



Sun Life Bermuda Limited Bonus Philosophy

This is the bonus philosophy for individual participating policies issued by Sun Life Bermuda Limited (the “Company”) with Reversionary and Terminal Bonuses.

Life insurance involves the transfer of risk from an individual to a life insurer, and the pooling of risks across large groups of policies. With participating insurance, a portion of these risks are borne by the policyholders or shared between the policyholders and the insurer. In return, policyholders may receive policyholder bonuses in the form of reversionary and terminal bonuses. These bonuses are not guaranteed and can vary from year to year.

In general, bonuses on these policies reflect the experience, over time, of the group to which they belong. Bonuses will typically vary based on the performance of a number of factors, with the investment return*, including the impact of asset defaults and investment expenses, being one of the main determinant of bonus performance. Other factors** include, but are not limited to, claims experience, taxes, expenses and policyholder persistency experience.

Favourable and unfavourable experiences may be smoothed out over time to provide more stable bonuses to policyholders. Adjustments to terminal bonus scales pass through experience with less smoothing applied. The Company, where it considers appropriate, may reduce or pause smoothing by immediately reflecting some or all underlying experience in the terminal bonus scale to ensure the fair treatment and protection of policyholders.

The bonus allocation process seeks to achieve reasonable equity among groups of policies and among policies issued at different times, to the extent practicable. Upon declaration of reversionary bonus or payout of terminal bonus to policyholders, shareholders will also be entitled to a share of the distribution.

At least annually, the Board of Directors of Sun Life Bermuda Limited determines the amount of bonus to be declared or paid to participating policyholders. This determination is based on the advice of Sun Life Bermuda Limited’s Approved Actuary, who applies accepted actuarial principles and practices. Management of participating business is also governed by Sun Life Bermuda Limited’s internal policies, as well as advice by the internal Par Governance Committee.

*Investment return includes investment income and changes in asset value of the backing portfolio. Performance of the investment return is affected by interest earnings and other market risk factors including, but not limited to, interest rate or credit spread movements, credit events, price fluctuations in non-fixed income assets, and foreign exchange fluctuations. Please see the Investment Philosophy for more details on the investment policies, objectives and strategy in relation to the investments of the backing portfolio.

**Claims experience represents the experience of mortality. Persistency experience includes policy lapse / maturity and partial surrender experience; and corresponding impact on investments. The expense factor includes maintenance expenses only, where it is charged to the participating fund at the level Sun Life Bermuda Limited expects to be required over the foreseeable future. Policyholders will share the impact of any changes, over time, to the expected level of expenses required for the foreseeable future.

The Sun Life group of companies operates under the “Sun Life” name. Sun Life Financial Inc., the publicly traded holding company for the Sun Life group of companies, is not a product offering company and is not the guarantor of the obligations of its subsidiaries. Certain life insurance products available through the international business based in Bermuda are offered by Sun Life Bermuda Limited, which is licensed and regulated by the Bermuda Monetary Authority to carry on long-term insurance business in Bermuda. These products may not be sold in the United States, nor to citizens or residents of the United States, nor to residents of Bermuda or Canada. Other restrictions may apply. In certain communications, we may refer to our High Net Worth life insurance business unit as “Sun Life Private Wealth Bermuda” strictly as a marketing name and no legal significance is thereby expressed or implied.

© 2026 Sun Life Assurance Company of Canada. All rights reserved. Sun Life Private Wealth and the globe symbol are trademarks of Sun Life Assurance Company of Canada.

SLNP-7150 0926