



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

CHARTER OF THE RISK COMMITTEE

The Risk Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") whose 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 Corporation 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 Committee provides the Board with an integrated view of oversight of risk management across all Board committees. The Committee regularly monitors the Corporation's risk profile to ensure it is within the agreed risk appetite and that the Corporation'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.

1. Duties and Responsibilities

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

1.1 Oversight of Risk Management

- a) Reviews reports from first and second line management identifying the key current and emerging risks facing the business activities of the Corporation and the processes to identify, measure and mitigate those risks.
- b) Reviews reports from Internal Audit on the effectiveness of risk controls within the business and risk function.
- c) Reviews the risk profile of the organization against risk appetite quarterly.
- d) Reviews the inherent and residual risks of potential changes to the Corporation's strategy and at the request of the Chair of the Committee, reviews risks of material transactions that are being proposed by the Corporation.
- e) Reviews management's incorporation of a view of risks into its capital management and business decision-making processes.
- f) Reviews periodic and ad hoc stress testing and risk monitoring programs and receives regular reports on risk monitoring activities, including those related to risk appetite, investment risk, asset liability management risk, insurance risk, operational risk and product risk.
- g) Reviews at least annually and makes recommendations to the Board on the approval of the Corporation's Risk Management Framework and Risk Appetite Policy, approves changes to the related schedule of risk limits as considered appropriate and requires management to ensure that the Risk Appetite Policy is appropriately considered in business planning and related activities.

- h) Reviews and approves the policies implemented for the management and control of risk (the "Consolidated Risk Management Policies") at least every three years as well as any significant changes to the Consolidated Risk Management Policies as and when they are proposed by management, and:
 - i. reviews, at least annually, the adequacy of and compliance with the Consolidated Risk Management Policies; and
 - ii. reviews and agrees on actions related to breaches of the Consolidated Risk Management Policies, as required.
- i) Reviews and approves exceptions or exemptions to certain limits in the Investment and Credit Risk Management Policy, subject to management's prior consultation with the Chair of the Governance, Investment & Conduct Review Committee.
- j) Reviews key risk disclosures included in the Annual Information Form, the annual consolidated financial statements and accompanying notes, and annual management's discussion and analysis.
- k) Oversees risk management activities of the Corporation's subsidiaries and joint ventures under the Corporation's management control and risk posed to the Corporation through its other joint ventures.
- l) 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.

1.2 Oversight of Capital, Liquidity and Treasury Management

- a) Reviews compliance with regulatory requirements with respect to capital at least quarterly and requires management to identify and review with the Committee capital market trends, strategies to manage those trends, rating actions from rating agencies, and the Corporation's capital structure.
- b) Reviews at least annually and makes recommendations to the Board on the approval of the Corporation's Capital and Liquidity Management Framework and Capital Risk Policy.
- c) Reviews and discusses with management the Own Risk and Solvency Assessment ("ORSA"), the results of annual Financial Condition Testing and provides input on the scenarios to be tested, and in conjunction with its review of the annual ORSA report, reviews and recommends to the Board approval of internal and operating capital targets.
- d) Reviews and recommends to the Board approval of the annual Capital Plan and receives reports at least quarterly on performance against the Capital Plan and internal capital targets.
- e) Reviews quarterly the liquidity position of the Corporation and that it is within the agreed upon risk appetite.
- f) Reviews and recommends to the Board approval of dividend payments, the initiation/renewal of the normal course issuer bid/share buyback program, and capital issuances and redemptions.

1.3 Resourcing and Talent

- a) Reviews, at least annually, and approves changes to the statement of mandate, responsibility and authority of the Chief Risk Officer and the organizational structure of the Risk Management function.

- b) Reviews, at least annually, the adequacy of the authority, independence and resources of the Chief Risk Officer.
- c) Approves the objectives and reviews the effectiveness of the Chief Risk Officer and Risk Management function annually.
- d) Reviews succession plan for the role of Chief Risk Officer and the Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Risk Officer, and annually on the performance assessments and compensation awarded to that individual.
- e) Requires the Chief Risk 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.

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 by the Governance, Investment & Conduct Review Committee 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 risk management and actuarial 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, by the Committee Chair, by any member of the Committee, or by the Chief Risk Officer.
- b) The Committee meets as frequently as 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 Chief Risk 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 agenda, 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 Chair of the Board, may engage any special advisors it deems necessary to provide independent advice at the expense of the Corporation.
- b) Ensures that independent reviews of the Risk Management function, including independent review of the risk governance framework, is conducted as needed.