



2022

Sun Life Financial Inc.

Notice of annual meeting
of common shareholders

May 11, 2022

**MANAGEMENT INFORMATION
CIRCULAR**



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Dear Shareholder:

You are invited to attend our annual meeting of common shareholders on Wednesday, May 11, 2022 at 5:00 p.m. (Toronto time).

In consideration of the health and safety of our employees, shareholders and the broader community, shareholders will have the opportunity to virtually attend the meeting, submit questions and vote on a number of important matters by way of live webcast at <https://web.lumiagm.com/422392842>. Subject to ongoing developments related to the COVID-19 pandemic, and being permitted by public health guidelines, the meeting will also be held at Sun Life's head office at 1 York Street (at Harbour Street), 35th floor, Toronto, Ontario, Canada. Shareholders are advised to check our website www.sunlife.com/2022agm periodically in advance of the meeting for any updates on in person attendance in light of the COVID-19 pandemic.

The business of the meeting is described in the accompanying Notice of our 2022 annual meeting and Management Information Circular.

We will be conducting the annual meeting of the voting policyholders and sole shareholder of Sun Life Assurance Company of Canada at the same time. The formal business of each meeting will be conducted separately, however, management's presentation will address shareholders and policyholders.

Your vote is important. If you cannot attend the meeting, please vote by submitting your proxy by mail, internet or telephone by 5:00 p.m. (Toronto time) on Monday, May 9, 2022, as described on pages 7 to 11 in the attached circular.

We look forward to your attendance at this year's meeting.

A handwritten signature in black ink, appearing to read "William D. Anderson".

William D. Anderson
Chair of the Board

A handwritten signature in black ink, appearing to read "Kevin D. Strain".

Kevin D. Strain
President & Chief Executive Officer

Si vous désirez recevoir l'avis de convocation à l'assemblée annuelle et la circulaire d'information en français, veuillez communiquer avec le secrétaire en écrivant au 1 York Street, 31st Floor, Toronto (Ontario) Canada M5J 0B6, en composant le 1-877-786-5433, ou en envoyant un courriel à servicesauxactionnaires@sunlife.com.

Notice of our 2022 annual meeting

You are invited to our annual meeting of common shareholders:

When Wednesday, May 11, 2022 at 5:00 p.m. (Toronto time)

Where **Virtually**

Via live webcast online at <https://web.lumiagm.com/422392842>
Password: "sunlife2022" (case sensitive)

In Person (subject to ongoing developments related to the COVID-19 pandemic and being permitted by public health guidelines)

1 York Street (at Harbour Street), 35th floor, Toronto, Ontario, Canada

Shareholders are advised to check our website www.sunlife.com/2022agm periodically in advance of the meeting for any updates on in person attendance in light of the COVID-19 pandemic.

What the meeting will cover

1. Receipt of the 2021 consolidated financial statements
2. Election of the directors
3. Appointment of the auditor
4. A non-binding advisory vote on our approach to executive compensation
5. Consideration of other business that may properly be brought before the meeting.

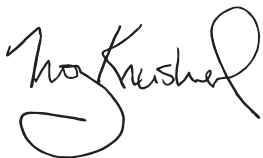
A total of 586,068,555 votes are eligible to be cast at the meeting.

Similar to last year, and in consideration of the health and safety of our employees, shareholders and the broader community, shareholders will have the opportunity to virtually attend the meeting, submit questions and vote on a number of important matters in real time regardless of their geographic location, provided they are connected to the internet and follow the instructions in the attached circular.

The annual meeting of Sun Life Assurance Company of Canada will also be held at the same time.

The attached circular is being sent to you because you owned common shares of Sun Life Financial Inc. on March 18, 2022 (the record date). It includes important information about what the meeting will cover, who can vote and how to vote.

The board of directors has approved the contents of this circular and has authorized us to send it to you.



Troy Krushel

Vice-President, Associate General Counsel & Corporate Secretary

Toronto, Ontario
March 18, 2022

Management Information Circular

March 18, 2022

In this document, *we, us, our, the company* and *SLF Inc.* mean Sun Life Financial Inc., and *Sun Life Assurance* means Sun Life Assurance Company of Canada. *You, your* and *shareholder* mean common shareholders of SLF Inc.

Delivery of meeting materials

Notice and access

As permitted by the Canadian Securities Administrators and pursuant to an exemption from the proxy solicitation requirement received from the Office of the Superintendent of Financial Institutions Canada (OSFI), we are using notice and access to deliver this Management Information Circular (Circular) to both our registered and non-registered shareholders. Instead of receiving a paper copy of this Circular in the mail, shareholders who hold common shares of SLF Inc. as of March 18, 2022, the record date for the meeting, have access to it online. A package was sent to the shareholders in the mail with a notice (Notice) explaining how to access this Circular electronically and how to request a paper copy of it. A form of proxy for registered shareholders and share ownership account participants, or a voting instruction form for non-registered shareholders, was included with the Notice with instructions so that you can vote your shares.

Notice and access allows for faster access to this Circular, helps reduce printing and postage costs, contributes to the protection of the environment and is consistent with our sustainability strategy.

How to access the Circular electronically

This Circular is available on our website (www.sunlife.com/2022agm) and on the website of our transfer agent, TSX Trust Company (TSX Trust)(www.meetingdocuments.com/TSXT/slf), on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

Delivery of financial statements and management's discussion and analysis

The manner in which we deliver our financial statements and management's discussion and analysis (MD&A) to you depends on whether you are a registered shareholder, a share ownership account participant or a non-registered shareholder (see page 8 for a description of who falls within each of these categories of shareholders).

Registered shareholders

Registered shareholders who have not opted out of receiving our financial statements will receive them in hard copy, unless they have consented to electronic delivery (e-delivery). Please see Go digital! below for more information on signing up for e-delivery of our financial statements.

As permitted under securities laws, we are using notice and access to deliver our MD&A to registered shareholders. You may access the MD&A online in the same manner as described above for accessing the Circular online.

Share ownership account participants and non-registered shareholders

As permitted under securities laws, we are using notice and access to deliver our financial statements and MD&A to share ownership account participants and non-registered shareholders. You may access these materials online in the same manner as described above for accessing the Circular online.

Go Digital!

All shareholders are encouraged to sign up for email delivery of notices of meeting.

Registered shareholders who have not opted out of receiving our financial statements and who currently receive them in hard copy are encouraged to consent to e-delivery to receive them. Doing so means that you will be notified by email when the financial statements are made available, at which time they can be viewed and/or downloaded from our website (www.sunlife.com).

The chart below outlines the process by which shareholders can sign up for e-delivery.

Go Digital! How to sign up for e-delivery	
Registered shareholders and share ownership account participants	Non-registered shareholders in Canada and the United States
Sign up for e-delivery at the following website: tsxtrust.com/SL/GoDigital or by checking the box on the reverse side of your proxy form and providing your email address.	Sign up for e-delivery at www.proxyvote.com using the control number appearing on your voting instruction form, or after the meeting by obtaining a unique registration number from your financial intermediary.

How to request a paper copy of materials provided to you through notice and access

Shareholders may request a paper copy of this Circular or our financial statements and MD&A up to one year from the date the Circular was filed on SEDAR. If you would like to receive a paper copy prior to the voting deadline, please follow the instructions provided in the Notice or make a request by no later than April 28, 2022 on TSX Trust's website (www.meetingdocuments.com/TSXT/slif), by contacting TSX Trust at 1-888-433-6443 (toll free in Canada and the United States) or 416-682-3801 (other countries) or email TSXT-fulfilment@tmx.com. A copy of the requested documents will be sent to you at no cost within three business days of your request. If you request a paper copy of any materials, you will not receive a new form of proxy, so you should keep the original form sent to you in order to vote.

Questions?

If you have questions about notice and access or to request a paper copy of this Circular after the meeting at no charge, you can call TSX Trust at 1-888-433-6443 (toll free in Canada and the United States), or 416-682-3801 (other countries) or email TSXT-fulfilment@tmx.com.

Our 2022 annual meeting

Similar to last year, and in consideration of the health and safety of our employees, shareholders and the broader community, shareholders will have the opportunity to virtually attend the meeting online, submit questions and vote on a number of important matters by way of live webcast at <https://web.lumiagm.com/422392842> in real time and regardless of their location.

Subject to ongoing developments related to the COVID-19 pandemic, and being permitted by public health guidelines, this year's annual meeting will also be held at Sun Life's head office at 1 York Street (at Harbour Street), 35th floor, Toronto, Ontario, Canada.

Registered shareholders and duly appointed proxyholders (including non-registered shareholders who have duly appointed themselves as proxyholder) that attend the meeting online will be able to vote by completing a ballot online during the meeting through the live webcast platform.

Guests (including non-registered shareholders who have not duly appointed themselves as proxyholder) can log into the meeting as set out below. Guests will be able to listen to the meeting but will not be able to vote during the meeting.

- Step 1: Log in online at <https://web.lumiagm.com/422392842>. We recommend that you log in at least one hour before the meeting starts.
- Step 2: Follow these instructions:

Registered shareholders: Click "I have a control number" and then enter your control number and password "sunlife2022" (case sensitive). Your control number is the number located on the form of proxy or in the email notification you received from TSX Trust. If you use your control number to log in to the meeting, any vote you cast at the meeting will revoke any proxy you previously submitted. If you do not wish revoke a previously submitted proxy, you should not vote during the meeting.

Duly appointed proxyholders: Click "I have a control number" and then enter your control number and password "sunlife2022" (case sensitive). Proxyholders who have been duly appointed and registered with TSX Trust as described in this circular will receive a control number by email from TSX Trust after the proxy voting deadline has passed.

Guests: Click "Guest" and then complete the online form.

It is your responsibility to ensure internet connectivity for the duration of the meeting and you should allow ample time to log in to the meeting online before it begins. You will need the latest versions of Chrome, Safari, Edge or Firefox. **Please do not use Internet Explorer.** It is possible that internal network security protocols, including firewalls and VPN connections may block access to the webcast. If you are experiencing any difficulty connecting or watching the meeting, please ensure your VPN setting is disabled or use a computer on a network not restricted to security settings of your organization.

Additional information and updates on how to attend the meeting will be made available on our website www.sunlife.com/2022agm. Please see Voting on pages 7 to 11 for further instructions. Shareholders are advised to check our website periodically in advance of the meeting for updates on in person attendance in light of the COVID-19 pandemic.

What the meeting will cover:

Financial statements

You will receive the consolidated financial statements for the year ended December 31, 2021, the auditors' reports thereon and the actuary's report on the policy liabilities reported in the financial statements.

Electing the directors (see pages 12 to 19)

You will vote on the election of 10 directors to serve on our board until the next annual meeting. All of the director nominees currently serve on our board. All 10 individuals are also nominated to serve as directors of Sun Life Assurance, a principal operating subsidiary which we wholly own.

Appointing the auditor (see page 22)

You will vote on the appointment of Deloitte LLP (Deloitte) as our auditor for 2022. Deloitte has been our auditor since SLF Inc. was incorporated in 1999 and has served as the auditor of Sun Life Assurance since 1875.

We maintain independence from our auditor through Audit Committee oversight, a robust regulatory framework in Canada, including the requirement to rotate the lead audit partner at least every five years, and Deloitte's own internal independence procedures which are designed to comply with Canadian Public Accountability Board and Public Company Accounting Oversight Board requirements. The Audit Committee pre-approves services provided by the auditors, and also conducts a formal review of the external auditors every year. We completed a comprehensive audit tender process in 2016 and have since carried out an annual review each year. It is our intention to carry out a more comprehensive review in 2024 following the completion of the initial adoption of International Financial Reporting Standards 17 (IFRS 17) Insurance Contracts and at a minimum every 5 years thereafter.

Having a "say on pay" (see page 23)

You will participate in a non-binding advisory vote on our approach to executive compensation, giving you an opportunity to express your view on the board's approach to setting executive compensation as described in the *Executive compensation* section starting on page 58.

We will file the results of the votes, including the advisory vote, on SEDAR (www.sedar.com) and publish them on our website (www.sunlife.com). If a significant number of shareholders oppose the "say on pay" resolution, the board will consult shareholders to understand their concerns, and then review our approach to executive compensation with their concerns in mind. Our executive officers have a material interest in the outcome of the vote because it may affect our process for determining their compensation. It is impossible, however, for us to describe the impact of the vote or the consultations before they have taken place.

Considering other business

You can vote on other items of business that are properly brought before the meeting. As of the date of this Circular, we were not aware of any other items to be brought forward.

Voting

Who can vote

You are entitled to receive notice of and vote at our annual meeting of common shareholders if you were a shareholder of record as of 5:00 p.m. (Toronto time) on March 18, 2022.

As of March 18, 2022, we had 586,068,555 common shares outstanding. Each common share carries one vote. We require a simple majority of votes cast for any of the items of business to be approved.

At least two persons holding, or representing by proxy, at least 25% of the shares entitled to vote constitute a quorum for the transaction of business at the meeting.

Common shares beneficially owned by the following entities and persons cannot be voted (except in circumstances approved by the Minister of Finance):

- the Government of Canada or any of its agencies
- the government of a province or any of its agencies
- the government of a foreign country or any political subdivision of a foreign country or any of its agencies
- any person who has acquired more than 10% of any class of our shares.

Also, if a person, or an entity controlled by a person, beneficially owns common shares that in total are more than 20% of the eligible votes that may be cast, that person or entity may not vote any of the common shares (unless permitted by the Minister of Finance).

To the best of our knowledge, no person or company beneficially owns or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to our common shares.

How to vote

You have three ways to vote:

- by proxy; or
- by attending the meeting and voting by online ballot through the live webcast platform; or
- by attending the meeting and voting in person (subject to ongoing developments related to the COVID-19 pandemic, and being permitted by public health guidelines).

Registered shareholders and share ownership account participants

You are registered shareholder if you hold a paper share certificate in your name or your shares are recorded electronically in the Direct Registration System (DRS) maintained by our transfer agent.

You are a share ownership account participant if you hold a share ownership statement.

Non-registered shareholders





You are a non-registered shareholder (also known as a beneficial shareholder) if your securities broker, clearing agency, financial institution, trustee or custodian or other intermediary (your nominee) holds your shares for you in a nominee account.

Non-Registered Holders who have not objected to their intermediary disclosing certain ownership information about themselves to the company are referred to as non-objecting beneficial owners or "NOBOs". The company has elected to send the proxy-related materials directly to the NOBOs.

Voting by proxy before the meeting

Registered shareholders and share ownership account participants




You can provide your instructions in one of these ways:

-  Mark, sign, date and return the proxy form in the envelope provided.
-  Mark, sign, date, scan and email both pages of the proxy form to proxyvote@tmx.com.
-  (Canada & U.S. only) Call 1-888-489-7352 from a touchtone telephone and follow the voice instructions. You will need your control number located on the form of proxy or in the email notification you received from our transfer agent.
-  Go to www.tsxtrust.com/vote-proxy and follow the instructions on screen. You will need your control number located on the form of proxy or in the email notification from our transfer agent.

You can also find a blank form of proxy on TSX Trust's website at www.meetingdocuments.com/TSXT/slf.

Non-registered shareholders

You can provide your instructions in one of these ways:

-  Mark, sign, date and return the voting instruction form in the envelope provided.
-  (Canada only) Call 1-800-474-7493 (English) or 1-800-474-7501 (French); or (U.S. only) Call 1- 800-454-8683, from a touchtone telephone and follow the voice instructions. You will need your control number printed on the front of the voting instruction form.
-  Go to www.proxyvote.com and follow the instructions on screen. You will need your control number printed on the front of the voting instruction form provided.

Carefully follow the instructions on the voting instruction form your nominee provided with the notice of meeting.

If you did not receive a proxy form with a control number

To vote by proxy, **you will need a control number.**

If you did not receive a form of proxy or email notification from our transfer agent containing the **control number**, at least one business day prior to the meeting please:

- contact TSX Trust at 1 (866) 751-6315 (within North America) or 1 (212) 235-5754 (outside of North America), or
- complete a form online using the following link: <https://www.tsxtrust.com/control-number-request> to obtain your control number.

If you change your mind

You can revoke instructions you have already provided by giving us new instructions.

Registered shareholders and share ownership account participants can download a blank proxy form from www.meetingdocuments.com/TSXT/slf and send a new proxy form in one of the following ways:

- complete and sign the proxy form with a later date than the one you previously sent, and deliver or deposit it to TSX Trust as described on the proxy form before 5:00 p.m. (Toronto time) on Monday, May 9, 2022.
- submit new voting instructions to TSX Trust by telephone or internet before 5:00 p.m. (Toronto time) on Monday, May 9, 2022.
- deliver or deposit a notice in writing with your new instructions signed by you, or your attorney as authorized by you in writing, to us before 5:00 p.m. (Toronto time) on Tuesday, May 10, 2022, or if the meeting is adjourned or postponed, before 5:00 p.m. (Toronto time) on the business day before the meeting is reconvened, at: SLF Inc., 1 York Street, 31st Floor, Toronto, Ontario, Canada M5J 0B6 Attention: Corporate Secretary.
- if you are attending the meeting in person, give your written instructions signed by you, or your attorney as authorized by you in writing, to the Chair of the meeting before the start of the meeting or before the meeting is reconvened.
- if you have followed the instructions for attending and voting at the meeting online, voting at the meeting online will revoke your previous instructions.

If you did not receive a voting instruction form with a control number

To vote by proxy, **you will need a control number.**

If you did not receive a voting instruction form with a **control number**, please contact your nominee (i.e. your securities broker, clearing agency, financial institution, trustee or custodian or other intermediary).

If you change your mind

You can send a new voting instruction form to your nominee. To allow your nominee time to act on your instructions, you should provide them your instructions at least seven days before the meeting.

Voting during the meeting

Shareholders will have the opportunity to virtually attend the meeting, submit questions and vote on a number of important matters by way of live webcast. Subject to ongoing developments related to the COVID-19 pandemic and being permitted by public health guidelines, this year's annual meeting will also be held at Sun Life's head office at 1 York Street (at Harbour Street), 35th floor, Toronto, Ontario, Canada. Attending the meeting, in person or online, gives you an opportunity to hear directly from management.

Registered shareholders and share ownership account participants

Non-registered shareholders

Voting at the virtual meeting - If you want to attend the meeting and vote your shares virtually:

- You will need a **control number** to log in to the meeting if you intend to cast your vote virtually. Your control number can be found on the form of proxy included with the notice of meeting. If you did not receive a proxy form with a control number, follow the instructions above on page 9).
 - Do not complete or return the proxy form.
 - You can also appoint another person to attend the meeting and vote your shares on your behalf (your proxyholder) by printing his or her name in the space provided on the proxy form and following the instructions on the proxy form.
 - Provided you or your proxyholder are connected to the internet and follow the instructions in this circular, you or your proxyholder will be able to vote online in real time by completing an online ballot through the live webcast platform.
 - You or your proxyholder must also complete the additional step of registering the proxyholder by following the instructions below.
- You will need a **control number** to log in to the meeting if you intend to cast your vote virtually. The control number on your voting instruction form cannot be used to vote virtually at the meeting.
 - To obtain a new control number you must appoint yourself as proxyholder by printing your name in the space provided on the voting instruction form and then following your nominee's instructions for returning the form. If you did not receive a voting instruction form follow the instructions above on page 9).
 - You or your proxyholder must also complete the additional step of registering the proxyholder by following the instructions below to obtain a new control number. Non-registered shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the meeting virtually but will be able to participate as a guest.

Registering the proxyholder to obtain a control number

You or your proxyholder must also complete the additional step of registering the proxyholder by:

- calling TSX Trust at 1-866-751-6315 (within North America) or 1 (212) 235-5754 (outside of North America); or
- completing a form online using the following link: <https://www.tsxtrust.com/control-number-request>

by no later than 5:00 p.m. (Toronto time) on Monday, May 9, 2022. **Failing to register your proxyholder with TSX Trust will result in the proxyholder not receiving a control number, which is required to vote at the meeting.**

Voting in person - If you want to attend the meeting and vote your shares in person, please check our website www.sunlife.com/2022agm periodically in advance of the meeting for any updates on in person attendance in light of the COVID-19 pandemic.

- Do not complete or return the proxy form.
 - When you arrive at the meeting, register with a representative of our transfer agent, TSX Trust, to receive a ballot.
- Appoint yourself as proxyholder by printing your name in the space provided on the voting instruction form. Then follow your nominee's instructions for returning the form.
 - When you arrive at the meeting, register with a representative of our transfer agent, TSX Trust, to receive a ballot.

More about voting by proxy

Voting by proxy is the easiest way to vote because you are giving someone else the authority to attend the meeting and vote your shares for you. If you specify on your proxy form or in your voting instructions how you want to vote on a particular matter, then your proxyholder must vote your shares according to your instructions.

The enclosed proxy form names William D. Anderson, Chair of the Board (Board Chair), or in his absence, Scott F. Powers, Chair of the Governance, Investment & Conduct Review Committee, or in his absence, another director appointed by the board, as your proxyholder to vote your shares at the meeting according to your instructions.

If you appoint them as proxyholders but do not specify on the proxy form how you want to vote your shares, your shares will be voted:

- **FOR** electing each of the director nominees who are listed in the proxy form and Circular
- **FOR** appointing Deloitte as auditor
- **FOR** the advisory resolution accepting our approach to executive compensation.

You can appoint another person to vote your shares by printing his or her name in the space provided on the proxy form or voting instruction form and registering them with TSX Trust, as described in the "Voting during the meeting" section above. This person does not need to be a shareholder, but your vote can only be counted if he or she participates in the meeting and votes for you. Regardless of who you appoint as your proxyholder, if you do not specify how you want to vote your shares, your proxyholder can vote as he or she sees fit. Your proxyholder can also vote as he or she decides on any other matters that may properly come before the meeting, and on any amendments or variations to the items listed above, whether or not the amendment, variation or other matter that comes before the meeting is routine or contested (as permitted by law).

TSX Trust must receive your voting instructions by 5:00 p.m. (Toronto time) on Monday, May 9, 2022 to have your vote recorded. If the meeting is adjourned or postponed, TSX Trust must receive your voting instructions by 5:00 p.m. (Toronto time) on the date that is two business days before the meeting is reconvened.

Questions?

You can call TSX Trust or one of its agents directly at the following numbers:

Canada and the United States:	1-877-224-1760
United Kingdom, Republic of Ireland, Channel Islands and Isle of Man:	+ 44 (0) 345-602-1587
Philippines:	632-5318-8567 (Metro Manila) 1-800-1-888-2422 (Provinces)
Hong Kong:	852-2862-8555
Other countries:	416-682-3865

Processing the votes

TSX Trust counts and tabulates the votes on our behalf. Individual shareholder votes are kept confidential and voting instructions are only communicated to management if it is clear that the shareholder wants to communicate directly with management, or when the law requires it.

We will file the voting results on SEDAR (www.sedar.com) and publish them on our website (www.sunlife.com).

Solicitation of proxies

Management is soliciting your proxy, and we have retained Kingsdale Advisors (Kingsdale) to assist us at an estimated cost of \$42,000. The solicitation of proxies will be made primarily by mail, but Kingsdale may also contact you by telephone. We pay all solicitation costs.

Director nominees at a glance

As of the date of this Circular, we have 12 directors on our board. Under our by-laws, the board can have eight to 20 directors. At its meeting held on February 9, 2022, the board fixed the number of directors at 10, effective with the retirements of William D. Anderson and Martin J. G. Glynn at the conclusion of the 2022 annual meeting. At the 2022 annual meeting, 10 directors are to be elected for a term ending at the conclusion of the next annual meeting. All of the 10 nominees currently serve on our board. Below are key highlights of your director nominees. Helen M. Malloy Hicks and Marie-Lucie Morin are standing for election by the shareholders for the first time at the meeting.

Qualified	Diversity	Independent
<p>100%</p> <ul style="list-style-type: none"> The Governance, Investment & Conduct Review Committee has reviewed each of the nominees and confirmed that they have the key competencies and experience necessary for the board to fulfil its mandate (see more on pages 30 to 31) 	<p>89% of our independent Board nominees are diverse¹</p> <ul style="list-style-type: none"> 5 out of 9 (56%) independent director nominees self-identify as women 2 out of 4 (50%) current committee chairs self-identify as women 3 out of 9 (33%) independent director nominees self-identify as a member of an underrepresented group² no directors have self-identified as Indigenous peoples or persons with disabilities (see more on pages 34 to 35) 	<p>90%</p> <ul style="list-style-type: none"> All directors are independent except the President & Chief Executive Officer (CEO) All board committee members are independent (see more on page 29)
Balanced Tenure and Board Renewal for Independent Directors	Attendance	Shareholder Approval
<p>67% 0-5 years</p> <p>33% 6-11 years</p> <ul style="list-style-type: none"> Our average tenure among the independent director nominees is 4 years (see more on pages 32 to 33) 	<p>98% Board</p> <p>99% Committee</p> <ul style="list-style-type: none"> Our directors had an excellent track record for attendance at the 2021 board and committee meetings (see more on pages 20 to 21) 	<p>98.3%</p> <ul style="list-style-type: none"> Our directors had an average of 98.3% votes FOR their election in 2021 (see more on pages 15 to 19)

¹ individuals who have self-identified as women or belonging to an underrepresented group

² individuals who have self-identified as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities

We expect that all of the nominees will be able to serve as director but if for any reason a nominee is unable to serve, the persons named in the proxy form have the right to vote at their discretion for another nominee proposed according to the company's by-laws and applicable law.

The board recommends that shareholders vote for electing each of the director nominees profiled below. If you do not specify in the proxy form or your voting instruction how you want to vote your shares, the persons named in the form will vote for electing each of the director nominees profiled below.

Our policy on majority voting

The election of directors at the meeting is expected to be an uncontested election, meaning that the number of nominees will be equal to the number of directors to be elected. If a director receives more "withheld" than "for" votes in an uncontested election, he or she must tender a written offer to resign to the board. The board will accept the resignation within 90 days unless there are exceptional circumstances and will disclose the reasons for its decision in a news release. The director will not participate in these deliberations.

Our policy on proxy access

Under the board's proxy access policy, qualifying shareholders may submit one or more director nominations to be included in the Circular and form of proxy and ballot for any annual meeting. To make a nomination, qualifying shareholders must, prior to the deadline for submitting proposals (see Shareholder proposals on page 45), submit a nomination notice in the required form. The policy has the following principal features:

- one or more nominating shareholders (up to a maximum of 20) may nominate up to the greater of two directors and 20% of the board
- nominating shareholders must collectively own at least 5% of the company's common shares
- nominating shareholders must have held their shares for at least three years
- the proposal will be included in the company's Circular, form of proxy and ballot for the annual shareholders' meeting
- nominating shareholders may include a statement of up to 500 words in support of their candidates.

A copy of the policy is available on our website (www.sunlife.com).

Alternatively, in accordance with section 147 of the *Insurance Companies Act* (Canada), shareholders holding in the aggregate not less than 5% of the company's shares for the minimum period of time set out by the *Insurance Companies Act* (Canada) may submit a formal proposal for individuals to be nominated for election as directors in accordance with the specified procedures to be followed.

Our advance notice by-law

Our by-laws specify that a shareholder who wishes to nominate an individual for election as a director at an annual meeting must provide between 30 and 65 days advance notice to the company. The notice to the company must include information about the nominee, including age, address, principal occupation, the number of SLF Inc. shares owned or controlled, and any other information that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for the election of directors. The notice must also include information about the nominating shareholder, including ownership or control of, or rights to vote, SLF Inc. shares and any other information that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for the election of directors. The company may require additional information to be provided, including information to comply with requirements of OSFI relating to the suitability of directors and potential changes to the board.

The advance notice provisions described above do not apply to nominations made by or on behalf of the board or by shareholders pursuant to shareholder proposals, requisitioned meetings, or through our proxy access policy which have separate requirements and deadlines. In addition, in the case of a special meeting at which directors are to be elected, a shareholder's notice of a nomination must be provided not later than 15 days after the date of the special meeting is announced.

Director nominee profiles

The following profiles provide information about each of the director nominees, including when they joined our board, their business experience, their committee memberships, their attendance at board and committee meetings in 2021, the level of support received from shareholders at our 2021 annual meeting, and other public company directorships held in the last five years. Our 9 independent director nominees have an average board tenure of 4 years, 5 of them (56%) self-identify as women, 3 of them (33%) self-identify as a member of an underrepresented group, and none have identified as Indigenous peoples or persons with disabilities.

The director nominee profiles also include information about the value of their holdings of SLF Inc. common shares and deferred share units (DSUs). A DSU is equal in value to a common share but cannot be redeemed until a director leaves the board. Common shares and DSUs count towards the achievement of our share ownership guidelines for directors which each director is expected to meet within five years of joining the board. The share ownership guidelines provide that director must own at least \$735,000 in common shares and/or DSUs within five years of joining the board. For director nominees who have not achieved the guideline, we determine if they are “on target” by calculating the number of common shares and DSUs they will hold by their achievement due dates based on the form of remuneration they have individually elected. For this purpose we assume that the share price and dividend rate remain constant until the applicable achievement due date. The amounts shown in the profiles are as of February 28, 2022 and March 1, 2021 when the closing price of our common shares on the Toronto Stock Exchange (TSX) was \$66.66 and \$61.63, respectively. You can find additional information about our director compensation program and share ownership guidelines starting on pages 54 and 55, respectively.



Deepak Chopra,
FCPA, FCGA
Toronto, ON, Canada

Director since May 2021

Independent

Age: 59

Areas of expertise:

- finance, accounting and actuarial
- talent and culture
- international business
- government relations/policy
- corporate strategy and development

Current committees:

- Audit
- Governance, Investment & Conduct Review

Mr. Chopra is a corporate director and most recently served as the President and Chief Executive Officer of Canada Post Corporation from 2011 to 2018. He has more than 30 years of global experience in the financial services, technology, logistics and supply-chain industries. Prior to joining Canada Post, he held various senior positions during his 23-year career with Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, including President & Chief Executive Officer, Canada & Latin America, President, Asia Pacific & Middle East and Vice-President & Chief Financial Officer, Europe, Africa & Middle East. Mr. Chopra has previously served on the boards of Canada Post Corporation, Puroator Inc., SCI Group, the Canada Post Community Foundation, the Toronto Region Board of Trade and the Conference Board of Canada. He is a Fellow of the Institute of Chartered Professional Accountants of Canada and holds a Bachelor's degree in Commerce (Honours) and a Post Graduate Diploma in Business Management (PGDBM).

2021 Meeting attendance			Other public company directorships	
Board	6 of 6	100%	The Descartes Systems Group Inc.	2020 – present
Audit	3 of 3	100%	Celestica Inc.	2018 – present
Governance, Investment & Conduct Review	3 of 3	100%	The North West Company Inc.	2018 – present

2021 Annual Meeting votes in favour: 99.0%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	250	2,451	2,701	\$180,049	On target for May 5, 2026
2021	250	0	250	\$15,408	
Change	0	2,451	2,451	\$164,641	



Stephanie L. Coyles
Toronto, ON, Canada

Director since January 2017

Independent

Age: 55

Areas of expertise:

- client needs, sales and distribution
- international business
- public company
- corporate strategy and development
- digital and data/analytics

Current committees:

- Governance, Investment & Conduct Review
- Management Resources

Ms. Coyles is a corporate director. Her background is as a strategic consultant and advisor who has worked with a diverse clientele across North America, including retail, consumer distribution, private equity and business consulting organizations. She was previously Chief Strategic Officer at LoyaltyOne Co. from 2008 to 2012 and a partner at McKinsey & Company Canada from 2000 to 2008. In addition to the public company boards listed below, Ms. Coyles serves on the board of The Earth Rangers Foundation. She holds a Master in Public Policy degree. Ms. Coyles received the ICD.D designation from the Institute of Corporate Directors and the CERT Certificate in Cybersecurity Oversight, issued by the CERT Division of the Software Engineering Institute at Carnegie Mellon University.

2021 Meeting attendance			Other public company directorships	
Board	11 of 11	100%	Corus Entertainment Inc.	2020 – present
Audit ¹	4 of 4	100%	Metro Inc.	2015 – present
Governance, Investment & Conduct Review	7 of 7	100%	Hudson's Bay Company	2019 – 2020
Management Resources ¹	1 of 1	100%		

2021 Annual Meeting votes in favour: 92.9%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	12,000	12,191	24,191	\$1,612,572	Meets
2021	11,000	9,822	20,822	\$1,283,260	
Change	1,000	2,369	3,369	\$329,312	

¹ Ms. Coyles ceased to be a member of the Audit Committee and became a member of the Management Resources Committee on October 31, 2021.



Ashok K. Gupta, FFA
London, England

Director since May 2018

Independent

Age: 67

Areas of expertise:

- finance, accounting and actuarial
- insurance, health and wealth
- risk management
- corporate strategy and development
- digital and data/analytics

Current committees:

- Risk (Chair)¹
- Management Resources

Mr. Gupta is a corporate director. He is also Chair of Mercer Limited. During his 40-year career in the UK insurance and financial services industry, he has held a number of senior executive, advisor and actuarial positions. From 2010 to 2013, he was an advisor to the Group Chief Executive Officer of Old Mutual plc. Prior to this he held various senior positions with the Pearl Group plc (now Phoenix Group Holdings plc), Kinnect of Lloyd's of London, CGU plc (now part of Aviva plc), Scottish Amicable Life Assurance Company (now part of Prudential) and Tillinghast, Nelson & Warren Inc. (now part of Willis Towers Watson plc). Mr. Gupta is a Fellow of the Institute and Faculty of Actuaries. He is also Chairman of EValue Ltd. From 2013 to 2019, Mr. Gupta was a director of New Ireland Assurance Company plc. He was involved in the UK public sector and served as a trustee of the Ethical Journalism Network from 2014 to December 2021, served on the Actuarial Council and Codes and Standards Committee of the Financial Reporting Council in the U.K. between 2012 and 2018, was Chair of the Defined Benefits Taskforce of the Pensions and Lifetime Savings Association from 2016 to 2017 and Joint Deputy Chair of the Pro-cyclical Working Group of the Bank of England from 2012 to 2014. Mr. Gupta holds a Master of Business Administration degree.

2021 Meeting attendance			Other public company directorships	
Board	11 of 11	100%	JPMorgan European Smaller Companies Investment Trust plc	2013 – present
Management Resources	6 of 6	100%		
Risk	5 of 5	100%		

2021 Annual Meeting votes in favour: 99.6%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	1,481	12,796	14,277	\$951,705	Meets
2021	1,481	8,346	9,827	\$605,638	
Change	0	4,450	4,450	\$346,067	

¹ Mr. Gupta became the Chair of the Risk Committee on May 5, 2021.



M. Marianne Harris
Toronto, ON, Canada

Director since December 2013

Independent

Age: 64

Areas of expertise:

- finance, accounting and actuarial
- insurance, health and wealth
- talent and culture
- public company
- corporate strategy and development

Current committees:

- Management Resources (Chair)
- Governance, Investment & Conduct Review

Ms. Harris is a corporate director. She was Managing Director and President, Corporate and Investment Banking, Merrill Lynch Canada, Inc., an international banking and financial services organization, until 2013. She held progressively senior positions during her 13-year career with Merrill Lynch and affiliated companies in Canada and the U.S., including President, Global Markets and Investment Banking, Canada, Head of Financial Institutions Group, Americas and Head of Financial Institutions, Canada. Before joining Merrill Lynch, Ms. Harris held various investment banking positions with RBC Capital Markets from 1984 to 2000, including Head of the Financial Institutions Group. She is a director of the Public Sector Pension Investment Board, a director of President's Choice Bank and a member of the Dean's Advisory Council for the Schulich School of Business, and a member of the Advisory Council for the Henrick Centre for Business and Law. Ms. Harris holds a Master of Business Administration degree and a Juris Doctorate.

2021 Meeting attendance			Other public company directorships	
Board	11 of 11	100%	Loblaw Companies Limited	2016 – present
Governance, Investment & Conduct Review ¹	1 of 1	100%	Hydro One Limited	2015 – 2018
Management Resources	6 of 6	100%		
Risk ¹	4 of 4	100%		

2021 Annual Meeting votes in favour: 99.2%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	6,443	47,302	53,745	\$3,582,642	Meets
2021	6,224	41,474	47,698	\$2,939,628	
Change	219	5,828	6,047	\$643,014	

¹ Ms. Harris ceased to be a member of the Risk Committee and became a member of the Governance, Investment & Conduct Review Committee on October 31, 2021.



David H. Y. Ho
Chongqing, China

Director since May 2021

Independent

Age: 62

Areas of expertise:

- talent and culture
- international business
- public company
- corporate strategy and development
- digital and data/analytics

Current committees:

- Governance, Investment & Conduct Review
- Management Resources

Mr. Ho is Chairman and Founder of Kiina Investment Limited, a venture capital firm that invests in start-up companies in the technology, media and telecommunications industries. He was previously a senior advisor for Permira Advisors LLC, a private equity buyout fund, from 2010 to 2018 and Chairman and founding partner of CRU Capital, a China-based private equity buyout fund, from 2017 to 2019. He has held senior leadership roles with Nokia Siemens Networks, Nokia Corporation, Motorola, and Nortel Networks in China and Canada. In addition to the public companies listed below, Mr. Ho serves on the board of DBS Bank (Hong Kong) Limited, a subsidiary of DBS Group Holdings. Mr. Ho previously served as a director of China Ocean Shipping Company from 2011 until its merger with China Shipping Group in 2016 to become China COSCO Shipping Corporation, China COSCO Shipping Corporation from 2016 to 2021, China Mobile Communications Group Co., Ltd. from 2016 to 2020, and Sinosteel Corporation from 2008 to 2016, each of which are state-owned enterprises in China. He holds a Bachelor of Applied Science (Honours Systems Design Engineering) and a Master of Applied Science in Management Sciences.

2021 Meeting attendance			Other public company directorships	
Board	6 of 6	100%	Qorvo, Inc.	2015 – present
Management Resources	2 of 2	100%	Air Products & Chemicals, Inc.	2013 – present
Governance, Investment & Conduct Review ¹	1 of 1	100%	nVent Electric plc COL Digital Publishing Group Co. Limited	2018 – 2020 2014 – 2020
Risk ¹	2 of 2	100%	Pentair plc	2007 – 2018

2021 Annual Meeting votes in favour: 99.7%

SLF Inc. securities held:

Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	227	2,451	2,678	\$178,515	On target for May 5, 2026
2021	227	0	227	\$ 13,990	
Change	0	2,451	2,451	\$164,525	

¹ Mr. Ho ceased to be a member of the Risk Committee and became a member of the Governance, Investment & Conduct Review Committee on October 31, 2021.



Helen M. Mallovy Hicks
FCPA, FCA, FCBV
Toronto, ON, Canada

Director since October 2021

Independent

Age: 61

Areas of expertise:

- finance, accounting and actuarial
- insurance, health and wealth
- risk management
- international business
- corporate strategy and development
- designated audit committee financial expert

Current committees:

- Audit
- Risk

Ms. Mallovy Hicks is a corporate director. Prior to her retirement in June 2021, she was a partner of PricewaterhouseCoopers (PwC) with over 30 years of global business management and advisory experience. She most recently served as PwC's Global Valuation Business Line Leader from 2016 to 2021 and prior to that held various executive positions, including Canada GTA Deals Leader, Canada Valuation Leader and Deals Valuation Partner. She has advised boards and executives on complex transactions, value creation, capital allocation, business transformation and restructuring matters across a wide range of industries. In addition to the public companies listed below, she serves on the boards of the Public Sector Pension Investment Board, Princess Margaret Cancer Foundation and Canadian Partnership Against Cancer, and has previously served on the boards of PricewaterhouseCoopers LLP - Canadian Partnership, the Toronto Symphony Foundation and Toronto Symphony Orchestra. Ms. Mallovy Hicks is a Fellow of the Canadian Institute of Chartered Business Valuators and a Fellow of the Chartered Professional Accountants of Ontario (FCA/CFPA).

2021 Meeting attendance			Other public company directorships	
Board	2 of 2	100%	Northland Power Inc.	May 2021 – present
Audit	1 of 1	100%		
Risk	1 of 1	100%		

SLF Inc. securities held:

Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	425	663	1,088	\$72,526	On target for October 31, 2026



Marie-Lucie Morin
CM, PC
Ottawa, ON, Canada

Director since December 2021

Independent

Age: 64

Areas of expertise:

- risk management
- talent and culture
- international business
- government relations/policy
- corporate strategy and development

Current committees:

- Management Resources
- Risk

Ms. Morin is a corporate director. She was Executive Director for Canada, Ireland and the Caribbean at the World Bank from 2010 to 2013. Previously Ms. Morin pursued a 30-year career in Federal Public Service, including National Security Advisor to the Prime Minister and Associate Secretary to the Cabinet, Deputy Minister for International Trade and Associate Deputy Minister of Foreign Affairs. In 1997, Ms. Morin was appointed Canada's Ambassador to Norway with accreditation to Iceland. Earlier in her career she completed assignments in San Francisco, Jakarta, London, and Moscow with the Department of Foreign Affairs and International Trade. Ms. Morin was named Chevalier de la Légion d'Honneur by the Government of France in 2012, was sworn into the Queen's Privy Council for Canada in 2015 and became a member of the Order of Canada in 2016. In addition to the public companies listed below, Ms. Morin serves as the Vice-Chair of The Canadian Ditchley Foundation and serves on the boards of CDPQ Infra, Century Initiative and Palette Skills Inc. She is currently a member of the National Security and Intelligence Review Agency and the ESG Advisory Council of Export Development Canada. She was admitted to the Québec Bar in 1980.

2021 Meeting attendance	Other public company directorships	
Ms. Morin became a director on December 31, 2021.	Chorus Aviation Inc.	2016 – present
	Stantec Inc.	2016 – present
	AGT Foods and Ingredients Inc.	2016 – 2019

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	0	0	0	\$0	On target for December 31, 2026



Scott F. Powers
Boston, MA,
United States

Director since October 2015

Independent

Age: 62

Areas of expertise:

- talent and culture
- client needs, sales and distribution
- international business
- public company
- corporate strategy and development

Current committees¹:

- Governance, Investment & Conduct Review (Chair)
- Audit

Mr. Powers is a corporate director. He was President and Chief Executive Officer of State Street Global Advisors until his retirement in August 2015. Before joining State Street in 2008, Mr. Powers was President and Chief Executive Officer of Old Mutual Asset Management Plc, the U.S.-based global asset management business of Old Mutual plc. Prior to 2008, he held senior executive positions at Mellon Institutional Asset Management, BNY Mellon's investment management business, and at The Boston Company Asset Management, LLC. Mr. Powers has also served as a member of the Systemic Risk Council and the Advisory Board of the U.S. Institute of Institutional Investors.

2021 Meeting attendance	Other public company directorships		
Board ²	10 of 11	91%	Automatic Data Processing, Inc. 2018 – Present
Audit	5 of 5	100%	PulteGroup, Inc. 2016 – Present
Governance, Investment & Conduct Review	7 of 7	100%	Whole Foods Market, Inc. May – August 2017

2021 Annual Meeting votes in favour: 91.6%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	975	26,636	27,611	\$1,840,549	Meets
2021	975	22,720	23,695	\$1,460,323	
Change	0	3,916	3,916	\$380,226	

¹ On December 9, 2021, Mr. Powers was appointed to succeed Mr. Anderson as Board Chair following the annual meeting of common shareholders on May 11, 2022, subject to being re-elected by the common shareholders at that meeting.

² Mr. Powers was unable to attend an unscheduled board meeting called on short notice.



Kevin D. Strain, CPA
Toronto, ON, Canada

Director since February 2021

Non-independent

Age: 55

Current committees:

- None¹

Mr. Strain is President & Chief Executive Officer of SLF Inc. and Sun Life Assurance. Prior to his appointment in August 2021, he held several senior positions with SLF Inc. and Sun Life Assurance, including President, Executive Vice-President & Chief Financial Officer, President of Sun Life Asia, Senior Vice-President of the Individual Insurance and Investments division in Canada, and Vice-President of Investor Relations. Prior to joining the company in May 2002, Mr. Strain was Vice-President of the Pension business of Clarica Life Insurance Company, which was acquired by Sun Life in 2002, and played an instrumental role in the integration of Clarica. Mr. Strain is currently a director of Sunnybrook Health Sciences Centre and is a member of the Asia Business Leaders Advisory Council and the Board of Governors of the University of Waterloo. He is a Certified Public Accountant and holds a Master of Accounting degree.

2021 Meeting attendance		Other public company directorships	
Board	9 of 9 100%	None	

2021 Annual Meeting votes in favour: 99.6%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	19,202	9,969	29,171	\$1,944,539	Meets ²
2021	14,958	0	14,958	\$921,862	
Change	4,244	9,969	14,213	\$1,022,677	

¹ Mr. Strain attends committee meetings, in full or in part, as appropriate, at the request of the committee chairs, but is not a member of any committee.

² As President & CEO, Mr. Strain is subject to different share ownership guidelines than the independent directors. See page 72.



Barbara G. Stymiest, CM, FCPA, FCA
Toronto, ON, Canada

Director since May 2012

Independent

Age: 65

Areas of expertise:

- finance, accounting and actuarial
- insurance, health and wealth
- risk management
- talent and culture
- corporate strategy and development
- designated audit committee financial expert

Current committees:

- Audit (Chair)¹
- Risk

Ms. Stymiest is a corporate director. She was a member of the Group Executive at Royal Bank of Canada, an international banking and financial services organization, from 2004 to 2011; Royal Bank's Group Head, Strategy, Treasury and Corporate Services from 2010 to 2011; Chief Operating Officer from 2004 to 2009. Prior to that Ms. Stymiest held senior positions in the financial services sector including Chief Executive Officer, TSX Group Inc. (now TMX Group Inc.), Executive Vice-President and Chief Financial Officer, BMO Nesbitt Burns, and Partner, Financial Services Group, Ernst & Young LLP. She is a Fellow of the Institute of Chartered Professional Accountants of Ontario and received an Award of Outstanding Merit from that organization in 2011. In addition to the public company boards listed below, Ms. Stymiest is the Vice-Chair of the University Health Network in Toronto, the Vice-Chair of AGE-WELL NCE Inc., a director of the Canadian Institute for Advanced Research and a director of President's Choice Bank. She holds an Honours Business Administration degree. Ms. Stymiest was named to the National Association of Corporate Directors (NACD) Directorship 100 in 2018 and became a member of the Order of Canada in 2021.

2021 Meeting attendance		Other public company directorships	
Board	11 of 11 100%	George Weston Limited	2011 – present
Audit	5 of 5 100%	BlackBerry Limited	2007 – present
Risk	5 of 5 100%		

2021 Annual Meeting votes in favour: 99.7%

SLF Inc. securities held:					
Year	Common shares	DSUs	Total common shares and DSUs	Total value	Share ownership guideline/target date
2022	5,000	53,365	58,365	\$3,890,611	Meets
2021	5,000	47,486	52,486	\$3,234,712	
Change	0	5,879	5,879	\$655,899	

¹ On May 5, 2021, Ms. Stymiest ceased being the Chair of the Risk Committee and became the Chair of the Audit Committee.

To the best of the company's knowledge, other than as set out below, no proposed director as at the date of this Circular:

(a) is or has been, in the last ten years a director, chief executive officer or chief financial officer of any company (including SLF Inc.) that was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that: (i) was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is or has been, in the last ten years a director or executive officer of any company (including SLF Inc.) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(d) has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Ms. Coyles was a director of Postmedia Network Canada Corp. while it completed a restructuring following an arrangement plan under the *Canada Business Corporations Act* in October 2016. Ms. Coyles is no longer a director of Postmedia Network Canada Corp.

Meeting attendance

The Governance, Investment & Conduct Review Committee reviews the attendance record of each director as part of the nomination process. Directors must attend at least 75% of board and committee meetings every year. A director who does not meet this attendance requirement in two consecutive years must, if requested by the Governance, Investment & Conduct Review Committee, offer to resign. The table below is a consolidated view of how many board and committee meetings each director attended in 2021. From time to time unscheduled board meetings may be called on short notice to consider mergers and acquisitions (M&A) transactions or other matters and one or more of our directors may be unable to attend these meetings due to the short notice. Where a director is unable to attend a meeting, feedback and questions based on meeting materials are directed to the Board Chair or the Chair of the applicable committee, as appropriate, to address at the meeting. During the year ended December 31, 2021, average attendance of all directors at both board and committee meetings was 98% and 99%, respectively.

Name	Board meetings attended		Committee meetings attended		Total meetings attended	
William D. Anderson ¹	11 of 11	100%	n/a	n/a	11 of 11	100%
Deepak Chopra ²	6 of 6	100%	6 of 6	100%	12 of 12	100%
Dean A. Connor ³	7 of 7	100%	n/a	n/a	7 of 7	100%
Stephanie L. Coyles ⁴	11 of 11	100%	12 of 12	100%	23 of 23	100%
Martin J. G. Glynn	11 of 11	100%	11 of 11	100%	22 of 22	100%
Ashok K. Gupta ⁵	11 of 11	100%	11 of 11	100%	22 of 22	100%
M. Marianne Harris ⁶	11 of 11	100%	11 of 11	100%	22 of 22	100%
David H. Y. Ho ⁷	6 of 6	100%	5 of 5	100%	11 of 11	100%
Sara Grootwassink Lewis ⁸	5 of 5	100%	6 of 6	100%	11 of 11	100%
Helen M. Mallovy Hicks ⁹	2 of 2	100%	2 of 2	100%	4 of 4	100%
James M. Peck ¹⁰	7 of 9	78%	8 of 9	89%	15 of 18	83%
Scott F. Powers ¹¹	10 of 11	91%	12 of 12	100%	22 of 23	96%
Hugh D. Segal ¹²	5 of 5	100%	6 of 6	100%	11 of 11	100%
Kevin D. Strain ¹³	9 of 9	100%	n/a	n/a	9 of 9	100%
Barbara G. Stymiest ¹⁴	11 of 11	100%	10 of 10	100%	21 of 21	100%

¹ Mr. Anderson attended committee meetings in his capacity as non-executive Board Chair.

² On May 5, 2021, Mr. Chopra became a Director and a member of the Audit Committee and Governance, Investment & Conduct Review Committee.

³ On August 6, 2021, Mr. Connor retired. He attended committee meetings in his capacity as President & CEO and a director. He ceased to be President on February 15, 2021.

⁴ On October 31, 2021, Ms. Coyles ceased to be a member of the Audit Committee and became a member of the Management Resources Committee.

⁵ On May 5, 2021, Mr. Gupta became Chair of the Risk Committee.

⁶ On October 31, 2021, Ms. Harris ceased to be a member of the Risk Committee and became a member of the Governance, Investment & Conduct Review Committee.

⁷ On May 5, 2021, Mr. Ho became a Director and a member of the Management Resources Committee and Risk Committee. On October 31, 2021, he ceased to be a member of the Risk Committee and became a member of the Governance, Investment & Conduct Review Committee.

⁸ On May 5, 2021, Ms. Lewis retired. She was Chair of the Audit Committee and member of the Governance, Investment & Conduct Review Committee.

⁹ On October 31, 2021, Ms. Mallovy-Hicks became a Director and a member of the Audit Committee and Risk Committee.

¹⁰ On September 30, 2021, Mr. Peck retired. On May 5, 2021, he ceased to be a member of the Risk Committee and became a member of the Governance, Investment & Conduct Review Committee. He was also a member of the Management Resources Committee.

¹¹ Mr. Powers was unable to attend an unscheduled board meeting called on short notice.

¹² On May 5, 2021, Mr. Segal retired. He was a member of the Audit Committee and Governance, Investment & Conduct Review Committee.

¹³ On February 15, 2021, Mr. Strain became a Director and was appointed as President on August 7, 2021 was appointed as President & CEO. He attended committee meetings in his capacity as President, President & CEO and a director.

¹⁴ On May 5, 2021, Ms. Stymiest became Chair of the Audit Committee and ceased being Chair of the Risk Committee.

The auditor

The board, on the recommendation of the Audit Committee, recommends that shareholders vote **for** the appointment of Deloitte as auditor of SLF Inc. for 2022. Deloitte has been our auditor since SLF Inc. was incorporated in 1999 and has served as the auditor of Sun Life Assurance since 1875. We maintain independence from our auditor through Audit Committee oversight, a robust regulatory framework in Canada, including the requirement to rotate the lead audit partner at least every five years, and Deloitte's own internal independence procedures which are designed to comply with Canadian Public Accountability Board and Public Company Accounting Oversight Board requirements. The Audit Committee pre-approves services provided by the auditors, and also conducts a formal review of the external auditors every year. We completed a comprehensive audit tender process in 2016 and have since carried out an annual review each year. It is our intention to carry out a more comprehensive review in 2024 following the completion of the initial adoption of IFRS 17 Insurance Contracts and at a minimum every 5 years thereafter. **If you do not specify in the proxy form or your voting instructions how you want to vote your shares, the persons named in the form will vote for the appointment of Deloitte as auditor.**

Last year **94.4%** of votes cast were **FOR** the appointment of Deloitte.

Auditor's fees

The following table shows the fees relating to services provided by Deloitte for the past two years.

For the year ended December 31	(\$millions)	
	2021	2020 ¹
Audit Services	19.3	19.6
Audit-related Services	1.2	1.7
Tax Services	0.2	0.3
Other Services	0.2	1.5
Total	20.9	23.1

¹ adjustments to 2020 fees of \$0.8 for Audit Services and (\$0.2) for Tax Services.

Audit fees relate to professional services rendered by the auditors for the audit of our annual consolidated financial statements, the statements for our segregated funds and services related to statutory and regulatory filings. Audit fees of \$13.0 (2020: \$12.7) relates to audit of the consolidated financial statements of SLF Inc. and its subsidiaries to support the audit opinion expressed in the Independent Auditor's report; the remaining Audit fees of \$6.2 (2020: \$6.9) relates to audit of the statements for segregated funds and statutory and regulatory filing.

Audit-related fees include assurance services not directly related to performing the audit of the annual consolidated financial statements of the company. These include internal control reviews, specified procedure audits and employee benefit plan audits.

Tax fees relate to tax compliance, tax advice and tax planning.

All other fees relate to products and services other than audit, audit-related and tax as described above.

We have a policy that requires the Audit Committee to pre-approve any services that are to be provided by the external auditor. The committee has, subject to reporting requirements, pre-approved certain audit, audit-related and other permissible non-audit services that are consistent with maintaining the independence of the external auditor. You can find more information about this policy in our 2021 annual information form which is filed with the Canadian Securities Regulators on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

Non-binding advisory vote on our approach to executive compensation

Since 2010, the board has held an annual advisory vote on our approach to executive compensation to respond to shareholders and other stakeholders who were advocating for this form of shareholder engagement.

Last year, **94.5%** of votes cast were in favour of our approach to executive compensation.

One of the board's primary responsibilities is to ensure Sun Life is able to attract, retain and reward qualified executives. While shareholders will provide their collective views on our approach to executive compensation through the advisory vote, the directors are still fully responsible for their compensation decisions. Detailed information on our approach to executive compensation and what we paid our named executive officers (NEOs) can be found beginning on page 58 of this Circular.

We will ask the shareholders to consider and vote on the following resolution. The board recommends that shareholders vote **for** the resolution. **If you do not specify in the proxy form or your voting instructions how you want to vote your shares, the persons named in the form will vote for the resolution.**

"RESOLVED THAT on an advisory basis and not to diminish the role and responsibilities of the board of directors, the shareholders accept the approach to executive compensation disclosed in the Management Information Circular dated March 18, 2022 delivered in advance of the annual meeting of common shareholders on May 11, 2022."

Corporate governance practices

Our board regularly reviews our governance processes and practices to make sure the board continues to effectively oversee management and our business affairs, and to ensure our governance framework meets regulatory requirements and reflects evolving best practices.

We believe our governance processes and practices are consistent with the *Insurance Companies Act* (Canada), the Canadian Securities Administrators' corporate governance guidelines, guidelines issued by OSFI for effective corporate governance in federally regulated financial institutions, the TSX corporate governance rules, the New York Stock Exchange (NYSE) corporate governance rules for U.S. publicly listed companies and the Philippine Stock Exchange corporate governance guidelines applicable to us.

Governance at a glance

We say "Yes" to

- ✓ **Strong Culture** (see more on page 26)
 - We have a strong culture founded on ethical behavior, high business standards, integrity, respect and doing the right thing for our Clients
 - Our Code of Conduct (Code) applies to every director, officer and employee, who are required to review and certify compliance every year
 - ✓ **Independence** (see more on page 29)
 - Our Board Chair, committee chairs and all members of our committees are independent directors
 - Independent directors meet without management at each board and committee meeting
 - ✓ **Key competencies and experience** (see more on pages 30 to 31)
 - The eight key attributes we expect of our directors are integrity, independent and informed judgment, accountability, knowledge of business issues and financial matters, commitment to operational excellence, responsiveness, initiative and collaboration
 - The Governance, Investment & Conduct Review Committee ensures that the board includes members with a broad range of skills and experience to carry out its mandate
 - ✓ **Tenure and renewal** (see more on pages 32 to 33)
 - We use professional executive search firms and referrals to identify prospective director candidates
 - The Governance, Investment & Conduct Review Committee, together with the Board Chair, continuously monitors board succession requirements and maintains a directors' skills matrix
 - Shareholders elect individual directors annually
 - Our policy on majority voting is informed by best practices and complies with TSX rules
 - We limit the number of public company directorships our directors may have (limit of one other for directors that are executive officers of another public company, and limit of three others for any other director)
 - We have a limit on board interlocks (no more than two directors may serve on the same board of another public company and directors may not serve together on more than one other public company without the prior consent of the Governance, Investment & Conduct Review Committee)
 - The board has adopted a proxy access policy
 - ✓ **Diversity, equity and inclusion** (see more on pages 34 to 37)
 - We have a board diversity policy that considers multiple aspects of diversity, including gender representation and representation by individuals who self-identify as members of Black, Indigenous, People of Colour, disabled and/or LGBTQ2+¹ communities
 - We are committed to diversity, equity and inclusion, and have an enterprise strategy to strengthen diversity across our workforce
 - If all of our director nominees are elected, 89% of our independent board nominees will be diverse²:
 - 5 out of our 9 independent director nominees (56%) self-identify as women
 - 2 out of our 4 current committee chairs (50%) self-identify as women
 - 3 out of our 9 independent director nominees (33%) self-identify as a member of an underrepresented group³
 - no directors have identified as Indigenous peoples or persons with disabilities
- ¹ acronym for Lesbian, Gay, Bisexual, Transgender, Queer or questioning, and Two Spirited people
² individuals who have self-identified as women and belonging to an underrepresented group
³ individuals who have self-identified as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities

✓ **Board development and assessment** (see more on pages 38 to 39 and 42)

- Both current and new directors are provided orientation and continuing education programs
- Travel permitting, new directors will attend site visits to each of the company's four business pillar locations over a two to three year period primarily through the annual board strategy meeting
- Individual directors participate in an annual chair, board and committee effectiveness assessment process

✓ **Strategic planning and risk management oversight** (see more on pages 40 to 41)

- Travel permitting, all directors attend an annual strategic planning meeting held in one of our four business pillar locations and management updates the board on the execution of strategy and strategic considerations at every regular board meeting
- The board provides ongoing oversight of risk management programs, including through the allocation of risk oversight to its four committees, and monitors that the principal risks are appropriately identified and managed

✓ **Sustainability** (see more on page 41)

- The board has ultimate oversight of our sustainability and climate change issues
- In 2021 Sun Life appointed the company's first Chief Sustainability Officer

✓ **Succession planning and talent management** (see more on pages 41 to 42)

- The board has oversight of succession planning for the President & CEO
- The Management Resources Committee has oversight of talent development and succession planning for senior management and the President & CEO's assessment of other senior officers, and the board conducts the assessment of the President & CEO

✓ **Shareholder engagement and alignment** (see more on pages 43 to 44 and 55)

- The Board Chair communicates with shareholders and other stakeholders in connection with governance-related matters
- Independent directors must own at least \$735,000 (7x the cash portion of the independent director base retainer) in common shares and/or DSUs within five years of joining the board

We say "No" to

✗ **Slate voting for directors**

- Shareholders can vote for or withhold their vote from individual directors, and we do not have slate voting

✗ **Staggered voting for directors**

- Directors are not elected for staggered terms, and we have annual elections for all directors

✗ **Unequal voting structure**

- We do not have dual-class or subordinate voting structures

✗ **Tie-breaking vote**

- In the event of a tie vote at the board our Board Chair does not have a deciding vote

✗ **Pledging or hedging of Sun Life securities**

- We do not allow pledging or hedging of SLF Inc. securities by directors and senior management

✗ **Pensions and stock options for independent directors**

- Independent directors are not allowed to participate in our stock option or pension plans

Strong Culture

We have built a strong corporate culture founded on ethical behaviour, high business standards, integrity, respect and doing the right thing for our Clients. The board establishes the “tone from the top” and makes every effort to ensure that senior management consists of people of integrity who create and sustain a culture of integrity throughout the organization. Questions about integrity are included as part of our annual board, committee and chair effectiveness review process.

The board has established the Code that applies to every director, officer and employee, with no exception. Each director, officer and employee receives annual training and is required to complete a declaration of compliance with the Code.

Our Code promotes speaking up and outlines our commitment against retaliation. Our Code also requires employees and directors to report all known and suspected breaches. Our Ethics Hotline empowers our employees to play an active role in protecting the organization. Employees may use the Ethics Hotline to report allegations of misconduct anonymously or if they feel their concerns have not been resolved using other reporting methods.

Communications that accompanied the Code in 2021 further reinforced our expectations of behaviours in the workplace; emphasizing the importance of speaking up, fostering a workplace that is free of harassment of any kind and promoting diversity, equity and inclusion.

The Governance, Investment & Conduct Review Committee is responsible for reviewing the effectiveness of the Code, monitoring compliance with the Code and reporting the results of its review to the board annually. On a quarterly basis, the Chief Compliance Officer reports on breaches of the Code and reviews our controls and compliance with the Governance, Investment & Conduct Review Committee.

A copy of our most recent Code is available on our website (www.sunlife.com). The Code has been filed with the securities regulators in Canada on SEDAR (www.sedar.com) and with the U.S. Securities and Exchange Commission (SEC) on EDGAR (www.sec.gov/edgar.shtml).

The board of directors

Mandate, roles and responsibilities

The board is responsible for supervising the management of the business and affairs of the company. Its mission is to be a strategic asset of the company, measured by effective execution of its overall stewardship role and the contribution the directors make, individually and collectively, to the long-term success of the enterprise. The board’s duties and responsibilities are set out in its charter, which is reviewed by the board and the Governance, Investment & Conduct Review Committee at least annually.

Our board’s main responsibilities

Culture and Conduct

- sets the tone for the culture of the organization on integrity, leadership, diversity, equity and inclusion, sustainability and good governance and for an appropriate and sound risk culture
- satisfies itself that the President & CEO and other senior management is sustaining that culture throughout the organization
- approves, complies with, and promotes our values set out in our Code and reviews employee compliance with the Code

Strategy and Business Performance

- oversees our vision and purpose statements
- provides challenge, advice and guidance on the strategic planning process and established plans
- annually approves our strategic plan and business, capital, investment and sustainability plans
- oversees our significant strategic initiatives, investments and transactions, including significant activities of our subsidiaries
- provides challenge, advice and guidance on our enterprise approach to climate change
- reviews quarterly reports on the performance of our four strategic pillars

Our board's main responsibilities

Governance

- performs its overall stewardship responsibilities either directly or through delegation to its four standing committees (see pages 45 to 53 for a description of the key activities of the committees), including the allocation of risk oversight to its committees
- establishes corporate governance practices and policies and monitors corporate governance trends
- establishes position descriptions for the Directors, Board Chair and Chairs of Board Committees
- delegates to the President & CEO, management and control functions powers to manage the business and affairs of the company
- annually meets with OSFI to review its annual examination report and the status of items to be reviewed with management on a regular basis

Risk Management

- oversees and approves significant policies (such as our Risk Management Framework, Risk Appetite Policy, Capital Risk Policy and Capital Liquidity and Management Framework), plans and strategic initiatives related to the management of, or that materially impact risk, capital and liquidity
- provides challenge, advice and guidance on the effectiveness of risk management

Financial Reporting, Communication and Disclosure

- approves our quarterly and annual financial reports and corporate governance disclosure, including this Circular and the Sustainability Report
- approves the internal and external audit plans
- approves the Internal Control Framework and provides challenge, advice and guidance on its effectiveness to ensure the safeguarding of our assets
- satisfies itself that the right communication and disclosure practices are in place, including that shareholders are able to provide feedback to independent directors

Board and Senior Management

- oversees board composition, the evaluation and selection of candidates at each annual meeting based on a skills, qualifications and competencies assessment process and consideration of the level of diversity on the board (see pages 29 to 35) in accordance with our Board Diversity Policy
- formulates succession plans for the President & CEO, Board Chair, committee chairs and other directors
- approves the appointment, evaluation and, if necessary, replacement of or succession plans for the President & CEO and other members of senior management
- annually reviews and approves the President & CEO's mandate and objectives, reviews his or her performance against those objectives, and approves his or her compensation

2021 Highlights

- approved the appointment of Mr. Powers to succeed Mr. Anderson as Board Chair following the annual meeting of common shareholders on May 11, 2022, subject to being re-elected by the common shareholders at that meeting
- approved the strategic plan, and the business, capital, investment plans and the sustainability plan
- reviewed and approved the acquisition of DentaQuest through our U.S. business
- appointed and onboarded four new directors to enhance the skills, experience and expertise on the board, complement the existing board composition and enhance board diversity
- received insights from an external diversity expert on equity in the workplace
- approved amendments to our Board Diversity Policy
- received updates on a variety of topics including the continued impacts of the COVID-19 pandemic on our employees and businesses, Sun Life's culture, cybersecurity, digital leadership, the global real estate outlook, IFRS 17 and 9 implementation plans, sustainability and climate change
- increased board oversight on environmental, social and governance (ESG) matters, including approving disclosures in our annual management's discussion and analysis (MD&A) in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and solidifying sustainability as one of our strategic pillars to ensure that sustainability is integrated into everything we do, including in our strategy, culture, and operations (see pages 40 to 41)

The board's charter is incorporated by reference into this Circular and has been filed with securities regulators on www.sedar.com and www.sec.gov and can be found on our website (www.sunlife.com).

We expect our directors to act ethically and with integrity in all personal, business and professional dealings. Directors must understand our corporate vision and strategic objectives, continually build their knowledge about our businesses and the financial services sectors in which we operate, and prepare for and actively participate in board and committee meetings in an objective way. They must also understand the board and committee charters and our corporate governance policies and practices, comply with our Code and meet our share ownership guidelines (see page 55). Directors have unrestricted access to management, as necessary, to carry out their responsibilities.

We have eight key attributes we expect of our directors when they carry out their duties:



Board Chair, Committee Chairs, President & CEO

The Board Chair is an independent director. The Board Chair is responsible for providing leadership that enhances the effectiveness and independence of the board. The Board Chair manages the board's affairs to assist the directors in carrying out their responsibilities and helps the board operate cohesively. The Board Chair works closely with the Chair of the Governance, Investment & Conduct Review Committee to regularly evaluate, and in appropriate circumstances propose enhancements to, the board's governance structure and procedures. The Board Chair is a regular attendee of board committee meetings.

The Board Chair and respective committee chairs are responsible for setting meeting agendas and reviewing the meeting materials with management before meetings so that the meetings are productive and enhance the board's effectiveness and independence.

Committee chairs are consulted in advance in connection with the appointment, reassignment, replacement or dismissal of senior management within their respective committee's areas of responsibility, including those in OSFI-identified control functions. Committee chairs are consulted annually on the performance assessment and compensation awarded to those individuals. Each committee chair is an independent director and generally holds the position for five years. Committees, in consultation with the Board Chair, can hire independent advisors.

The role of President & CEO is held by Kevin D. Strain. He is also a director of the company. There is a written statement of mandate for the President & CEO which is reviewed by the board annually and which specifies the President & CEO's overall accountability for leading the company's business operations and creating sustainable value for all stakeholders. The President & CEO is responsible for championing the company's global mission, purpose and values, managing the company's resources to ensure optimal performance, and setting a standard for culture, conduct and character through his or her own behaviour and actions. The President & CEO develops the leadership capabilities and succession required for execution of the strategy and long-term success of Sun Life and provides leadership in the vision, purpose, governing principles, risk management and regulatory compliance, consistent with Sun Life's risk appetite and culture.

The full position descriptions of our President & CEO, our directors, our Board Chair and our committee chairs can be found on our website (www.sunlife.com).

Board size

According to our by-laws, our board can have a minimum of eight and a maximum of 20 directors. The board assesses its effectiveness and optimal size annually and believes the current size should be a minimum of 10 and a maximum of 14 directors in order to fulfil its responsibilities.

Independence

The board maintains a majority of independent directors to ensure it operates effectively and independently of management. All members of the board's standing committees must be independent.

A director is independent under our Director Independence Policy if he or she does not have a direct or indirect relationship with SLF Inc. that could reasonably be expected to interfere with his or her ability to exercise independent judgment. You can find a copy of our Director Independence Policy on our website (www.sunlife.com).

The Governance, Investment & Conduct Review Committee evaluated the independence of each director nominee according to our Director Independence Policy and confirmed that 9 of the 10 are independent, and that all of the current members of the Audit Committee and Management Resources Committee meet the additional independence requirements set out in that policy for membership on those committees. Kevin D. Strain is not independent because he is our President & CEO).

The roles of the Board Chair and the President & CEO are separate. The board believes that this separation increases the effectiveness of the board and facilitates enhanced oversight of management. William D. Anderson is Board Chair and an independent director. On December 9, 2021, Mr. Powers was appointed to succeed Mr. Anderson as Board Chair following the annual meeting of common shareholders on May 11, 2022, subject to being re-elected by the common shareholders at that meeting. Mr. Powers is an independent director. Having an independent Board Chair promotes strong board leadership, encourages open discussion and debate at board meetings, and avoids potential conflicts of interest.

Private Meetings

The independent directors meet privately with the President & CEO and privately without management and the President & CEO present at the end of each board and committee meeting. The members of the Management Resources Committee also regularly meet without management present at the beginning of their meetings. The Board Chair and committee chairs encourage open and candid discussions among the independent directors by providing them with an opportunity to express their views on key topics before decisions are made. The independent directors also routinely meet privately with the heads of key control functions at committee meetings (see committee reports pages 46 to 53).

Key competencies and experience

The Governance, Investment & Conduct Review Committee ensures at all times that the board includes members with a broad range of business and strategic experience and expertise so that the board is able to effectively carry out its mandate. On an annual basis, the Governance, Investment & Conduct Review Committee and the board determine the key competencies and experience that they believe are necessary for the board as a whole to possess in order to be an asset to the company and fulfil its responsibilities. These include the eight key attributes listed on page 28 and the specific competencies and experience listed in the table below and described in the text that follows. The table below also shows the key competencies and experience that each independent director nominee has indicated he or she brings to the board. Each such director nominee has also identified the principal areas of expertise that he or she possesses and those are listed in the respective director nominee profiles on pages 15 to 19. The Governance, Investment & Conduct Review Committee reviewed the areas indicated by each nominee and the rationale provided for their respective selections and is satisfied that the nominees possess skills in those areas.

	Deepak Chopra	Stephanie L. Coyles	Ashok K. Gupta	M. Marianne Harris	David H. Y. Ho	Helen Mary Mallovy-Hicks	Marie-Lucie Morin	Scott F. Powers	Barbara G. Stymiest
Key Competencies									
Finance, Accounting and Actuarial knowledge of and experience with complex accounting, actuarial and/or capital management issues	✓	✓	✓	✓	✓	✓			✓
Insurance, Health and Wealth industry experience in insurance, re-insurance, asset management, wealth management and/or health to provide insight into operations, strategy and market factors			✓	✓		✓		✓	✓
Risk Management knowledge of and experience with the identification of material risks, risk assessment, internal risk mitigation and controls, and risk reporting		✓	✓	✓		✓	✓	✓	✓
Talent and Culture experience guiding and championing a high performance culture, embedding human resources practices that attract, retain and develop a disproportionate share of top talent, including knowledge of and experience with compensation plan design and administration, leadership development and talent management, succession planning and organizational design	✓	✓	✓	✓	✓	✓	✓	✓	✓
Key Experience									
Client Needs, Sales and Distribution experience in creating financial products for retail distribution, Client research or brand development and positioning; experience in overseeing sales forces and third-party distribution channels	✓	✓	✓					✓	
International Business experience in a senior level role in an organization with operations in Asia or other international jurisdictions and experience working with different cultures	✓	✓	✓		✓	✓	✓	✓	✓
Government Relations/Policy experience in government relations or public policy	✓	✓	✓	✓			✓		✓
Public Company public company experience as a senior executive or director at a public company, with insight on the operations and governance of complex, publicly traded company	✓	✓	✓	✓	✓		✓	✓	✓
Corporate Strategy and Development experience in strategic planning and identifying and evaluating corporate development opportunities, including acquisitions, partnerships and joint ventures	✓	✓	✓	✓	✓	✓	✓	✓	✓
Digital and Data/Analytics experience or knowledge relating to the cybersecurity, technology, digital and data/analytics needs and/or strategy for a major organization	✓	✓	✓		✓	✓			✓

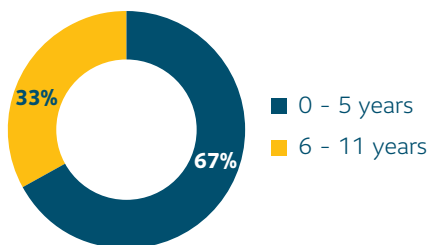
The Governance, Investment & Conduct Review Committee also reviews the membership of each committee annually to ensure each committee is comprised of members with the competencies and experience required to fulfil the committee's mandate.

Tenure and board renewal

Every year the Governance, Investment & Conduct Review Committee recommends a list of candidates for nomination to the board.

Our Director Independence Policy includes provisions on directors' tenure. Independent directors will generally retire from the board after they have served for 12 years. The independent directors can waive this retirement requirement to allow a director to serve for up to three additional years if they unanimously determine that it is in the company's best interests to do so. Thereafter, the retirement requirement can be waived by the independent directors on an annual basis if they unanimously determine that it is in the company's best interests to do so. The board does not have a mandatory retirement age for directors. Other mechanisms of board renewal include the rigorous board and committee assessments (see page 42), the evergreen list of prospective candidates (see page 33) and the annual review of the directors' skills matrix (see pages 30 to 31).

The average tenure of the independent director nominees is 4 years (5.18 years in prior year).



The table below shows the directors who are currently expected to retire or who will be required to retire under our director tenure provisions, unless waived, during the next three years, and the areas of expertise that they have indicated they bring to our board.

Director	Retirement Year	Committee Memberships	Areas of Expertise
William D. Anderson ¹	May 2022	N/A ²	<ul style="list-style-type: none"> finance, accounting and actuarial risk management International business public company corporate strategy and development
Martin J. G. Glynn	May 2022	Management Resources Risk	<ul style="list-style-type: none"> finance, accounting and actuarial risk management talent and culture International business public company
Barbara G. Stymiest	Tenure limit reached in May 2024	Audit (Chair) Risk	<ul style="list-style-type: none"> finance, accounting and actuarial insurance, health and wealth risk management talent and culture corporate strategy and development
M. Marianne Harris	Tenure limit reached in May 2025	Governance, Investment & Conduct Review Management Resources (Chair)	<ul style="list-style-type: none"> finance, accounting and actuarial insurance, health and wealth talent and culture public company corporate strategy and development

¹ On December 9, 2021, Mr. Powers was appointed to succeed Mr. Anderson as Board Chair following the annual meeting of common shareholders on May 11, 2022, subject to being re-elected by the common shareholders at that meeting.

² In his capacity as non-executive Chair of the board, Mr. Anderson attended committee meetings of the board.

The President & CEO must resign from the board when he or she retires or leaves the company.

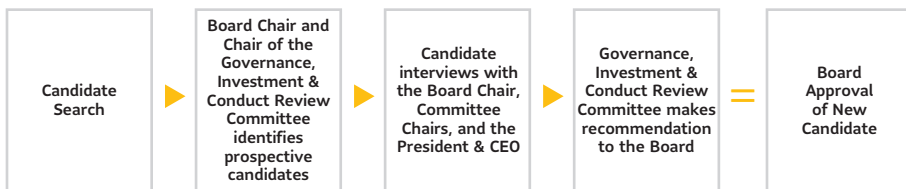
A director must tender a written offer to resign if he or she receives more *withheld* votes than *for* votes from shareholders in an uncontested election.

If requested by the Governance, Investment & Conduct Review Committee, a director must tender a written offer to resign if:

- he or she has not attended at least 75% of board and committee meetings for two consecutive years
- his or her principal employment or other business or professional circumstances have changed materially

Committee chairs are appointed annually. Generally, a director will serve as a committee chair for five years.

Recruiting new directors



The Governance, Investment & Conduct Review Committee, together with the Board Chair have primary responsibility for identifying potential new directors and has adopted guidelines for director recruitment. The eight key attributes we expect of our directors (see page 28) together with the directors' skills matrix (see pages 30 to 31) and the board's diversity policy (see pages 34 to 35) are the primary considerations for the committee when determining a need to recruit a new director and identifying the competencies, skills and expertise that prospective directors should possess.

As part of the recruitment process, the committee develops a success profile based on the considerations determined that best complement the existing directors or fill a need on the board.

Candidates are identified through executive search firms and referrals. An evergreen list of prospective candidates is maintained, which is comprised of individuals who the committee feels may be appropriate as a board candidate when a vacancy arises.

When recruiting candidates for appointment or election to the board, the Governance, Investment & Conduct Review Committee:

- is committed to ensuring equitable and inclusive recruitment practices and will require search firms to identify and present diverse and balanced slates of potential Director candidates, including women and members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities (underrepresented groups)¹, and
- will create equity by ensuring candidates have equal access to opportunities, free of bias and discrimination.

The Governance, Investment & Conduct Review Committee will also consider the board's representation commitments for women and underrepresented groups on the board (see pages 34 to 35) when recruiting candidates.

Executive search and background screening firms conduct reference and background checks on potential candidates. Suitable candidates are interviewed by the Board Chair, the committee chairs and the President & CEO. The committee receives input from all of these sources in connection with its recommendation to the board for the appointment or nomination of a new director.

¹ individuals who self-identify as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities.

Diversity, equity and inclusion

Our commitment to diversity, equity and inclusion is at the centre of our company values and is critical to the board and executive management. Qualified directors and executive leaders who reflect the Clients we serve, our employees around the world, and the communities where we operate bring broader perspectives and experience to deepen our insight, enhance innovation and accelerate growth. We strive to create an inclusive, high-performing culture where all employees, regardless of gender/ gender identity, race, religion, age, country of origin, physical ability, sexual orientation or other diversity attributes, can contribute to their full potential. We stand for equality, social change and justice for all and are committed to creating equal opportunities and fostering inclusion. For more information on diversity, equity and inclusion and how we are taking action, please see our Diversity, Equity and Inclusion Strategy 2025 and our Sustainability Report on our website (www.sunlife.com/sustainability/diversity-and-inclusion and www.sunlife.com/sustainability).

We believe that a diverse group of directors produces better corporate governance and oversight, as such the board has adopted a diversity policy that includes provisions on representation and diverse candidate slates. The objective of the board's diversity policy is to ensure that the board as a whole possesses diverse qualifications, skills, experience and expertise relevant to the company's business, in order to fulfil its mandate.

Effective implementation of the board's diversity policy is the responsibility of the Governance, Investment & Conduct Review Committee and the Board Chair. See "Recruiting new directors" above for more information on how Sun Life ensures diverse candidates are considered as prospective board members.

To ensure the board's diversity commitments are effectively implemented, the Governance, Investment & Conduct Review Committee assesses the effectiveness of the board's diversity policy on an annual basis by:

- considering the level of diversity on the board based on the above factors, which includes the consideration of the level of representation of women and underrepresented groups¹
- progress towards the board's representation commitments for women and underrepresented groups¹ on the board (see below), and
- whether its representation commitments have been achieved or exceeded.

To drive our commitment to diversity, equity and inclusion we have:

- signed the Catalyst Accord 2022, which aims to increase the average percentage of women on boards and women in executive positions in corporate Canada to 30% or more by 2022;
- joined the 30% Club Canada, which has set a goal of 30% of board seats and C-suites to be held by women by 2022;
- signed on to the goals in the BlackNorth Initiative, which aims to remove systemic barriers that negatively affect Black Canadians; and
- become a member of the Canadian Council for Aboriginal Business and began our Progressive Aboriginal Relations (PAR) certification, which confirms corporate performance in Indigenous relations, and formed a working group to create an intentional and progressive approach to impact four key performance areas: leadership, employment, business development, and community partnerships.

Representation commitments for women and underrepresented groups on the board

The board's diversity policy includes provisions relating to identification and nomination of women directors and underrepresented groups¹. Taking into account the desired qualifications, skills, experience, expertise and commitment to diversity, The board has committed to:

- an aim of having 35% to 45% of directors on the board who self-identify as women, with an aim towards balanced gender representation by 2025; and
- an aim to have members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities (underrepresented groups)¹ comprise 20% to 25% of directors on the board

¹ individuals who self-identify as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities.

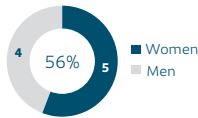
As of the date of this Circular 5 out of our 9 (56%) independent director nominees¹ and 2 out of our 4 (50%) current committee chairs self-identify as women, 3 out of our 9 (33%) independent director nominees² self-identify as a member of an underrepresented group³ and combined with our representation of women, 8 out of 9 (89%) of our independent board nominees will be diverse⁴. No directors have self-identified as Indigenous peoples or persons with disabilities.

Diversity of our Independent Director Nominees

Board Diversity



Gender Diversity



Underrepresented Group Diversity



- ¹ 5 out of 10 (50%) of all director nominees.
- ² 3 out of 10 (30%) of all director nominees self-identify as a member of an underrepresented group.
- ³ individuals who self-identify as members of the Black, Indigenous, People of Colour, disabled and/or LGBTQ2+ communities.
- ⁴ 8 out of 10 (80%) of all director nominees self-identify as women or belonging to an underrepresented group.

Advancement of women and underrepresented groups in our workplace

We have an enterprise strategy to strengthen diversity, equity and inclusion. The strategy focuses on a series of actions that review and enhance our talent management practices, enrich our already collaborative and inclusive culture, and ensure our investments and participation in the community support our objectives.

Below is a list of efforts we have made to support our commitment to the advancement of women and underrepresented groups in our workplace.

- **Recruitment** – we require a diverse slate of candidates (including women) when we select leaders for executive officer and senior leadership positions, both internally and externally. In situations where we are working with external executive search firms, one of the standard terms and conditions in our contracts is the presentation of diverse candidate slates. We also apply a language analysis tool to our recruitment postings, to ensure our language is gender inclusive and an artificial intelligence resum  screening tool to minimize discrimination and bias while recommending top candidates.
- **Inclusion Networks** – we have numerous internal, voluntary, employee-led inclusion networks which play an important role in fostering and embedding a culture of inclusion within the company, including our Asian American Heritage Association network, our Black Excellence Alliance network, our DiverseABILITY network, our Hispanic Organization for Leaders and Achievers network, our Mosaic network, our Sun Life Pride network, and our networks focused on the advancement of women: Bright Women in North America and InvestHER in our asset management group.
- **Mentorship and Development Programs** – we have a number of informal and formal mentor and mentee opportunities across our company and have implemented a global mentorship framework with an inclusion focus to ensure consistency across our businesses.
- **Community Involvement** – we celebrate events such as International Women’s Day and Pride month and sponsor several charities and programs related to gender equality and advancing inclusion, especially for disadvantaged or marginalized communities such as:
 - the Simmons Conference, the Women in Insurance STEM program, the Bentley University program for first-generation college students, the Right to Play and Kids Help Phone programs for Indigenous children and youth across Canada,
 - the Foundation for Black Communities, serving Black communities across Canada, and
 - the launch of the Dean Connor Sun Life Inclusion Scholarships for Black and Indigenous Students in 2021

For more information on our community involvement, please see our Sustainability Report on our website (www.sunlife.com/sustainability).

- **Building External Partnerships** – we believe it is important to build key relationships with external partners that have the same commitment to building diverse and inclusive communities that also enable us to establish relationships with diverse talent for future opportunities, including Bentley University’s Center for Women and Business, and INDSpire. For more information on our external partnerships, please see our Sustainability Report on our website (www.sunlife.com/sustainability).
- **Employee Training** – We offer diversity, equity and inclusion education seminars through our online learning resources as well as through internal, executive-led forums that focus on fostering mutual understanding, and encourage participants to get more comfortable having uncomfortable conversations and were the first insurer to invest in Kaleidoscope by Hive Learning, the world’s leading interactive digital inclusion program. Please see our Diversity, Equity and Inclusion Strategy 2025 on our website (www.sunlife.com/sustainability/diversity-and-inclusion) for more information on our employee diversity, equity and inclusion training.
- **Flexible Work Arrangements** – during another year of uncertainty, our company continued to provide various additional support measures in order to attract and retain diverse talent, including flexible work arrangements, myWellness days to promote the importance of taking time away from work, and continuing to have an increased allotment of personal emergency days to support childcare, eldercare or other responsibilities arising from the COVID-19 pandemic.
- **Monitoring Activities** – we regularly monitor and review the number of women and underrepresented groups in executive and senior leadership positions through our annual talent review and succession planning process (see pages 41 to 42). One of the key metrics we review is the number of women and underrepresented groups in executive and senior leadership roles and in our management pipeline.
- **Compensation Analysis** – at the conclusion of our annual performance management and compensation cycle, we analyze compensation levels across the organization, including the compensation of women holding executive officer and senior leadership positions, to ensure fair and equitable treatment, free from systemic bias. We also ensure to review pay outcomes with a lens for employees that identify as members of underrepresented groups in addition to gender.

We pride ourselves on creating an inclusive and welcoming environment that encourages diverse perspectives, experiences, preferences and beliefs. Below are examples of how we have been recognized for our ongoing commitment to gender equality, diversity, equity and inclusion:

- we have been included in the Pax Ellevest Global Women’s Index Fund (PXWEX) since 2014,
- we have been included in the Bloomberg Gender-Equality Index (GEI) since 2017,
- we received Parity Certification by Women in Governance for our strong commitment to gender equality in the workplace,
- in 2016 we signed the 100% Talent Compact pledge to move to closing the gender wage gap in Boston, and
- we achieved a perfect score for the thirteenth consecutive year on the Human Rights Campaign Foundation’s corporate equality Index.

Women and underrepresented groups in executive officer positions

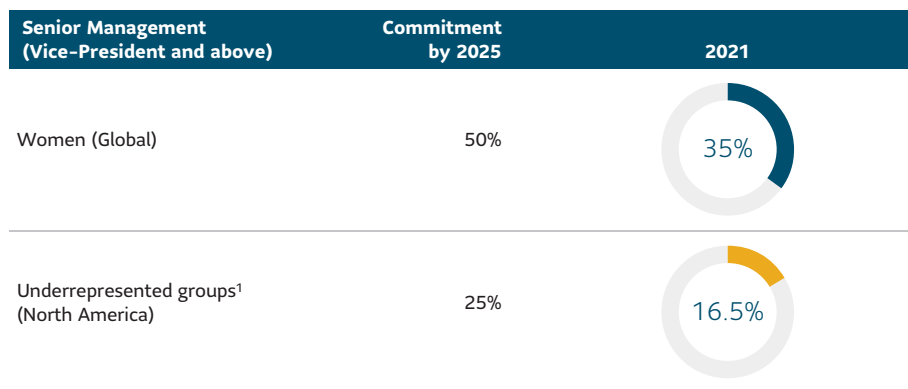
The following chart shows the number and percentage of men and women who are executive officers (members of the Executive Team), direct reports of the President & CEO and senior executives of the company as of January 31, 2022. The executive officers are also officers of Sun Life Assurance.

Gender	Number of Executive Officers	Percentage of Executive Team Members	Number of President & CEO Direct Reports ¹	Percentage of CEO Direct Reports	Number of Senior Executives	Percentage of Senior Executives
Men	6	55%	5	38%	167	65%
Women	5	45%	8	62%	90	35%
Total	11	100%	13	100%	257	100%

¹ President & CEO Direct Reports includes ten Executive Officers, and three Senior Executives that report directly to the President & CEO.

Representation commitments for executive officer positions

We have committed to improving the representation of women leaders by setting a goal of 50% women at the Vice-President level and above globally by 2025 and a goal to reach 25% underrepresented groups at the Vice-President level and above in North America by 2025. The following chart shows the percentages of self-identified women and underrepresented groups¹ who are senior management (Vice-President and above) of the company as of January 31, 2022.



¹ individuals who self-identify as members of the Black, Indigenous, and/or People of Colour communities

Board development

Our orientation program for new directors includes informal introductory meetings with each Executive Team and board member, formal information sessions, and a directors' manual with information about the company, the board and its committees, board administration, directors' duties, policies applicable to the directors, and future meeting schedules. The Board Chair matches new directors with an experienced board member to act as a mentor by providing perspective and informal feedback and offering insights on board culture and dynamics.

Formal information sessions cover the company's four business groups, each corporate function, our corporate strategy and financial objectives and are tailored to account for individual backgrounds, experience and the expected committee responsibilities. The Board Chair and committee chairs meet with new directors to discuss the role of the board and board committees in detail.

Directors are provided with an extensive list of upcoming outside professional development programs that may be of interest, which is updated throughout the year as new programs become available. The list includes governance, financial, compensation and industry topics. Directors can participate in these programs at our expense, as long as the Board Chair approves them in advance. As part of the annual assessment process Directors are asked to provide input on continuing education sessions that each Director would find valuable and this input is reflected in the Director education program.

Travel permitting, new directors attend site visits to each of the company's four business pillar locations over a two to three year period, primarily through the board's annual strategic planning board meeting in one of our four business pillar locations. The board believes that these site visits enhance ongoing director education. All of the directors are members of the Institute of Corporate Directors in Canada and the National Association of Corporate Directors in the U.S., which provide continuing education for directors through publications, seminars and conferences.

In addition to attending sessions provided by the other boards our Directors serve on, our Directors attended sessions in 2021 that were organized by third parties including:

- Aird and Berlis LLP
- AVIVA Canada
- Basillie School of International Affairs
- BlackRock, Inc.
- Board Ready Women
- Caldwell Partners
- Canadian Institute for Advanced Research
- Canadian Public Accountability Board
- Chatham House
- City National Bank
- Compensation Committee Leadership Network
- Conference of Defence Associations Institute
- Council on Foreign Relations
- Debevoise & Plimpton LLP
- Deloitte LLP
- Egon Zehnder International
- Ernst & Young
- European Judicial Network
- Financial Services Club
- Global Risk Institute
- Hugessen Consulting Inc.
- Institute of Corporate Directors
- Institute of Internal Auditors
- Investment & Life Assurance Group
- KPMG International
- McKinsey & Company
- Milken Institute
- National Association of Corporate Directors
- Northwind Professional Institute
- Pew Research Center
- PricewaterhouseCoopers International Limited
- Pro Bono Economics
- Ramsay Inc.
- Royal United Services Institute
- ScotiaBank
- SkyBridge Capital
- The Economist
- The Institute and Faculty of Actuaries
- The United Nations
- Ticker Club
- TMX Group Limited
- TPG Capital
- Universities across Canada and the U.S.
- Warren Partners
- Women in Capital Markets

In addition, we hold regular education sessions in conjunction with board and committee meetings to give directors a deeper understanding of our businesses and operating environment, to address ongoing and emerging issues in the functional areas of board oversight, and to encourage more in-depth discussion in specific areas. The table below lists the education sessions we organized for our directors in 2021.

Month	Topic	Audience/Committee ¹
February	Climate Change	Board
February	IFRS 17 Update	Audit
February	Real Estate Capabilities & Strategy	Risk
April	Insights from Dr. Robert Livingston on Diversity, Equity and Inclusion	Board
April	Global Real Estate Outlook	Board
April	IFRS 17 Update	Board
April	Sustainability at Sun Life	Board
May	Perspectives on China with Jude Blanchette	Board
May	Capital Intensive Products, Product Design and Product Pricing from a Risk Perspective	Board
May	IFRS 17 Update	Audit
May	Private Fixed Income	Governance, Investment & Conduct Review
May	The Impact of Ratings Migration during 2020	Governance, Investment & Conduct Review and Risk
May	Market Trends in Executive Compensation	Management Resources
May	Environmental, Social and Governance Topics	Management Resources
May	Economics and Psychology of the Black Market	Risk
June	Perspectives on China with Ambassador Dominic Barton	Board
June	IFRS 17/9 Update	Board
August	Update on Cyber Security	Board
August	IFRS 17/9 Update	Audit
August	Update on Tax Landscape	Audit
August	Mortgages	Governance, Investment & Conduct Review and Risk
November	Surfacing Shareholder Value	Board
November	Update on Defined Benefit Solutions	Board
November	IFRS 17/QIS 3 Update	Board
November	IFRS 17/9 Update	Audit
November	The Impact of Climate Change on Investments	Governance, Investment & Conduct Review and Risk
November	Public Fixed Income & Derivatives	Governance, Investment & Conduct Review
November	Political/Geopolitical Risks	Risk
November	Country Risk Framework, including Proposed Risk Appetite	Risk

¹ The overall attendance rate of board and committee members at these education sessions was 100%.

We also make some of our employee presentations available to the board for their optional viewing. For example, directors were invited to view a discussion on the latest news and updates on the COVID-19 pandemic as well as a panel discussion on the COVID-19 vaccine.

Serving on other public company boards and audit committees

The board has a policy limiting the number of public company directorships that directors should hold. Directors who are employed full-time should hold no more than one other public company directorship and directors who are not employed full-time should hold no more than three other public company directorships.

The board has also adopted a policy limiting the number of board interlocks among our directors. This policy is intended to promote independence and avoid potential conflicts of interest. No more than two directors may serve together on the same board of another public company, and directors may not serve together on the boards of more than one other public company (each, an interlock), without the prior consent of the Governance, Investment & Conduct Review Committee. There are currently no public company interlocks.

Directors are also required to notify the Board Chair, the Chair of the Governance, Investment & Conduct Review Committee, the President & CEO and the Chief Legal Officer prior to accepting a directorship on an additional public, private or not-for-profit board, to provide an opportunity for them to verify that the director continues to have the time and commitment to fulfil his or her obligations to the board and to be satisfied that the director is in compliance with the above policies, including the impact of any public company or other interlocks and no real or apparent conflict of interest would result.

The NYSE corporate governance rules suggest that audit committee members should not serve on more than three public company audit committees. All of the current members of the Audit Committee comply with this standard.

Related party transactions

We are required by the *Insurance Companies Act* (Canada) and the *Trust and Loan Companies Act* (Canada) (the Acts) to develop procedures to identify potential or actual transactions with related parties of the company, a group that includes directors and senior officers. We are also required to have our conduct review committee (the Governance, Investment & Conduct Review Committee) review on an annual basis, the related party procedures and their effectiveness in ensuring that we comply with the related party provisions of the Acts and to review any related party transactions requiring regulatory reporting. We have established procedures for a broad range of potential transactions with related parties of the company and in 2021 the Governance, Investment & Conduct Review Committee reviewed these and their effectiveness to ensure that any transactions with related parties of the company that may have a material effect on the stability or solvency of the company are identified (also see page 49).

Strategic planning

The board sets the strategic direction for the company and approves the annual strategic plan, including the company's purpose statement, and the annual business capital, investment, and sustainability plans. It also reviews the effectiveness of our strategic planning process on a regular basis.

We typically hold in-depth strategy sessions with the board every year at one of our four pillar locations. To prioritize the health and well-being of our directors, officers and employees and in line with directives and guidance from public health authorities, all of our board meetings in 2021 were held virtually, including our strategic planning meeting with the board. As part of the strategic plans and priorities for each of our four business groups, the board focused on the key risks facing the business relating to strategic execution (including the prioritization and management of initiatives and people resources), the changing economic and geopolitical environment, the competitive and regulatory environment, maintaining strong financial discipline and a strong capital position, operational resilience (including information security and data management), and stakeholder and regulatory expectations on climate and social actions. The board also reviewed trends emerging in strategic and financial decision making with a focus on the future of work, demographic and geopolitical shifts, climate change management, including our goal to achieve net-zero greenhouse gas emissions by 2050, sustainability and diversity, equity and inclusion, digital, health, sustained demand for alternative asset classes, and strategic partnerships. Consideration was also given to the alignment of the strategic plan projections with our risk appetite and the uncertainty brought on by the continued COVID-19 pandemic. The Executive Team reviewed and discussed the feedback and perspectives provided by the board and the board then approved the updated strategic plan at its meeting in November.

Management updates the board on the execution of the strategy and strategic considerations at every regular board meeting. The board must approve any transaction that will have a significant strategic impact on the company.

Risk Management Oversight

Our board is ultimately responsible for ensuring the oversight of all risks across the enterprise and has primary responsibility for taking action to ensure risk management policies, programs and practices are in place. By approving our Risk Management Framework and the Risk Appetite Policy, and providing ongoing oversight of the risk management programs, including through the allocation of risk oversight to its four standing committees, the board monitors that the significant risks are appropriately identified and managed. The board of directors also oversees business and strategic risk through review and approval of the business and strategic plans, and regularly discusses key themes, issues and risks emerging in connection with the design or implementation of these plans.

You can find more information about our risk management practices and the oversight provided by the board and the board committees in the description of our board committees beginning on page 45 and in our annual information form and MD&A for the year ended December 31, 2021 which are available on our website (www.sunlife.com), on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

Sustainability

Our Sustainability Plan focuses on the areas where the company can make the most positive social and environmental impact: increasing financial security, fostering healthier lives and advancing sustainable investing. It also focuses on minimizing Sun Life's environmental footprint, supporting diversity, equity and inclusion in the workplace, data security and privacy, governance and ethics and risk management. Our Sustainability Report provides information about our sustainability commitments and progress, including our ESG integration and performance, and is available on our website (www.sunlife.com/sustainability).

The board has ultimate oversight of our sustainability and climate change issues, and uses reports from the board committee chairs noted below, and other direct presentations by management and external experts, to decide the nature and extent of its input and to provide challenge, advice and guidance on our enterprise approach to climate change (see also page 26). Our four board committees have oversight over aspects of sustainability and climate change:

- the Governance, Investment & Conduct Review Committee provides oversight of our enterprise-wide Sustainability Policy and sustainability program, including reviewing and recommending approval of the annual Sustainability Report and Sustainability Plan to the board. The Governance, Investment & Conduct Review Committee monitors progress on sustainability plan implementation, goals and targets, including greenhouse gas emissions performance.
- the Risk Committee provides enterprise-wide oversight of the management of current and emerging risks, including of climate-related risks and, broadly, environmental risks. For more detail on the Risk Committee's role, refer to our annual MD&A available on our website (www.sunlife.com/investors/financial-results-and-reports).
- the Audit Committee has oversight of all financial disclosures in the financial statements and MD&A, including those related to climate change. For more information on our climate-related disclosures, see our TCFD report available on our website (www.sunlife.com/sustainability/sustainability-plan).
- the Management Resources Committee provides oversight of our diversity, equity and inclusion strategy. For more information on our diversity, equity and inclusion at Sun Life, please see our Diversity, Equity and Inclusion Strategy 2025 on our website (www.sunlife.com/sustainability/diversity-and-inclusion).

In 2021, Sun Life appointed the company's first Chief Sustainability Officer to continue to build on our long-term economic, environmental, and social commitments to design and lead greater sustainability performance for the company.

Succession planning and talent management

The Management Resources Committee has primary oversight of talent development and succession planning for senior management and the President & CEO's assessments of the other senior officers. The board has primary oversight of talent management, succession planning and the performance assessment of the President & CEO. The Management Resources Committee and the board conduct in-depth reviews of succession options relating to senior management positions and the President & CEO, respectively, and, when appropriate, approves the rotation of senior executives into new roles to broaden their responsibilities and experiences and deepen the pool of internal candidates for senior management positions.

Annually the Management Resources Committee reviews in detail updated succession plans for Executive Team roles and heads of key control functions. Each committee also reviews the talent and succession plans relevant to their specific functions and responsibilities.

Over the course of the year, the board will typically have direct exposure to over 100 senior executives as they present on their part of the company's activities.

Subject to the restrictions imposed in response to the COVID-19 pandemic in 2020 and 2021, at least once each year, the board will host a social event that includes members of management below the Executive Team. These events allow the board to interact and build relationships with high performance and high potential employees who are our future leaders.

Assessing the board

The board, board committees and individual directors participate in an annual assessment process. In October 2020, the board retained an independent consultant to facilitate its assessment process in 2021. Assessment surveys and interview guidelines were developed by the independent consultant, in conjunction with the Board Chair and the Chair of the Governance, Investment & Conduct Review Committee with the objectives of:

- providing the board with insight into its functioning and effectiveness, including the performance of the board, and the performance and leadership of the Board Chair and committee chairs in carrying out their mandates
- identifying opportunities to enhance governance in ways that will have a direct impact on the company's performance and ability to meet its strategic and operational priorities
- providing the board insight into areas of individual director contributions in order to plan for future board education, recruitment and succession planning
- enhancing the working relationship among board members and between the board and management



- all directors and certain senior executives completed comprehensive quantitative and qualitative written assessment surveys
- the independent consultant conducted follow up one-on-one interviews to elicit feedback
- the independent consultant analyzed the feedback and prepared assessment reports for each committee and committee chair, each individual director, the Board Chair, and a summary report of assessment results for the review of the Board Chair and the Chair of the Governance, Investment & Conduct Review Committee
- the Board Chair conducted one-on-one meetings with each director to review their individual assessment report and/or committee chair report and to receive candid feedback
- the Chair of the Governance, Investment & Conduct Review Committee provided feedback to the Board Chair on his assessment results and to discuss the assessment reports
- each committee reviewed and discussed their respective committee reports
- the independent consultant reported on the assessment results at the board's meeting in May 2021, including themes and recommendations coming out of the effectiveness review
- the board discussed the assessment results and recommendations and identified priorities and action items to improve the effectiveness of the board
- reports and peer reviews are taken into consideration during the director re-nomination process and committee chair appointment process

Internal control and management information systems

The board has approved a comprehensive Internal Control Framework that codifies the company's existing system of internal controls set out in policies and related documents. The Internal Control Framework is based on *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Audit Committee reviews and monitors the effectiveness of our internal control and management information systems and receives regular reports on internal control from management, including corporate oversight functions in the actuarial, finance, and internal audit departments. This oversight provides reasonable assurance of the reliability of our financial information and the safeguarding of assets.

Shareholder engagement and communications

The Board believes it is important to have constructive engagement with the company's shareholders to allow shareholders to express their views. Sun Life has well developed practices to facilitate constructive engagement with its investor base. The table below outlines the key contacts and methods that shareholders can use to engage with Sun Life and access important information:

Board of Directors

The Board Chair or his or her designate may communicate from time to time with shareholders, regulators, rating agencies and corporate governance-focused coalitions in connection with governance-related matters, including the results of the annual advisory vote on executive compensation. All such communications are reported to the board of directors no later than its next regularly scheduled meeting. Shareholders can contact the Board Chair as indicated below under "Contacting the Board".

Senior Management

The President & CEO, the Chief Financial Officer, the Head of Investor Relations and Capital Markets, and/or other senior management meet regularly with financial analysts and institutional investors, and senior management has recently engaged with institutional investors on topics such as strategic direction, sustainability, diversity, equity and inclusion and engagement with Indigenous communities.

Senior management of the company also engages with shareholders and other stakeholders through executive presentations and by way of special events and announcements. On March 18, 2021, these additional opportunities for engagement included an Investor Day hosted by SLF Inc. and SLC Management (part of our Asset Management pillar), participation and presentations at peer led financial services conferences and submits and institutional investors' conferences. Shareholders can contact senior management as indicated below under "Contacting Investor Relations" and can refer to our Investor Relations website at: <https://www.sunlife.com/Global/Investors> for more information on upcoming presentations and engagements.

Investor Relations

Investor Relations provides shareholder resources including analyst coverage information, financial strength ratings, annual financial information and governance and sustainability practices information. Shareholders can contact Sun Life's Investor Relations as indicated below under "Contacting Investor Relations".

Shareholder Services

Our Shareholder Services team focuses on serving the needs of individual shareholders of the company and engages with our shareholders either directly or through our transfer agent, on matters related to annual meeting materials, dividend payments, tax receipts and the management and escalation of shareholder inquiries and complaints. In addition, our Shareholder Services team proactively operates asset reunification programs from time to time to find lost shareholders entitled to unclaimed shares and dividends. Shareholders can contact SLF Inc.'s Shareholder Services team or its transfer agent as indicated below under "Shareholder contacts".

Live Broadcasts

Management conducts live webcasts of quarterly earnings release conference calls which are accessible to the shareholders and other interested parties, and the company's annual meeting of shareholders may also be viewed by webcast and shareholders may submit questions through the webcast.

Contacting the Board

Shareholders and other interested parties can contact the directors and the company directly to give feedback:

Board of Directors
Sun Life Financial Inc.
1 York Street, 31st Floor
Toronto, Ontario, Canada M5J 0B6

Email: boarddirectors@sunlife.com

Contacting Investor Relations

Investor Relations
Sun Life Financial Inc.
1 York Street, 29th Floor
Toronto, Ontario, Canada M5J 0B6

Email: investor.relations@sunlife.com

Disclosure policy

The board reviews and approves the content of all major disclosure documents including the annual and interim financial statements, MD&A, earnings news releases, the annual information form and this Circular.

We strive to be responsive to the disclosure needs of the investment community and other stakeholders and provide timely, consistent and accurate information to the investing public while meeting our disclosure obligations. The Governance, Investment & Conduct Review Committee receives a report annually on the status of compliance with and effectiveness of our disclosure and securities trading policy and the policy is reviewed on a regular basis to determine whether revisions are required to respond to legal and regulatory developments, to reflect changes in the business environment or internal operations or to enhance governance.

The table below lists our corporate governance documents and when they are reviewed. All of them are available on our website (www.sunlife.com). Our Code is also available on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

Corporate governance document	Review cycle
Board of Directors charter and committee charters	Annually
Position descriptions for directors, including the Board Chair and the committee chairs	Annually
Statement of Corporate Governance Policies and Practices	Annually
Director Independence Policy	Annually
Code of Conduct	Annually, in-depth review at least every three years
Board Diversity Policy	Annually
Director Recruitment Guidelines	Annually

Shareholder contacts

For dividend information, change in share registration or address, lost stock certificates, tax forms, estate transfers or dividend reinvestment, please contact:

For shareholders residing in Canada:	For shareholders residing in the U.S.A.:
TSX Trust Company P.O. Box 700, Station B Montreal, Quebec, Canada H3B 3K3	American Stock Transfer & Trust Company, LLC 6201 15 th Ave Brooklyn, New York 11219 U.S.A.
Phone: Canada: 1-877-224-1760 International: 1-416-682-3865	Phone: U.S.: 1-877-224-1760 International: 1-416-682-3865
Email: sunlifeinquiries@tmx.com	Email: sunlifeinquiries@tmx.com

Additional contact information for other regions is available at www.sunlife.com/shareholdercontacts

For other shareholder inquiries, please contact:

Shareholder Services

Sun Life Financial Inc.

1 York Street, 31st Floor

Toronto, Ontario, Canada M5J 0B6

Email: shareholderservices@sunlife.com

Shareholder proposals

We did not receive any shareholder proposals for consideration at the meeting.

Shareholder proposals for our 2023 annual meeting must be sent to us in writing. We must receive them by 5:00 p.m. (Toronto time) on December 16, 2022 to consider including them in our management information circular for the 2023 meeting.

Send the proposal to the Corporate Secretary at Sun Life Financial Inc.

Fax: 416-585-9907

Email: boarddirectors@sunlife.com

Mail: 1 York Street, 31st Floor
Toronto, Ontario, Canada M5J 0B6

Board committees

The board's four standing committees are:

- Audit Committee
- Governance, Investment & Conduct Review Committee
- Management Resources Committee
- Risk Committee

The board delegates work to its committees to fulfil its responsibility to supervise the management of the business and affairs of the company. The committee charters are reviewed at least annually and updated as required. All standing committees are comprised entirely of independent directors as defined in our Director Independence Policy.

The committees meet prior to board meetings at which the annual business plan and our annual and quarterly financial results are reviewed and approved, and at other times as required or appropriate.

The Board Chair and the committee chairs review and approve the agenda for each committee meeting. Agendas are developed using the forward agenda and items noted for consideration or follow-up at prior meetings. The committees hold private meetings with individual members of management, including the heads of key control functions at the beginning and/or end of each meeting, discuss reports prepared by management, and then meet in private at the end of each meeting. Each committee chair reports to the board on the committee's deliberations and any recommendations that require board approval.

Audit Committee (AC) Report



Barbara G. Stymiest
(Chair)



Deepak Chopra



Helen M.
Mallovy Hicks



Scott F. Powers

The AC is responsible for assisting the board in overseeing the integrity of financial statements and related information provided to shareholders and other stakeholders, compliance with financial regulatory requirements, adequacy and effectiveness of the internal controls implemented and maintained by management, and assessing the qualifications, independence and performance of the external auditor. Management is responsible for preparing our consolidated financial statements and the reporting process. Deloitte is responsible for auditing our annual consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board in the U.S., and the effectiveness of our internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board in the U.S.

Independence

- All AC members are independent and meet the additional independence standards for audit committee members in our Director Independence Policy (see page 29).
- Each of Mss. Mallovy Hicks and Stymiest has the necessary qualifications to be designated as an “audit committee financial expert” as defined by the U.S. Securities and Exchange Commission (SEC) and has the accounting or related financial management experience required under the rules of the NYSE
- All AC members are “financially literate” within the meaning of the rules of the Canadian Securities Administrators on audit committees and the corporate governance listing standards of the NYSE

Meetings

- Met 5 times in 2021
- Met routinely in private with each of Deloitte, the Chief Financial Officer (CFO), the Chief Auditor and the Chief Actuary and met in private at each meeting
- Meets privately with the Chief Risk Officer and Chief Compliance Officer, as appropriate

Performance

The members of the AC are satisfied with the committee’s mandate and that it met the terms of its charter in 2021

Key Responsibilities

Financial Reporting and Controls

- ✓ reviewed our principal accounting and actuarial practices and policies and management’s accounting estimates and judgments with management and Deloitte
- ✓ reviewed regular reports from management on IFRS developments and received updates on IFRS 17 and 9 implementation plans
- ✓ reviewed the following documents with management and Deloitte, and recommended them to the board for approval: annual consolidated financial statements, quarterly unaudited consolidated financial statements, MD&A and earnings news releases on our annual and quarterly results (Filings)
- ✓ reviewed disclosures in the MD&A in line with the recommendations of the TCFD
- ✓ considered emerging industry, regulatory and accounting standards and the possible impact on the company’s principal accounting practices and policies, including consideration of the use of non-IFRS measures

2021 Highlights

- ✓ reviewed with management any adjustments to reported net income to ensure underlying net income assists management, investors and other stakeholders to understand the company's underlying business growth and performance
- ✓ reviewed with management significant events impacting the Filings, including the COVID-19 pandemic
- ✓ reviewed reports from management on the effectiveness of our disclosure controls and procedures, internal control over financial reporting, including the impacts of a work-from-home environment, and the attestation by Deloitte of the effectiveness of our internal controls
- ✓ reviewed reports from management on approaches to sustainability reporting, talent, and Finance technology infrastructure
- ✓ reviewed and recommended to the board for approval amendments to the internal control framework
- ✓ received updates on tax matters
- ✓ received an independent third party actuarial peer review of 2020 year-end policy liabilities, and an update on recommendations in the peer review
- ✓ reviewed quarterly reports from the Chief Actuary on method and assumption changes and management actions and their impacts
- ✓ reviewed an annual report on Provisions for Adverse Deviations (PfADS) in our actuarial liabilities

External Auditor

- ✓ conducted the annual evaluation of the external auditor and recommended their re-appointment to the board for approval
- ✓ reviewed and accepted the independence of the external auditor, including timing and implementation of the rotation of the lead audit partner, and reviewed and approved the restricting use of external auditor policy
- ✓ reviewed and approved the overall scope of the annual audit plan and necessary resources and recommended the plan to the board for approval
- ✓ reviewed and approved the scope and terms of the external auditor's engagement and reviewed and recommended their engagement letter and remuneration to the board for approval
- ✓ reviewed the results of audits and opinion of the external auditor with respect to our financial statements, including areas identified as significant audit risks, having significant management judgment, and other notable matters
- ✓ reviewed the external auditor's ESG and diversity, equity and inclusion commitments and initiatives and use of technology solutions

Internal Audit

**The Chief
Auditor reports
on a functional
basis to the AC
chair**

- ✓ reviewed the scope of the 2022 Internal Audit plan with management and the Chief Auditor, and approved the budget and staffing resources proposed for executing the plan and recommended the plan to the board for approval
- ✓ received reports on Internal Audit's talent strategy and resource augmentation plans
- ✓ reviewed quarterly reports from the Chief Auditor on audit activities, findings and recommendations and the adequacy and effectiveness of internal control, risk management and governance processes across the first and second lines of defence

**Governance,
Resourcing and
Talent**

- ✓ received reports from the Chief Compliance Officer on compliance matters within the committee mandate, including compliance with the Code and whistleblowing program
- ✓ received updates on litigation matters
- ✓ reviewed and was satisfied with the independence of the Internal Audit function
- ✓ reviewed and approved the mandates of the CFO, the Chief Auditor, and the Chief Actuary and their functions organizational structures, reviewed the appropriateness of resources and assessed the effectiveness of their functions
- ✓ reviewed the succession plans for the CFO, the Chief Auditor, and the Chief Actuary
- ✓ reviewed and approved the annual objectives of the CFO, the Chief Auditor, and the Chief Actuary and assessed their annual performance

The AC charter can be found on our website (www.sunlife.com). You can find more information about the AC in our 2021 annual information form which is filed with the Canadian securities regulators (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

Governance, Investment & Conduct Review Committee (GICRC) Report



Scott F. Powers
(Chair)



Deepak Chopra



Stephanie L. Coyles



M. Marianne Harris



David H. Y Ho

The GICRC is responsible for assisting the board in: developing effective corporate governance guidelines and processes, including processes to assess the effectiveness of the board and its committees. It reviews and monitors the Company's Investment Plan and investment performance; and oversees investment practices, procedures and controls related to the management of the general fund investment portfolio. The GICRC assists the board with its oversight over the Company's sustainability reporting and Sustainability Plan. In addition, the GICRC meets with the senior business and functional leaders who have first-line responsibility for compliance and compliance management programs, oversees the effectiveness of the second-line compliance function, oversees compliance with legal and regulatory requirements and the identification and management of regulatory risk, and oversees the development of policies and processes to sustain ethical behaviour.

Independence

All members of the GICRC are independent

Meetings

- Met 7 times in 2021
- Routinely held separate private meetings with the Chief Compliance Officer and the Chief Investment Officer and met in private at each quarterly meeting

Performance

The members of the GICRC are satisfied with the committee's mandate and that it met the terms of its charter in 2021

Key Responsibilities

2021 Highlights

Corporate Governance Guidelines and Processes

- ✓ reviewed corporate governance developments and assessed current corporate governance practices and recommended to the board approval of our statement of corporate governance policies and practices
- ✓ reviewed subsidiary board governance activities, policies and processes
- ✓ reviewed corporate governance disclosure in the meeting materials for the annual meeting and the annual information form
- ✓ received an annual report on our philanthropic program

Board Administration Board and Assessment

- ✓ reviewed and recommended to the board approval of our policies regarding board diversity and director independence
- ✓ reviewed and recommended to the board updates to the board and committee charters and approval of position descriptions for the Board Chair, Committee Chairs and Directors
- ✓ reviewed the process for assessing the effectiveness of the board and its Committees by an independent consultant

Recruitment, Nomination, Orientation and Education of Directors

- ✓ reviewed and recommended the nomination for election/appointment of four new directors to enhance the skills, experience and expertise on the board, complement the existing board composition and enhance board diversity
- ✓ reviewed and recommended updates to the director recruitment guidelines and directors' skills matrix
- ✓ assessed the independence of directors and reviewed and made recommendations to the board relating to board and committee composition
- ✓ reviewed and recommended approval of the management information circular, voting policyholders booklet, forms of proxy and the annual information form
- ✓ received updates on improvements made to the orientation program for new directors and education programs for current directors

<p>Sustainability you can find our Sustainability Report on our website (www.sunlife.com/sustainability)</p>	<ul style="list-style-type: none"> ✓ reviewed reports on our sustainability strategy, initiatives, and practices and reviewed and approved the annual Sustainability Report ✓ reviewed and recommended to the board approval of Sun Life's 2022 Sustainability Plan
<p>Investments</p>	<ul style="list-style-type: none"> ✓ reviewed investment strategy, actions and performance for the general account and the company's asset management businesses ✓ reviewed reports on significant investment transactions ✓ received presentations and updates on commodities and real estate exposures, de-risking plans and the company's credit risk profile in light of macro-economic developments ✓ received reports from the Chief Credit Risk Officer on market outlook, including investment risks and credit events impacting the company's asset portfolio ✓ discussed investment strategy and reviewed and recommended to the board approval of the annual investment plan ✓ reviewed reports and received presentations on topics including an update on the impact of ratings migration during 2020 and the impact of climate change on investments
<p>Oversight of Compliance</p>	<ul style="list-style-type: none"> ✓ received regular reports from the Chief Compliance Officer on Compliance risk assessments, Compliance risk controls assessment, key compliance matters, including compliance with applicable laws and regulations, anti-money laundering, market conduct, business conduct, privacy and anti-bribery and anti-corruption ✓ reviewed and approved the annual Compliance plan ✓ received updates on key regulatory developments and key regulator interactions ✓ reviewed policies and programs to monitor compliance with legal and regulatory requirements ✓ received an annual report from Internal Audit as to the effectiveness of the company's anti-money laundering and anti-terrorist financing controls
<p>Ethics & Conduct Review/Related Party Transactions</p>	<ul style="list-style-type: none"> ✓ received reports on the Code of Conduct program, whistleblowing and ethical conduct ✓ received and reviewed a report on the effectiveness of the company's procedures and practices to ensure compliance with regulations relating to related party transactions and that any transaction with related parties of the company that may have a material effect on the stability or solvency of the company are identified
<p>Resourcing and Talent</p>	<ul style="list-style-type: none"> ✓ reviewed and approved the mandates of the Chief Investment Officer and the Chief Compliance Officer and the organizational structures of their functions, reviewed the appropriateness of resources and assessed the effectiveness of their functions ✓ reviewed the succession plans for the Chief Investment Officer and the Chief Compliance Officer ✓ reviewed and approved the annual objectives of the Chief Investment Officer and Chief Compliance Officer and assessed their annual performance

The GICRC charter can be found on our website (www.sunlife.com).

Management Resources Committee (MRC) Report



M. Marianne Harris
(Chair)



Stephanie L.
Coyles



Martin J. G. Glynn



Ashok K. Gupta



David H. Y Ho



Marie-Lucie Morin

The MRC is responsible for assisting the board with oversight of succession planning for senior executive positions and programs to effectively attract, retain, develop and reward employees. It provides guidance to management on advancing the talent agenda to achieve strategic objectives and foster Sun Life's culture. The MRC reviews incentive designs and governance of material incentive programs against alignment with business objectives and avoiding excessive risk taking. The MRC reviews the implications of key enterprise risks, including human resources risks pertaining to compensation design and human resources practices. In addition, the MRC reviews compensation matters, including the remuneration of executives who have a material impact on the risk exposure of the company.

Independence

All members of the MRC are independent and meet the additional independence standards set out in our Director Independence Policy

Meetings

- Met 6 times in 2021
- Met in private at the beginning of each quarterly meeting and again after it reviewed reports from its independent advisors and management.
- Held private sessions with the Executive Vice-President, Chief Human Resources & Communications Officer and the independent compensation consultant at each quarterly meeting
- There is cross-membership between the MRC and the risk committee

Performance

The members of the MRC are satisfied with the committee's mandate and that it met the terms of its charter in 2021

Key Responsibilities

2021 Highlights

Succession and Appointments

- ✓ conducted an in-depth review of succession options for senior management positions, including at MFS Investment Management, and reviewed development plans for succession candidates with added attention to Executive Team succession and operating model in light of President & CEO transition
- ✓ recommended the appointments of the new successors for the President, Sun Life Asia and the Executive Vice-President and Chief Financial Officer who joined the Executive Team in 2021
- ✓ completed the periodic review of the process for appointing an interim President & CEO

Talent Development, Diversity, Equity & Inclusion, Employee Engagement and Culture

- ✓ reviewed the talent pipeline strength, methodology, metrics and results, including talent priorities in the COVID-19 environment
- ✓ reviewed the talent development strategy
- ✓ discussed employee relations and engagement matters
- ✓ reviewed the results of employee culture and engagement surveys and the major themes that require action, including impacts from the COVID-19 pandemic
- ✓ reviewed progress against our diversity, equity and inclusion strategy, including an update on gender pay equity, pay equity for diverse employee groups and diversity commitments
- ✓ reviewed the future of work and return to office strategy
- ✓ monitored the human resources risk dashboard and reviewed trends emerging from the Covid-19 pandemic, including employee wellbeing and engagement, productivity and innovation for remote work, and diversity, equity and inclusion
- ✓ received an in-depth report on talent in Asia

**Executive
Compensation**

- ✓ recommended to the board appropriate compensation for the outgoing President & CEO based on our corporate performance and his leadership in 2020
- ✓ recommended appropriate compensation for the incoming President & CEO for 2021
- ✓ reviewed compensation recommendations for the Corporate Executive Vice-Presidents, Business Group Presidents, control function heads and other Material Risk Takers, including for the new President Sun Life Asia and the Executive Vice-President and Chief Financial Officer
- ✓ reviewed long-term incentive (LTI) plan and annual incentive plan (AIP) assessment updates
- ✓ recommended to the board for approval the AIP targets for 2021 and salary budgets for 2022
- ✓ reviewed and approved executive compensation policies and programs, including retirement and benefit arrangements
- ✓ reviewed the application of our compensation principles in the context of the Covid-19 pandemic
- ✓ received and considered the implications of reports from the independent executive compensation advisor, including reports on market trends in executive compensation and ESG metrics in incentive plans

**Retirement
Plan Governance**

- ✓ reviewed an annual assessment of worldwide retirement and savings plans and related governance policies

**Governance and
Risk**

- ✓ reviewed and considered market trends and key issues in executive compensation and governance, including asset management compensation trends, compensation actions related to the Covid-19 pandemic, ESG metrics in incentive plans, quantum of CEO pay, pay-for-performance analysis, gender pay equity, and peer group analysis
- ✓ met with the Chief Risk Officer to review risk performance and management for consideration in compensation assessments
- ✓ considered the implications of key risks (including human resources risks) across the enterprise on compensation programs and human resources practices
- ✓ reviewed the design, approval and governance of material incentive programs to ensure they do not encourage excessive risk taking, as well as an overview of the design and operation of all compensation plans
- ✓ reviewed the Chief Internal Auditor's assessment of our compensation programs against OSFI's expectations and the Financial Stability Board's Principles for Sound Compensation Practices
- ✓ reviewed key aspects of the compensation frameworks for an M&A transaction

**Resourcing and
Talent**

- ✓ reviewed and approved the mandate of the Executive Vice-President, Chief Human Resources and Communications Officer, reviewed the succession plan, appropriateness of resources and the organizational structure of the function
- ✓ reviewed and approved the annual objectives of the Executive Vice-President, Chief Human Resources and Communications Officer and assessed her annual performance
- ✓ evaluated the independence, appointment and terms of engagement for the independent compensation advisor

The MRC charter can be found on our website (www.sunlife.com).

Risk Committee (RC) Report



Ashok K. Gupta
(Chair)



Martin J. G. Glynn



Helen M.
Malloy Hicks



Marie-Lucie Morin



Barbara G.
Stymiest

The RC's primary functions are to assist the board with oversight of the management of current and emerging risks enterprise-wide, and of the risk management function to ensure that management has in place programs, policies, processes and controls designed to identify and effectively manage the significant risks to which the Company is exposed and has sufficient capital to underpin those risks. It reviews and approves all risk management policies and reviews compliance with those policies. In addition, where the board has delegated risk oversight to other committees of the board, the RC provides the board with an integrated view of oversight of risk management across all board committees. The RC regularly monitors the Company's risk profile to ensure it is within the agreed risk appetite and that the Company's capital position exceeds regulatory capital requirements, and monitors and recommends to the board for approval, the specific risk limits allocated to the businesses and the annual Capital Plan.

Independence

All members of the RC are independent

Meetings

- Met 5 times in 2021
- Routinely held separate private meetings with the Chief Risk Officer and met in private at the beginning and conclusion of each quarterly meeting
- Met in private with the Chief Credit Risk Officer periodically

Performance

The members of the RC are satisfied with the committee's mandate and that it met the terms of its charter in 2021

Key Responsibilities

Oversight of Risk Management

- ✓ reviewed the emerging and top risks facing our business activities and the controls being applied to mitigate risks
- ✓ received regular briefings and held regular discussions on emerging industry, regulatory and risk management issues and governance trends, including political/geopolitical risks
- ✓ received quarterly reports from Internal Audit on the effectiveness of controls within the business and risk function and Internal Audit's annual opinion on risk governance
- ✓ reviewed and recommended board approval of amendments to the Risk Management Framework and Risk Appetite Policy, and periodically reviewed and approved amendments to policies for the management and control of risk
- ✓ reviewed reports on compliance with risk policies, including risk limits, and monitored related management actions
- ✓ reviewed risk monitoring programs and quarterly reports on risk monitoring activities, including those related to risk appetite, asset liability management risk, product risk, investment and market risks, operational risks and insurance risks to ensure the risk profile remained within the risk appetite
- ✓ reviewed regular reports on information security matters and cyber security risks
- ✓ reviewed reports and received presentations on topics such as: real estate capabilities and strategy, the impact of ratings migration in 2020, country risk framework, and the impact of climate change on investments
- ✓ reviewed quarterly stress testing reports including future considerations for macroeconomic and pandemic related stress scenarios

2021 Highlights

- ✓ reviewed specific risk reports to provide an integrated view of the oversight of risk management programs to the board, including
 - risk considerations under the company's business plan
 - risk considerations in the strategic plan at its annual strategy session
 - risk monitoring activities related to investment and market risks
 - the implications of the management of key risks across the enterprise on compensation programs at the Management Resources Committee

**Oversight of
Capital, Liquidity &
Treasury
Management**

- ✓ reviewed quarterly reports on the liquidity position of the company and confirmed compliance with the agreed upon risk limits
- ✓ reviewed quarterly with management our current and forecasted capital position and financial strength along with sensitivities to certain market conditions, and made recommendations to the board about allocation of capital, dividends, debt and security issuances/redemptions, including the issuance of limited recourse capital notes
- ✓ reviewed quarterly local capital ratios, dividends and capital injections for local regulated operations
- ✓ reviewed quarterly updates on capital market trends including cost of new issuances, current coupon levels and interest coverage and leverage ratios
- ✓ reviewed and recommended to the board approval of the annual capital plan
- ✓ reviewed and recommended to the board approval of authorizations related to credit facilities and the issuance of debt securities, class A shares and common shares of SLF Inc. into the Canadian market
- ✓ reviewed and recommended board approval of amendments to the Capital Risk Policy and Capital and Liquidity Management Framework
- ✓ received reports on historical and current sources and uses of capital and key drivers influencing capital generation in the business and a report on management's target operating capital ratio outlining the purpose of the ratio, how calculated, tracked and monitored
- ✓ reviewed the results of Financial Condition Testing (FCT) and the company's own risk and solvency assessment (ORSA) and recommended to the board approval of internal and operating capital targets in accordance with OSFI guidelines

**Resourcing and
Talent**

- ✓ reviewed and approved the mandates for the Chief Risk Officer and the Chief Credit Risk Officer and their organizational structures, reviewed the appropriateness of resources and assessed the effectiveness of their functions
- ✓ reviewed the succession plans for the Chief Risk Officer and the Chief Credit Risk Officer
- ✓ reviewed and approved the annual objectives of the Chief Risk Officer and Chief Credit Risk Officer and assessed their annual performance

The RC charter can be found on our website (www.sunlife.com).

Director compensation

Compensation discussion and analysis

Our philosophy, approach and process

We have two primary compensation objectives:

- to align directors' interests with the interests of our shareholders
- to fairly and competitively compensate directors in order to attract well qualified board members.

The board's philosophy is to compensate directors fairly for the time and effort required to fulfil their responsibilities and contribute to the effective leadership and direction of the enterprise.

We compare the target pay for our directors (excluding the Board Chair and the President & CEO) against the total compensation (annual retainer and meeting fees) paid to directors of Canadian financial services sector peers. We determine the median pay for the "typical director" at other financial institutions by reviewing publicly available information from our peer group (see below). We calculate the amount that a typical director at each financial institution would receive in a year assuming an equal number of board and committee meetings at each institution and an equal number of committee memberships for each director. We also benchmark the total compensation paid and trends in director compensation using a broad survey of the public companies included in the TSX60 and a review of U.S. peers. We use these comparisons to assess the competitiveness of our directors' compensation program every two years.

We benchmark pay for the Board Chair against the compensation paid to the chairs of companies in our peer group. The median total compensation among peer board chairs is used as a baseline to assess the competitiveness of the Board Chair's compensation. The Governance, Investment & Conduct Review Committee also considers other qualitative factors when making recommendations to the board on the Board Chair's compensation.

Our peer group is made up of six major Canadian banks and two insurance companies.

We selected these companies as peers because they are leading financial services organizations in Canada that we believe recruit director candidates with similar skills and experience as we seek.

- Bank of Montreal
 - CIBC
 - Canada Life
 - Manulife Financial
 - National Bank of Canada
 - RBC
 - The Bank of Nova Scotia
 - The Toronto-Dominion Bank
-

The Governance, Investment & Conduct Review Committee considers the responsibilities and time commitment required to be an effective director as well as the competitiveness of our program relative to our peer group and makes recommendations to the board.

Program structure

Directors receive an annual retainer, committee retainers and travel fees for serving on the boards of SLF Inc. and Sun Life Assurance. The cost is shared equally between the two companies. Directors are also reimbursed for travel and other expenses they incur to attend our board and committee meetings. Committee chairs receive an additional retainer because of their increased responsibilities.

Directors receive a portion of their annual board retainer in DSUs (see below). The Board Chair receives a separate annual retainer that includes a portion in DSUs (see below). He is also reimbursed for travel and other expenses he incurs while carrying out his duties as Board Chair. He does not receive travel fees.

Mr. Strain does not receive any director compensation because he is our President & CEO. Details regarding Mr. Strain's compensation can be found in the Executive Compensation section of this Circular beginning on page 58.

Directors' Compensation

The Governance, Investment & Conduct Review Committee reviews director compensation every two years. In 2020, the Governance, Investment & Conduct Review Committee retained Meridian Compensation Partners (Meridian), an independent compensation consultant, to provide a competitive review of our director compensation program. Meridian used data from our peer group and data from a 2019 Meridian survey of the TSX60 and a review of U.S. peers. Based on Meridian's analysis the Governance, Investment & Conduct Review Committee recommended, and the board approved, changing the minimum amount of the Board Chair's annual retainer he is required to receive in DSUs, from at least \$140,000 to at least \$220,000 in DSUs, effective January 1, 2021. There were no other changes to the director compensation structure.

The table below shows the directors' compensation structure for 2021:

Compensation	Amount (\$)
Board Chair's retainer	440,000 ¹
Directors' retainers	225,000 ²
Committee chairs' retainers	45,000
Committee members' retainers	10,000
Travel fees	1,500 – 3,000 / meeting ³

¹ \$220,000 of which must be received in DSUs with the balance to be received in cash, DSUs and/or shares.

² \$120,000 of which must be received in DSUs with the balance to be received in cash, DSUs and/or shares.

³ Travel fees are (i) \$1,500 when travel time for a round trip was two to six hours and (ii) \$3,000 when travel time for a round trip was six hours or more.

The directors are required to receive at least \$120,000 of their retainers in DSUs (approximately 53% of their annual director retainer) and the Board Chair is required to receive at least \$220,000 of his retainer in DSUs. Directors can choose to receive the balance of their compensation in any combination of cash, additional DSUs and common shares of SLF Inc. acquired on the open market. Directors cannot exercise their DSUs until they leave the board. All DSU awards are paid out in cash.

Independent directors do not participate in the company's stock option plan.

Share ownership guidelines

We believe it is important for our directors to have a significant stake in the company to align their interests with those of our shareholders.

Directors (other than Mr. Strain) must own at least \$735,000 (7x the cash portion of the independent director base retainer) in common shares and/or DSUs within five years of joining the board. Directors may not engage in equity monetization transactions, including pledges or hedges involving securities of SLF Inc. (see page 72).

As President & CEO, Mr. Strain has separate share ownership requirements which are described on page 72.

Share ownership

The table below shows the common shares and DSUs each director (other than Mr. Strain) held as of February 28, 2022 and March 1, 2021, the portion of their base retainer they chose to receive in common shares or DSUs (excluding the portion of the annual board retainer that is automatically paid in DSUs) and the percentage of total annual board retainer received in common shares or DSUs.

Director	Year	Number of common shares	Number of DSUs	Total number of common shares and DSUs	Total value of common shares and DSUs (\$)	Guideline met (✓) or value (\$) required to meet guideline	Portion chosen as common shares or DSUs (%) ¹	Total received in common shares or DSUs (%) ²
William D. Anderson	2022	15,600	36,495	52,095	3,472,653	✓	–	50
	2021	15,600	31,940	47,540	2,929,890	✓	–	50
	Change	0	4,555	4,555	542,763			
Deepak Chopra	2022	250	2,451	2,701	180,049	554,951	100	100
	2021	250	0	250	15,408	719,592	100	100
	Change	0	2,451	2,451	164,641			
Stephanie L. Coyles	2022	12,000	12,191	24,191	1,612,572	✓	– ³	53 ³
	2021	11,000	9,822	20,822	1,283,260	✓	– ³	53 ³
	Change	1,000	2,369	3,369	329,312			
Martin J. G. Glynn	2022	10,316	28,289	38,605	2,573,409	✓	–	53
	2021	10,316	25,515	35,831	2,208,265	✓	–	53
	Change	0	2,774	2,774	365,144			
Ashok K. Gupta	2022	1,481	12,796	14,277	951,705	✓	100	100
	2021	1,481	8,346	9,827	605,638	129,362	100	100
	Change	0	4,450	4,450	346,067			
M. Marianne Harris	2022	6,443	47,302	53,745	3,582,642	✓	100	100
	2021	6,224	41,474	47,698	2,939,628	✓	100	100
	Change	219	5,828	6,047	634,014			
David H. Y. Ho	2022	227	2,451	2,678	178,515	556,485	100	100
	2021	227	0	227	13,990	721,010	100	100
	Change	0	2,451	2,451	164,525			
Helen M. Mallovy Hicks	2022	425	663	1,088	72,526	662,474	100	100
	2021	–	–	–	–	–	–	53
	Change	–	–	–	–			
Marie-Lucie Morin	2022	0	0	0	0	735,000	5	56
	2021	–	–	–	–	–	–	–
	Change	–	–	–	–			
Scott F. Powers	2022	975	26,636	27,611	1,840,549	✓	100	100
	2021	975	22,720	23,695	1,460,323	✓	50	77
	Change	0	3,916	3,916	380,226			
Barbara G. Stymiest	2022	5,000	53,365	58,365	3,890,611	✓	90	95
	2021	5,000	47,486	52,486	3,234,712	✓	90	95
	Change	0	5,879	5,879	655,899			

¹ For the portion of their retainer that directors are not required to receive in DSUs, the % reflects the amount of compensation that director has elected to receive in common shares or DSUs that can otherwise be received in cash.

² Reflects the total % of their retainer that directors received in common shares or DSUs (optional and required amounts).

³ Ms. Coyles uses 100% of her after tax director income to purchase common shares of the company.

The closing value of our common shares on the TSX was \$66.66 on February 28, 2022 and \$61.63 on March 1, 2021.

Compensation details

Director compensation table

We paid a total of \$2,842,315 to the directors of SLF Inc. and Sun Life Assurance in 2021¹, compared to \$2,800,822 in 2020.

Name	Fees earned (\$)	Share-based awards (\$)	Travel fees (\$)	Option-based awards ² (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation ³ (\$)	Total (\$)
William D. Anderson	220,000	220,000	–	–	–	–	–	440,000
Deepak Chopra	–	160,865	–	–	–	–	–	160,865
Stephanie L. Coyles	115,000	130,000	–	–	–	–	–	245,000
Martin J. G. Glynn	125,000	120,000	–	–	–	–	–	245,000
Ashok K. Gupta	–	267,885	–	–	–	–	–	267,885
M. Marianne Harris	–	280,000	–	–	–	–	–	280,000
David H. Y. Ho	–	160,865	–	–	–	–	–	160,865
Sara Grootwassink Lewis	55,385	41,538	–	–	–	–	12,888	109,811
Helen M. Malloy Hicks	34,810	46,413	–	–	–	–	–	81,223
James M. Peck	–	183,750	–	–	–	–	13,091	196,841
Scott F. Powers	80,000	200,000	–	–	–	–	–	280,000
Hugh D. Segal	43,269	41,538	–	–	–	–	10,000	94,807
Barbara G. Stymiest	10,500	269,500	–	–	–	–	–	280,000
TOTAL								2,842,297

¹ Ms. Marie-Lucie Morin's compensation is not included as she became a director on December 31, 2021.

² Independent directors do not participate in the company's stock option plan.

³ The amounts for each of Ms. Lewis and Messrs. Peck and Segal were \$10,000 charitable donations made on their behalf when they retired from the board in their local currency.

The *Insurance Companies Act* (Canada) requires that an insurance company's by-laws set a maximum amount of remuneration that may be paid in aggregate to all directors for their services during a fixed period of time. Directors receive an annual retainer, committee retainers and travel fees for serving on the boards of SLF Inc. and Sun Life Assurance. The cost is shared equally between the two companies. By-law No. 1 of the company currently sets that amount at \$2,600,000 and the by-laws of Sun Life Assurance also set that amount at \$2,600,000, for an aggregate limit of \$5,200,000 between the two companies.

Executive compensation

This section discusses our approach to executive compensation, how we make decisions, the different components of our programs, what we paid our NEOs in 2021 and the rationale for our decisions. Management prepared the compensation discussion and analysis and compensation details provided below on behalf of the Management Resources Committee (MRC). It was reviewed and approved by the MRC and our board. The executive compensation disclosure includes non-IFRS measures. Additional information concerning these measures is available in Section L - Non-IFRS measures in our 2021 MD&A filed with securities regulators in Canada and with the SEC and available at www.sunlife.com, www.sedar.com and www.sec.gov. All figures are in Canadian dollars unless stated otherwise

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Letter to shareholders

To our fellow shareholders:

In 2021, our Clients, employees and advisors continued to feel significant impacts from the on-going COVID-19 pandemic. This reality heightened the importance of our purpose: helping Clients achieve lifetime financial security and live healthier lives. Our employees and advisors around the world showed commitment, creativity, and resilience to deliver for Clients in moments that matter. As a result, we were able to advance key strategic priorities in digital innovation and sustainability, execute multiple strategic transactions, and achieve strong financial results.

This year we continued our investments in digital innovation to further deliver on our promise to put Clients at the centre of everything we do. In Canada, we launched digital tools to support holistic financial planning and streamlined investment applications, and expanded *Lumino Health*, our digital health care platform, to include new mental health and paramedical services. In the U.S., we launched *Health Navigator*, a service that engages employees at diagnosis to help improve their entire care experience, and *Stitch*, a new innovative supplemental health offering that enables members to close coverage gaps by buying directly from Sun Life online or via mobile. In Asia, we built stronger virtual connections between financial advisors and Clients and launched *GoWell Studio*, a premier digital wellness platform. These digital advances and others make it easier for Clients to access the resources and care they need to achieve positive financial and health outcomes.

At the same time, we deepened our global commitment to sustainability by integrating climate change and sustainable investing strategies into our business strategy. We announced our goal to achieve a 50% absolute reduction of greenhouse gas emissions in our operations by 2030, relative to 2019. As an asset owner and manager, we committed to achieving net zero in our General Account, managed by SLC Management, by 2050. Our other asset management companies, MFS, InfraRed, and BGO joined the *Net Zero Asset Managers* initiative, pledging to achieve net-zero emissions for their portfolios by 2050. We are proud that for the 12th consecutive year, we were recognized as one of the world's 100 most sustainable companies by Corporate Knights.

Throughout the year, we announced acquisitions and actions to advance our strategy and generate value. In SLC Management, we completed the acquisition of a majority stake in Crescent Capital Group LP, a global alternative credit investment manager, and BGO acquired Metropolitan Real Estate Equity Management. These transactions expand the breadth and depth of investment solutions we offer our existing and prospective Clients. In the U.S., we completed the acquisition of Pinnacle Care International Inc., which joined our medical stop-loss business and we announced our intention to acquire DentaQuest, which will position Sun Life as a leading dental benefits provider. In Asia, we launched a 15-year exclusive bancassurance partnership in Vietnam and we unlocked value through a public offering in Aditya Birla Sun Life AMC Limited, our India asset management joint venture. In Canada, we strengthened our strategic partnerships with Dialogue Health Technologies Inc. and CloudMD, to offer virtual care and mental health coaching to our Clients and announced that Canadian Premier Life Insurance Company will acquire our sponsored markets business.

At all times, the health and wellbeing of our employees remained a top priority. In Canada, we are proud to have received Platinum certification in Excellence in Mental Health at Work by Excellence Canada, recognizing that we are a leader in supporting the mental health of our employees. Across the company, we offered support and committed to providing flexibility during the pandemic. Flexible work emerged as highly valued by employees and will form a cornerstone of our employee value proposition as we reimagine the future of work in each business and geography.

Overall, we achieved strong financial results in 2021, with growth in sales, net income, and ROE, and our company continued to show strength, adaptability, and unwavering commitment to our Clients, employees and advisors, and shareholders.

Key Leadership Changes in 2021

Succession planning for the CEO and other senior management is a key responsibility of the board. Over the course of 2021, we executed a carefully planned CEO transition. Kevin Strain was appointed

Our purpose and ambition

Our purpose is to help Clients achieve lifetime financial security and live healthier lives.

Our ambition is to be one of the best asset management and insurance companies in the world.

President and Chief Financial Officer in February. Mr. Strain worked closely with Dean A. Connor and, in August, following Mr. Connor's retirement after nearly 10 years of successfully leading your company, Mr. Strain was appointed President and CEO. The transition was seamless, allowing for uninterrupted momentum on all elements of our strategy and purpose.

We appointed Manjit Singh as Executive Vice-President and Chief Financial Officer in March and Ingrid Johnson as President, Sun Life Asia in October, two leaders that bring great depth of international, financial services experience, broad strategic capability, passion for our purpose, and increased diversity to our senior management team. In September, in recognition of the elevated importance of sustainability in our strategy, we appointed Alanna Boyd to a newly created Senior Vice-President and Chief Sustainability Officer role, reporting to the President & CEO, to enable the advancement of our sustainability priorities and outcomes.

The MRC and board pay close attention to talent acquisition, development, engagement, and succession to ensure we have great talent in the right roles to execute our strategy for Clients and shareholders.

Pay for Performance

We align our human capital programs to our business strategy, and regularly review compensation design to ensure it is fair, simple and clearly communicated, and provides incentives that link executive interests with our shareholder and Client interests. Our executives have significant pay at risk, pay outcomes that reflect performance and value created, and total compensation above or below market comparators based on results achieved. Throughout the year, the MRC used our guiding principles (page 67) to assess potential compensation actions to drive our strategy as well as respond to the on-going COVID-19 pandemic. In the following pages, we share our pay outcomes and how they reflect performance in 2021, as well as key governance activities over the past year.

2021 Company Performance Highlights

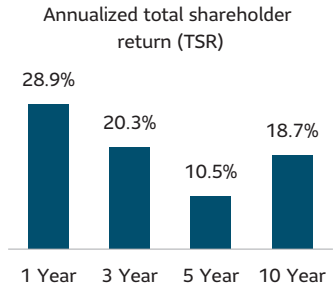
In 2021, we delivered strong financial performance with underlying net income up 10%, driven by broad-based business growth across our pillars, with particular strength in asset management and wealth. Reported net income is up significantly year-over-year, in part due to favourable market impacts.

Basis	Measure	2021	2020	Year-over-year Change
Reported	Net Income	\$3,934 million	\$2,404 million	64%
	ROE	17.1%	10.8%	Up 6.3 percentage points
	Earnings per Share	\$6.69	\$4.10	63%
Underlying	Net Income	\$3,533 million	\$3,213 million	10%
	ROE	15.4%	14.4%	Up 1.0 percentage points
	Earnings per Share	\$6.03	\$5.49	10%

	Value	Year-over-year Change
Insurance Sales	\$3,674 million	5%
Wealth Sales	\$228 billion	3%
Value of New Business (VNB)	\$1,346 million	17%
Global assets under management (AUM)	\$1,445 billion	15%

- Insurance sales increased 5%, reflecting growth in all business groups and wealth sales increased 3%, driven predominantly by markets in Asia and SLC Management.
- The Value of New Business increased 17%, reflecting strong sales and higher margins across most business groups.
- Assets Under Management grew 15% to over \$1.4 trillion, reflecting favourable market movement, the Crescent acquisition, and underlying business growth.

The chart illustrates annualized total shareholder return (TSR) for the 1-, 3-, 5- and 10-year periods ending December 31, 2021. Our TSR for the 10-year performance period ranks top quartile among global insurance competitors.



We also monitor our performance on Client experience, as assessed by Client Index, our custom Client survey that measures proactive contact, ease of doing business and problem resolution. Overall, our Client Index scores remained solid in 2021, a good outcome given high volumes of calls and claims related to the pandemic. With continued restrictions in many of our markets, we were pleased Clients told us their digital experience is on par with their human connections. We continue to work hard to learn from Client feedback and raise the bar on Client experience going forward.

2021 Compensation Highlights

Over the course of 2021, the MRC executed against its full mandate as outlined on pages 50 to 51. We carefully assessed talent, performance, and compensation programs, practices, and outcomes. We brought an outside, independent, expert opinion to matters related to compensation to ensure the appropriate challenge was in place.

With consideration to our 2021 performance and the recommendations of the MRC, the board approved the following decisions aligning pay to performance, the details of which are shown in the following pages:

- The annual incentive plan (AIP) total company performance factor is 143%, including a negative discretionary adjustment primarily to moderate the cumulative, positive impact of external factors on reported earnings. This result is up from our 2020 factor of 93%, reflecting strong reported and underlying net income and VNB performance, and solid Client results. The CEO and CFO’s payouts are based on this performance factor
- AIP business group performance factors reflect a range of outcomes, with overall 2021 scores all exceeding target. A negative discretionary adjustment, comparable to that applied to the total company, was applied to each business group, to moderate the reported earnings component of the plan. Similar to the total company, results are up from 2020, reflecting strong financial performance and solid Client outcomes. Business group Presidents’ payouts are based on these performance factors, which are detailed on page 74
- The Senior Executive Sun Share Unit Plan (Sun Shares) performance factor is 164%. The factor is formulaic and no discretion was applied to the calculated result. The performance factor of 164% is equal to last year’s performance factor of 164% and reflects strong relative TSR over the performance period of the plan, with very strong results in the most recent 2019-to-2021 period. All named executive officers have some long-term incentive delivered in Sun Shares
- 2021 mid and long-term incentive awards were set and the ultimate value will reflect our performance over the next three to ten years
- 2022 pay and performance targets were set based on our 2022 plan and strategic priorities.

Strong financial performance coupled with solid Client results generated an above-target AIP result, and strong TSR performance relative to our North American financial services peers produced an above-target Sun Share result. Overall, our incentive plans rewarded delivering results in alignment with our strategy and performance. The MRC sought input from the Chief Risk Officer and is confident that these results were achieved without excessive risk taking.

2021 CEO Performance and Compensation

When determining compensation for the CEO, we consider target compensation set with the context of market data, business and individual performance versus annual strategic and financial goals, funding under the compensation plans, and results in the broader context of Client, employee, and shareholder experience. The board’s assessment of the CEO’s performance includes consideration of results versus short, medium, and long-term goals, broader strategic, sustainability and financial performance. Our process seeks input from the CEO through a self-assessment and feedback from all board members. With the transition of Mr. Strain into the CEO role, target setting also considered market practice and appropriate positioning for a newly appointed CEO and performance input incorporated feedback from his direct reports. The MRC considers the board’s performance assessment, reviews compensation history and market information, and seeks input from our independent advisor, in making a compensation recommendation to the board.

With Mr. Strain's appointment to President and CFO and subsequently, President and CEO, compensation targets commensurate with each role were recommended by the MRC and approved by the board. Following the year-end review, the MRC recommended, and the board approved annualized TDC for Mr. Strain of \$7,248,599 based on the pro-rated compensation target for each role he held during the year. 2021 annual incentive compensation was awarded at \$2,185,079, which was 72% above target, based on the 143% total company performance factor and a 120% individual performance multiplier, reflecting his performance throughout the year.

Mr. Strain's TDC includes a \$3,500,000 annual grant of mid and long-term incentives, made in February 2021. A one-time grant of \$700,011 was awarded following his appointment to President and CEO, to effectively provide the post-promotion level of long-term incentives from the appointment date until the end of 2021. This one-time grant was made in deferred share units, which are held until departure from the company, to support achievement of new, higher share ownership requirements and promote long-term alignment with shareholder interests.

For the seven months Mr. Connor served as President and CEO, the MRC recommended and board approved total direct compensation (TDC) of \$8,141,287. In alignment with our standard practice on retirement, Mr. Connor's 2021 annual incentive compensation was awarded at \$985,479, reflecting a pro-rated target and business and individual performance at 100%. Mr. Connor's TDC includes a mid-term incentive award of \$6,500,000, which was awarded to recognize his leadership and role in supporting a successful transition to Mr. Strain, and to ensure Mr. Connor remained focused on actions that create long-term value for the company during his final year of service. In alignment with market practice, the award was made in 100% Senior Executive Sun Shares, versus our historical practice of 75% Sun Shares and 25% stock options, to acknowledge Mr. Connor's planned retirement.

The table on page 87 shows the alignment between the compensation outcomes for Mr. Connor and the value created for shareholders over time.

We believe the compensation awarded to Mr. Strain and Mr. Connor appropriately reflects their leadership in executing on our strategy and delivering sustainable, Client-centric, industry-leading, long-term performance. With the input of our independent advisor, we will continue to review Mr. Strain's compensation to ensure a trajectory that provides incentive, supports fairness, and rewards performance in alignment with our strategy and shareholder and Client interests.

Looking Forward

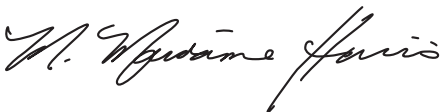
In addition to our sustainability commitments, in 2021, we announced an increase in our medium-term financial objective for underlying ROE to 16% plus and, as our businesses continue to drive for positive Client impact, we are enhancing our approach to measuring the Client experience. In 2022, we will be reviewing our incentive plans to ensure the design continues to align to our business strategy and key objectives, promote our purpose and drive our ambition: to be one of the best asset management and insurance companies in the world.

Have your Say

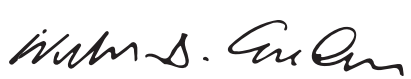
In 2021, we received positive feedback (94.5% in favour) on our compensation program, through our advisory vote on executive compensation ('say on pay'). We thank our shareholders for your continued support and input, which helps us to ensure our decisions and actions align with your expectations.

We aim to provide you with the information that instills confidence in the decisions taken and seek feedback on what more you want to know. We believe that an open dialogue is important and invite you to contact us at boarddirectors@sunlife.com on matters pertaining to executive compensation, and encourage you to continue to take advantage of your 'say on pay' again in 2022.

Sincerely,



M. Marianne Harris
Chair, Management Resources Committee



Bill Anderson, FCPA, FCA
Chair of the Board

Compensation discussion and analysis (CD&A)

2021 compensation decisions and approvals

We evaluate our business performance to assess whether our targets set at the beginning of the year remain appropriate, whether external perceptions of our performance are consistent with the calculated results from our formulae, and the extent to which delivered results could represent one-off events. When determining 2021 AIP payouts, unique circumstances in each business group were considered and some negative discretion was applied to ensure final AIP outcomes aligned with the overall performance of each business.

Kevin Strain's salary and AIP target were flat for 2022, while his long-term incentive grant increased. The other NEOs received increases to their total target compensation for 2022. LTI awards are forward looking, and recognize the critical role our executives play in providing leadership, managing risk and driving achievement of our ambitious goals for Clients and shareholders. The final payout of these awards depends on the absolute and relative value delivered to shareholders.

As disclosed in last year's proxy, 2021 salaries, AIP targets, and LTI grants were approved and executed in February 2021. 2021 actual incentive outcomes reflect a range of business and individual performance, in alignment with our compensation principles. We describe annual incentive plan business results on page 102.

The table below summarizes the 2021 compensation decisions for the individuals who are our NEOs for 2021. We describe the plans, payouts and new grants in more detail starting on page 72.

Named Executive Officer	Annualized salary (000s)		Annual Incentives (000s)		Long Term Incentives (000s)					
					Sun Shares		Options		SLC Management Phantom Units	
	2021	2022	Actual	Target	Value Vested / Paid (2019 grant)	Value Granted	Value Exercised	Value Granted	Value Granted	
Kevin D. Strain President and Chief Executive Officer	1,000	1,000	2,185	1,500	1,500	3,468	4,718	-	1,563	-
Dean A. Connor Former President & Chief Executive Officer	1,100	-	985	1,650	-	11,715	-	11,954	-	-
Manjit Singh Executive Vice-President and Chief Financial Officer	600	650	1,373	800	800	-	1,650	-	550	-
Stephen C. Peacher President, SLC Management	US 580	US 700	US 2,153	US 1,450	US 1,500	US 4,652	US 2,700	US 2,563	US 700	US 3,400
Daniel R. Fishbein President, Sun Life U.S.	US 600	US 600	US 1,235	US 760	US 900	US 2,713	US 1,500	-	US 500	-
Jacques Goulet President, Sun Life Canada	600	600	1,359	755	800	3,187	2,100	-	700	-

Mr. Strain received a one-time grant of \$700,011 DSUs in November 2021 to ensure his pay as President & CEO, which is heavily weighted to long-term share-based incentives, is commensurate with his new role. It was calculated as the additional LTI he would have received for the rest of 2021 at his President & CEO target pay.

Mr. Singh also received grants, to replace value forfeited at his former employer, as follows: a one-time DSU grant of \$3,350,065 upon hire to replace pension payments; a one-time stock option grant of \$1,000,005 to replace unvested stock options; a one-time Sun Share grant of \$3,050,066 to replace performance share units, and \$200,000 in cash to replace annual incentives stemming from the different fiscal year in place at his former employer.

In 2022, Mr. Peacher received a one-time long-term incentive grant of US\$2,000,000 in Sun Shares and US\$2,000,000 in SLC Phantom Units to recognize his critical role in leading the multi-year transformation of SLC Management thus far and to create a powerful incentive to grow the business going forward. The grants cliff vest in 2027 and vesting is contingent upon achieving both financial and strategic goals key to SLC Management's mid-term strategy. The final number of units vesting can go to zero, if performance is below threshold, and a maximum 125% of units granted, if performance exceeds expectations.

Summaries of performance for each NEO that formed the basis for compensation decisions start on page 84.

The value of the 2019 Sun Share awards paid in 2021 reflects the change in share price, accumulated dividends and application of the 164% performance factor. See page 76 for details about the performance factor for Sun Share awards. Strong payouts on long-term incentives granted in 2019 were based on Sun Life's strong, sustained absolute and relative total shareholder return vs. a peer group of Canadian banks and North American insurers over the performance period.

Changes for 2022

Management Resources Committee

The MRC conducted its annual review of our compensation programs and no systemic changes were recommended for 2022, given our plans are well aligned to business strategy and a desire to maintain stability in the context of the continuing global pandemic.

Following a year of CEO transition and recognizing an upcoming change in accounting standards, in 2022 we will conduct a comprehensive review of our major incentive plans to ensure they continue to drive key strategic objectives and align executives with the interests of our Clients and shareholders.

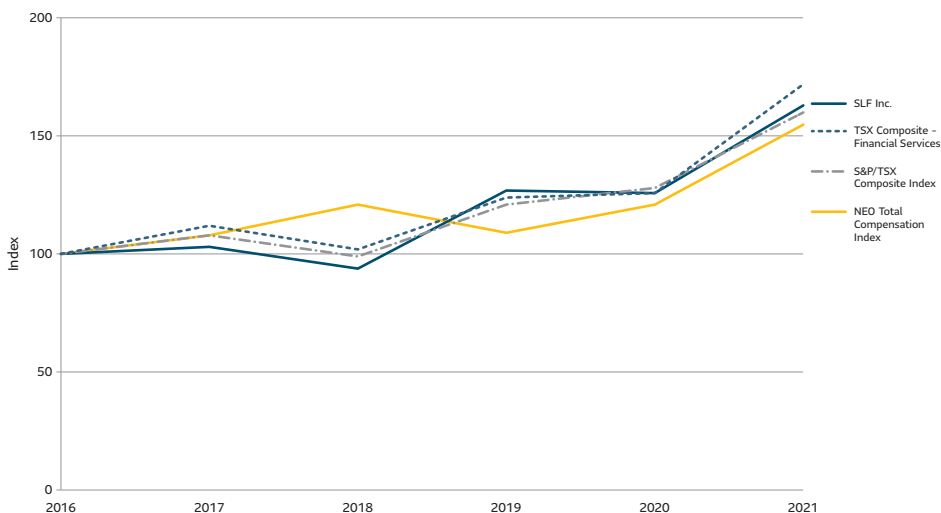
With a new President & CEO now in role, the MRC plans to develop and implement a cap on the pension to which Mr. Strain would be entitled at normal retirement. In accordance with our compensation philosophy and approach, this ensures his compensation can be set annually based on performance and in alignment with shareholder interests.

Comparing shareholder value to executive compensation

The graph below compares the cumulative value of \$100 invested in Sun Life shares for the five years starting on December 31, 2016 with the value of \$100 invested in each of two indices, the S&P/TSX Composite Index and the S&P/TSX Composite Financials Index, for the same period, assuming dividends were reinvested. The graph also shows total compensation, as outlined in the summary compensation table on page 93, for the NEOs (limited to the CEO at year-end, CFO and the next three highest paid NEOs for each year) as a dollar value and indexed to 100 over the same period.

2021 total compensation for NEOs* reflects previously disclosed target changes made in February 2021, higher AIP outcomes across our businesses, and the Canada-US exchange rate.

Over five years, Sun Life's returns have outpaced our NEO total compensation growth, and fall between the two indices listed. For more information on the alignment between CEO pay and shareholder value, see page 87.



Year ended December 31	2016	2017	2018	2019	2020	2021
SLF Inc.	100	103	94	127	126	163
S&P/TSX Composite Index	100	108	99	121	128	160
S&P/TSX Composite Financials Index	100	112	102	124	126	172
NEO Total Compensation Index	100	108	121	109	121	155
Total compensation of top-5 paid NEOs (millions)*	\$25.6	\$27.6	\$31.0	\$27.8	\$31.0	\$39.7

* For 2021, includes Kevin Strain and excludes Dean Connor.

Cost of management ratio

The cost of management ratio below expresses total compensation, as outlined in the summary compensation table for the top five most highly paid NEOs* as a percentage of underlying net income attributed to shareholders. This table shows that the cost of management ratio is in line with recent years.

Cost of management ratio	2017	2018	2019	2020	2021
Total Compensation of top-5 paid NEOs (millions)*	\$ 27.6	\$ 31.0	\$ 27.8	\$ 31.0	\$ 39.7
Underlying net income attributed to shareholders (millions)	\$2,546	\$2,947	\$3,057	\$3,213	\$3,533
Cost of management ratio	1.1%	1.1%	0.9%	1.0%	1.1%

* For 2021, includes Kevin Strain and excludes Dean Connor.

Compensation philosophy and approach

What we do

✓ Take a principles-based approach

- Manage compensation design and decision-making within a set of guiding principles
- Ensure our compensation practices align with Financial Stability Board (FSB) Principles for Sound Compensation Practices and their Implementation Standards
- Benchmark compensation against peer companies

✓ Align with strategy and long-term shareholder value

- Provide incentive to achieve strategic business priorities, such as our focus on Clients
- Align pay with shareholder experience over the short, mid and long-term
- Align our LTI programs to pay based on a mix of absolute and relative shareholder returns
- Maintain a leading share ownership requirement and share retention policy
- Consider shareholder feedback through annual “say on pay” and other channels

✓ Pay for performance

- Pay senior executives with a focus on results-based, formulaic at-risk pay (at risk compensation as a percentage of target pay: 87% for the CEO and 78% for the Executive Team)
- Define performance measures in the AIP that reflect value added for stakeholders, and are based on individual and company/business group performance

✓ Manage risk and ensure sound governance

- The Chief Risk Officer makes an annual presentation to the MRC on the key enterprise risks and their relationship to compensation
- Manage pay mix so that more senior roles have a significant portion of their compensation deferred, much of it tied to multi-year performance
- Regularly audit our compensation programs, including reviews against the FSB Principles and Standards
- Stress-test the designs of our incentive plans to ensure a robust understanding of possible outcomes
- Directly link performance targets in the AIP to the annual business plan approved by the board and aligned with Sun Life’s risk framework
- Use both absolute and relative performance metrics
- Ensure Risk, Compliance and Control considerations are considered prior to payouts via a modifier that is neutral to negative, and can be applied to lower the overall business result to zero if appropriate
- Make LTI contingent upon compliance with post-retirement shareholding requirements
- Apply compensation clawbacks as appropriate
- Retain external independent advice at the board level
- Incorporate caps on payouts in non-sales compensation plan designs and, where appropriate, sales compensation plan designs. Payouts under some plans are designed as a maximum % of financial measures (e.g. earnings)
- Require a Code of Conduct declaration and monitor compliance for all employees

What we don’t do

✗ No excessive perquisites / no “grossing up”

✗ No encouraging excessive risk-taking

✗ No repricing or backdating of stock options

✗ No hedging or pledging of equity awards

✗ No single-trigger change of control agreements

✗ No multi-year guarantees

Compensation principles

Our approach to compensation is guided by five principles for designing compensation programs that:



align to our business strategy, such as our focus on Clients and shareholders



provide incentive to meet strategic business priorities



support fairness for all employees, and reward top performance



are simple and clearly communicated



ensure alignment with the investor experience of short, mid and long-term performance and create a longer-term ownership mindset for senior leaders, including leading share ownership requirements.

How we ensure alignment

The following are four ways we ensure our pay and performance are aligned with shareholder interests:

1. **at-risk pay** (including variable and deferred compensation) accounts for 87% of total compensation paid to our CEO and 78% for the other Executive Team members
2. **performance measures** in the AIP that reflect value added for stakeholders through earnings, and profitable sales and progress on key Client outcomes across the enterprise that drive shareholder value creation
3. **performance targets** in the AIP that are based on the annual business plan approved by the board and aligned with the company's risk framework
4. **absolute and relative shareholder returns** that are reflected in our Sun Share and LTI programs.

Our approach to setting compensation

Benchmark against peer companies

- On average, we target compensation at the median (or middle) of pay levels of peer companies and benchmark target total compensation to ensure the target market position for each role is appropriate
- We align perquisites, benefits and pension arrangements with the median of practices among peer companies. The value of these benefits does not fluctuate significantly with business or individual performance

Pay for performance

- At the end of the year, we adjust the actual pay based on achieving both business and individual performance goals. If we deliver superior performance above target, that will result in pay above target market position (in aggregate, the median of the market). Performance below expectations will result in pay below target market position

Align with Sun Life's strategy

- We use a formal decision-making process that incorporates assessment of performance and value added for shareholders and Clients, benchmarking against peers, independent advice, an annual decision-making cycle and the use of board discretion when appropriate.

Compensation governance

Management Resources Committee involvement and composition

The MRC oversees compensation design and outcomes, focusing on programs that are considered material to the company. The MRC and board exercise oversight over the compensation programs at MFS Investment Management through approval of the annual salary budget, bonus pool and long-term equity awards.

Composed entirely of independent directors, MRC members have direct experience related to executive compensation, succession planning and risk management. Collectively, they have the expertise required to make decisions on executive compensation and governance.

The profiles of all directors are contained in the section on director nominees starting on page 15. Additional committee-specific information relevant to MRC members is provided below.

- **M. Marianne Harris, Chair of the MRC**, was the Managing Director and President, Corporate and Investment Banking of Merrill Lynch Canada from 2006 to 2013 and Head of Financial Institutions Group Americas from 2003 to 2006 in New York. Ms. Harris has expertise in governance, stakeholder relations, risk and regulation and considerable experience in the design and administration of compensation programs as well as the governance and operation of executive compensation. She is currently on the pension committee of Loblaw Companies Limited and a director of the Public Sector Pension Investment Board. Ms. Harris served on the human resources committee of Hydro One Limited from 2015 to 2018 and the human resources and compensation committee of Agrium Inc. from 2014 to 2015. She was Chair of the Board of the Investment Industry Regulatory Organization of Canada from 2012 to 2018.
- **Stephanie L. Coyles** was Chief Strategic Officer at LoyaltyOne from 2008 to 2012 and a partner at McKinsey & Company Canada from 2000 to 2008. Ms. Coyles has expertise in governance, risk management, and talent and culture, including knowledge of and experience with compensation plan design and administration, leadership development and talent management, succession planning and organizational design. She is currently on the human resources and compensation committee of Corus Entertainment Inc. and served on the human resources committee of Hudson's Bay Company from 2019 to 2020.
- **Martin J. G. Glynn** is Chair of the Public Sector Pension Investment Board (PSPIB). He was President and Chief Executive Officer of HSBC Bank USA from 2003 to 2006 and President and Chief Executive Officer of HSBC Bank Canada from 1999 to 2003. In those roles he had responsibility for human resources and compensation matters in Canada and the U.S. Mr. Glynn served on the compensation committee of Husky Energy Inc. from 2009 to 2021 and was a member of the human resources and compensation committee of the PSPIB from 2014 to 2018 when he became the Chair of PSPIB. Mr. Glynn also chaired the human resources and compensation committee of PSPIB from 2017 to 2018.
- **Ashok K. Gupta** has 40 years of experience in the insurance and financial services industry in the UK, holding a number of senior executive, advisor and actuarial positions. He was an advisor to the Group Chief Executive Officer of Old Mutual plc from 2010 to 2013, Operating Partner of the Pearl Group plc (now Phoenix Group Holdings plc) from 2004 to 2009, Chief Executive Officer of Kinnect of Lloyd's of London from 2001 to 2004, and Head of Group Strategy of CGU plc (now part of Aviva plc) from 1997 to 2000. Mr. Gupta is currently Chairman of EValue Ltd., Chair of Mercer Limited, and a director and member of the Remuneration Committee of JPMorgan European Smaller Companies Trust PLC. He also served on the Remuneration Committee of Old Mutual Wealth Management Limited (now Quilter PLC) from 2013 to 2014. These roles had responsibility for executive compensation and executive development.
- **David H. Y. Ho** is Chairman and Founder of Kiina Investment Limited. He was previously a senior advisor for Permira Advisors LLC from 2010 to 2018 and Chairman and founding partner of CRU Capital from 2017 to 2019. He is currently a member of the management development and compensation committee of Air Products & Chemicals, Inc. and the compensation committee of Qorvo, Inc. Mr. Ho was the Chair of the compensation committee of China COSCO Shipping Corporation Limited from 2020 to November 2021 and Sinosteel Corporation from 2014 to 2016. He was a member of the compensation committee of nVent Electric plc from 2018 to 2020, China Mobile Communications Group Co., Ltd. from 2016 to 2020, Dongfang Electric Corporation from 2009 to 2015, TriQuint Semiconductor Inc. from 2010 to 2014 and 3COM Corporation from 2008 to 2010.
- **Marie-Lucie Morin** has over 30 years of experience in Canadian federal public service where she had the responsibility for various human resources and executive compensation matters. Ms. Morin has

expertise in governance, risk management, and talent and culture, including knowledge of and experience with compensation plan design and administration, leadership development and talent management, succession planning and organizational design. She is currently the Chair of the corporate governance and compensation committee of Stantec Inc., serves as a member of the human resources & compensation committee of Chorus Aviation Inc, and was a member of the compensation committee of AGT Foods and Ingredients Inc. from 2016 to 2019.

The MRC’s membership is reviewed annually to ensure members have the experience and expertise required to fulfil the MRC’s mandate. More information on the operation and activities of the MRC can be found on pages 50 to 51.

Incentive Plan Review Group – Management oversight

A group of senior executives from finance, actuarial, risk management, legal/compliance, human resources and internal audit comprise our Incentive Plan Review Group (IPRG) and participate in the compensation decision-making process. The IPRG meets prior to each MRC meeting to review the design of our incentive compensation plans, performance targets and assessments, and information on risk management. It provides input for the CEO, MRC and the board to consider as part of their final recommendations and approvals. More information on our decision-making cycle is available on page 71.

Independent advice

In 2016, the MRC retained Pay Governance LLC (Pay Governance) as its independent consultant. Pay Governance provides advice on the strategy, design and quantum of compensation programs for the CEO and top executive officers and on our executive compensation governance, including advice on compensation programs relating to MFS Investment Management.

The MRC approves the engagement of the independent consultant, the proposed work plan and all associated fees. It considers any other work to be assigned to the independent consultant that is material in nature and will only approve it if it believes the work will not compromise the consultants’ independence as advisor to the MRC.

The independent consultant advises the MRC throughout the year, giving input on policy recommendations, helping assess the appropriateness of our executive compensation programs including design and outcomes and reviewing this circular. The MRC considers information provided by the independent consultant and makes recommendations to the board for approval. The board is ultimately responsible for compensation decisions.

The table below shows the fees paid to Pay Governance over the last two years.

Executive compensation-related fees	2021	2020
Pay Governance	US\$104,204	US\$119,339

Alignment of compensation programs and risk management

Our risk management approach

Our compensation programs are aligned to the organization’s risk management practices through our:

1. Governance structure for the design and approval of incentive compensation plans
2. Processes used to support the alignment of compensation and risk management.



Described in more detail below, the MRC concluded that we did not take risks beyond our risk appetite to generate the business results that led to incentive payouts.

We use the “three-lines-of-defence” model as a means to ensure roles and responsibilities are consistent, transparent and clearly documented for decision-making, risk management and control in support of effective governance. Under the model:

- **The first line** refers to business roles who own, identify, and manage business risks
- **The second line** is the oversight functions, which are independent of the first line, and oversee the risk management programs through the risk framework and policies. Independence of the second line is supported with no direct business unit reporting relationships or direct incentive measures based on individual business unit performance
- **The third line** of defence is the internal audit function or a third party, which provides independent assurance as to the effectiveness of risk management, control and governance processes.

Governance structure for approval of incentive plans

The MRC reviews the annual, mid and long-term incentive plans, which represent 90% of the total spend on incentive programs across the enterprise. The remaining plans are generally sales compensation plans developed within approved frameworks and managed through the three-lines-of-defence model. Amounts and key risks under these plans are reviewed by the MRC on an annual basis.

In addition to formal approval processes, the following actions also support the alignment of compensation and risk management:

- Identification of Material Risk Takers (MRTs). MRTs are individuals in roles having a material impact on our risk exposure. Pay decisions for MRTs are reviewed by the MRC and alignment of their compensation with long-term performance of the company is ensured through a minimum of 40% of their variable pay that is deferred when the earnings threshold is exceeded. See page 110 for the aggregate compensation of our MRTs
- Application of compensation clawbacks. See page 72 for a description of our clawback policy
- Ability to lower share unit payments. The MRC and board have discretion in the Sun Share plan to cancel all outstanding awards if they determine that payments would seriously jeopardize our capital position or solvency
- Application of overall discretion. The MRC and board have discretion to lower or zero out incentive awards, and to lower or not grant long-term incentive awards to individuals or groups, if they conclude results were achieved by taking risks outside of board-approved risk appetite levels
- Regular audit of our compensation programs. Internal audit reviews our compensation programs against the FSB Principles and reports to the MRC on its findings regularly in alignment with the MRC Charter.

Processes supporting the alignment of compensation and risk management

Our compensation design and review processes incorporate the following risk management practices:

- They are managed through the three-lines-of-defence model and compensation principles, including alignment with FSB principles
- Each year an annual business plan is developed and approved by the board based on approved risk appetite levels and is used as the basis for setting annual performance targets under the AIP
- The Chief Risk Officer makes an annual presentation to the MRC on the key enterprise risks and whether they are being managed appropriately and if adjustments to outcomes are required, and attends other meetings as required
- The MRC receives updates on the incentive plan assessments, including human resources talent risk and has the discretion to lower or zero out incentive awards, and to lower or not grant long-term incentive awards to individuals or groups, if they conclude results were achieved by taking risks outside of approved risk-appetite limits
- The IPRG meets prior to each MRC meeting to review incentive plan outcomes from the perspective of finance, actuarial, risk management, legal/compliance, human resources and internal audit. The IPRG also meets after the end of the year to discuss whether any adjustments should be made to the overall or business group AIP score based on the risk, compliance and control environment
- The MRC reviews information on the grant value and outstanding value of all salary, bonus and long-term incentive awards over the past five years for each member of the Executive Team. The MRC also reviews stress-testing analysis for Executive Team members by reviewing the potential value of outstanding equity awards over a range of future share prices
- The MRC annually reviews aggregate payouts under all incentive programs, the processes and the control environment governing incentive plans and areas of focus for the upcoming year based on an assessment of indicators of potential risk such as size of plan, size and variability of payout levels, and plan design and operational features.

Design of incentive compensation plans to mitigate risk

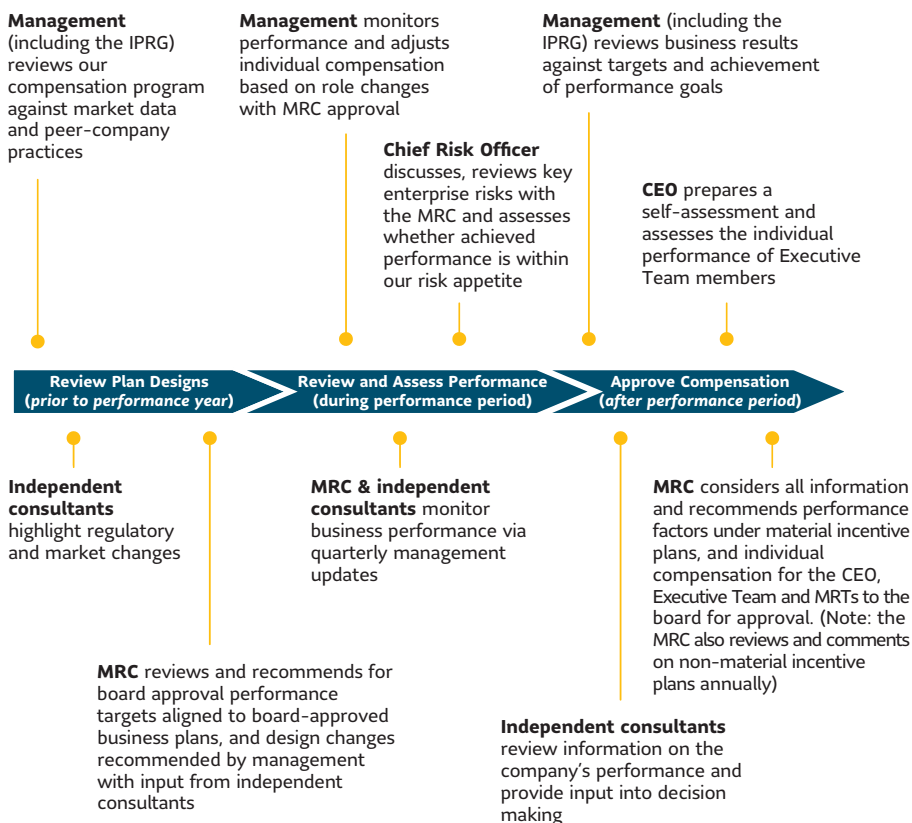
The design of our incentive plans helps to mitigate risk, as follows:

- Designs are stress-tested to ensure an understanding of possible outcomes.
- Pay mix is managed so that more senior roles have a significant portion of their compensation deferred, a significant portion of which is tied to multi-year performance.
- Executives have share ownership and share retention requirements that reinforce the focus on the long term and alignment with shareholders' interests.

- Caps on payouts are incorporated in non-sales compensation plan designs and, where appropriate, sales compensation design. Payouts under some plans are designed as a maximum % of a financial measure (e.g., earnings).
- The AIP (see page 74) includes a measure whereby funding can be reduced based on the risk, compliance and control environment.
- Performance measures generally include a mix of financial and non-financial absolute and relative measures.
- AIP funding is limited to total company and business group performance, with no direct compensation impact for sales or decisions around individual products within a business group.

Decision-making cycle

Our annual-incentive decision-making cycle is a rigorous process carried out in three stages for the relevant performance period:



Use of discretion

The board has discretion to:

- Increase or decrease awards under the AIP based on its assessment of risk management and the impact on our financial results, and other factors that may have had an effect on performance
- Lower or zero out AIP awards, and to lower or not grant new long-term incentive awards for individuals or groups, if it concludes that results were achieved by taking risks outside of board approved risk appetite levels
- Cancel all outstanding awards under the Sun Share plan if it determines that payment would seriously jeopardize the capital position or solvency of the organization.

Actual use of discretion has been modest and is a mixture of positive and negative over time.

Executive share ownership and share retention requirements

Our executives align their interests with those of our shareholders by holding an ongoing stake in the company. Those new to the company or newly promoted have five years to achieve their required minimum ownership levels, which can include ownership of common shares, DSUs, Sun Shares and SLC phantom units.

In 2016, we increased the minimum levels of share ownership for NEOs and added a requirement that they achieve at least 25% of their minimum level of share ownership through personal actions, including personal ownership of shares and DSUs.

In addition, starting with grants in 2017, we added a requirement that following an exercise of stock options, our active executive officers must retain shares equal to 50% of the after-tax gain from the exercise for three years. This hold requirement does not apply if they have achieved their share ownership requirements and at least 25% of their minimum level of share ownership through personal actions or if they retire.

	Multiple of annual salary	Post-retirement guidelines
Chief Executive Officer (CEO)	10x	Hold at least 100% of guideline for 1 year Hold at least 50% of guideline for 2 years
Named Executive Officers (NEO)	5x	Hold at least 100% of guideline for 1 year

Our former CEO, Dean Connor, remains in compliance with these guidelines at time of publishing.

All insiders must follow our insider trading rules, and executives and directors must notify the appropriate individual of their intention to trade in our securities. Executives must notify the CEO, while directors, including the CEO, must notify the Chair of the Board. The Chair of the Board must notify the Chair of the GICRC.

No hedging or pledging

We have a policy that prohibits all insiders subject to our share ownership requirements from participating in equity monetization transactions including pledging or hedges involving the company's securities.

Clawbacks

Our clawback policy allows the company to recoup compensation in situations of material restatement and/or misconduct. The policy gives the board discretion to recover any or all of the incentive compensation received or realized in the previous 24 months if the employee (or former employee) was involved in misconduct, including fraud, dishonesty, negligence, and/or non-compliance with legal requirements or our internal policies, including the Code. In the case of material restatement, compensation can be recovered if the incentive compensation received would have been less had the restated financial results been known.

Our compensation program

Seven components made up our 2021 compensation program:

Component	Pay type	Performance period	Who's eligible
Salary	Fixed	• reviewed annually	• all employees
Annual incentives	Variable	• up to 1 year	• all employees
Sun Share Unit Plan	Variable	• 3 years' forward-looking performance	• key contributors; Vice-Presidents and above
Executive stock option plan	Variable	• 10 years • vest over 4 years	• Executive Team
Deferred share unit plan (DSU plan)	Variable	• redeemed when the executive leaves the organization	• Vice-Presidents and above
Pension and other benefits	Fixed	• accrue during employment	• all employees
Perquisites	Fixed	• available during employment	• Vice-Presidents and above

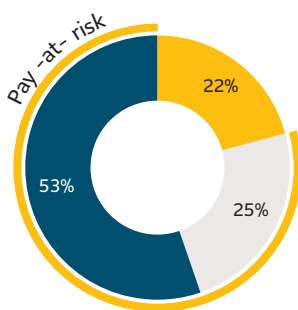
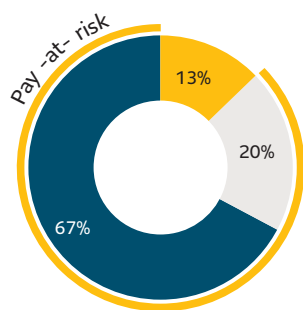
In addition to the above, the President, SLC Management participates in the SLC Management Phantom Unit Plan, as described below.

Component	Pay type	Performance period	Who's eligible
SLC Management Phantom Unit Plan	Variable	• 3 years' forward-looking performance	• Managing Director and above levels in SLC Management

The majority of compensation paid to our senior executives is variable and at risk. Pay mix varies based on the ability of the executive to influence short and long-term business results, the level and location of the executive and competitive practices. The average mix of total direct compensation by level, based on target pay, is summarized below. The actual pay mix for individuals may be different depending on business and individual performance and geographic location, as well as investor experience (i.e., dividends and share price movements), per our guiding principles. Pension, benefits and perquisites are supplemental, and outlined on pages 93 to 95.

Chief Executive Officer

Executive Team



- Salary
- Annual incentive
- Long-term incentives

Benchmarking

- We look at how other companies similar to us compensate similar roles taking size of organization into account. We look at each component of compensation along with total compensation to ensure we can attract and retain the talent we need
- Surveys of peer groups are used to benchmark our compensation levels for certain executive officers, as outlined below. We selected these peer groups because they include the leading financial services organizations in Canada and the broader U.S. insurance industry that we compete in for talent. We also review publicly available compensation information for relevant companies that are publicly traded and compensation information for the asset management sector as appropriate before setting the compensation range for our executive officers.
- **Canadian market survey:** The Financial Services Executive Compensation Survey produced by Korn Ferry is used to benchmark Canadian executives. Our Canadian peer group is made up of six major Canadian banks and two insurance companies:

• RBC	• Scotiabank	• CIBC	• Manulife Financial
• TD Bank Group	• BMO Financial Group	• National Bank Financial Group	• Canada Life

- **U.S. market surveys:** The Diversified Insurance Study of Executive Compensation produced by Willis Towers Watson is used to benchmark most U.S. executives. The study includes 17 publicly traded (or subsidiary) U.S. insurance companies (in addition to Sun Life):

• AFLAC	• CNO Financial	• Hartford Financial Services	• Prudential Financial
• AIG	• Equitable	• John Hancock	• Unum
• Allstate	• Genworth Financial	• Lincoln Financial	• Voya Financial Services
• BrightHouse Financial	• MetLife	• Principal Financial Group	
• Cigna	• Guardian Life		

- For Mr. Peacher, President, SLC Management, we consider benchmarking information from the 2021 McLagan Investment Management survey, which includes investment management roles from over 50 US insurance companies.

Salaries

Salaries provide a portion of pay that is fixed. We set individual salaries, based on the scope and mandate of the role vs. benchmarks, performance and experience of the individual, and internal equity.

Annual incentive plan

The AIP delivers a portion of pay based on the achievement of annual business and individual performance objectives. These include earnings, profitable sales and Client measures. No significant changes were made for 2021 or 2022.

This plan rewards employees with cash awards based on how well we achieved our financial, sales and Client objectives for the year. The maximum overall AIP payout for exceptional business results and individual performance is 250% of target.

Awards are determined using the following formula:



Business results

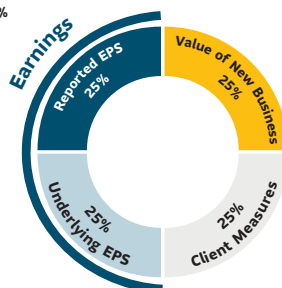
We used four measures to assess our total company performance under the AIP as outlined below.

Reported Earnings Per Share (EPS) – 25% weight

- Common shareholders' net income (loss) divided by the weighted average number of common shares outstanding. Determined in accordance with IFRS.

Underlying Earnings Per Share (EPS) – 25% weight

- Reflects the company's focus on generating sustainable earnings for shareholders. A non-IFRS financial measure.



Value of new business (VNB) (AIP basis) – 25% weight

- Our estimated future profits from new business sold during the year (excluding asset management).
- VNB (AIP basis) is measured on a constant currency basis.

Client measures – 25% weight

- Performance assessed based on:
 - Performance vs. targets in Client Index – a measure of secure Client relationships through proactive contact, ease of doing business, and problem resolution.
 - Performance vs. targets on key Client Business Outcomes across our businesses.

The performance factors for EPS and VNB results range from 0% for below threshold results to 200% for outstanding results. The performance factor for Client measures ranges from 0% to 150%.

Management uses a business performance scorecard to conduct a comprehensive “look back” on performance and ensure fairness and reasonableness of the final performance payout factor. Total company performance is reviewed to confirm the calculated results and inform whether a discretionary adjustment of up to $\pm 20\%$ is appropriate based on a set of guiding principles. The plan also includes a modifier for Risk, Compliance and Control considerations that is neutral to negative, and can be applied to lower the overall business result to zero. The MRC maintains the discretion to increase, lower or zero out incentive awards.



Underlying net income (loss) removes from reported net income (loss) the impacts of items as defined in Section L - Non-IFRS measures in our 2021 MD&A filed with Canadian securities regulators.

Mix of business results

The current mix of business results for our NEOs is as follows:

	Total Company			
	Reported EPS	Underlying EPS	VNB	Client measures
CEO	25%	25%	25%	25%
CFO				

	Total Company	Relevant Business Group		
	Reported EPS	Underlying Net Income	VNB	Client measures
NEOs (excluding the President, SLC Management)	25%	25%	25%	25%
President, SLC Management	Performance of SLC Management business group including Client outcomes, investment performance, and financial measures.			

Executive Team members who run a business group continue to have a significant portion of their compensation tied to total company results through the mid and long-term incentive programs.

Individual multiplier

All eligible employees, including the NEOs, receive an individual performance multiplier based on their individual contributions during the year. Performance is assessed against individual performance objectives for the year. The multiplier for the NEOs can range from 0% for unsatisfactory performance to 200% for exceptional performance.

Long-term incentive compensation

Our long-term incentive programs deliver a portion of pay that is earned over a multi-year vesting period and aligned with shareholder interests. Our long-term incentive grants consisted of two different vehicles—phantom unit plans, predominantly Sun Shares (3-year vesting, 5-year total performance period) and options (4-year vesting, with vested options exercisable for 10 years from the date of grant). Starting with the 2017 stock option grant, if an executive has not achieved share ownership and personal action requirements, we require that active executives hold shares equal to 50% of the after-tax gain on exercise for 3 years. No significant changes were made for 2021 or 2022.

These incentive plans are designed to align and reward executives and other key contributors for creating shareholder value and generating superior returns over the performance period of the plans, which range from three to 10 years. In the case of the CEO and the Executive Team, the proportion of long-term incentive delivered in options is considered in light of age and career stage but is limited to a maximum of 25% of total long-term incentive. Incentive pools are allocated to business leaders to decide the award for participants based on contributions during the year and their potential impact on long-term results. Awards are granted as a fixed amount, however, the actual payout value will vary based on our share price, dividends and, in the case of Sun Shares, our performance relative to peers over the performance period, and for the SLC Management Phantom Unit plan, based on SLC Management performance over the performance period. Prior to approving awards, the MRC receives information on

past awards for each Executive Team member. Awards are granted based on position level, individual performance and potential, and competitive practice.

Sun Share Unit Plan

The Sun Share Unit Plan rewards individuals for creating absolute and relative shareholder value over a five-year period with greater weight given to performance over the final three years. No significant changes were made for 2021 or 2022.

Objectives for the Sun Share Unit Plan include aligning payouts to sustained performance, absolute and relative total return performance versus peers, and retention. The plan design has a range of potential payouts (from 0% to 200% of target) for our most senior executives, reflecting their accountability and impact on our results. Less senior participants have a narrower range of potential payouts because our focus at those levels is more on alignment of deferred pay to absolute TSR and retention.

The plan incorporates two performance measures:

Performance Measure	Description	Applies to
1. Absolute TSR	the underlying value of the share units based on increases or decreases to share price and dividend performance	All Sun Share participants
2. Relative TSR	modifies the ultimate number of units awarded based on our relative TSR performance versus peers	Vice-Presidents and above

The relative TSR performance measure for executives ensures that payouts are aligned to both absolute and relative total return performance over the performance period.

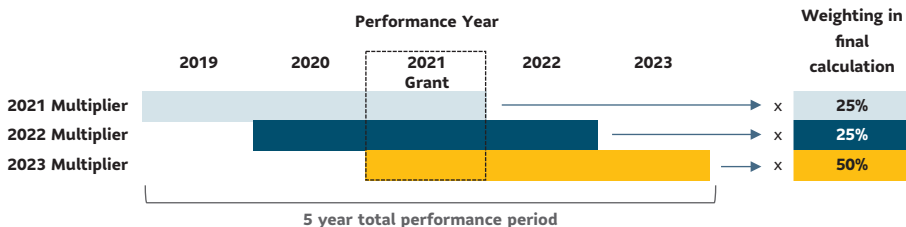
The grant value of each Sun Share is the average closing price of our common shares on the TSX over the five trading days before the grant date. Sun Shares accumulate dividend equivalents over the performance period and vest in full after three years. The payout value of each Sun Share is based on the average closing price of our common shares on the TSX over the five trading days before the vesting date and is adjusted through the application of the performance factor for executives.

The formula below shows how we calculate the payout value of Sun Shares for NEOs:

Sun Shares (#)	×	Share price (\$)	×	Performance factor	=	Payout value
(number of units awarded plus additional units credited as reinvested dividends)		(average price of our common shares on the TSX over the five trading days before the vesting date)		(0% to 200%) based on the weighted average of three annual 3-year TSR factors		of Sun Shares on vesting (\$)

We calculate the TSR performance factor for Sun Shares using the weighted average of three annual three-year TSR factors. The annual TSR factor is calculated as the change in price of our common shares over the 36-month period ending December 31 of the applicable year plus reinvested dividends during the same period measured relative to peers.

For the 2021 Sun Share grant the annual TSR factors are weighted as follows:



We benchmark our performance under the Sun Share Unit Plan against a custom weighted index of 12 public Canadian banks and North American insurance companies. These companies are most similar to us in terms of measuring business performance since they operate in the same broader financial services market and directly compete with us in some business segments. We also compete with these companies for talent and access to capital. The companies listed below have been used in calculating the annual performance factors since 2015.

This custom weighted index is a subset of the peer groups that we use for benchmarking compensation levels (see page 73). The custom weighted index is not used for any other purpose.

Weight		Sun Share Benchmark Peers		
Canadian banks	25%	<ul style="list-style-type: none"> RBC TD Bank Group 	<ul style="list-style-type: none"> Scotiabank BMO Financial Group 	<ul style="list-style-type: none"> CIBC
North American insurance companies	75%	<ul style="list-style-type: none"> Canada Life Lincoln Financial Manulife Financial 	<ul style="list-style-type: none"> MetLife Principal Financial Group Prudential Financial 	<ul style="list-style-type: none"> Unum Group

Level of performance	If the 3-year relative TSR	Then the annual TSR factor is
Maximum	exceeds the average of the custom weighted index by 10% or more	200%
Target	is at the average of the custom weighted index	100%
Threshold	is at 10% below the custom weighted index	25%
Below threshold	is more than 10% below the average of the custom weighted index	0%

Intermediate values are interpolated.

Executive stock option plan

Options reward participants for their contributions to increasing long-term shareholder value. No significant changes were made for 2021 or 2022.

Starting in 2013, we limited the use of options to Executive Team members, who receive up to 25% of their annual long-term incentive award in options. The exercise price of an option is the closing price of our common shares on the TSX on the grant date. Options vest 25% per year over four years, starting on the first anniversary of the grant date, and are exercisable until 10 years after grant. Starting with the 2017 grant, if an executive has not achieved share ownership and personal action requirements, we require that active executives hold shares equal to 50% of the after-tax gain on exercise for 3 years. Options are not subject to any performance goals and only have value if the price of our common shares increases after the grant date.

The MRC recommends the terms of each grant to the board for approval. The exercise price of an option already granted cannot be lowered or forfeited in exchange for options with a lower exercise price. If there is a change of control, the board can choose from a range of alternatives to address outstanding options, including accelerated vesting. Options cannot be transferred or assigned.

The option plan may be amended by the board as long as we receive other necessary approvals. The following amendments require shareholder approval unless they result from the plan's anti-dilution provisions:

- increasing the number of common shares that can be issued under the plan
- reducing the exercise price of an option, including cancelling and re-granting an option on different terms within three months
- extending the expiry date of an option or permitting the grant of an option with an expiry date of more than 10 years from the grant date

- permitting an option to be transferred other than to a spouse, minor child or minor grandchild
- expanding the categories of eligible participants in the plan
- increasing or deleting the limits relating to common shares that may be issued to insiders or any one person
- permitting other types of compensation (e.g., share awards) by issuing equity
- revising the amendment procedure itself.

For grants from 2019 onwards, the board has amended our option plan to align our post-retirement treatment of options with our peer group. Options granted under the amended plan will terminate on the earlier of the last exercise date of the options and the date that is 60 months following the retirement of the Executive.

The plan allows the board to grant options with stock appreciation rights, although it has not granted any to date. A stock appreciation right allows the executive to exercise his or her option and receive, in cash, the difference between the market price of our common shares and the exercise price of the option.

Stock appreciation rights provide the same compensation value as the underlying options.

The table below shows the number of options granted, outstanding and available for grant under the option plan as at December 31, 2021. We can issue up to 29,525,000 of our common shares under the plan (5.0% of the shares outstanding as at December 31, 2021), as long as we do not issue more than 10% of our total outstanding common shares to insiders and no more than 1% to any one person. Stock option grants are determined based on a calculated five-year-average Black-Scholes value (12.3% for May 2021 grant, 12.2% for February 2021 grant, 12.2% for December 2020 grant, 12.4% for February 2020 grant, and 14.3% for 2019).

Measure of dilution	2021		2020		2019	
	# of options	% of shares outstanding	# of options	% of shares outstanding	# of options	% of shares outstanding
Annual grant ¹	769,290	0.13	730,442	0.12	745,243	0.13
Options outstanding ²	3,042,240	0.52	3,173,204	0.54	3,073,966	0.52
Options available for grant ³	3,875,905	0.66	4,645,195	0.79	5,375,637	0.91
Overhang ⁴	6,918,145	1.18	7,818,399	1.34	8,449,603	1.44
Burn rate ⁵		0.13		0.12		0.13

¹ the total number of options granted under the option plan each year

² the total number of options outstanding at the end of each year, including the annual grant

³ the number of options in reserve approved by shareholders that are available for grant at the end of each year

⁴ the number of options outstanding plus the number of options in reserve approved by shareholders that are available for grant in the future

⁵ the number of awards granted in the applicable fiscal year as a percentage of the weighted average number of outstanding shares for the same fiscal year

SLC Management Phantom Unit Plan

The SLC Management Phantom Unit Plan rewards individuals for mid-term performance and growth of SLC Management.

The plan allows participants to share in the overall success and value creation of SLC Management and aligns the interest of participants and shareholders in the corporation by providing incentive for future performance. For Mr. Peacher, the 2021 plan rewards performance over a three-year period based on overall SLC Management performance metrics; third party AUM, third party fee revenue, and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). SLC Management Phantom Units vest in full on the third anniversary of the grant date.

SLC Management has evolved significantly over the last several years, including closing on the acquisitions of majority stakes in each of InfraRed Capital Partners and Crescent Capital Group LP. The 2021 SLC Management Phantom Unit Plan aligns pay with our business strategy, operating model, and performance. No significant changes were made for 2022.

Mix of long-term incentive vehicles

The current mix of long-term incentive vehicles for eligible participants is as follows:

Eligible participants		Stock Options	Sun Shares	SLC Management Phantom Units
CEO and Executive Team (excluding the President, SLC Management)		25%	75%	–
President, SLC Management		25%	25%	50%
Senior Vice-Presidents, Vice-Presidents and key contributors (below Vice-President)		–	100%	–
SLC Management	Senior Managing Directors, Managing Directors and key contributors	–	–	100%
	Select Senior Managing Directors	–	Mix of SLC Management Phantom Units and Sun Shares	

Deferred share unit plan

The DSU Plan provides an opportunity for executives to voluntarily defer a portion of their AIP awards into DSUs, which vest on grant and pay after they leave the company. No significant changes were made for 2021 or 2022.

DSUs are an effective way for executives to meet their share ownership requirements and they can only be redeemed when the executive leaves the organization. We sometimes grant DSUs to new executives to replace the value of long-term incentives they forfeited with a previous employer, and on a limited basis to recognize additional responsibilities associated with promotions during the year.

DSUs are redeemed for cash based on the value of our common shares at the time of redemption, plus any dividend equivalents accumulated over the period.

The formula below shows how we calculate the payout value of DSUs:

Deferred Share Units (#)	X	Share price (\$)	=	Payout value
(number of units plus additional units credited as reinvested dividends)		(average price of our common shares on the TSX over the five trading days before the redemption date)		of DSU on redemption (\$)

Share ownership levels

The table below shows the values of common shares and share units held by each NEO as at December 31, 2021. We calculated the value of common shares and share units using \$70.41, the closing price of our common shares on the TSX on December 31, 2021. In 2016, we added a requirement for the CEO and Executive Team members to achieve at least 25% of their minimum level of share ownership through personal actions, including personal ownership of shares and DSUs (personal ownership excludes Sun Shares). For presentation purposes, the Sun Shares have been valued using the target performance factor (100%).

Named executive officer	Minimum ownership requirement	Total ownership as a multiple of salary	Total share ownership at December 31, 2021 (\$)				
			Common shares	Sun Shares	Management Phantom Units	SLC Deferred share units (DSUs)	Total ownership
Kevin D. Strain	10x salary	9.2x	1,309,076	7,214,719	–	701,922	9,225,717
Dean A. Connor	10x salary	34.8x	6,840,453	20,781,554	–	10,710,708	38,332,715
Manjit Singh	5x salary	14.8x	50,651	5,123,279	–	3,708,791	8,882,721
Stephen C. Peacher	5x salary	15.7x	–	5,711,046	3,507,417	2,206,453	11,424,916
Daniel R. Fishbein	5x salary	9.6x	253,569	5,783,649	–	1,168,573	7,205,791
Jacques Goulet	5x salary	13.5x	525,963	7,283,193	–	296,296	8,105,452

All NEOs have met or are on track to meet their share ownership requirement and personal actions requirement by the attainment date.

Pension benefits

Our pension plans deliver a portion of pay that provides protection and wealth accumulation for retirement. Only defined contribution plans are available to new hires worldwide (except for our defined benefit plan in the Philippines, which is limited to employees of the local subsidiary). The NEOs participate in the pension plans available in their country of employment.

Canadian plans

On January 1, 2009, we closed the Canadian staff defined benefit plan to new employees and replaced it with a defined contribution plan, which we describe in more detail starting on page 81. Canadian employees hired before then continue to participate in the previous plan, which includes both defined benefit and defined contribution components.

Mr. Strain and Mr. Connor are NEOs in Canada who were hired before 2009, and they participate in the defined benefit plan. Mr. Goulet and Mr. Singh are NEOs in Canada who were hired after January 1, 2009, and they participate in the defined contribution plan.

Our retirement program for Canadian employees hired before January 1, 2009 (including applicable NEOs) consists of two elements:

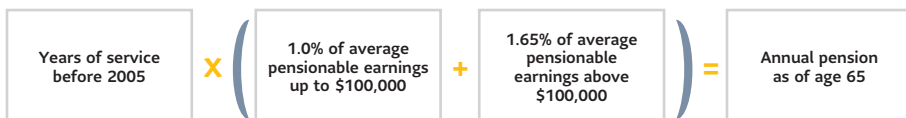
- a defined benefit accrual for service prior to 2005
- a combination of defined benefit and defined contribution accruals for service after January 1, 2005.

Benefits up to the tax limits are paid from registered plans. Benefits above the tax limits are paid from non-registered pension plans that are secured, where applicable, through a Retirement Compensation Arrangement.

Defined benefit formula for service prior to 2005

The pension formula for service prior to 2005 depends on which legacy pension plan the applicable executive participated in.

Mr. Strain's defined benefit pension formula for service prior to January 1, 2005 is based on the Clarica pension plan, which was acquired by Sun Life in 2001.



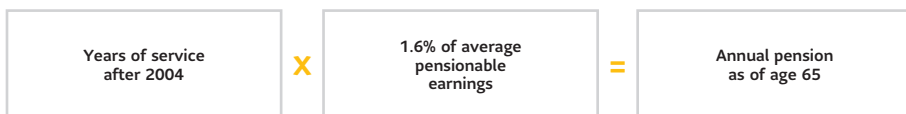
Under the Clarica formula, pensionable earnings consist of annual salary and annual incentives. Average pensionable earnings is based on the employee's highest average pensionable earnings in the best three consecutive years in the last 120 months of employment.

Clarica benefits are payable from age 65 for life, with 60 monthly payments guaranteed. Other forms of payment are available on an actuarially equivalent basis. Employees with Clarica service can retire as early as age 55, and the benefit is reduced by 3% for each year that retirement precedes age 63, and an additional 3% for each year that retirement precedes age 60.

Mr. Connor had no service prior to 2005.

Defined benefit formula for service after 2004

(Designated executives, Mr. Strain and former executive, Mr. Connor)



Under this formula, pensionable earnings consist of annual salary and the actual annual incentive, capped at the lesser of 100% of target and 100% of base salary. Average pensionable earnings is based on the employee's highest average pensionable earnings in any three consecutive calendar years in the last 10 years of employment.

The pension is payable for the lifetime of the employee. Other forms of payment are available on an actuarially equivalent basis.

If a designated executive leaves before age 62, the pension formula is reduced. If they leave:

- before age 51, we use a factor of 1.0% in the pension formula (instead of 1.6%)
- between the ages 51 and 62, we increase the factor of 1.0% by 0.05% for each complete year between age 50 and retirement, to a maximum of 1.6% at age 62 or later.

Designated executives can choose to start receiving the pension benefit as early as age 55, but the benefit is actuarially reduced from age 62 to reflect the earlier start.

Pension maximums

The total combined annual pension benefit for all service in all company sponsored defined benefit plans, excluding Clarica service, is capped at 65% of the NEO's highest consecutive, three-calendar-year average pensionable earnings over the last 10 years of employment. Pensionable earnings includes actual annual incentive compensation only up to the target level, limiting the pension benefit for all employees even if annual incentive awards are paid above target levels. The target incentive is further capped at 100% of annual salary for service after 2004.

Defined contribution plan for employees hired before 2009

The pension plan also includes a defined contribution component for service after 2004. Employees can contribute 1.5% of pensionable earnings up to the year's maximum pensionable earnings (YMPE), and 3.0% of pensionable earnings above the YMPE. Sun Life matches 50% of employee contributions. Pensionable earnings consist of salary and actual annual incentive, capped at target. Participants will receive the value of their vested accumulated contributions and associated investment return upon termination or retirement.

Total contributions to the plan (employee and company matching contributions) are subject to the limits of the *Income Tax Act* (Canada). Employee and company contributions end once the maximum contribution limit is reached (\$29,210 for 2021).

Defined contribution plan for new hires after 2008

New hires on or after January 1, 2009 participate in the Sun Life staff pension plan, which provides a core company contribution of 3% of pensionable earnings from the date of hire. Employees have the option to make voluntary contributions of 1% to 5% of pensionable earnings and will receive a matching company contribution of 50%. Starting in 2020 new hires are auto-enrolled at the 5% level, and can adjust their contribution level to suit their needs. Pensionable earnings consist of salary and actual annual incentives, capped at target. Company contributions vest immediately, and participants will receive the value of their vested accumulated contributions and associated investment return upon termination or retirement. Total company and employee contributions are restricted to the defined contribution limit in the *Income Tax Act* (Canada) (\$29,210 for 2021).

Vice-Presidents and above hired on or after January 1, 2009, including Mr. Goulet and Mr. Singh, participate in a supplemental, non-registered defined contribution plan. Once an executive has reached the maximum limit under the registered plan, the supplemental plan provides a contribution of 10.5% of his or her pensionable earnings above the level of pay where the maximum contribution limit is reached for the registered plan. The contribution rate in the supplemental plan is set at 10.5% to equal the maximum amount that the company and employee, combined, can contribute under the registered plan.

U.S. plans

On January 1, 2006, the defined benefit plan in the U.S. was frozen to new entrants and participants who were under age 50 and had not yet reached 60 years of combined age and service (60 points). We introduced a Retirement Investment Account (RIA), an employer-paid defined contribution arrangement, to replace the defined benefit plan as of January 1, 2006. In December 2014, the defined benefit pension plan was frozen for all legacy participants who were still accruing benefits. Mr. Peacher and Mr. Fishbein, our NEOs in the U.S., were hired after January 1, 2006 and do not participate in the defined benefit plan.

Our U.S. defined contribution retirement program has three elements:

- a voluntary tax-qualified 401(k) plan
- a tax-qualified RIA that provides automatic employer contributions
- a non-qualified retirement investment plan for certain employees whose compensation exceeds the IRS limits (US\$290,000 for 2021).

Effective January 1, 2019, the 401(k) plan was changed to qualify for certain IRS “safe harbor” rules and to add auto-enrollment and auto-escalation features. All new hires who do not make an election will be automatically enrolled at 3% employee contribution level, which will increase by 1% each subsequent year until reaching 10%. Employees can adjust their level of contributions to meet their needs.

401(k) plan

Employees can contribute up to 60% of their eligible earnings (salary, sales incentives, actual incentive payments, and other eligible pay), up to the maximum contribution set by the IRS (for 2021, US\$19,500 plus an additional US\$6,500 for participants age 50 and older). A participant can contribute on a pre-tax or after-tax basis. Beginning January 1, 2019, we match 100% on the first 3% and 50% on the next 2% of the employee’s contribution (maximum of US\$11,600 matching contributions for 2021). Participants receive the value of their vested accumulated contributions and associated investment return upon termination or retirement.

Retirement Investment Account (RIA)

We contribute a percentage of eligible earnings to the RIA each year based on the employee’s age and years of service, as of January 1. The NEOs in the U.S. participate in the RIA and their eligible earnings consist of salary plus the actual incentive bonus up to the IRS compensation limit, and other eligible pay (US\$290,000 for 2021).

The table below shows the age and service criteria for the RIA contribution.

Age and service as at January 1	% of eligible earnings
Under 40	2
40 to 54	4
55 and over	6

Total contributions that we and the participant make to the tax-qualified RIA and the 401(k) cannot exceed the maximum set by the IRS (US\$58,000 for each participant under age 50 and \$64,500 for each participant age 50 or older in 2020). Maximum eligible earnings that can be used to determine the annual allocations under the RIA and the 401(k) are US\$290,000 for each participant in 2021.

Non-qualified retirement investment plan (Top-Hat)

Mr. Peacher and Mr. Fishbein participate in the Top-Hat plan. We contribute 15% of eligible earnings that exceed the IRS compensation limit for the tax-qualified plan. Eligible earnings for the Top-Hat plan are defined as salary plus the actual incentive bonus, capped at the target payout.

Compensation details

Individual pay and performance outcomes

The board assessed the performance of the CEO, and the CEO assessed the performance of the other NEOs, against their individual objectives for 2021. In addition to a review of pay-for-performance and competitive practice, these assessments formed the basis for compensation decisions. A summary of the individual performance for each NEO follows.

Kevin D. Strain, President and Chief Executive Officer



Mr. Strain was promoted from EVP and Chief Financial Officer to President and Chief Financial Officer on February 15, 2021. He was promoted to President and Chief Executive Officer on August 7, 2021. Prior to his appointment, Mr. Strain was President, Sun Life Asia, and has held several senior roles in the Corporate Office and the Canadian business including SVP, Individual Insurance and Investments, VP Investor Relations, VP Individual Finance and VP of Clarica's Pension business.

As President & CEO, Mr. Strain defines our business strategy and measures of success and in 2021, ensured continued progress on key priorities in our strategic plan throughout the leadership transition.

Mr. Strain's target compensation was adjusted with his promotion to President & CFO in February 2021, including a 2021 long-term incentive award of \$3,500,047. His target pay was then increased in conjunction with his appointment to President & Chief Executive Officer in August 2021.

Mr. Strain received an additional one-time grant of \$700,011 in DSUs in November 2021 recognizing his higher target pay level for the remainder of the year following his promotion to President & CEO in August 2021. The decision to grant him DSUs was designed to build long-term ownership and shareholder alignment.

In recognition of his contribution in 2021, Mr. Strain was allocated an AIP award of \$2,185,079 (120% individual multiplier). He was granted a 2022 long-term incentive award of \$6,280,000.

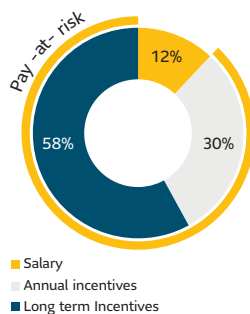
Significant accomplishments in 2021 include:

- Launching a refreshed Enterprise Strategy with a focus on Client Impact, guided by our purpose of helping Clients achieve lifetime financial security and live healthier lives
- Embedding Sustainability in the business, including prioritizing Sustainability in our strategic planning, announcing Sun Life's net-zero-by-2050 commitment, and hiring the first Chief Sustainability Officer
- Intensifying Sun Life's focus on DE&I, including participation in internal Diversity Dialogue sessions, and hiring Sun Life's first female business group leader in Asia
- Maintaining an effective risk, compliance and control culture by establishing tone and managing the organization within established risk appetite levels approved by the board
- Delivering solid financial results, with underlying net income of \$3,533 million, up 10% from prior year, and underlying ROE of 15.4%. Reported net income was up 64% due to market impacts and a realized gain on the IPO of our India asset management joint venture. VNB increased 17%, and assets under management reached \$1.4 trillion, up 15% in the year
- Increasing the common shareholder dividend by 20% shortly after OSFI lifted restrictions that had been in place since the start of the pandemic
- Entering into an agreement to acquire DentaQuest, which will expand our scale in the U.S. and establish a leading position in the attractive U.S. dental market
- Becoming one of the first major financial institutions in Canada to establish a flexible workplace policy based on Client and business needs
- Supporting digital leadership and moving to a Digital Enterprise way of working between IT and the business for more agile product development and building digital relationships with Clients

Compensation Summary

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	1,000,000	863,462	638,462	623,077
Annual incentives	1,500,000	2,185,079	924,699	825,000
Total Cash	2,500,000	3,048,541	1,563,161	1,448,077
DSUs	700,011		–	–
Sun Shares	2,625,040		1,650,058	1,387,506
Stock options	875,007		550,001	462,503
Long Term Incentives	4,200,058		2,200,059	1,850,009
Total Direct Compensation	6,700,058	7,248,599	3,763,220	3,298,085

2021 Actual Pay Mix



Dean A. Connor, Former President and Chief Executive Officer



Mr. Connor was our CEO from December 1, 2011 to August 6, 2021. Under Mr. Connor's leadership, we defined our four pillar and Client for life strategies, and in 2021 we made excellent progress on a number of key priorities aligned with the strategic plan.

In recognition of his contribution in 2021, Mr. Connor was allocated an AIP award of \$985,479, which was pro-rated for the portion of 2021 he was employed by the company and reflected target business and individual performance.

Significant accomplishments in 2021 include:

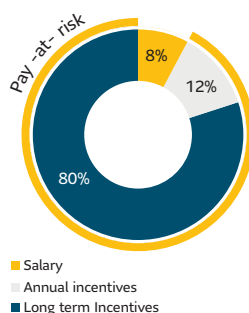
- Leading Sun Life's response to the COVID-19 pandemic, prioritizing the health and well-being of our Clients, employees, advisors and our communities, while achieving strong returns for shareholders
- Supporting the incoming President & CEO leading to his transition on August 7, 2021, allowing for uninterrupted momentum on our strategy
- A focus on Talent and Culture, driving higher Employee Engagement results during the pandemic—including participating in the recruitment of Sun Life Executive Team and Board members from underrepresented communities.
- Completing the acquisition of a majority interest in Crescent Capital, an alternative credit investment manager
- Committing an additional \$20 billion to sustainable investments over the next 5 years, and achieved carbon-neutrality for our global operations in 2021
- Hosting SLC Management investor day, stating 2025 earnings, AUM and operating margin targets

Compensation Summary

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	1,100,000	655,769	1,100,000	1,142,308
Annual incentives	1,650,000	985,479	1,920,000	1,810,000
Total Cash	2,750,000	1,641,248	3,020,000	2,952,308
Sun Shares	6,500,039		4,875,042	4,687,504
Stock options	–		1,625,007	1,562,503
Long Term Incentives	6,500,039		6,500,049	6,250,007
Total Direct Compensation¹	9,250,039	8,141,287	9,520,049	9,202,315

¹ 2020 actual represents the TDC value as approved by the board, as well as rounding of long-term incentive grants, as we grant only whole Sun Shares and stock options (no fractional units). 2019 actuals include adjustments due to the fact that 2019 included an extra (27th) pay period for Canadian employees.

2021 Actual Pay Mix



The following table illustrates the alignment between CEO pay and shareholder value during the final years of Mr. Connor's tenure. The table compares the current value of total direct compensation awarded to Mr. Connor over the last five years to a comparable measure of the value received by shareholders over the same period. The actual compensation values include salary and cash incentive payments, the value at vesting of Sun Shares granted (or current value for units that are outstanding), the value of stock options exercised during the period and the value of in-the-money stock options that remain outstanding. Compensation outcomes are also compared to the value to shareholders, which represents the cumulative value of a \$100 investment in our shares made on the first trading day of the period indicated, assuming the reinvestment of dividends.

Fiscal Year	Total Direct Compensation Awarded (\$000) ¹	Compensation realized and realizable (\$000)	Period	Value of \$100	
				CEO ²	Shareholder value ³
2017	8,785	13,712	December 31, 2016 – December 31, 2021	156	165
2018	9,300	15,506	December 31, 2017 – December 31, 2021	167	158
2019	9,202	14,696	December 31, 2018 – December 31, 2021	160	174
2020	9,520	10,479	December 31, 2019 – December 31, 2021	110	128
2021	8,141	9,252	December 31, 2020 – December 31, 2021	114	129
Average				141	151

¹ Includes salary and variable compensation awarded at year-end in respect of performance during the year.

² Represents the actual value to Mr. Connor for each \$100 awarded in total direct compensation during the fiscal years indicated.

³ Represents the cumulative value of a \$100 investment in shares made on the first trading day of the period indicated, assuming reinvestment of dividends.

Manjit Singh, Executive Vice-President and Chief Financial Officer



On March 29, 2021, Mr. Singh was appointed our EVP and Chief Financial Officer and is responsible for overseeing a portfolio of functions including Finance, Taxation, Capital, and Investor Relations. Mr. Singh advances the achievement of our four pillar strategy through continued financial and risk management prudence.

In recognition of his contribution in 2021, Mr. Singh was allocated an AIP award of \$1,372,800 (120% individual multiplier). He was granted a 2022 annual long-term incentive award of \$2,200,000.

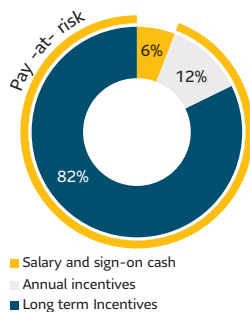
Significant accomplishments in 2021 include:

- Contributing to strong financial results with record underlying earnings of \$3.5B and ROE of 15.4%
- Identifying and executing on opportunities to deliver shareholder value through business, treasury, capital, and tax initiatives.
- Deepened focus on capital management across the organization. Maintained strong capital and liquidity management ratios through diligent, proactive management
- Actively supporting identification, analysis, and execution of M&A opportunities to strengthen business strategy and support medium-term financial objectives
- Leading the transition to IFRS 17, including impact on business strategies, decisions on accounting policy, implementation of enhanced system capabilities, and active stakeholder management
- The successful inaugural issuance of Limited Recourse Notes as well as subordinated debt financing for the DentaQuest acquisition
- Continuing to strengthen the Finance function by implementing new tools, enhancing processes, and deeper integration across the Global team
- A strong focus on attracting, developing and retaining top talent and driving high team engagement
- Actively supporting the Sustainability strategy and initiatives to maintain Sun Life's leadership position

Compensation Summary

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	600,000	461,538	-	-
Annual incentives	800,000	1,372,800	-	-
Sign-on Cash	-	200,000	-	-
Total Cash	1,400,000	2,034,338	-	-
Sun Shares	1,575,024			
Stock options	525,006			
Long Term Incentives (Annual)	2,100,030		-	-
Sun Shares	3,050,066		-	-
Stock options	1,000,005		-	-
DSUs	3,350,065			
Long Term Incentives (One-time, on-hire)	7,400,136			
Total Direct Compensation	10,900,166	11,534,504	-	-

2021 Actual Pay Mix



Annual incentives reflect a one-time \$200,000 cash award to replace forfeited annual bonus, that was paid on-hire with a 12-month clawback provision.

Long-term incentives reflect a one-time award of \$4,050,000 to replaced forfeited equity value and one-time award of \$3,350,000 to replace approximate forfeited pension value from Mr. Singh's previous employer. The pension value replacement was granted in DSUs, which are held until departure from the company, and vests 50% per year on anniversary of the grant date.

Stephen C. Peacher, President, SLC Management



Mr. Peacher has been our President, SLC Management since January 11, 2016 and is responsible for the strategy, development and performance of our invested asset portfolio, and SLC Management, our third-party institutional asset management business. Mr. Peacher advances our leadership in global asset management, one of our four strategic pillars which includes SLC Management and MFS Investment Management.

In recognition of his contribution in 2021, Mr. Peacher was allocated an AIP award of US\$2,153,250 (110% individual multiplier). He was granted an annual 2022 long-term incentive award of US\$2,800,000.

Mr. Peacher also received a one-time long-term incentive grant of US\$2,000,000 in Sun Shares and US\$2,000,000 in SLC Phantom Units to recognize his critical role in leading the multi-year transformation of SLC Management thus far and to create a powerful incentive to grow the business going forward. The grants cliff-vest in 2027 and vesting is contingent upon achieving both financial and strategic goals key to SLC Management's mid-term strategy. The final number of units vesting can go to zero, if performance is below threshold, and a maximum 125% of units granted, if performance exceeds expectations.

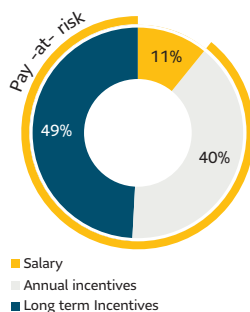
Significant accomplishments in 2021 include:

- Generating exceptional investment results in Sun Life's general account to support product sales and net income
- Delivering strong performance in our Client portfolios leading to strong Client retention
- Raising \$27.4B of new Client commitments for the SLC Management platform
- Earning favourable ratings on the products of SLC and its affiliates from leading investment consulting firms
- Achieving our financial performance targets at SLC Management
- Enhancing our focus on Sustainability by adding the new position of Global Head of ESG at SLC Management
- Earning high employee engagement scores throughout the pandemic and accelerating our DE&I efforts through internal educational programs and external partnerships
- Continuing to strengthen our financial reporting, operating and technology platform
- Continuing to be an active member of the Sun Life Executive Team, especially in areas related to asset management

Compensation Summary (USD)

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	580,000	580,000	580,000	580,000
Annual incentives	1,450,000	2,153,250	1,903,125	1,595,000
Total Cash	2,030,000	2,733,250	2,483,125	2,175,000
Sun Shares	656,076		617,563	1,788,736
Stock options	656,037		617,517	596,241
SLC Management Phantom Units	1,312,073		1,235,033	–
Long Term Incentives	2,624,186		2,470,113	2,384,977
Total Direct Compensation	4,654,186	5,357,436	4,953,238	4,559,977

2021 Actual Pay Mix





Mr. Fishbein has been our EVP and President, Sun Life U.S. since March 17, 2014 and is responsible for leading our United States insurance businesses, which include a stop-loss and employee benefits business, a voluntary benefits business and in-force blocks of individual life insurance. Mr. Fishbein advances our leadership in U.S. group benefits, one of our four strategic pillars

In recognition of his contribution in 2021, Mr. Fishbein was allocated an AIP award of US\$1,235,000 (125% individual multiplier). He was granted a 2022 long-term incentive award of US\$2,000,000.

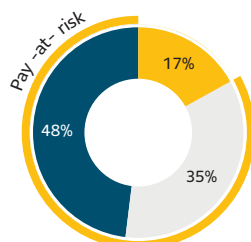
Significant accomplishments in 2021 include:

- Increasing Reported Net Income to US\$399 million, from US\$191 million in 2020, and delivering strong Underlying Net Income of US\$413 million, while paying out more than US\$300 million in benefits to families impacted by COVID-19 during their time of greatest need
- Growing new sales by 13% to US\$1.24 billion, reflecting our focus on making health and benefits easier for our Clients
- Reaching net premiums of US\$4.3 billion, an increase of 6% compared to 2020 despite ongoing pressure from the pandemic
- Completing the acquisition of Pinnacle Care International, Inc. ("PinnacleCare") on July 1, 2021. PinnacleCare provides leading health care navigation and medical intelligence services, complementing our Stop Loss offerings
- Entering into an agreement to acquire DentaQuest Group, Inc. ("DentaQuest") on October 3, 2021. DentaQuest is the largest provider of Medicaid dental benefits in the U.S., with a growing presence in Medicare Advantage and commercial products, serving more than 33 million members overall
- Thinking and acting like a digital company, launching several new capabilities that alleviate manual administrative tasks, automate processes, provide real-time information and support faster decision-making
- Maintaining all-time-high employee engagement scores, reflecting the continued strength in our culture, flexible work arrangements and connection to employees in a virtual work environment
- Continuing to support our DE&I principles, by building teams that reflect the diversity of our Clients and a culture of high-performing employees who represent the communities where we live, work, and do business
- Receiving four top workplace awards, including being named to the top 10 largest employers in The Boston Globe's 2021 *Top Places to Work in Massachusetts* list for the second consecutive year, moving up 2 places from 2020

Compensation Summary (USD)

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	600,000	600,000	594,231	575,000
Annual incentives	760,000	1,235,000	1,045,000	890,000
Total Cash	1,360,000	1,835,000	1,639,231	1,465,000
Sun Shares	1,249,027		1,111,574	1,043,423
Stock options	416,331		370,514	347,808
Long Term Incentives	1,665,358		1,482,088	1,391,231
Total Direct Compensation	3,025,358	3,500,358	3,121,319	2,856,231

2021 Actual Pay Mix



■ Salary
■ Annual incentives
■ Long term Incentives



Mr. Goulet has been our EVP and President Sun Life Canada since January 15, 2018 and is responsible for leading our largest business group providing insurance, wealth management including mutual funds, group retirement services and group benefits in Canada. Mr. Goulet advances our leadership in Canadian insurance and wealth solutions, one of our four strategic pillars.

In recognition of his contribution in 2021, Mr. Goulet was allocated an AIP award of \$1,359,000 (120% individual multiplier). He was granted a 2022 long-term incentive award of \$2,800,000.

Significant accomplishments in 2021 include:

- Achieving 5% growth in underlying net income and 12 consecutive quarters above 8% growth in expected profit
- Sustaining the #1 position¹ in Group Retirement Services with over \$141 billion in assets under administration. Achieved record sales of \$2.3 billion in pension risk transfer business, alongside record rollover sales of \$3.8 billion
- Maintaining the #1 position² in group benefits market with over \$11.8 billion of business-in-force. Entered agreement with Canadian Premier to sell Sponsored Markets business, allowing group benefits to focus on its core segments
- Upholding Sun Life's leadership position³ in individual insurance and augmenting predictive underwriting models allowing applicants aged 18-40 to qualify for up to \$5 million in coverage without lab tests, an industry first
- Growing Sun Life Global Investments ("SLGI") assets under management to over \$38 billion and increasing net flows by 73% compared to 2020
- Launching *Sun Life Health*, which will provide Canadians with personalized and on-demand digital health experiences. Invested an additional \$48 million in Dialogue Health Technologies Inc.
- Continuing to mobilize action on Canada's mental health crisis by inspiring executives across the country to act within their workplaces. Awarded Platinum Certification through Excellence Canada's *Mental Health at Work* framework
- Announcing an industry-leading future of work approach, empowering employees with choice and flexibility. Maintaining a high level of employee engagement through focus on a high-performing, mentally healthy and inclusive workplace
- Advancing DE&I commitments by signing onto the Progressive Aboriginal Relations certification, maintaining gender parity on the Canadian Executive Team, and exceeding 25% representation of underrepresented ethnicities at the VP+ level
- Being named CEO of the Year in the Large Business Category by *Les Affaires* for leadership that inspires teams and drives business growth

¹ Fraser Pension Universe Report based on year ended December 2020

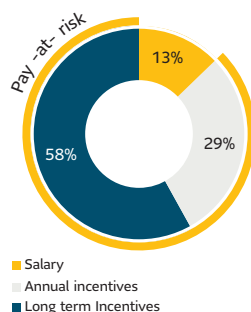
² Based on revenue for year ended December 2020 from 2021 Group Benefits Provider Report

³ LIMRA market share as third quarter 2021 year to date

Compensation Summary

	2021		2020	2019
	Target	Actual	Actual	Actual
Salary	600,000	600,000	588,462	571,154
Annual incentives	755,000	1,359,000	851,640	675,000
Total Cash	1,355,000	1,959,000	1,440,102	1,246,154
Sun Shares	2,025,034		2,400,080	1,275,012
Stock options	675,005		800,002	425,000
Long Term Incentives	2,700,040		3,200,082	1,700,012
Total Direct Compensation	4,055,040	4,659,039	4,640,184	2,946,166

2021 Actual Pay Mix



Summary compensation table

The table below shows the total compensation paid to our NEOs for the fiscal years ended December 31, 2021, 2020 and 2019. 2021 total compensation for NEOs was driven by previously disclosed target changes made in February 2021, Mr. Strain's promotion to President & CEO, above-target incentive plan outcomes across our businesses, and the Canada-US exchange rate.

Mr. Peacher and Mr. Fishbein receive their compensation in U.S. dollars. We have converted their compensation to Canadian dollars in the tables that follow using the average annual exchange rates of C\$1.254 for 2021, C\$1.341 for 2020, and C\$1.327 for 2019.

Name and principal position	Year	Paid salary (\$)	Share awards (\$)	Option awards (\$)	Non-equity annual incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Kevin D. Strain President and Chief Executive Officer	2021	863,462	3,325,051	875,007	2,185,079	3,938,737	140,283	11,327,619
	2020	638,462	1,650,058	550,001	924,699	573,277	199,255	4,535,752
	2019	623,077	1,387,506	462,503	825,000	111,077	–	3,409,163
Dean A. Connor Former President & Chief Executive Officer	2021	655,769	6,500,039	–	985,479	398,737	6,125	8,546,149
	2020	1,100,000	4,875,042	1,625,007	1,920,000	475,277	95,048	10,090,374
	2019	1,142,308	4,687,504	1,562,503	1,810,000	433,077	11,233	9,646,625
Manjit Singh Executive Vice-President & Chief Financial Officer	2021	461,538	7,975,155	1,525,011	1,372,800	34,615	200,000	11,569,119
Stephen C. Peacher President, SLC Management	2021	727,320	2,468,059	822,670	2,700,176	363,660	264,838	7,346,723
	2020	777,780	2,484,332	828,090	2,552,091	389,225	120,864	7,152,382
	2019	769,660	2,373,653	791,211	2,116,565	386,535	740,974	7,178,598
Daniel R. Fishbein President, Sun Life U.S.	2021	752,400	1,566,280	522,080	1,548,690	237,633	–	4,627,083
	2020	796,863	1,490,621	496,859	1,401,345	246,562	–	4,432,250
	2019	763,025	1,384,622	461,541	1,181,030	237,546	–	4,027,764
Jacques Goulet President, Sun Life Canada	2021	600,000	2,025,034	675,005	1,359,000	137,660	–	4,796,699
	2020	588,462	2,400,080	800,002	851,640	128,433	18,498	4,787,115
	2019	571,154	1,275,012	425,000	675,000	116,383	781	3,063,330

Paid Salary

- In 2021, the Canadian dollar appreciated relative to the US dollar, which makes US salaries above appear lower than in 2020.
- In 2019, actual paid salary was greater than annualized salary due to an extra pay period in Canada. The regular bi-weekly pay for December 21, 2019 to January 3, 2020 was moved to December 31, 2019, which created a 27th pay period. This affected the paid salary for Mr. Strain, Mr. Connor, and Mr. Goulet.
- Includes salary increases in March as follows:
 - Mr. Strain in 2021
 - Messrs. Strain, Fishbein and Goulet in 2020

Share Awards

Fiscal Year	Grant Date	Sun Share Price	Deferred Share Unit Price	SLC Management Phantom Unit Price
2021	November 15, 2021		\$70.88	
2021	June 7, 2021	\$65.10	\$65.10	
2021	May 17, 2021	\$65.24	\$65.24	
2021	February 23, 2021	\$62.28		10.00
2020	December 4, 2020	\$57.57		
2020	February 25, 2020	\$65.05		10.00
2019	February 26, 2019	\$49.71		

- Share price is based on the average closing price of our common shares on the TSX over the five trading days before the grant date.
- Mr. Strain received a one-time grant of \$700,011 DSUs on November 15, 2021 to ensure his pay as President & CEO, which is heavily weighted to long-term share-based incentives, is commensurate with his new role. It was calculated as the additional LTI he would have received for the rest of 2021 at his President & CEO target pay.
- Mr. Singh received grants to replace value forfeited at his former employer, as follows: a one-time DSU grant of \$3,350,065 upon hire to replace pension payments, a one-time stock option grant of \$1,000,005 to replace unvested stock options; a one-time Sun Share grant of \$3,050,066 to replace performance share units. He also received his first annual LTI grant. These grants were made on May 17 and June 7, 2021.
- Mr. Peacher's Share award in 2021 and 2020 included SLC Management Phantom Units.
- Mr. Goulet's 2020 Share award included a one-time Share award on December 4, 2020 in addition to the February 25, 2020 award.

Option Awards

- The grant date fair value of stock options awarded was calculated using the following data:

Fiscal Year	Grant Date	Exercise Price	Accounting Fair Value
2021	May 17, 2021	\$65.84	\$9.33
2021	February 23, 2021	\$62.59	\$8.54
2020	December 4, 2020	\$57.16	\$7.70
2020	February 25, 2020	\$62.12	\$5.90
2019	February 26, 2019	\$50.58	\$5.56

- We use a five-year average calculated Black-Scholes ratio to determine awards.
- The five-year average represents a long-term value considering long-term estimates of factors used in the Black-Scholes valuation model.
- Mr. Singh's 2021 option award included an award to replace unvested options forfeited at his former employer, in addition to his regular 2021 annual option grant.
- Mr. Goulet's 2020 option award included a one-time option award on December 4, 2020 in addition to the February 25, 2020 award.

Non-equity annual incentive plan compensation

- Values include the amounts the NEOs chose to defer.

Pension value

- Represents compensatory costs as described in the defined benefit and defined contribution tables on pages 103 and 104.
- Mr. Strain had a higher compensatory cost in 2021 because of his promotional increase to his salary and target bonus.

All other compensation

- Includes flexible benefit credits taken in cash by Mr. Strain, Mr. Connor, and Mr. Goulet.
- The 2020 amounts shown for Mr. Strain, Mr. Connor, and Mr. Goulet include payments made under the 2018 and 2019 Canadian Carryover Vacation Payout programs available to all employees with outstanding carryover vacation days.
- Mr. Strain's 2020 amount also includes taxes paid relating to a previous overseas assignment and executive allowance.
- Includes tax equalization adjustments in 2020 and 2019 for Mr. Peacher. The 2019 amount reflects the total of 2018 and 2019 tax equalization adjustments. The 2020 amount for Mr. Peacher also includes executive allowance and tax preparation assistance.
- For all NEOs, except Mr. Strain and Mr. Peacher in 2020 and 2021, the amounts shown exclude the total value of perquisites and other personal benefits provided to each NEO that are not generally available to all employees because the total for each NEO is less than \$50,000 in the aggregate and less than 10% of their total salary for the fiscal year.
- Mr. Singh's amount includes a sign-on cash payment provided to replace variable incentives that were forfeited from his previous employer.

Incentive plan awards

Outstanding share and option awards

The table on the following page is a summary of the outstanding option awards and share awards for the NEOs as at December 31, 2021.

Value of unexercised in-the-money options is the difference between the exercise price of the options and \$70.41 (Sun Life Financial's closing share price on the TSX on December 31, 2021), multiplied by the number of options.

Market value of share awards that have not vested or not been paid is \$70.41 multiplied by the number of share units. For presentation purposes, the Sun Shares have been valued using the target performance factor (100%). Share awards that have vested but have not been paid represent an elected deferral of annual incentive, payout under an incentive plan prior to demutualization and/or awards for recruiting purposes or upon mid-year promotion.

Named executive officer	Year	Option awards				Share awards			
		Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Plan	Number of share units that have not vested (#)	Market value of share awards that have not vested (\$)	Market value of vested share awards that have not been paid (\$)
Kevin D. Strain	2016	27,391	40.16	Feb 23, 2026	828,578				
	2017	34,233	48.20	Feb 28, 2027	760,315				
	2018	43,190	53.96	Feb 27, 2028	710,476				
	2019	63,944	50.58	Feb 26, 2029	1,268,010	Sun Shares	31,362	2,208,204	–
	2020	71,402	62.12	Feb 25, 2030	591,923	Sun Shares	27,451	1,932,802	–
	2021	114,590	62.59	Feb 23, 2031	896,094	Sun Shares	43,654	3,073,713	–
						Unvested DSU	9,969	701,922	–
Total		354,750			5,055,396		112,436	7,916,641	–
Dean A. Connor	2016	124,502	40.16	Aug 06, 2024	3,766,186				
	2017	114,108	48.20	Aug 06, 2024	2,534,339				
	2018	157,053	53.96	Aug 06, 2024	2,583,522				
	2019	216,026	50.58	Aug 06, 2026	4,283,796	Sun Shares	105,953	7,460,125	–
	2020	210,961	62.12	Aug 06, 2026	1,748,867	Sun Shares	81,102	5,710,400	–
	2021	–	–	–	–	Sun Shares	108,096	7,611,028	–
					Vested DSU	–	–	10,710,708	
Total		822,650			14,916,710		295,151	20,781,553	10,710,708
Manjit Singh	2021	188,312	65.84	May 17, 2031	860,586	Sun Shares	72,764	5,123,279	–
						Unvested DSU	52,674	3,708,791	–
Total		188,312			860,586		125,438	8,832,070	–

Named executive officer	Option awards					Share awards			
	Year	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the money options (\$)	Plan	Number of share units that have not vested (#)	Market value of share awards that have not vested (\$)	Market value of vested share awards that have not been paid (\$)
Stephen C. Peacher	2018	18,242	53.96	Feb 27, 2028	300,081				
	2019	54,695	50.58	Feb 26, 2029	1,084,602	Sun Shares	53,652	3,777,649	–
	2020	107,504	62.12	Feb 25, 2030	891,208	Sun Shares	13,777	970,059	–
						SLC Phantom Units	165,618	1,942,699	
	2021	107,736	62.59	Feb 23, 2031	842,496	Sun Shares	13,682	963,338	–
						SLC Management Phantom Units	164,534	1,564,718	–
						Vested DSU	–	–	2,206,453
Total		288,177			3,118,387		411,263	9,218,464	2,206,453
Daniel R. Fishbein	2014	23,561	36.98	May 16, 2024	787,644				
	2015	31,999	39.02	Feb 24, 2025	1,004,449				
	2016	37,662	40.16	Feb 23, 2026	1,139,276				
	2017	32,701	48.20	Feb 28, 2027	726,289				
	2018	43,118	53.96	Feb 27, 2028	709,291				
	2019	63,811	50.58	Feb 26, 2029	1,265,372	Sun Shares	31,297	2,203,616	–
	2020	64,503	62.12	Feb 25, 2030	534,730	Sun Shares	24,798	1,746,045	–
	2021	68,371	62.59	Feb 23, 2031	534,661	Sun Shares	26,047	1,833,989	–
						Vested DSU	–	–	1,168,573
Total		365,726			6,701,712		82,142	5,783,650	1,168,573
Jacques Goulet	2018	39,264	53.96	Feb 27, 2028	645,893				
	2019	58,759	50.58	Feb 26, 2029	1,165,191	Sun Shares	28,819	2,029,171	–
	2020	71,402	62.12	Feb 25, 2030	591,923	Sun Shares	40,944	2,882,868	–
	2020	35,850	57.16	Dec 05, 2030	475,013				–
	2021	88,398	62.59	Feb 23, 2031	691,272	Sun Shares	33,676	2,371,154	–
						Vested DSU	–	–	296,296
Total		293,673			3,569,292		103,439	7,283,193	296,296

We have not amended, cancelled, replaced or modified any option-based awards that were previously granted.

Incentive plan awards – value vested or earned during the year

The table below shows:

- the value the NEOs would have realized if they had exercised the options that vested in 2021 on their vesting dates
- the value of share awards that vested and were paid out in 2021
- the annual incentive award earned in 2021 and paid out in March 2022.

Named executive officer	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year (\$)
Kevin D. Strain	376,325	2,646,258	2,185,079
Dean A. Connor	1,279,942	9,622,621	985,479
Manjit Singh	–	–	1,372,800
Stephen C. Peacher	643,415	4,470,753	2,700,176
Daniel R. Fishbein	369,330	2,641,856	1,548,690
Jacques Goulet	344,599	2,405,742	1,359,000

Value of options vested during the year

The table below shows the value of options that vested for each NEO in 2021. See Executive stock option plan on pages 77 and 78 for more information about the option plan.

Named executive officer	Grant year	Vesting date	Options vesting (#)	Option exercise price (\$)	Share price on vesting date (\$)	Option-based awards – value vested during the year (\$)
Kevin D. Strain	2017	28-Feb-2021	8,558	48.20	61.24	111,596
	2018	27-Feb-2021	10,798	53.96	61.24	78,609
	2019	26-Feb-2021	15,986	50.58	61.24	170,411
	2020	25-Feb-2021	17,851	62.12	63.00	15,709
						Total
Dean A. Connor	2017	28-Feb-2021	28,527	48.20	61.24	371,992
	2018	27-Feb-2021	39,263	53.96	61.24	285,835
	2019	26-Feb-2021	54,006	50.58	61.24	575,704
	2020	25-Feb-2021	52,740	62.12	63.00	46,411
						Total
Manjit Singh	–	–	–	–	–	–
						Total
Stephen C. Peacher	2017	28-Feb-2021	14,988	48.20	61.24	195,444
	2018	27-Feb-2021	18,242	53.96	61.24	132,802
	2019	26-Feb-2021	27,347	50.58	61.24	291,519
	2020	25-Feb-2021	26,876	62.12	63.00	23,651
						Total

Named executive officer	Grant year	Vesting date	Options vesting (#)	Option exercise price (\$)	Share price on vesting date (\$)	Option-based awards – value vested during the year (\$)
Daniel R. Fishbein	2017	28-Feb-2021	8,175	48.20	61.24	106,602
	2018	27-Feb-2021	10,780	53.96	61.24	78,478
	2019	26-Feb-2021	15,953	50.58	61.24	170,059
	2020	25-Feb-2021	16,126	62.12	63.00	14,191
					Total	369,330
Jacques Goulet	2018	27-Feb-2021	9,816	53.96	61.24	71,460
	2019	26-Feb-2021	14,690	50.58	61.24	156,595
	2020	25-Feb-2021	17,851	62.12	63.00	15,709
	2020	04-Dec-2021	8,963	57.16	68.41	100,834
					Total	344,598
				Total	3,013,611	

- *Share price on vesting date* is the closing price of our common shares on the TSX on the vesting date or the previous trading day if the vesting date falls on a weekend or holiday
- *Value vested during the year* is the number of options vesting multiplied by the difference between the option exercise price and share price on the vesting date.

Aggregate option exercises for the year ended December 31, 2021

The following table shows, for each NEO, the number of common shares acquired through option exercises during the year ended December 31, 2021 and the aggregate value realized upon exercise. Value realized upon exercise is the difference between the closing price of our common shares on the TSX on the exercise date and the exercise price of the option. Mr. Connor's option exercises for 2021 were made in accordance with the pre-arranged terms of his automatic securities disposition plan adopted in 2019.

Named executive officer	Securities acquired at exercise (#)	Aggregate value realized (\$)
Kevin D. Strain	–	–
Dean A. Connor	423,904	11,954,249
Manjit Singh	–	–
Stephen C. Peacher	184,780	3,213,034
Daniel R. Fishbein	–	–
Jacques Goulet	–	–

Share awards

The table below shows the total Sun Shares vested and paid out to each NEO in 2021. The value of Sun Shares received on vesting is the number of accrued Sun Shares multiplied by the performance factor, multiplied by the vesting price.

Named executive officer	Grant date	Sun Shares accrued (#)	Performance factor	Vesting price (\$)	Value received on vesting (\$)
Kevin D. Strain	Feb 27, 2018	25,735	164%	62.70	2,646,258
Dean A. Connor	Feb 27, 2018	93,580	164%	62.70	9,622,621
Manjit Singh	–	–	–	–	–
Stephen C. Peacher	Feb 27, 2018	43,478	164%	62.70	4,470,753
Daniel R. Fishbein	Feb 27, 2018	25,692	164%	62.70	2,641,856
Jacques Goulet	Feb 27, 2018	23,396	164%	62.70	2,405,742

- Vesting price is the average price of our common shares on the TSX over the five trading days before the vesting date.

The table below shows how we calculated the performance factor for the 2018 Sun Share awards (for the performance period from 2018 to 2020, and paid out in early 2021).

Performance cycle	Peer groups	Weight	Relative Peer TSR Performance				SLF TSR	Actual TSR multiplier	
			Below threshold	Threshold	Target (peer avg.)	Maximum			
2018 – 2020	North American Insurance	75%	TSX	< -16.9%	-16.9%	-6.9%	3.1%	7.7%	200%
			NYSE	< -17.1%	-17.1%	-7.1%	2.9%	6.8%	200%
	Canadian Banks	25%	TSX	< -9.0%	-9.0%	1.0%	11.0%	7.7%	168%
2020 Multiplier – payout factor (50% weight)			0%	25%	100%	200%		192%	
2017 – 2019	North American Insurance	75%	TSX	< -6.1%	-6.1%	3.9%	13.9%	11.0%	171%
			NYSE	< -5.9%	-5.9%	4.1%	14.1%	11.5%	175%
	Canadian Banks	25%	TSX	<1.1%	-1.1%	8.9%	18.9%	11.0%	121%
2019 Multiplier – payout factor (25% weight)			0%	25%	100%	200%		160%	
2016 – 2018	North American Insurance	75%	TSX	< -6.5%	-6.5%	3.5%	13.5%	6.5%	130%
			NYSE	< -6.4%	-6.4%	3.6%	13.6%	6.9%	133%
	Canadian Banks	25%	TSX	<2.5%	2.5%	12.5%	22.5%	6.5%	55%
2018 Multiplier – payout factor (25% weight)			0%	25%	100%	200%		112%	
Overall weighted average performance factor								164%	

Non-equity incentive plan compensation

See Annual incentive plan starting on page 74 for more information.

Named executive officer	Target award (\$)	Business results	Individual multiplier	Final award (\$)
Kevin D. Strain	1,273,356	143%	120%	2,185,079
Dean A. Connor	1,650,000	100%	100%	985,479
Manjit Singh	800,000	143%	120%	1,372,800
Stephen C. Peacher	1,817,720	135%	110%	2,700,176
Daniel R. Fishbein	952,736	130%	125%	1,548,690
Jacques Goulet	755,000	150%	120%	1,359,000

- **Target Award** pro-rated for active employment is used to calculate AIP (subject to any sign-on provisions for the initial year of employment). Mr. Strain's target award is weighted across his three roles during the year.
- The business results for the CEO and CFO are based 100% on total company performance. For the other NEOs (excluding the President, SLC Management), the business results reflect 25% weighting on total company Reported EPS and 75% on relevant business group performance. Business group performance is measured using Underlying earnings, VNB (AIP basis) and Client measures. For the President, SLC Management, AIP is based on SLC Management business group results.
- The annual incentive plan (AIP) total company performance factor is 143%, including a negative discretionary adjustment primarily to moderate the cumulative, positive impact of external factors on reported earnings. This result is up from our 2020 factor of 93%, reflecting strong reported and underlying net income and VNB performance, combined with target-level Client results.
- AIP business group performance factors reflect a range of outcomes, with overall 2021 scores all exceeding target. A negative discretionary adjustment, comparable to that applied to the total company, was applied to each business group, to moderate the reported earnings component of the plan. Similar to the total company, results are up from 2020, reflecting strong financial performance and solid Client outcomes.

The table below shows how we calculated the performance factor for total company business results. Underlying Earnings per share removes from Reported Earnings per share the impacts of items that create volatility in our results under IFRS and as defined in Section L - Non-IFRS measures in our 2021 MD&A filed with Canadian securities regulators. VNB (AIP basis) excludes the asset management business and is measured on a constant currency basis.

Primary measures	Weighting	Below threshold	Threshold	Target	Maximum	What we achieved in 2021	
							Result
Reported Earnings per share	25%	< \$3.38	\$3.38	\$ 4.83	\$ 5.80	\$ 6.69	Above Max
Payout factor		0%	25%	100%	200%		200%
+							
Underlying Earnings per share	25%	< \$3.95	\$3.95	\$ 5.65	\$ 6.78	\$ 6.03	Above Target
Payout factor		0%	25%	100%	200%		134%
+							
Value of new business (AIP basis)	25%	< \$ 839	\$ 839	\$1,199	\$1,439	\$1,360	Above Target
Payout factor		0%	25%	100%	200%		167%
+							
Client measures	25%	Assessment of Client Index scores and performance on key Client Business Outcomes					At Target
Payout factor		0%	50%	100%	150%		100%
Overall calculated payout factor							150%
+							
Business performance scorecard	A mechanism to conduct a comprehensive look back on performance and alignment with shareholder experience (up to ±20%)			A negative adjustment to moderate the cumulative, positive impact of external factors on reported earnings			-7%
+							
Risk, Compliance and Control	Results reviewed for any risk, compliance and control considerations (neutral to negative and can lower results to zero)			No adjustment			-%
=							
Final performance payout factor		0%	25%	100%	200%		143%

In addition to these objectives and values outlined in the previous table, highlights of our performance in 2021 are provided on page 60.

You can find more information about our business segment results in our 2021 MD&A.

Pension benefits

Defined benefit plans

The table below shows the defined benefit pension plan obligations for each NEO as at December 31, 2021.

We used the same actuarial methods and assumptions in 2021 that we used to calculate the pension liabilities and annual expenses in our 2021 consolidated financial statements. These assumptions reflect our best estimate of future events, so the values shown in the table below may not be directly comparable to pension liabilities estimates disclosed by other companies.

Named executive officer	Number of years credited service	Annual lifetime pension		Accrued obligation at start of year (\$)	Compensatory change (\$)	Non-compensatory change (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Kevin D. Strain	24.1	451,000	739,000	7,359,000	3,929,000	13,000	11,301,000
Dean A. Connor	14.9	462,000	462,000	8,349,000	389,000	184,000	8,922,000
Manjit Singh	–	–	–	–	–	–	–
Stephen C. Peacher	–	–	–	–	–	–	–
Daniel R. Fishbein	–	–	–	–	–	–	–
Jacques Goulet	–	–	–	–	–	–	–

- *Credited service* is the actual years of service with the company as of December 31, 2021 used for purposes of the Canadian defined benefit plan. For Mr. Connor, the credited service shown is his credited service at his date of retirement.
- Figures for *annual lifetime pension* at age 65 are based on the NEO's pensionable earnings up to December 31, 2021. For Mr. Connor, the pension shown is the actual lifetime pension he received upon retirement in the form of payment that he elected.
- *Accrued obligation* is the actuarial value of the projected defined benefit obligations for service up to December 31, 2020 and December 31, 2021. The accrued obligation assumes a NEO will receive his or her target bonus between now and retirement. The difference between the accrued obligation at the start and end of the year is made up of the compensatory and non-compensatory change detailed in the chart.
- *Compensatory change* is the defined benefit service cost for 2021 (the value of the projected pension earned during the year) and the impact of any differences between actual increases in compensation in 2021 and the actuarial assumptions used for the year. The 2021 valuation assumptions for the plan include a projected salary increase based on age, which produced a weighted average assumption of 2.80% for all defined benefit plan participants. The compensatory change for Mr. Strain in 2021 reflects his promotional increase in compensation.
- Differences between actual future compensation and increases assumed for purposes of valuation, (as well as other plan experience differing from assumptions), will be reflected in future valuations.
- *Non-compensatory change* represents the change in pension obligation based on non-compensatory factors like interest on the obligations, impact of changes to the accounting assumptions, and other actuarial gains and losses.

Defined contribution plans

The table below shows the defined contribution pension plan values for each NEO as at December 31, 2021.

Named executive officer	Accumulated value at start of year (\$)	Compensatory (\$)	Accumulated value at end of year (\$)
Kevin D. Strain	488,909	9,737	628,375
Dean A. Connor	704,537	9,737	892,412
Manjit Singh	0	34,615	51,302
Stephen C. Peacher	6,716,596	363,660	8,127,766
Daniel R. Fishbein	2,160,394	237,633	2,764,168
Jacques Goulet	367,614	137,660	539,695

- U.S. plan values have been converted to Canadian dollars using an exchange rate of 1.273 as of January 1, 2021, 1.263 as of December 31, 2021, and the 2021 average rate of 1.254 for amounts other than beginning and ending balances.
- Compensatory amounts shown for Mr. Connor, Mr. Strain, Mr. Goulet and Mr. Singh represent our matching contributions to the Canadian defined contribution plan. The amounts shown for Mr. Peacher and Mr. Fishbein reflect our contributions to the U.S. 401(k) plan, RIA and non-qualified (Top Hat) plan.
- Accumulated values include net investment earnings and employee contributions.

Termination and change of control benefits

Change of control

We have change of control agreements with our NEOs so we can retain our key leaders if we are involved in a transaction affecting the control of Sun Life. This is key to balancing the goals of the business and the interests of shareholders during a transaction.

If employment is terminated without cause within three years of the change of control (double trigger), benefits are paid as follows:

- 24 months of annual pay and incentive compensation from the date of termination
- mid and long-term incentive awards vest (prorated for Mr. Fishbein in the event of a change of control for our U.S. business) and are paid according to the terms of the respective plans
- most benefits and perquisites continue during the severance period. The early retirement reduction factors in the pension plan may be enhanced, depending on the provisions of the pension plan in which the executive participates.

We define change of control as:

- a consolidation or merger of SLF Inc. or Sun Life Assurance with a non-affiliate, when our outstanding voting shares represent less than 60% (50% for Mr. Fishbein) of the outstanding voting shares of the new entity immediately after the transaction is complete,
- the sale of all or substantially all of the assets of SLF Inc. or Sun Life Assurance to a non-affiliate (except for Mr. Fishbein), or
- the acquisition by a non-affiliate of more than 20% (30% for Mr. Fishbein) of the voting shares of SLF Inc. or Sun Life Assurance.

If the majority of the assets of SLF Inc., Sun Life Assurance, or our U.S. business are sold, it constitutes a change of control for Mr. Fishbein.

When there is a *change of control*:

- Sun Shares vest and are paid on an accelerated basis when an executive is terminated without cause or leaves the organization for good reason (double trigger) prior to the normal payment date (which is a maximum of three years from the grant date) and are otherwise paid on the normal payment date under the terms of the plan
- any unvested DSUs vest, and vested DSUs are paid either when the executive leaves the organization or on the normal payment date, whichever is earlier
- the board can choose from a range of alternatives to address outstanding options, including accelerated vesting.

Employee agreements

The table below summarizes our contractual agreements with the NEOs who are actively employed as of December 31, 2021:

Nature of termination	Who it applies to	Type of arrangement
Termination (without cause)	Manjit Singh	<ul style="list-style-type: none"> Entitled to receive 24 months' compensation in lieu of notice consistent with our practice pertaining to base salary and annual cash incentive at the time.
Termination (without cause)	Stephen C. Peacher Daniel R. Fishbein	<ul style="list-style-type: none"> Governed by the terms of severance arrangements that apply to all of our U.S. employees above the Vice-President level. Entitled to four weeks of compensation for each year of service with a minimum severance amount of 12 months of base salary and a maximum of 18 months.

Benefits on termination and change of control

The table below summarizes how we treat the components of our executive compensation program under different termination scenarios. For our NEOs, termination for cause results in the forfeiture of outstanding unvested share units and options, and can also result in a clawback of any or all of the incentive compensation received or realized in the previous 24 months where appropriate.

Compensation element	Entitlement on resignation	Incremental entitlements on other termination scenarios		
		Termination (without cause)	Retirement	Change of control and termination without cause
Salary	<ul style="list-style-type: none"> salary ends 	<ul style="list-style-type: none"> salary ends unless otherwise stated in employment agreement 	<ul style="list-style-type: none"> salary ends 	<ul style="list-style-type: none"> 24 months of salary
Annual incentive award	<ul style="list-style-type: none"> award forfeited 	<ul style="list-style-type: none"> award forfeited 	<ul style="list-style-type: none"> receive pro-rated award calculated from January 1 to retirement date 	<ul style="list-style-type: none"> receive prorated award calculated from January 1 to the date of termination (assumes target performance) 24 months of bonus calculated as the average bonus paid for the previous three years, or the target bonus for the current year, whichever is higher

Incremental entitlements on other termination scenarios

Compensation element		Entitlement on resignation	Termination (without cause)	Retirement	Change of control and termination without cause
Mid-term incentives	Sun Shares	<ul style="list-style-type: none"> invested awards forfeited 	<ul style="list-style-type: none"> receive pro-rated portion of Sun Shares for active employment during performance period paid immediately valued using performance factor that includes any variables known at the time of termination 	<ul style="list-style-type: none"> fully vest and paid at normal payment date valued using actual performance factor 	<ul style="list-style-type: none"> invested awards vest paid immediately valued using performance factor that includes any variables known at the time of termination
	SLC Management Phantom Units	<ul style="list-style-type: none"> invested awards forfeited 	<ul style="list-style-type: none"> receive pro-rated portion of phantom units to reflect service from the grant date to termination date unit value determined as of the termination date 	<ul style="list-style-type: none"> fully vest and paid at normal vesting date 	<ul style="list-style-type: none"> invested units vest unit value determined as of the termination date
Long-term incentives	Stock options	<ul style="list-style-type: none"> 60 days to exercise vested options invested awards forfeited 	<ul style="list-style-type: none"> 60 days to exercise vested options invested awards forfeited 	<ul style="list-style-type: none"> up to 36 months to exercise vested options and options that become vested during the period; up to 60 months for the 2019 grant onward 	<ul style="list-style-type: none"> accelerated vesting of all options and up to 36 months to exercise vested options

Incremental entitlements on other termination scenarios

Compensation element	Entitlement on resignation	Termination (without cause)	Retirement	Change of control and termination without cause
DSUs	<ul style="list-style-type: none"> vested awards are paid with timing at the executive's election unvested awards forfeited 	<ul style="list-style-type: none"> vested awards are paid with timing at the executive's election unvested awards forfeited 	<ul style="list-style-type: none"> vested awards are paid with timing at the executive's election unvested awards are forfeited 	<ul style="list-style-type: none"> vested awards are paid with timing at the executive's election unvested awards vest
Estimated pension	<ul style="list-style-type: none"> estimated lump-sum value of accrued pension 	<ul style="list-style-type: none"> estimated lump-sum value of accrued pension 	<ul style="list-style-type: none"> estimated lump-sum value of accrued pension 	<ul style="list-style-type: none"> estimated lump-sum value of accrued pension including change of control severance period under the defined benefit plans
Estimated perquisites	<ul style="list-style-type: none"> perquisites end 	<ul style="list-style-type: none"> perquisites end 	<ul style="list-style-type: none"> perquisites end 	<ul style="list-style-type: none"> perquisites continue until 24 months after termination or reemployment, whichever is earlier outplacement counselling services (maximum \$40,000 in CAD, or USD if paid in USD)

Executives are required to meet specific conditions to qualify for retirement under each of our incentive plans, which include:

For incentives granted on or after July 31, 2019:

- Be at least 55 years old
- Having 5 or more years of continuous service
- Sum of age and years of service being at least 65
- Voluntarily terminate employment and provide at least six months' notice
- Agree not to compete with Sun Life or solicit any of our employees or customers for 12 months under the option plan, and for the length of time that units remain outstanding under the Sun Share Unit Plan.

For incentives granted before July 31, 2019:

- Be at least 55 years old and have 10 years of continuous service
- Voluntarily terminate employment and provide at least six months' notice
- Agree not to compete with Sun Life or solicit any of our employees or customers for 12 months under the option plan, and for the length of time that units remain outstanding under the Sun Share Unit Plan.

The table below shows the estimated value of the incremental payments the NEOs would receive in each of the situations listed above, assuming a termination date of December 31, 2021.

U.S. values have been converted to Canadian dollars using an exchange rate of 1.263 as of December 31, 2021 for pension ending balances and the 2021 average rate of 1.254 for all other amounts. In the table:

- **termination** (without cause) represents only contractually agreed upon severance amounts
- **change of control** assumes double trigger (change of control and termination without cause)
- cash includes salary and annual incentives
- vested and unvested awards include awards under the mid and long-term incentive plans.

Named executive officer	Compensation component	Estimated existing payments on resignation	Estimated incremental value on termination, retirement or change of control as of December 31, 2021		
			Termination (without cause)	Retirement	Change of control
Kevin D. Strain President and Chief Executive Officer	Cash:	–	0	1,500,000	6,500,000
	Vested awards:	2,903,747	0	0	0
	Unvested awards:	0	5,234,742	10,650,028	10,650,028
	Pension:	7,121,375	0	0	3,708,000
	Perquisites:	–	0	–	100,008
	Total:	10,025,122	5,234,742	12,150,028	20,958,036
	Vested DSUs	0	–	–	–
Manjit Singh Executive Vice-President and Chief Financial Officer	Cash:	–	2,800,000	0	3,600,000
	Vested awards:	0	0	0	0
	Unvested awards:	0	1,054,122		5,983,865
	Pension:	51,302	0	0	0
	Perquisites:	–	0	–	90,024
	Total:	51,302	3,854,122	0	9,673,889
	Vested DSUs:	0	–	–	–
Stephen C. Peacher President, SLC Management	Cash:	–	740,452	1,818,300	7,576,773
	Vested awards:	222,802	0	0	0
	Unvested awards:	0	7,602,423	13,772,668	13,772,668
	Pension:	8,127,766	0	0	0
	Perquisites:	–	0	–	84,018
	Total:	8,350,568	8,342,875	15,590,968	21,433,459
	Vested DSUs:	2,206,453	–	–	–
Daniel R. Fishbein President, Sun Life U.S.	Cash:	–	752,400	953,040	4,848,800
	Vested awards:	4,956,015	0	0	0
	Unvested awards:	0	4,733,526	4,917,330	8,768,310
	Pension:	2,764,168	0	0	0
	Perquisites:	–	0	–	84,018
	Total:	7,720,183	5,485,926	5,870,370	13,701,128
	Vested DSUs:	1,168,573	–	–	–

Named executive officer	Compensation component	Estimated existing payments on resignation	Estimated <u>incremental</u> value on termination, retirement or change of control as of December 31, 2021		
			Termination (without cause)	Retirement	Change of control
Jacques Goulet	Cash:	–	0	0	3,492,760
President, Sun Life Canada	Vested awards:	1,333,770	0	0	0
	Unvested awards:	0	5,363,389		10,952,860
	Pension:	539,695	0	0	0
	Perquisites:	–	0	–	90,024
	Total:	1,873,465	5,363,389	0	14,535,644
	Vested DSUs:	296,296	–	–	–

Mr. Peacher qualifies as retirement eligible because of his age and years of service. Mr. Fishbein is retirement eligible for incentives granted after July 31, 2019. This has the following effects:

- the cash amount under Retirement represents an AIP award at target
- unvested Sun Shares would fully vest for Mr. Peacher, be valued using the actual performance factor and be paid at the normal payment date. Mr. Fishbein's unvested 2020 and 2021 Sun Shares would fully vest.

Aggregate compensation for Material Risk Takers

As required under the FSB's Implementation Standard 15, we have defined executives who have a material impact on our risk exposure as MRTs. We had 33 MRT positions in 2021, including members of our Executive Team, executives who perform certain corporate and investment oversight roles, and Business Leaders with significant profit-and-loss accountability who have authority to materially impact the risk exposure of the organization. In 2021, four individuals received sign-on or severance payments. The table below shows the total compensation granted, paid or outstanding for MRTs as of and for the year ended December 31, 2021. Any compensation paid in U.S. dollars has been converted to Canadian dollars using the 2021 average annual exchange rate of 1.254.

Compensation element	Annual fixed and variable compensation							Sign-on payments	Severance payments
	Annual incentives			Share-based incentives					
	Salary	Cash	Deferred (DSUs)	Granted	Outstanding		Unvested		
					Paid	Vested			
Aggregate value (\$M)	14.1	24.0	1.0	35.8	60.4	59.2	126.6	8.6	7.1

- **Cash incentives** for 2021 did not include any guaranteed payments
- **Annual incentives** represent bonus earned for the 2021 performance year, paid in 2022, inclusive of business and individual performance results
- **Share-based** incentives include the value of share units and options and any additional units credited as dividends on share units
- **Granted** represents the value at grant in 2021
- **Paid** represents the value received in 2021 when options were exercised and value at vesting, including performance adjustments for Sun Shares (i.e., performance share units)
- **Outstanding** share-based incentives represents the in-the-money value of options and the market value of share unit awards using a share price of \$70.41 for vested and unvested options and share units as at December 31, 2021
- **Sign-on payments** represent cash and share unit commitments made upon hire to replace amounts forfeited from previous employer
- **Severance payments** represent the value of benefits received on termination.

The table below shows the change in value of outstanding MRT deferred compensation during 2021 based on explicit, implicit and other adjustments as outlined in the guidelines issued by the Basel Committee on Banking Supervision.

	Change in value during 2021			Aggregate value of deferred compensation at December 31, 2021 (\$M)
	Aggregate value of deferred compensation at January 1, 2021 (\$M)	Explicit adjustments (\$M)	Implicit adjustments (\$M)	
Total	158.9	14.6	72.8	221.8
Percentage change		9.2%	45.8%	39.6%

- **Aggregate value at January 1, 2021** reflects the value of outstanding share units and options
- **Explicit adjustments** reflect the interim performance factor estimates for the 2019, 2020 and 2021 awards approved by the board in February 2022. This would also include clawbacks if applicable, but none were applied in 2021
- **Implicit adjustments** reflect the impact of changes in share price and accumulated dividends
- **Other adjustments** reflect the net impact of the redemption of vested share units, the grant of new share units, forfeited units and option exercises during 2021
- **Aggregate value at December 31, 2021** reflects the impact of explicit, implicit and other adjustments during 2021 on the value of outstanding share units and options.

Securities authorized for issue under equity compensation plans

The table below shows the common shares to be issued under the option plan as at December 31, 2021. It also shows the number of common shares available for issue under the option plan which was approved by our common shareholders.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,042,240	\$55.85	3,875,905

Other information

Loans to directors, executives and employees

We do not grant or guarantee personal loans to our directors and executive officers. The information in the table below is as at February 28, 2022 and shows: (i) the total loans outstanding to current and former employees from SLF Inc. or our subsidiaries; and (ii) the total loans outstanding to current and former employees of a subsidiary of SLF Inc. from other entities where such loans have been made to facilitate investments by those employees in certain funds managed by the subsidiary and the subsidiary has guaranteed those loans.

Purpose	Total outstanding loans	
	Payable by Employees/ Former Employees to Sun Life or our subsidiaries (\$)	Payable by Employees/ Former Employees to another entity (\$)
Securities purchases	\$ 384,000	\$3,217,880
Other	\$2,873,449	—

Directors and officers liability insurance

We have liability insurance to protect our directors and officers against liabilities they may incur in their capacity as directors and officers of SLF Inc. and our subsidiaries in circumstances where the company cannot provide indemnification. The current policy runs from November 1, 2021 to October 31, 2022 with coverage of up to \$210 million. We pay a premium of approximately \$1.2 million and there is no deductible.

For more information

You can find recent financial information about SLF Inc. in our consolidated financial statements and MD&A for the year ended December 31, 2021. These and other documents are available on our website (www.sunlife.com), on SEDAR (www.sedar.com) and on EDGAR (www.sec.gov/edgar.shtml).

You may also request a copy of our most recent consolidated financial statements and MD&A from our Corporate Secretary.

At Sun Life, we believe that being accountable for the impact of our operations on the environment is one part of building sustainable, healthier communities for life. The adoption of "Notice and Access" to deliver this circular to our shareholders has resulted in significant cost savings as well as the following environmental savings:



540
Trees



35 lbs
water
pollutants



251,700
gallons of
water



16,850 lbs
solid waste



46,405 lbs
greenhouse
gases



250 mil. BTUs
of total
energy

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