



**SUN LIFE FINANCIAL INC. AND
SUN LIFE ASSURANCE COMPANY OF CANADA ("THE CORPORATION")**

CHARTER OF THE GOVERNANCE, INVESTMENT & CONDUCT REVIEW COMMITTEE

The Governance, Investment & Conduct Review Committee (the "Committee") of the Board of Directors (the "Board") 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 Corporation's Investment Plan and investment performance, and oversees investment practices, procedures and controls related to the management of the general fund investment portfolio. The Committee assists the Board with its oversight over the Corporation's sustainability reporting and Sustainability Plan. In addition, the Committee 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 compliance risk, and oversees the development of policies and processes to sustain ethical behaviour.

1. Duties and Responsibilities

In assisting the Board with its oversight role, the Committee:

1.1 Corporate Governance Guidelines and Processes

- a) Makes recommendations to the Board on: the effectiveness of the Corporation's corporate governance processes and guidelines; the Proxy Circular, including corporate governance disclosure and non-routine items of business in the Proxy Circular; assessing shareholder proposals submitted for inclusion in the Proxy Circular; and the Annual Information Form.
- b) Reviews reports on corporate governance updates and regulatory developments.
- c) Reviews and approves policies regarding public disclosure, confidentiality of information, securities trading and assessment of responsible persons and subsidiary board governance (the "Governance Policies"), any significant changes to the Governance Policies, and reviews, at least annually, reports on the adequacy of and compliance with the Governance Policies.
- d) At the request of the Committee Chair, reviews governance-related aspects of material transactions that are being proposed by the Corporation.

1.2 Board Administration and Assessment

- a) Reviews and makes recommendations to the Board related to the Director Independence Policy, the Board Diversity Policy, the Charters of the Board and Board committees, the position descriptions for the Chair of the Board (the "Board Chair"), Committee Chairs and individual Directors, and Director remuneration, including Director share ownership guidelines.
- b) Together with the Board Chair, reviews and makes recommendations to the Board related to the processes for evaluating and assessing the effectiveness of the Board, the Board committees, the Board and committee Chairs and the contributions of individual Directors, including

considering whether independent reviews of the Board and its committees are conducted from time to time.

1.3 Recruitment, Nomination, Orientation and Education of Directors

- a) Together with the Board Chair, oversees the recruitment of qualified individuals with a broad range of business and strategic expertise to serve on the Board and complement the current Board composition.
- b) At least annually reviews and recommends to the Board the guidelines for Director recruitment, which includes the key competencies and experience believed to be necessary for the Board as a whole to possess to be an asset to the Corporation and fulfil its responsibilities, and disclosure related to the election of Directors for inclusion in the Proxy Circular.
- c) Assesses the independence of Directors and together with the Board Chair, makes recommendations to the Board relating to the selection of the Board and Board committee Chairs and committee membership after each annual meeting.
- d) Reviews the effectiveness of the Board's diversity policy, including whether its minimum diversity representation commitments have been achieved or exceeded.
- e) Considers any resignation letter submitted to the Committee Chair by a Director and recommends acceptance or rejection by the Board.
- f) Oversees the process for the receipt and recommendation of director nominations outlined in the Corporations' Proxy Access Policy.
- g) In consultation with the Board Chair, oversees orientation programs for new Directors and education programs for current Directors.

1.4 Investments

- a) Reviews and recommends to the Board the approval of the Corporation's investment strategy, including the annual Investment Plan and monitors performance against the Investment Plan.
- b) Requires management to identify and review with the Committee current market trends and investment management strategies to manage those trends, and investment-related regulatory issues and the possible impact on the Corporation.
- c) Receives quarterly reports from the Chief Credit Risk Officer on credit risks.
- d) Reviews quarterly investment performance of the general fund investments and annually reviews the total holdings of securities, mortgages and real estate assets of the general funds.
- e) On an annual basis, reviews the allocation policies and practices governing the allocation of investment opportunities between the Sun Life general account and third-party accounts.
- f) Reviews new asset classes which are recommended for investment by management.
- g) Reviews quarterly reports on significant investment transactions and reviews and approves exceptions or exemptions to certain limits in the Investment and Credit Risk Management Policy transactions, either separately or jointly with the Risk Committee.
- h) At the request of the Committee Chair, reviews investment-related aspects of material transactions that are being proposed by the Corporation in accordance with investment-related policies.
- i) Receives reports on breaches under the Investment and Credit Risk Management Policy.

1.5 Sustainability

- a) Reviews and approves the Enterprise Sustainability Policy.
- b) Receives a report, at least annually, on the Corporation's sustainability program and initiatives and reviews and recommends to the Board the annual Sustainability Report and the Sustainability Plan.

1.6 Oversight of Compliance and Ethics

- a) Reviews at least annually and approves the Compliance Plan.
- b) Reviews at least annually enterprise-wide framework and policies for the management and mitigation of compliance risk, including risks associated with financial crimes (including money laundering and terrorist financing), market conduct, business conduct and privacy (the "Compliance Policies"), reviews and approves any significant changes to the Compliance Policies and reviews, at least annually, reports on the adequacy of and compliance with the Compliance Policies.
- c) Reviews at least annually changes to policies or programs that provide for the monitoring of compliance with legal and regulatory requirements, including the regulatory compliance management program.
- d) Reviews quarterly compliance reports with respect to, among other things, compliance trends and themes on an enterprise-wide basis, regulatory reviews and the Corporation's compliance risks and programs.
- e) Reviews the effectiveness of procedures for complying with anti-money laundering and anti-terrorist financing laws and regulations worldwide, including the annual Internal Audit Report on Anti-Money Laundering and Anti-Terrorist Financing Programs.
- f) Reviews quarterly compliance reports with respect to the status of compliance with and effectiveness of the Code of Conduct Management Policy, and at least every three years, reviews and makes recommendations to the Board on amendments to the Code of Conduct which includes standards for ethical behaviour.
- g) Approves procedures established to administer the Code of Conduct, including the handling of whistle-blower and anonymous employee or public submissions with respect to concerns regarding the Code of Conduct and other matters.
- h) Reviews processes for disclosure of information to Clients about the Corporation's procedures and the effectiveness of and compliance with those disclosure procedures, as set out in the Annual Report on the Canadian Complaint Handling Procedures.
- i) Periodically meets with the Business Group leaders and chief compliance officers to review compliance management programs, resources, organizational structures and priorities.

1.7 Self-Dealing and Conduct Review

- a) Requires management to establish procedures for complying with the self-dealing provisions contained in the Insurance Companies Act (Canada) (the "Act") and reviews those procedures and their effectiveness in ensuring compliance with the self-dealing provisions.
- b) Reviews any related party transactions for which approval of the Board is required under the Act and reviews the practices of the Corporation to ensure that any transactions with related parties

of the Corporation that may have a material effect on the stability or solvency of the Corporation are identified.

- c) Reports to the Superintendent of Financial Institutions on its mandate and responsibilities respecting conduct review and the procedures referred to above.

1.8 Resourcing and Talent

- a) Reviews, at least annually, and approves changes to the statements of mandate, responsibility and authority of the Chief Compliance Officer and Chief Investment Officer and the organizational structure of the Compliance and Investment functions.
- b) Reviews, at least annually, the adequacy of the authority and resources of the Chief Compliance Officer and Chief Investment Officer and the independence of the Chief Compliance Officer.
- c) At least annually, approve the objectives of the Chief Compliance Officer and Chief Investment Officer and review the effectiveness of the Compliance and Investment functions.
- d) Reviews succession plans for the roles of Chief Compliance Officer and Chief Investment Officer and the Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Investment Officer and the Chief Compliance Officer, and annually on the performance assessment and compensation awarded to those individuals.
- e) Requires the Chief Compliance Officer and Chief Investment Officer to report on any material disagreements with other members of senior management relating to the business, and reviews how such matters are being addressed.

1.9 Other

- a) Reviews and approves the Enterprise Philanthropic Policy and receives a report, at least annually, on the Corporation's philanthropic program.
- b) Reviews the adequacy of directors' and officers' liability insurance coverage.
- c) Reviews matters within its mandate that are addressed in the regular examination and similar reports received from regulatory agencies, including management's responses and recommendations.

2. Composition and Procedures

2.1 Membership

- a) The Committee is composed of not less than three Directors, including a Committee Chair, appointed by the Board on an annual basis following each annual meeting.
- b) Each member of the Committee shall be independent as defined in the Director Independence Policy.
- c) Committee membership is reviewed annually to ensure the Committee as a whole includes members with the competencies, experience and expertise required to fulfill the Committee's mandate. The Committee will include members who are literate in corporate governance and investment matters.
- d) Any member of the Committee may be removed or replaced at any time by the Board and the Board shall fill vacancies on the Committee.

2.2 Meetings and Procedures

- a) A meeting of the Committee may be called at any time by the Board Chair, by the Committee Chair or by any member of the Committee.
- b) The Committee meets as frequently as is necessary, but not less than four times a year.
- c) A quorum at any meeting of the Committee shall be three members.
- d) The Chair of the Committee reports to the Board after each Committee meeting.
- e) The Committee holds a private session at each meeting of the Committee for members only, and the Committee holds a private session at each regularly scheduled meeting with the Chief Investment Officer and Chief Compliance Officer and those individuals have unrestricted access to Committee members between meetings.
- f) The Committee will review its Forward Agenda, as required, and on an annual basis, the Committee will review this Charter and, where necessary, recommend changes to the Board for approval.
- g) The Committee will review the minutes and list of follow up items of each Committee meeting.
- h) This Charter will be posted on the Corporation's website and the Committee will prepare a report on its activities for inclusion in the annual Proxy Circular.
- i) The Committee shall undertake and review with the Board an annual performance evaluation of the Committee and the Committee Chair.

3. Access to Management and Independent Advisors

The Committee:

- a) Has full and unrestricted access to management and, in consultation with the Board Chair, may engage any special advisors it deems necessary to provide independent advice or assist in the review of Director compensation or the identification of Director candidates at the expense of the Corporation.
- b) Ensures that independent reviews of the Compliance and Investment functions are conducted as needed.