creates a positive impact for all Sun Life stakeholders.

As I reflect on 2023, I'm filled with pride at the remarkable accomplishments we've achieved, the resilience we've shown and the impact our Employees and advisors have had on our 85 million Clients worldwide.

## Client Impact Strategy

Two years ago, we introduced our Client Impact strategy with a commitment to make a difference in the lives of others. Our strategy focuses on what matters most to our Clients with a clear commitment to deliver bolder outcomes for our Clients' financial, mental and physical health including **accessing, navigating and paying for health care** and **providing innovative solutions and services**.

We are also focused on being a great employer and fostering an engaging work culture. Our culture is our superpower as we deliver on our Purpose and we are proud to be part of a **caring company with a caring culture**. Ultimately living our Purpose, being a great place to work and contributing to our communities **creates value** for our shareholders and we are proud of the impact we have.

## Accessing, navigating and paying for health care

We believe everyone deserves to live a healthy life. Accessing care is essential for promoting health, reducing disparities and improving quality of life for individuals and communities alike. It's critical to our strategy and part of our Purpose, with a focus on four key areas:

- Acting as a payor of health benefits and claims in Canada, the U.S. and Asia;
- Helping Clients navigate complex healthcare systems with the help of PinnacleCare and Dialogue;
- Providing wellness programs and information including Lumino Health and our Mental Health Coach in Canada; and
- Helping to ensure access to care for all.

We're leveraging digital innovation and strategic partnerships to support our Clients' health journeys, going beyond providing and administering health benefits.

We've expanded our leadership position in health through our acquisition of Dialogue Health Technologies, Canada's premier virtual health care and wellness platform. In addition, our minority investment in Pillway<sup>12</sup> brings the convenience of virtual pharmacy consultations and medication delivery right to our Clients' doorsteps in Canada.

We know oral health is critical to overall health and wellness, and we've invested to grow our depth and scope in this important area over the past few years.

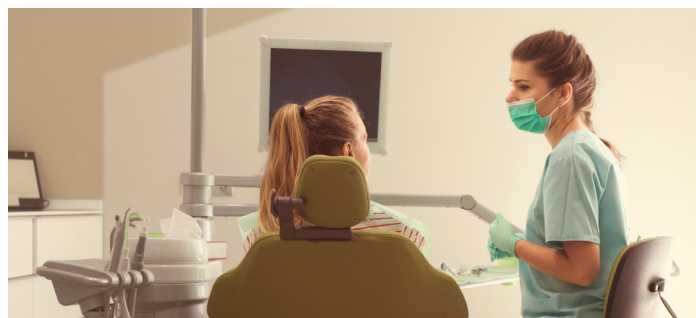
DentaQuest, which is dedicated to improving the oral health of all, is a great example of how we provide access to care. Our U.S. dental business now has approximately 36 million members, many of them in underserved communities – like William, who experienced compassionate and personalized care from our DentaQuest team.

William had neglected his own health while caring for his terminally ill wife. Our DentaQuest case management team helped them access oral health care and pain management to make William's wife more comfortable. After his wife passed away, William's case manager encouraged him to take care of himself and his oral health. Thanks to this support, William is getting the medical and dental care he needs and taking an active role to live a healthier life.

In Canada, we finalized a contract with the Federal Government to be the administrator of the Canadian Dental Care Plan, which will provide access to dental care for up to nine million additional Canadians in need.

We're taking similar steps in Asia to leverage our digital capabilities and product innovation to help Clients live healthier lives. In Hong Kong, we introduced eSunPro, a new digital health care platform that offers one-stop, comprehensive care where Clients have access to advanced treatment and support throughout their recovery process.

Through all of these actions and countless others, we're making a real impact on society.





## Accessing innovative solutions and services

Clients want us to understand and meet their needs. They want us to present options. They want their interactions to be effortless. And they want us to be there when and where they want. That's why we're focused on digital leadership to help us deliver on our Purpose.

We're transforming the way we serve our Clients through digital leadership, acquisitions and partnerships. By thinking and acting more like a digital company, we're creating innovative solutions and services for our Clients, now and into the future.

We're investing in and harnessing the potential of Generative AI. In the U.S., GenAI is helping our call centres analyze calls and deliver Client insights so we can create more exceptional and personalized Client experiences. It's also helping us improve workplace productivity, freeing up our teams so they can focus on strategic work.

Distribution capabilities through strategic partnerships and investments have supported deepening Sun Life's impact. In Asia, we're working with Bowtie, Hong Kong's first virtual insurer, to make insurance more affordable and accessible. Last year we increased our investment in Bowtie, and since our partnership began five years ago, Bowtie has grown in digital distribution and sales, with a leading market share of approximately 30% in Hong Kong's direct sales channel.<sup>13</sup>

Our 15-year bancassurance partnership with Dah Sing Bank in Hong Kong has contributed to record sales and elevated our position in a highly competitive market. This partnership is a win for Clients who now have access to Sun Life's innovative products and solutions to support their financial well-being and security.

In our asset management business, SLC Management is extending our world class alternative investment capabilities to more Clients through acquisitions and partnerships. They completed a majority acquisition of Advisors Asset Management (AAM), a leading independent U.S. retail distribution firm and in Canada, increased distribution through a strategic relationship with Scotiabank.

And MFS announced plans to launch its first active exchange traded funds (ETFs), adding more choice and options for Clients to access long-term value. This complements their mutual fund business, which will be celebrating its centennial anniversary in 2024.

## A caring company with a caring culture

We're working to deliver meaningful positive impact for our Clients, colleagues and communities. We want to be known as a company that cares for our Clients, each other and the future of our society.

Company culture matters and has a direct impact on how we execute on our strategy. It is something that's unique to Sun Life and can't be easily replicated. The way we work, our behaviours, how we treat one another, how we make decisions and the actions we take to nurture a caring culture will allow us to deliver on our strategy and differentiate us as an employer of choice.

Our leaders play an important role in guiding our culture. We announced some important changes to the executive team, including Manjit Singh becoming President of Sun Life Asia, leading one of our fastest growing business pillars. I am proud



of the diversity and global thinking of our leadership team. It brings the best thinking from around the world to our strategies and execution.

We're also finding ways to have a greater impact beyond Sun Life. Along with a focus on climate change, our Sustainability strategy highlights how we can make a difference to society in the areas we know best – financial security, healthier lives and sustainable investing.

Areas like the fight against diabetes. Almost 100 years ago Sun Life was one of the first companies to make a donation to the Banting Research Foundation for the support of medical research. Since 2012 we've committed more than \$50 million globally focused on research, prevention and promoting healthy living. Within the business, we've piloted Diabetes Signature Solutions, a first of its kind, end-to-end insurance solution tailored to meet the needs of Canadians with diabetes.

Our sustainable investments have also had a tremendous impact. One of many stories is SLC Management co-investing to build a 200-bed women's shelter in the U.S. This shelter will provide onsite medical services, mental health assessments, case work and housing support with the ultimate goal to connect people with treatment facilities, family, or long-term housing.

When it comes to culture and sustainability, this work is important and it takes time and care. We're listening, learning and innovating so that we can accelerate the positive impact we can have across our entire global footprint.

## Creating value

Sun Life delivered solid results in 2023, finishing the year with strong performance. Our results show the strength of our balanced and diversified business model and our capital strength across geographies, across our four pillars, and across our businesses of Wealth and Asset Management, Group – Health and Protection, and Individual – Protection.

2023 marked Sun Life's first year reporting under the new IFRS 17 and IFRS 9 financial standards. Underlying net income increased 11% to \$3.7 billion, supported by growth across all four business pillars. Reported net income was also up 7% for the full year, to just over \$3 billion.

We performed well against our medium-term financial objectives. On a yearly basis, underlying earnings per share growth was above our medium-term objective at 11%, underlying dividend payout ratio was within range at 47%, and underlying ROE was also strong at 17.8%. Total assets under management of \$1.4 trillion was up 6% from 2022, even in a challenging external environment.

These numbers tell the story that our strategy is good for business, good for our shareholders and good for our Clients. We're growing our business, our capabilities and creating value. We're unique in that our asset management business and our insurance and protection businesses are equally world class. It's a position that very few global financial services organizations find themselves in.

We're making decisions  
and taking actions today  
to build a bright future.



## A bright future for all

Many trends will have an impact on the global business environment in the coming years – including the acceleration of digital and GenAI; building a more sustainable world; the war for talent; and the changing needs, demands and expectations of Clients.

These elements are embedded in our strategy. Success is not just about meeting our objectives. Success also means living our Purpose and our values, and delivering impact for our Clients and our communities. We're making decisions and taking actions today to build a bright future.

We remain committed to creating positive Client Impact, which brings us back to our Purpose – helping Clients achieve lifetime financial security and live healthier lives.

In closing, my thanks to you, our shareholders and policyholders, for your ongoing support. Thank you to our Board of Directors for continuing to guide our journey. Thanks to everyone at Sun Life for bringing your passion to our Purpose in all that you do. And of course, to our Clients. You are why we're here – to make a positive impact when it matters most. Thank you for your confidence and trust – today and for the future.

### Kevin Strain

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