

SUN LIFE FINANCIAL INC. AND SUN LIFE ASSURANCE COMPANY OF CANADA

Director Independence Policy

Introduction and Purpose

This Policy establishes the standards and processes for determining the independence of individuals who serve or may serve on the boards of directors of Sun Life Financial Inc. and Sun Life Assurance Company of Canada (collectively, the "Board").

Whenever used in this Policy, "the Corporation" refers to Sun Life Financial Inc. and Sun Life Assurance Company of Canada and "Sun Life Financial group" refers to Sun Life Financial Inc. and its principal operating subsidiaries.

Composition of the Board

The Board must operate independently of management to be effective. Therefore, a majority of the directors of the Corporation must be independent at all times, including upon appointment and throughout their tenure.

To facilitate the objective of always maintaining a majority independent Board, non-management directors should be independent. In addition, all members of each of the Board's standing committees should be independent.

Meaning of "Independent"

An individual will be considered independent only if the Governance Committee has affirmatively determined that the individual does not have, directly or indirectly, any relationship with the Corporation or its subsidiaries that could reasonably be expected to interfere with their exercise of independent judgment (a "Material Relationship").

The Governance Committee will determine, on an annual basis and more often as circumstances require, if an individual has a Material Relationship. In making its determinations, the Governance Committee will apply the independence standards listed below, consistent with applicable legal and regulatory requirements, including those established pursuant to Canadian and U.S. securities law, the Insurance Companies Act (Canada) and by the New York Stock Exchange, as applicable.

Independence Standards

An individual will be deemed to have a Material Relationship if:

- They are a current or former Chief Executive Officer of the Corporation.
- They are, or have been within the last three years, an employee of the Corporation or its subsidiaries.

- They have an immediate family member¹ who is, or has been within the last three years, an executive officer² of the Sun Life Financial group.
- They are a partner or employee of the external auditor of the Corporation or were, within the last three years, a partner or employee of such auditor and personally worked on the audit of the Corporation during that time.
- They have an immediate family member who is a partner of the external auditor of the Corporation, an employee of such auditor who participates in its audit, assurance, or tax compliance (but not tax planning) practice, or who was, within the last three years, a partner or employee of such auditor and personally worked on the audit of the Corporation during that time.
- They are or have been, or an immediate family member is or has been, within the last three years, an executive officer of another entity if any of the current executive officers of the Sun Life Financial group serves or served at the same time on that other entity's compensation committee.
- They received, or an immediate family member received, more than \$75,000 in direct compensation from the Corporation and its subsidiaries during any 12-month period in the last three years (exclusive of remuneration for acting as a member of the Board or a committee and other forms of deferred compensation that are not contingent on continued service).
- They are an employee, or an immediate family member is an executive officer, of an entity that has made payments to or received payments from the Corporation and its subsidiaries in respect of property or services that exceeded the greater of \$1 million or 2% of the entity's consolidated gross revenues in any of the last three years.
- They are, or an immediate family member is, an executive officer, director, or trustee of a civic or cultural institution, foundation, educational institution, charity, or other tax-exempt entity that receives or has received discretionary contributions of any kind from the Corporation and its subsidiaries which exceeded the greater of \$1 million or 1% of the entity's consolidated gross revenues in any of the last three years.
- They are, or an immediate family member is, an executive officer, partner, or holder of more than a 10% interest in an entity that is indebted to the Corporation and its subsidiaries, or to which the Corporation and its subsidiaries are indebted, if the total amount of indebtedness exceeds 2% of the consolidated assets of the entity.

¹ For the purposes of this Policy, "immediate family member" means a spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee) who shares the individual's home.

² For the purposes of this Policy, "executive officer" of any entity means a chair, a vice-chair, the president, a vice-president in charge of a principal business unit, division or function, and any other individual who performs a policy-making function for the entity.

The preceding is not intended to be exhaustive list of the relationships that constitute Material Relationships. If a director or proposed director has any direct or indirect relationship with the Corporation or a subsidiary that could reasonably be perceived as a Material Relationship or other conflict of interest, the members of the Board who are independent within the meaning of this Policy shall determine whether the relationship is in fact a Material Relationship by judging the overall “independent mindedness” of the individual in priority to the specific standards listed above.

Additional Independence Standards for Audit Committee Members

Notwithstanding compliance with the independence standards set out above, a director may not serve on the Audit Committee if:

- They accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or its subsidiaries (exclusive of remuneration for acting as a member of the Board or a committee and other forms of deferred compensation that are not contingent on continued service).
- The director’s spouse, minor child or stepchild, or adult child or stepchild who shares the director’s home receives any consulting, advisory or other compensatory fee from the Corporation or its subsidiaries.
- An entity in which the director is a partner, member, managing director, executive officer, or occupies a similar position (other than a limited partner, non-managing member, or other similar position which has no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or a subsidiary receives any consulting, advisory or other compensatory fee from the Corporation or its subsidiaries.
- They are affiliated with the Corporation, or its subsidiaries or affiliates as defined in applicable rules and regulations.

Additional Independence Standards for Management Resources Committee Members

Notwithstanding compliance with the independence standards set out above, a director may not serve on the Management Resources Committee if they have a relationship with the Corporation that is material to their ability to be independent of management in connection with the duties of a Management Resources Committee member. In determining the individuals who will serve on the Management Resources Committee, the Governance Committee will consider all factors specifically relevant to assessing whether a director has such a relationship, including:

- The source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the Corporation to such director.
- Whether such director is affiliated with the Corporation, or its subsidiaries or affiliates as defined in applicable rules and regulations.

Annual Evaluation of Director Independence

In applying the standards set out above, the following evaluation procedure will be used:

- The Corporate Secretary will be responsible for gathering information concerning the directors and potential directors and any potential Material Relationships. All directors and proposed directors are required to disclose circumstances and relationships applicable to them that could reasonably be perceived as a Material Relationship or other conflict of interest. The Corporate Secretary will consult with the Chief Legal Officer or their designate regarding any actual or potential Material Relationships or conflicts of interest that are identified.
- The Corporate Secretary will report to the Governance Committee on such Material Relationships, or conflicts of interest and on each director's tenure.
- The Governance Committee will consider the Corporate Secretary's report and will report to the Board on the status of each director and proposed director (i.e., independent, or not independent).

This procedure applies to director appointments between annual meetings with any necessary modifications.

Transparency

Disclosure in the Corporation's management information circular should include:

- Confirmation that the Governance Committee has evaluated the independence of the directors and proposed directors in accordance with this Policy.
- Which directors the Governance Committee have determined are not independent and why such determination has been made.
- Any additional disclosure concerning director independence required by National Instrument 58-101 - *Disclosure of Corporate Governance Practices* or other applicable rules and regulations.
- How the directors compare to the independence standards contained in the NYSE Corporate Governance Rules applicable to the directors of U.S. domestic companies listed on the NYSE (recognizing that the Corporation is not required to comply with such rules as long as it discloses any significant differences compared to its own practices).
- With respect to directors who will serve on the Audit Committee or Management Resources Committee if elected, confirmation that they will meet the additional director independence standards for members of those committees set out above.

Director Election and Tenure

A non-management director may stand for re-election at the end of each term until the twelfth annual meeting after their initial election or appointment to the Board, at which time they will retire.

The non-management directors, on the recommendation of the Governance Committee, may waive the retirement requirement to enable a non-management director to stand for re-election for up to three additional one-year terms (i.e., until the fifteenth annual meeting after their initial election or appointment) if they unanimously determine that it is in the best interests of the Corporation to do so. Thereafter, the requirement to retire may be waived on an annual basis if the non-management Directors, on the recommendation of the Governance Committee, determine that it is in the best interests of the Corporation to do so.

Changes in Circumstances

If an independent director's circumstances change over the year such that they may potentially have a Material Relationship, the director must promptly advise the Chair of the Governance Committee.

If, after further inquiry, the Chair of the Governance Committee believes the relationship may be a Material Relationship, the Governance Committee as a whole will consider whether any action is required to be taken before the next annual meeting and if so, make a recommendation to the Board.

Annual Review of the Policy

The Governance Committee will review this Policy annually, including the continued appropriateness of the director independence standards, and will recommend Board approval for any material amendments to the Policy.