



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

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee (the "Committee") is responsible for assisting the Board of Directors (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.

1. Duties and Responsibilities

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

1.1 Financial Reporting

- a) Reviews with management and the External Auditor and makes recommendations to the Board on the approval of the quarterly unaudited and the annual audited consolidated financial statements ("Quarterly and Annual Financial Statements"), including the notes thereto, Management's Discussion and Analysis and related news release.
- b) In conducting its review of the Quarterly and Annual Financial Statements:
 - i. reviews the reported and underlying earnings;
 - ii. discusses with the President & Chief Executive Officer and the Chief Financial Officer any significant issues raised in connection with the certifications relating to financial disclosure and controls that those officers are required to file with securities regulatory authorities;
 - iii. receives reports from the Chief Actuary on the parts of the quarterly and annual audited consolidated financial statements prepared by that officer;
 - iv. reviews with management and the External Auditor the Corporation's principal accounting and actuarial practices and policies; and
 - v. considers emerging industry, regulatory and accounting standards and the possible impact on the Corporation's principal accounting practices and policies, including consideration of the use of non- International Financial Reporting Standards (IFRS) measures.
- c) Periodically reviews tax matters.
- d) Reviews the annual report on litigation matters or other reports, as required.
- e) At the request of the Chair of the Committee, reviews finance, accounting and tax related aspects of material transactions that are being proposed by the Corporation.

1.2 External Auditor

- a) Reviews the External Auditor's audit findings reports and (i) seeks assurances from the External Auditor that the financial statements, including the notes thereto, fairly present the financial position, results of operations and cash flows of the Corporation; (ii) assures itself that the External Auditor is satisfied that the accounting estimates and judgements made by management, and management's selection of accounting principles, reflect an appropriate

application of International Financial Reporting Standards; (iii) discusses with the External Auditor any significant changes that were required in the external audit plan; and (iv) discusses any significant issues raised with management during the course of the audit or review and oversees the resolution of any disagreements, including any restrictions on the scope of activities or access to information, and those matters that are required to be discussed under generally accepted auditing standards.

- b) Discusses with the External Auditor on a quarterly basis the results of quarterly review procedures over the financial statements, including discussions on key areas of judgement, significant transactions in the quarter and the progress against the external audit plan.
- c) Reviews the independence of the External Auditor, including the requirements relating to such independence under the laws governing the Corporation, the applicable rules of stock exchanges on which the Corporation's securities are listed, and regulatory bodies with responsibility for establishing auditor independence requirements and policies and at least annually receives and reviews with the External Auditor its written statement delineating relationships with the Corporation and, if necessary, recommends that the Board take appropriate action to satisfy itself of the External Auditor's independence and accountability to the Committee, the Board and shareholders.
- d) Appraises the qualifications and performance of the External Auditor, including timing and implementation of the rotation of the lead audit partner, and recommends to the Board the appointment, or if so determined by the Committee the replacement, of the External Auditor, subject to the approval of the shareholders.
- e) Reviews and approves the scope and terms of the External Auditor's engagement, and reviews and recommends for approval by the Board the engagement letter and remuneration of the External Auditor.
- f) Reviews and approves the Restricting Use of External Auditor Policy which outlines the services for which the External Auditor can be engaged, the approval process for such services and the policy regarding the employment of former employees of the External Auditor.
- g) Determines, reviews and approves the services to be performed by the External Auditor and the fees to be paid to the External Auditor for audit, audit-related and other services permitted by law and in accordance with the Restricting Use of External Auditor Policy.
- h) Reviews with the External Auditor and management the overall scope of the external audit plan, quality control procedures and the resources that the External Auditor will devote to the audit.
- i) Discusses with the External Auditor the financial and control-related aspects of material transactions that are being proposed by the Corporation.

1.3 Internal Control

- a) Requires management to implement and maintain appropriate systems, processes and controls to ensure accurate, complete and timely financial reporting and evaluates the effectiveness of such processes and controls, and ensures that appropriate action is being taken to address any material internal control deficiencies.
- b) Reviews at least annually and makes recommendations to the Board on the approval of the Corporation's Internal Control Framework.

- c) Reviews management's quarterly reports on the effectiveness of the Corporation's internal controls over financial reporting, including any evolving standards over environmental, social and governance (ESG) and/or climate related disclosures.
- d) Periodically meets with the Business Group Chief Financial Officers and Chief Internal Auditors to review internal controls over financial reporting, resources, organizational structure and priorities.

1.4 Internal Audit

- a) Reviews the Chief Auditor's quarterly reports on the effectiveness of the Corporation's internal controls over financial reporting.
- b) Reviews and approves the annual internal audit plan and any significant changes to the internal audit plan, reviews any restrictions on the scope of activities or access to information in the course of the audit, and oversees the coordination of the internal audit plan with the External Auditor's audit plan.
- c) Together with the Chair of the Audit Committee, interacts with the Chief Auditor as required to support fulfilment of the Chief Auditor's mandate; the Chief Auditor reports on a functional basis to the Chair of the Audit Committee and administratively to the President & Chief Executive Officer.

1.5 Resources and Talent

- a) Reviews, at least annually, and approves changes to the statements of mandate, responsibility and authority of the Chief Actuary, Chief Auditor and Chief Financial Officer and the organizational structure of the Actuarial, Finance and Internal Audit functions.
- b) Reviews, at least annually, the adequacy of the authority, independence and resources of the Chief Actuary, Chief Auditor and Chief Financial Officer.
- c) Reviews, at least annually, management's reporting on matters related to information technology affecting the Corporation's finance and actuarial systems.
- d) Approves the objectives and reviews the effectiveness of the Chief Actuary, Chief Auditor and Chief Financial Officer and the Actuarial, Internal Audit and Finance functions annually.
- e) Reviews succession plans for the roles of Chief Actuary, Chief Auditor, Chief Financial Officer and other senior management roles overseen by the Committee and the Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Actuary, Chief Auditor and Chief Financial Officer, and annually on the performance assessment and compensation awarded to those individuals.
- f) Requires the Chief Actuary, Chief Auditor and Chief Financial 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.
- g) Discusses the qualifications for and determines whether a member of the Committee is a financial expert, and in conjunction with the Governance, Investment & Conduct Review Committee, ensures the ongoing financial literacy of Committee members.

1.6 Regulatory

- a) 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.
- b) Reviews and discusses with the External Auditor and Chief Actuary such reports and regulatory returns of the Corporation as may be specified by law.
- c) Reviews with the External Auditor any regulatory matters that pertain to the External Auditor.

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 and financially literate. In the Board's judgment, a member of the Committee is financially literate if, after seeking and receiving any explanations or information from senior financial management or the External Auditor of the Corporation that the member requires, the member is able to read and understand the consolidated financial statements of the Corporation to the extent sufficient to be able to intelligently ask, and to evaluate the answers to, probing questions about the material aspects of those financial statements. In addition, the Committee shall have at least one member that the Board has determined is an audit committee financial expert.
- c) Committee membership is reviewed in connection with appointments to the Committee and 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 and that the financial literacy and the audit committee financial expert requirements (as defined by the Securities and Exchange Commission) are met.
- 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 (the "Board Chair") or by any member of the Committee.
- 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 External Auditor reports to the Committee and receives notice of and may attend all Committee meetings.
- f) The Committee holds a private session at each meeting of the Committee for members only and at each regularly scheduled meeting with each of the Chief Actuary, Chief Auditor, Chief Financial Officer and representatives of the External Auditor, and with the Chief Risk Officer and Chief Compliance Officer, as appropriate, and those individuals have unrestricted access to Committee members between meetings.

- g) 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.
- h) The Committee will review the minutes and list of follow up items of each Committee meeting.
- i) 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.
- j) 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 at the expense of the Corporation.
- b) Establishes the scope and frequency of the independent reviews of the Actuarial, Finance and Internal Audit functions.