



**SUN LIFE FINANCIAL INC. AND  
SUN LIFE ASSURANCE COMPANY OF CANADA (TOGETHER, "SUN LIFE")**

**CHARTER OF THE MANAGEMENT RESOURCES COMMITTEE**

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The Management Resources Committee (the "Committee") is responsible for assisting the Board of Directors (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 Committee reviews incentive designs and governance of material incentive programs against alignment with business objectives and avoiding excessive risk taking. The Committee reviews the implications of key enterprise risks, including people and culture risks pertaining to compensation design and human resources practices. In addition, the Committee reviews compensation matters, including the remuneration of executives who have a material impact on the risk exposure of Sun Life.

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**1. Duties and Responsibilities**

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

**1.1 Succession, Appointments and Performance Management**

- a) Reviews succession plans and makes recommendations to the Board with respect to the appointment, reassignment, replacement or dismissal of: (i) the Corporate Executive Vice-Presidents and Presidents of the Business Groups, except where approved by the Chair of the Board, the Chair of the Committee and the President & Chief Executive Officer, and (ii) in conjunction with the applicable Committee Chair, the applicable Control Function leaders<sup>1</sup>.
- b) Oversees the process by which the independent directors evaluate the performance of the President & Chief Executive Officer and reviews the assessments of the performance of the Corporate Executive Vice-Presidents and Presidents of Business Groups.

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

- a) Reviews the development of candidates for senior management positions and advances Sun Life's talent agenda by ensuring strong alignment of its people processes, programs and practices with culture, strategy and business objectives.
- b) Reviews Sun Life's diversity, equity and inclusion programs, including monitoring progress against internal goals and objectives.
- c) Reviews employee listening research, people analytics, data, research, analysis and initiatives to enhance the work environment and company culture; and reviews, at least annually, progress on culture management.

<sup>1</sup> The Control Function leaders are the Chief Financial Officer, Chief Investment Officer, Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor and Chief Actuary.

### 1.3 Compensation

- a) Reviews and approves the Compensation and Appointment Policy (“Policy”) at least every three years as well as any significant changes to the Policy as and when they are proposed by management, and reviews annual reports on the effectiveness of and compliance with the Policy.
- b) Reviews and makes recommendations to the Board on compensation and other benefit arrangements for executives at the equivalent of Sun Life’s Senior Vice-President (E3) level and above which are not within the authority delegated under the Compensation & Appointment Policy, including for: (i) the President & Chief Executive Officer; (ii) Corporate Executive Vice-Presidents and Presidents of the Business Groups, except where approved by the Chair of the Board, the Chair of the Committee and the President & Chief Executive Officer; (iii) Control Function leaders; and (iv) executives who have a material impact on the risk exposure of Sun Life.
- c) Reviews and recommends to the Board compensation arrangements applicable to Sun Life’s executives at the senior vice-president (E3) level and above who would otherwise be among the ten most highly compensated executives of Sun Life, and its subsidiaries, in addition to those listed in (b) above.
- d) Reviews and makes recommendations to the Board with respect to compensation matters, at least annually, including salary increase budgets, executive total compensation approach budgets, awards under the Executive Stock Option Plan, the performance measures, assessments and targets for material annual and long-term incentive plans, compensation arrangements, including proposals for equity participation in a subsidiary (e.g., MFS Investment Management).
- e) Reviews and recommends to the Board the design, development and operation of incentive compensation programs, and plans and reviews annually the payouts under incentive plans not subject to approval by the Committee.
- f) Reviews and approves executive compensation disclosure required under applicable securities laws.
- g) Receives reports on appointments, compensation changes and terminations of employment at the equivalent of Sun Life’s executives at the senior vice-president (E3) level and above that were approved pursuant to the authority delegated under the Policy.
- h) Reviews and recommends eligibility for and terms of Change of Control Agreements and annually reviews the value of executive compensation arrangements applicable on termination of employment for the named executive officers to be disclosed in Sun Life’s management information circular (the “Circular”).
- i) Reviews the Internal Audit Department’s review of compensation programs and practices in relation to the Financial Stability Board’s Principles and Standards for Sound Compensation Practices, which will be reviewed by Internal Audit at least every three years.

### 1.4 Retirement and Savings Plans and Benefits

- a) Oversees the worldwide governance for employee and advisor savings and retirement plans sponsored by subsidiary companies (the “Retirement and Savings Plans”), including:
  - i. reviewing, approving and recommending to the Board a worldwide policy establishing a framework for the governance of Retirement and Savings Plans by subsidiary companies;

- ii. approving the creation of, or any amendment to, any Retirement and Savings Plan of a subsidiary that is exclusively for employees at the equivalent of Sun Life's Senior Vice-President (E3) level and above and reviewing and recommending to the Board approval of the creation of, or amendment to, a Retirement and Savings Plan exclusively for Sun Life's President & Chief Executive Officer, Corporate Executive Vice-Presidents and/or Presidents of Business Groups; and
  - iii. receiving, and reporting annually to the Board on, the annual report on worldwide governance oversight for the Retirement and Savings Plans.
- b) Reviews and approves any new executive benefits or perquisite plans or changes to existing executive plans.

### **1.5 Governance and Risk**

- a) Considers emerging industry, regulatory and compensation governance principles and the possible impact on Sun Life's human resources policies and practices.
- b) Reviews, at least annually, a people and culture risk dashboard outlining key people and culture metrics and risks; receives an annual report from the Chief Risk Officer on the design, approval and governance of material incentive programs to ensure they do not encourage excessive risk taking, and reviews the implications of key enterprise risks, including human resources risks, on compensation design and human resources practices.
- c) Reviews, at least annually, and approves changes to the statement of mandate, responsibility and authority of the Executive Vice-President, Chief People & Culture Officer and the organizational structure of the Human Resources function.
- d) Reviews, as required, major changes in the overall organizational structure that impact senior management roles.
- e) Reviews, at least annually, the adequacy of the authority and resources of the Executive Vice-President, Chief People & Culture Officer.
- f) Approves, at least annually, the objectives of the Executive Vice-President, Chief People & Culture Officer and reviews, at least annually, the effectiveness of the Human Resources function and provides feedback on effectiveness to the Chief Executive Officer.
- g) 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.
- h) At the request of the Chair of the Committee, reviews human resources-related aspects of material transactions that are being proposed by Sun Life.

## **2. Composition and Procedures**

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### **2.1 Membership**

- a) The Committee is composed of not less than three directors, including the 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. No more than one member of the Committee may hold the office of Chief Executive Officer of a large public company.

- c) The Governance, Investment & Conduct Review Committee will review Committee membership annually to ensure the Committee as a whole includes members with the competencies, experience and expertise required to fulfil the Committee's mandate. The Committee will include members who are literate in risk management and compensation 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 Chair of the Board, 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 at each regularly scheduled meeting with the Executive Vice-President, Chief People & Culture Officer, and that individual has 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 Sun Life's website and the Committee will prepare a report on its activities for inclusion in the 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**

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The Committee:

- a) Has full and unrestricted access to Management and has the sole authority to appoint and engage any special advisors it deems necessary to provide independent advice at the expense of Sun Life.
- b) Evaluates the independence and any potential conflicts of interest of any advisor proposed to be retained by the Committee and directly oversees the work performed by, and compensation paid to, such advisors.
- c) Will pre-approve any additional work of a material nature assigned to a compensation consultant hired by the Committee and will not approve any work that would compromise the consultant's independence as an advisor.