L. Non-IFRS Financial Measures

i. Underlying Net Income and Underlying EPS

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying ROE, are non-IFRS financial measures. Underlying net income (loss) removes from reported net income (loss) the impacts of the following items in our results under IFRS and when removed assist in explaining our results from period to period:

(a) market-related impacts that differ from our best estimate assumptions, which include: (i) impacts of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impacts of changes in interest rates in the reporting period and on the value of derivative instruments used in our hedging programs including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the impacts of changes in the fair value of investment properties in the reporting period;

(b) assumption changes and management actions, which include: (i) the impacts of revisions to the methods and assumptions used in determining our liabilities for insurance contracts and investment contracts; and (ii) the impacts on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; and

(c) other adjustments:
   i. certain hedges in Canada that do not qualify for hedge accounting - this adjustment enhances the comparability of our results from period to period, as it reduces volatility to the extent it will be offset over the duration of the hedges;
   ii. fair value adjustments on MFS's share-based payment awards that are settled with MFS's own shares and accounted for as liabilities and measured at fair value each reporting period until they are vested, exercised and repurchased - this adjustment enhances the comparability of MFS's results with publicly traded asset managers in the United States;
   iii. acquisition, integration and restructuring costs - this adjustment enhances comparability of our results from period to period, by removing the impacts of costs, including the unwinding of the discount for certain liabilities related to acquisitions, that are not ongoing in nature and are incurred with the intent to generate benefits in future periods; and
   iv. other items that are unusual or exceptional in nature.

All factors discussed in this document that impact our underlying net income are also applicable to reported net income. All EPS measures in this document refer to fully diluted EPS, unless otherwise stated. As noted below, underlying EPS excludes the dilutive impacts of convertible instruments.

Underlying EPS (diluted). This measure is used in comparing the profitability across multiple periods and is calculated by dividing underlying net income by weighted average common shares outstanding for diluted EPS, excluding the dilutive impact of convertible instruments. For additional information about the underlying net income, see above. For additional information about the composition of the EPS, please refer to Note 26 of our Consolidated Financial Statements. For additional information about the SLEECS, please refer to Note 13 of our Consolidated Financial Statements.

The following table sets out the post-tax amounts that were excluded from our underlying net income (loss) and underlying EPS and provides a reconciliation to our reported net income (loss) and EPS based on IFRS.

Reconciliations of Select Net Income Measures

($ millions, unless otherwise noted)	**2021**	2020
Reported net income - Common shareholders	**3,934**	2,404
Market-related impacts		
Equity market impacts		
Impacts from equity market changes	**278**	(34)
Basis risk impacts	**24**	(109)
Equity market impacts	**302**	(143)
Interest rate impacts[1]		
Impacts of interest rate changes	**74**	(187)
Impacts of credit spread movements	**(11)**	(35)
Impacts of swap spread movements	**8**	8
Interest rate impacts	**71**	(214)
Impacts of changes in the fair value of investment properties	**254**	(104)
Less: Market-related impacts	**627**	(461)
Less: Assumption changes and management actions	**74**	(143)
Other adjustments		
Fair value adjustments on MFS's share-based payment awards	**(186)**	(92)
Acquisition, integration and restructuring[2][3][7][8]	**(18)**	(117)
Other[4][5][6]	**(96)**	4
Less: Total of other adjustments	**(300)**	(205)
Underlying net income	**3,533**	3,213
Reported EPS (diluted) ($)	**6.69**	4.10
Less: Market-related impacts ($)	**1.06**	(0.80)
Assumption changes and management actions ($)	**0.12**	(0.24)
Fair value adjustments on MFS's share-based payment awards ($)	**(0.32)**	(0.16)
Acquisition, integration and restructuring ($)	**(0.03)**	(0.20)
Other ($)	**(0.16)**	0.01
Impact of convertible securities on diluted EPS ($)	**(0.01)**	—
Underlying EPS (diluted) ($)	**6.03**	5.49

(1) Our exposure to interest rates varies by product type, line of business, and geography. Given the long-term nature of our business, we have a higher degree of sensitivity in respect of interest rates at long durations.

(2) Amounts relate to acquisition costs for the BGO acquisition, the InfraRed acquisition and the Crescent acquisition, which include the unwinding of the discount for Other financial liabilities of $59 million in 2021 ($47 million in 2020).

(3) The restructuring charge of $57 million in the first quarter of 2021 related to our strategy for our workspace and redefining the role of the office ($20 million in the fourth quarter of 2020), and of $57 million and $48 million in 2021 and 2020.

(4) Amount relates to an adjustment of investment income and expense allocations between participating policyholders and shareholders for prior years recorded in the third quarter of 2021.

(5) Amounts relate to the UK Finance Act that was signed into law on June 10, 2021, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023. As a result, reported net income decreased by $11 million in the second quarter of 2021. See section C - Profitability - 5 - Income taxes in our Q2 2021 MD&A.

(6) Certain hedges in Canada that do not qualify for hedge accounting decreased reported net income by $5 million and $4 million for the third quarter and the first nine months of 2020, respectively.

(7) Reflects the changes in estimated future payments for acquisition-related contingent considerations and options to purchase remaining ownership interests of SLC Management affiliates of $153 million in 2021.

(8) Reflects a realized gain of $297 million on the Initial Public Offering of Aditya Birla Sun Life Asset Management Company in the fourth quarter of 2021.

The following table shows the pre-tax amount of underlying net income adjustments:

($ millions, unless otherwise noted)	2021	2020
Reported net income - Common shareholders (after-tax)	**3,934**	2,404
Underlying net income adjustments (pre-tax):		
Less: Market-related impacts	**849**	(716)
Assumption changes and management actions	**66**	(214)
Other adjustments	**(338)**	(241)
Total underlying net income adjustments (pre-tax)	**577**	(1,171)
Less: Taxes related to underlying net income adjustments	**(176)**	362
Underlying net income (after-tax)	**3,533**	3,213

Taxes related to underlying net income adjustments may vary from the expected effective tax rate range reflecting the mix of business based on the Company's international operations.

ii. Additional Non-IFRS Financial Measures

Management also uses the following non-IFRS financial measures:

After-tax profit margin for U.S. Group Benefits. This ratio expresses U.S. employee benefits and medical stop-loss underlying net income as a percentage of net premiums. It assists in explaining our results from period to period and measures profitability. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure.

Assets under management. AUM is a non-IFRS financial measure that indicates the size of our company's asset management, wealth, and insurance assets. There is no standardized financial measure under IFRS. In addition to the most directly comparable IFRS measures, which are the balance of General funds and Segregated funds on our Statements of Financial Position, AUM also includes Other AUM, defined below.

Effective January 1, 2021, the methodology for AUM was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to include uncalled capital commitments. We have updated prior period amounts to reflect this change.

Assumption changes and management actions. In this document the impacts of ACMA on shareholders' net income (after-tax) is included in reported net income and is excluded from underlying net income, as described in section D - Profitability in this document. See section D - Profitability - 2 - Assumption changes and management actions in this MD&A for details on ACMA.

Note 10.A of the Consolidated Financial Statements for the period ended December 31, 2021 shows the pre-tax impacts of method and assumption changes on shareholders' and participating policyholders' insurance contract liabilities net of reinsurance assets, excluding changes in other policy liabilities and assets. The view in this document of ACMA is the impacts on shareholders' reported net income (after-tax). The Consolidated Financial Statements view is a component of the change in total company liabilities.

The following table provides a reconciliation of the differences between the two measures.

($ millions)	2021	2020
Impacts of method and assumption changes on insurance contract liabilities (pre-tax)	**(273)**	(116)
Less: Participating policyholders[1]	**(9)**	54
Impacts of method and assumption changes excluding participating policyholders (pre-tax)	**(264)**	(170)
Less: Tax	**(93)**	(64)
Impacts of method and assumption changes excluding participating policyholders (after-tax)	**(171)**	(106)
Add: Management actions (after-tax)[2][3]	**247**	(65)
Other (after-tax)[4]	**(2)**	28
Assumption changes and management actions (after-tax)[3][5][6]	**74**	(143)

(1) Adjustment to remove the pre-tax impacts of method and assumption changes on amounts attributed to participating policyholders.
(2) Adjustment to include the after-tax impacts of management actions on insurance contract liabilities and investment contract liabilities which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities. The pre-tax impact of management actions to Method and assumption changes on insurance contract liabilities was an increase of $331 million in 2021 (a decrease of $76 million in 2020).
(3) In the third quarter of 2020, ACMA included an after-tax loss of $10 million relating to the impact from the repayment of a senior financing obligation related to U.S. statutory regulatory capital requirements for In-force Management. The transaction mainly comprises of the benefit of an unwind fee of $15 million, more than offset by the net impact from the liquidation of the investment portfolio of $47 million. The latter included a loss on the termination of derivatives and realized AFS gains on the disposal of debt securities of $270 million and $223 million ($342 million and $282 million, on a pre-tax basis), respectively. See section K - Additional Financial Disclosure in our 2020 Annual MD&A.
(4) Adjustments to include the after-tax impacts of method and assumption changes on investment contracts and other policy liabilities, and the pre-tax impact to Method and assumption changes on insurance contract liabilities was a decrease of $2 million in 2021 (an increase of $35 million in 2020).
(5) Includes the tax impacts of ACMA on insurance contract liabilities and investment contract liabilities, reflecting the tax rates in the jurisdictions in which we do business.
(6) ACMA is included in reported net income and is excluded in calculating underlying net income, as described in section C - Profitability in our Q4 2021 MD&A.

Cash and other liquid assets. This measure is comprised of cash, cash equivalents, short-term investments, and publicly traded securities that are held at SLF Inc. (the ultimate parent company), and its wholly owned holding companies. This measure represents available funds for capital re-deployment to support business growth.

($ millions)	**As at December 31, 2021**		As at December 31, 2020
Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies):			
Cash, cash equivalents & short-term securities	**2,383**		3,037
Debt securities[(1)]	**1,421**		18
Equity securities[(2)]	**861**		—
Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies)	**4,665**	[(3)]	3,055

(1) Includes publicly traded bonds.
(2) Includes ETF Investments.
(3) Includes $2.0 billion of proceeds from the subordinated debt offerings completed in November 2021, of which $1.5 billion is subject to contractual terms requiring us to redeem the underlying securities, in full, if the closing of the DentaQuest acquisition does not occur. These amounts will not qualify as LICAT capital until the acquisition closes.

Constant currency. We remove the impacts of foreign exchange translation from certain IFRS and non-IFRS measures to assist in comparing our results from period to period. The impacts of foreign exchange translation is approximated by using the foreign exchange rates in effect during the comparative period, using the average or period end foreign exchange rates, as appropriate.

Earnings on Surplus. This component of the Sources of Earnings ("SOE") represents the net income earned on a company's surplus funds. Earnings on Surplus is comprised of realized gains on available-for-sale assets, as well as net investment returns on surplus, such as investment income, gains (losses) on seed investments, investment properties mark-to-market, and interest on debt.

Expected profit. The portion of the consolidated pre-tax net income on business in-force at the start of the reporting period that was expected to be realized based on the achievement of the best estimate assumptions made at the beginning of the reporting period. Expected profit for asset management companies is set equal to their pre-tax net income.

Effective January 1, 2021, expected profit for U.S. group policies includes previously classified impact of new business, aligning group business sources of earnings reporting across business groups. We have updated prior period amounts to reflect this change.

Experience-related items attributable to reported net income and underlying net income. Pre-tax gains and losses that are due to differences between the actual experience during the reporting period and the best estimate assumptions at the start of the reporting period. Experience-related items are a part of the Sources of Earnings framework, and are calculated in accordance with OSFI Guideline D-9, Sources of Earnings Disclosures.

Financial leverage ratio. This total debt to total capital ratio is ratio of debt plus preferred shares to total capital, where debt consists of all capital qualifying debt securities. Capital qualifying debt securities consist of subordinated debt and innovative capital instruments. The ratio is an indicator of the Company's capital adequacy measured by its proportion of capital qualifying debt in accordance with OSFI guidelines.

Impacts of foreign exchange translation. To assist in comparing our results from period-to-period, the favourable or unfavourable impacts of foreign exchange translation are approximated using the foreign exchange rates, in effect during the comparative period, for several IFRS and Non-IFRS financial measures using the average or period end foreign exchange rates, as appropriate. Items impacting a reporting period, such as Revenue, Benefits and expenses, and Reported net income (loss) in our Consolidated Statements of Operations, as well as underlying net income (loss), and sales, are translated into Canadian dollars using average exchange rates for the appropriate daily, monthly, or quarterly period. For items as at a point in time, such as Assets and Liabilities in our Consolidated Statements of Financial Position, as well as the AUM and Expected profit component of our Sources of Earnings disclosure, period-end rates are used for currency translation purposes.

Impact of new business. The point-of-sale impact on pre-tax net income of writing new business during the reporting period. Issuing new business may produce a gain or loss at the point-of sale, primarily because valuation assumptions are different than pricing assumptions and/or actual acquisition expenses may differ from those assumed in pricing.

Other AUM. Other AUM is composed of mutual funds, managed funds, as well as general fund and segregated fund assets managed by our joint ventures. In Canada, other AUM includes Client assets in retail mutual fund products of Sun Life Global Investments. In Asia, other AUM includes Client assets in Hong Kong managed fund products, International Wealth products, Philippines mutual and managed fund products, Aditya Birla Sun Life AMC Limited equity and fixed income mutual fund products, Sun Life Everbright Asset Management products and our joint ventures' general fund and segregated fund assets based on our proportionate equity interest. In Asset Management, other AUM includes Client assets for retail and institutional Clients, as well as capital raising, such as uncalled commitments and fund leverage in SLC Management. There is no directly comparable IFRS financial measure.

Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS's share-based payment awards, investment income, and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure.

Real estate market sensitivities. Real estate market sensitivities are non-IFRS financial measures for which there are no directly comparable measures under IFRS so it is not possible to provide a reconciliation of these amounts to the most directly comparable IFRS measures.

Return on equity. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available. To determine reported ROE and underlying ROE, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders' equity for the period. The ROE provides an indication of the overall profitability of the Company. The quarterly ROE is annualized.

Sales. In Canada, insurance sales consist of sales of individual insurance and Sun Life Health products; wealth sales consist of sales of individual wealth products and sales in GRS. In the U.S., insurance sales consist of sales by Group Benefits. In Asia, insurance sales consist of the individual and group insurance sales by our subsidiaries and joint ventures and associates, based on our proportionate equity interest, in the Philippines, Indonesia, India, China, Malaysia, Vietnam, International, Hong Kong and Singapore; wealth sales consist of Hong Kong wealth sales, Philippines mutual fund sales, wealth sales by our India and China insurance joint ventures and associates, and Aditya Birla Sun Life AMC Limited's equity and fixed income mutual fund sales based on our proportionate equity interest, including sales as reported by our bank distribution partners. Asset Management sales consist of gross flows for retail and institutional Clients; SLC Management gross flows include capital raising, such as uncalled capital commitments and fund leverage. To provide greater comparability across reporting periods, we exclude the impacts of foreign exchange translation from sales. There is no directly comparable IFRS measure.

Effective January 1, 2021, the methodology for Assets Under Management was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments not previously included. This will align SLC Management's AUM with market conventions applied across asset classes. We have updated prior period amounts for all quarters of 2020 to reflect this change in methodology. Subsequent to the fourth quarter of 2020, increases and decreases in all capital raising, including uncalled capital commitments and fund leverage, for the aforementioned products are reflected in gross flows, outflows and net flows as applicable. Gross flows is a component of managed fund sales and total wealth sales. Client distributions from the sale of underlying assets in closed-end funds are no longer reported in net flows.

Sources of Earnings ("SOE"). The SOE is prepared in accordance with the OSFI Guideline D-9, *Sources of Earnings Disclosures* and is therefore not prescribed under IFRS. The preparation for the document and its components does not have a standard for preparation as it depends on the methodology, estimates, and assumptions used. The components of the SOE are: expected profit, impact of new business, experience gains and losses, management actions and changes in assumptions, and earnings on surplus. On a comparative period-over-period basis, this document refers to the change in expected profit as business growth.

Underlying dividend payout ratio. This is the ratio of dividends paid per share to diluted underlying EPS for the period. The ratio is utilized during the capital budgeting process to ensure that we are able to achieve our payout targets after factoring in our planned capital initiatives. We target an underlying dividend payout ratio of between 40% and 50% based on underlying EPS. For more information, see Section I - Capital and Liquidity Management in this document.

Underlying effective tax rate. This measure is calculated using the pre-tax underlying net income and the income tax expense associated with it, excluding amounts attributable to participating policyholders. Our statutory tax rate is normally reduced by various tax benefits, such as lower taxes on income subject to tax in foreign jurisdictions, a range of tax-exempt investment income, and other sustainable tax benefits. Our effective tax rate helps in the analysis of the income tax impacts in the period.

Value of New Business. VNB represents the present value of our best estimate of future distributable earnings, net of the cost of capital, from new business contracts written in a particular time period, except new business in our Asset Management pillar. The assumptions used in the calculations are generally consistent with those used in the valuation of our insurance contract liabilities except that discount rates used approximate theoretical return expectations of an equity investor. Capital required is based on the higher of Sun Life Assurance's LICAT operating target and local (country specific) operating target capital. VNB is a useful metric to evaluate the present value created from new business contracts. There is no directly comparable IFRS measure.

Effective January 1, 2021, VNB reflects a change in the timing of recognition of U.S. group policies sold or renewed with an effective date of January 1, which will recognize VNB for these policies in the prior year rather than the first quarter, to align with the timing of U.S. renewals and reported insurance sales. We have updated prior period amounts to reflect this change.

iii. Reconciliations of Select Non-IFRS Financial Measures

Reported Net Income to Underlying Net Income Reconciliation - Pre-tax by Business Group

			Q4'21			
($ millions, after-tax)	**Canada**	**U.S.**	**Asset Management**	**Asia**	**Corporate**	**Total**
Reported net income (loss) - Common shareholders	**356**	**85**	**140**	**446**	**51**	**1,078**
Less: Market-related impacts (pre-tax)[1]	**71**	**51**	**—**	**29**	**2**	**153**
ACMA (pre-tax)[1]	**2**	**(23)**	**—**	**(2)**	**—**	**(23)**
Other adjustments (pre-tax)[1]	**(3)**	**(10)**	**(278)**	**353**	**—**	**62**
Tax expense (benefit) on above items	**20**	**(5)**	**36**	**(64)**	**1**	**(12)**
Underlying net income (loss)[2]	**266**	**72**	**382**	**130**	**48**	**898**

			Q4'20			
Reported net income (loss) - Common shareholders	255	88	267	132	2	744
Less: Market-related impacts (pre-tax)[1]	(75)	2	—	3	5	(65)
ACMA (pre-tax)[1]	(4)	(76)	—	21	(1)	(60)
Other adjustments (pre-tax)[1]	—	(1)	(78)	(8)	(27)	(114)
Tax expense (benefit) on above items	91	15	12	—	3	121
Underlying net income (loss)[2]	243	148	333	116	22	862

[1] Represents an adjustment made to arrive at a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document for a breakdown of components within this adjustment.
[2] Represents a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document.

			2021			
($ millions, after-tax)	**Canada**	**U.S.**	**Asset Management**	**Asia**	**Corporate**	**Total**
Reported net income (loss) - Common shareholders	**1,558**	**499**	**892**	**1,075**	**(90)**	**3,934**
Less: Market-related impacts (pre-tax)[1]	**669**	**117**	**—**	**67**	**(4)**	**849**
ACMA (pre-tax)[1]	**52**	**(126)**	**—**	**135**	**5**	**66**
Other adjustments (pre-tax)[1]	**(118)**	**(14)**	**(488)**	**352**	**(70)**	**(338)**
Tax expense (benefit) on above items	**(176)**	**4**	**34**	**(65)**	**27**	**(176)**
Underlying net income (loss)[2]	**1,131**	**518**	**1,346**	**586**	**(48)**	**3,533**

			2020			
($ millions, after-tax)	Canada	U.S.	Asset Management	Asia	Corporate	Total
Reported net income (loss) - Common shareholders	717	257	980	594	(144)	2,404
Less: Market-related impacts (pre-tax)[1]	(656)	10	—	(77)	7	(716)
ACMA (pre-tax)[1]	43	(397)	—	99	41	(214)
Other adjustments (pre-tax)[1]	4	(6)	(167)	(8)	(64)	(241)
Tax expense (benefit) on above items	253	82	19	1	7	362
Underlying net income (loss)[2]	1,073	568	1,128	579	(135)	3,213

[1] Represents an adjustment made to arrive at a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document for a breakdown of components within this adjustment.
[2] Represents a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document.

Reported Net Income to Underlying Net Income Reconciliation - Pre-tax by Business Unit - Asset Management

	Q4'21		Q4'20	
($ millions, after-tax)	**MFS**	**SLC Management**	MFS	SLC Management
Reported net income (loss) - Common shareholders	**295**	**(155)**	253	14
Less: Other adjustments (pre-tax)(1)	**(53)**	**(225)**	(52)	(26)
Tax expense (benefit) on above items	**6**	**30**	6	6
Underlying net income (loss)(2)	**342**	**40**	299	34

	2021		2020	
($ millions, after-tax)	**MFS**	**SLC Management**	MFS	SLC Management
Reported net income (loss) - Common shareholders	**1,049**	**(157)**	942	38
Less: Other adjustments (pre-tax)(1)	**(206)**	**(282)**	(103)	(64)
Tax expense (benefit) on above items	**20**	**14**	11	8
Underlying net income (loss)(2)	**1,235**	**111**	1,034	94

(1) Represents an adjustment made to arrive at a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document for a breakdown of components within this adjustment.
(2) Represents a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document.

Reported Net Income to Underlying Net Income Reconciliation - Pre-tax in U.S. dollars

	Q4'21		Q4'20	
(US$ millions)	**U.S.**	**MFS**	U.S.	MFS
Reported net income (loss) - Common shareholders	**68**	**234**	66	194
Less: Market-related impacts (pre-tax)(1)	**42**	**—**	1	—
ACMA (pre-tax)(1)	**(19)**	**—**	(58)	—
Other adjustments (pre-tax)(1)	**(8)**	**(43)**	(1)	(40)
Tax expense (benefit) on above items	**(3)**	**5**	12	4
Underlying net income (loss)(2)	**56**	**272**	112	230

(US$ millions)	2021		2020	
Reported net income (loss) - Common shareholders	**399**	**836**	191	704
Less: Market-related impacts (pre-tax)(1)	**94**	**—**	7	—
ACMA (pre-tax)(1)	**(101)**	**—**	(299)	—
Other adjustments (pre-tax)(1)	**(11)**	**(165)**	(4)	(78)
Tax expense (benefit) on above items	**4**	**16**	62	8
Underlying net income (loss)(2)	**413**	**985**	425	774

(1) Represents an adjustment made to arrive at a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document for a breakdown of components within this adjustment.
(2) Represents a non-IFRS financial measure. See section L - Non-IFRS Financial Measures in this document.

M. Accounting and Control Matters

1. Critical Accounting Policies and Estimates

Our significant accounting and actuarial policies are described in Notes 1, 2, 3, 5, 10, 11 and 20 of our 2021 Annual Consolidated Financial Statements. Management must make judgments involving assumptions and estimates, some of which may relate to matters that are inherently uncertain, under these policies. The estimates described below are considered particularly significant to understanding our financial performance. As part of our financial control and reporting, judgments involving assumptions and estimates are reviewed by the independent auditor and by other independent advisors on a periodic basis. Accounting policies requiring estimates are applied consistently in the determination of our financial results.

Benefits to Policyholders

General

The liabilities for insurance contracts represent the estimated amounts which, together with estimated future premiums and net investment income, will provide for outstanding claims, estimated future benefits, policyholders' dividends, taxes (other than income taxes), and expenses on in-force insurance contracts.

In determining our liabilities for insurance contracts, assumptions must be made about mortality and morbidity rates, lapse and other policyholder behaviour, interest rates, equity market performance, asset default, inflation, expenses, and other factors over the life of our products. Most of