

Sun Life to Divest Sun Life UK

Focusing on growth in Strategic
Long-term Asset Management
Partnerships

August 2022



Life's brighter under the sun



In this presentation, Sun Life Financial Inc. (“SLF”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sun Life” and the “Company”.

Forward-Looking Statements

Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on August 4, 2022 (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. Forward-looking statements contained in this presentation include statements (i) relating to our strategies; (ii) relating to our anticipated divestiture of Sun Life UK; (iii) relating to our growth initiatives and other business objectives; (iv) relating to the expected timing of the closing of the transaction; (v) relating to the expected impact of the transaction on our business and financial results; and (vi) that are predictive in nature or that depend upon or refer to future events or conditions. All such forward-looking statements are made pursuant to the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation.

The forward-looking statements in this presentation represent our current expectations, estimates, and projections regarding future events and are not historical facts, and remain subject to change. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Forward-looking statements are presented for the purpose of assisting investors and others in understanding our expected financial position and results of operations as at the date of this presentation, as well as our objectives for the transaction, strategic priorities and business outlook following the transaction, and in obtaining a better understanding of our anticipated operating environment following the transaction. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes and undue reliance should not be placed on these forward-looking statements. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

The following risk factors are related to our intention to divest Sun Life UK that could have a material adverse effect on our forward-looking statements: (i) the ability of the parties to complete the transaction; (ii) failure of the parties to obtain necessary consents and approvals or to otherwise satisfy the conditions to the completion of the transaction in a timely manner, or at all; (iii) our ability to realize the financial and strategic benefits of the transaction; and (iv) the impact of the announcement of the transaction and the dedication of our resources to completing the transaction. These risks all could have an impact on our business relationships (including with future and prospective employees, Clients, distributors and partners) and could have a material adverse effect on our current and future operations, financial conditions and prospects. Other important risk factors that could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements in this presentation are set out in our MD&A for the period ended June 30, 2022 and in SLF’s other annual and interim regulatory filings filed with Canadian securities regulators or furnished to U.S. securities regulators, which are available for review at www.sedar.com and www.sec.gov, respectively.

Non-IFRS Financial Measures

The Company prepares its financial statements in accordance with international financial reporting standards (“IFRS”). This presentation includes financial measures that are not based on IFRS (“non-IFRS financial measures”). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company’s performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are included in our annual and interim management’s discussion and analysis and the Supplementary Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Sale of Sun Life UK¹: Key Takeaways

- ✓ Establishes long-term asset management partnership with Phoenix Group, a leader in UK savings and retirement market with £310 billion in AUA
- ✓ Releases shareholder capital from sale of closed Life & Pensions businesses
- ✓ Maintaining profitable and cash generative income stream from Payout Annuities business
- ✓ Clients and employees will have a good home with Phoenix

¹ SLF is disposing SLF of Canada UK Limited, it's UK holding company and subsidiaries

Sale of Sun Life UK¹

Establishes long-term asset management partnership and releases capital

Transaction overview

- **Sale of Sun Life UK¹** to Phoenix Group Holdings plc ('Phoenix')
- **Strategically attractive** transaction, **frees up capital and** provides good opportunities to **grow Asset Management**
- Supports Sun Life's **growth in asset management**
- **Retaining profitable, cash generative income stream** from existing payout annuities business^{2,3}

Key financial metrics

- Consideration of **£248M (~C\$385M)**
- Increases LICAT by 1-2%²
- Estimated underlying net income from divested businesses of **~C\$40M^{2,4,5}**

Asset management partnership

- **Retain £6B (C\$9B) in SLC Management and MFS mandates** to manage the UK general account on behalf of Phoenix (8-year lock in)
- SLC Management and MFS will be **material partners to Phoenix through establishment of long-term asset management partnership**
- Supports Phoenix's goal to **invest ~US\$25B in North American Public and Private Fixed Income**, in addition to growing **alternative investments**

Timing

- Expected close in H1 2023
- Subject to customary closing conditions, including regulatory approvals

¹ SLF is disposing SLF of Canada UK Limited, it's UK holding company and subsidiaries

² Refer to forward-looking statements on slide 2

³ Sun Life will reinsure existing UK annuities business to Sun Life UK

⁴ Reflects current contribution under IFRS 4

⁵ Estimated Sun Life UK goodwill balance of ~C\$170M to be written down in Q3'22

Establishing a strategic asset management partnership



- Sun Life becomes a **long-term asset management partner to Phoenix** with the opportunity for future mandates to be awarded to MFS and SLC Management:



- Premier global asset manager offering a comprehensive selection of public equities and fixed income products and services with US\$553B in AUM¹



- Growing alternatives investments platform, offering a range of yield orientated asset classes with C\$194B in AUM¹



- UK's largest long-term savings and retirement business with ~£310 billion of assets under administration (AUA) and ~13 million customers²
- AUA has increased 300%+ over last five years through both organic and inorganic growth
- Increasing allocation to illiquid assets; target allocation of 40% over the medium-term (29% at Dec. 31, 2021)

¹As at June 30, 2022

²As at December 31, 2021. Sources: Annual/interim reports; 2021 Investor Presentation

Investor Relations

Yaniv Bitton

Vice President, Head of Investor Relations and Capital Markets

416-979-6496

yaniv.bitton@sunlife.com

Paul Poon

Assistant Vice President, Investor Relations

416-305-3389

paul.poon@sunlife.com