

**Prospectus Supplement**  
**To Short Form Base Shelf Prospectus dated March 19, 2021**

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus dated March 19, 2021 to which it relates, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S (“Regulation S”) under the U.S. Securities Act), or to, or for the account or benefit of, a U.S. person (as such term is defined in Regulation S) (a “U.S. Person”), except in certain transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated March 19, 2021 from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Investor Relations and Capital Markets of Sun Life Financial Inc., 1 York Street, Toronto, Ontario, M5J 0B6, telephone (416) 979-6496, and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

June 24, 2021



**SUN LIFE FINANCIAL INC.**

**\$1,000,000,000**

**3.60% Limited Recourse Capital Notes Series 2021-1 (Subordinated Indebtedness)**

**\$1,000,000,000**

**1,000,000 Class A Non-Cumulative Rate Reset Preferred Shares Series 14**

Sun Life Financial Inc. (“SLF” or the “Company”) is offering \$1,000,000,000 aggregate principal amount of 3.60% Limited Recourse Capital Notes Series 2021-1 (Subordinated Indebtedness) (the “Notes”). The Notes will mature on June 30, 2081. We will pay interest on the Notes in equal (subject to the reset of the interest rate) semi-annual instalments in arrears on June 30 and December 31 of each year, with the first payment on December 31, 2021. From the date of issue to, but excluding, June 30, 2026, the interest rate on the Notes will be fixed at 3.60% per annum. Starting on June 30, 2026 and on every fifth anniversary of such date thereafter until June 30, 2076 (each such date, an “Interest Reset Date”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined below) on the business day prior to such Interest Reset Date (each, a “Fixed Rate Calculation Date”) plus 2.604%. See page S-6 for a definition of Government of Canada Yield. Assuming the Notes are issued on June 30, 2021, the first interest payment on the Notes on December 31, 2021 will be in an amount of \$18.00 per \$1,000 principal amount of Notes.

This prospectus supplement, together with the short form base shelf prospectus dated March 19, 2021 to which it relates (the “prospectus”), also qualifies the distribution of 1,000,000 Class A Non-Cumulative Rate Reset Preferred Shares Series 14 of SLF (the “Series 14 Shares”), at a price of \$1,000 per share to be issued to the Limited Recourse Trustee (as defined below) in connection with the issuance of the Notes. The Series 14 Shares offered hereby will be issued prior to the closing of the offering of the Notes.

**The Notes are intended to qualify as “Tier 1 Capital Instruments other than Common Shares” within the meaning of the Office of the Superintendent of Financial Institutions Canada’s (“OSFI”) Life Insurance Capital Adequacy Test (“LICAT”) Guideline to which we are subject. In the event of a non-payment by SLF of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of**

**Notes shall be the delivery of the Corresponding Trust Assets (as defined below), which initially shall consist of the Series 14 Shares. See “Description of the Notes – Limited Recourse”.**

The Notes will be our direct unsecured obligations which, if we become insolvent or are wound-up, will rank: (a) subordinate in right of payment to the prior payment of all Policy Liabilities (as defined below) and all Higher Ranked Indebtedness (as defined below), including all Subordinated Indebtedness (as defined below) and Deeply Subordinated Indebtedness (as defined below) other than Junior Subordinated Indebtedness (as defined below) and (b) in right of payment equally with our Junior Subordinated Indebtedness (as defined below) (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), provided that in any such case, in case of SLF’s non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of Notes shall be the delivery of the Corresponding Trust Assets. Upon the occurrence of a Recourse Event (as defined below) the recourse of each holder of Notes will be limited to the holder’s proportionate share of the Corresponding Trust Assets, and all claims of the holders of Notes against SLF under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. If the Corresponding Trust Assets that are delivered to holders of Notes under such circumstances comprise Series 14 Shares, such Series 14 Shares will rank on parity with all other Class A Shares of SLF (“**Class A Shares**”) and will be entitled to a preference over the Class B Shares of SLF (“**Class B Shares**”). See “Description of the Notes”.

**The Notes will be direct unsecured obligations of SLF constituting subordinated indebtedness for the purposes of the *Insurance Companies Act* (Canada) (the “ICA”) and will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.**

The Notes may be redeemed at the option of SLF, with the prior written approval of the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”), in whole or in part on not less than 15 nor more than 60 days’ prior notice by SLF on June 30, 2026 and every five years thereafter during the period from May 31 to and including June 30, commencing in 2031, at the Redemption Price (as defined below). Upon the occurrence of certain regulatory and tax events, we may, with the written approval of the Superintendent, redeem all of the Notes. In addition, in the event of the redemption of the Series 14 Shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 14 Shares redeemed will be automatically redeemed. In the event that there is non-payment by us of interest on the Notes on an Interest Payment Date (as defined below), and we have not cured such non-payment by subsequently paying such interest prior to the fifth business day following such Interest Payment Date, a Recourse Event will have occurred and the sole remedy of each holder of Notes shall be the delivery of such holder’s proportionate share of the Corresponding Trust Assets. Immediately after the Failed Coupon Payment Date (as defined below), pursuant to the limited recourse feature described in this prospectus supplement, each holder of Notes will receive such holder’s proportionate share of the Corresponding Trust Assets. Upon delivery to holders of their proportionate share of the Corresponding Trust Assets following a Failed Coupon Payment Date, all Notes will cease to be outstanding and each holder of Notes will cease to be entitled to interest thereon. See “Description of the Notes” and “Description of Series 14 Shares”.

An investment in the Notes (and Series 14 Shares upon delivery of the Corresponding Trust Assets) bears certain risks. See “Risk Factors” beginning on page S-24 of this prospectus supplement and page 9 of the prospectus.

	<u>Price to the Public</u>	<u>Agents’ Fee</u>	<u>Net Proceeds to SLF<sup>(1)</sup></u>
Per \$1,000 principal amount of Notes <sup>(2)</sup> .....	\$1,000	\$10	\$990
Total .....	\$1,000,000,000	\$10,000,000	\$990,000,000

(1) After deducting the Agents’ fee (the “**Agents’ Fee**”) shown in the table above, but before deducting expenses of the offering, estimated to be approximately \$2,850,000, all of which will be paid by SLF.

(2) The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The purchase price for the Series 14 Shares qualified hereby shall be satisfied by funds paid by SLF to the Limited Recourse Trustee to satisfy the subscription price for voting trust units of the Limited Recourse Trust (as defined below). As a result, no proceeds will be raised from the offering of the Series 14 Shares pursuant to this prospectus supplement.

RBC Dominion Securities Inc., BMO Nesbitt Burns Inc. and TD Securities Inc., as joint bookrunners, and CIBC World Markets Inc., HSBC Securities (Canada) Inc., Merrill Lynch Canada Inc., National Bank Financial Inc. and Scotia Capital Inc. (collectively, the “**Agents**”), as agents, conditionally offer the Notes, subject to prior sale, on a best efforts basis, if, as and when issued by SLF in accordance with the conditions contained in the Agency Agreement described under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of SLF by Torys LLP, and on behalf of the Agents by McCarthy Tétrault LLP. See “Plan of Distribution”.

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”) or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to SLF that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to SLF and the Agent from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the Securities Act (Ontario), as applicable) who is not an individual.**

In order to qualify as “Tier 1 Capital Instruments other than Common Shares” within the meaning of the LICAT Guideline, the Notes and the Series 14 Shares must satisfy certain requirements. These requirements include, among other things, that (i) the Notes and the Series 14 Shares have a minimum par or stated value of \$1,000, (ii) the Notes and the Series 14 Shares must be traded on institutional desks and therefore may not be listed on any exchange, (iii) the Notes may only be issued to institutional investors in the primary distribution, and (iv) the Notes may only be issued in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

**No underwriter has been involved in the issuance of the Series 14 Shares to the Limited Recourse Trustee.**

In connection with this offering, the Agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**There is no market through which these securities may be sold and purchasers of Notes may not be able to resell Notes purchased under this prospectus supplement and purchasers of Series 14 Shares may not be able to resell Series 14 Shares purchased under this prospectus supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

Our head and registered office is located at 1 York Street, Toronto, Ontario, Canada M5J 0B6.

Subscriptions for Notes received will be subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on June 30, 2021, or such later date as we and the Agents may agree. The Notes will be issued in “book-entry only” form. The aggregate principal amount of the Notes will be issued in certificated or uncertificated form and registered in the name of CDS Clearing & Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS or its nominee on the closing date. No physical certificates evidencing the Notes will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Notes will receive only a customer confirmation from the Agent or other registered dealer who is a participant in the depository service of CDS and from or through whom a beneficial interest in the Notes is purchased. See “Description of the Notes”.

The CUSIP No./ISIN for the Notes will be 866796AF2 / CA866796AF23. The CUSIP No./ISIN for the Series 14 Shares will be 866796824 / CA8667968249.

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## PRESENTATION OF INFORMATION

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires:

- all references to “SLF” and “SLA” refer to Sun Life Financial Inc. and Sun Life Assurance Company of Canada, respectively, not including their subsidiaries;
- SLF, its subsidiaries and, where applicable, its joint ventures and associates are collectively referred to as “Sun Life”; and
- references to “us”, “we” and “our” refer to Sun Life.

In this prospectus supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying prospectus are used in this prospectus supplement with the meanings defined in the prospectus. All references in this prospectus supplement to “Canada” mean Canada, its provinces, its territories, its possessions and all areas subject to its jurisdiction. Unless otherwise indicated, all references in this prospectus supplement to “\$” or “dollars” are to Canadian dollars and all references to “US\$” are to U.S. dollars.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, Sun Life makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in or incorporated by reference in this prospectus supplement include statements (i) relating to Sun Life’s strategies, financial objectives, future results of operations, and strategic goals, (ii) concerning Sun Life’s medium-term financial objectives, (iii) relating to productivity and expense initiatives, growth initiatives, outlook, and other business objectives, (iv) relating to Sun Life’s expected tax range for future years, (v) relating to the plans Sun Life has implemented in response to the COVID-19 pandemic and related economic conditions and their impact on Sun Life, (vi) that are predictive in nature or that depend upon or refer to future events or conditions, (vii) relating to cash flows, anticipated payment obligations, funding requirements and Sun Life’s ability to meet these obligations, (viii) relating to tax provisions, (ix) relating to risks and uncertainties and (x) that include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “continue”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “potential”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will” and similar expressions. Forward-looking statements include information concerning possible or assumed future results of operations of Sun Life. These statements represent Sun Life’s current expectations, estimates and projections regarding future events and are not historical facts, and remain subject to change, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on Sun Life’s business. Forward-looking statements contained or incorporated by reference in this prospectus supplement are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Future results and shareholder value may differ materially from those expressed in these forward-looking statements due to, among other factors, the impact of the COVID-19 pandemic and related economic conditions on Sun Life’s operations, liquidity, financial conditions or results, the matters set out under the heading “Risk Factors” in this prospectus supplement and in SLF’s annual information form, under the heading “Forward Looking Information” in SLF’s annual information form and SLF’s annual and interim management’s discussion and analysis, and the factors detailed in SLF’s annual and interim financial statements and in SLF’s other filings with Canadian and U.S. securities regulators contained or incorporated by reference in this prospectus supplement, which are available for review at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), respectively.

Important risk factors that could cause Sun Life’s assumptions and estimates, and expectations and projections to be inaccurate and Sun Life’s actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this prospectus supplement, are set out below. The realization of Sun Life’s forward-looking statements, including its ability to meet its medium-term financial objectives, essentially depends on Sun Life’s business performance which, in turn, is subject to many risks, which have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **market risks** – related to the performance of

equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; and fluctuations in foreign currency exchange rates; **insurance risks** – related to policyholder behaviour; mortality experience, morbidity experience and longevity; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** – related to issuers of securities held in Sun Life’s investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** – related to global economic and political conditions; the design and implementation of business strategies; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of mergers, acquisitions, strategic investments and divestitures; the impact of competition; the performance of Sun Life’s investments and investment portfolios managed for Clients; changes in the legal or regulatory environment, including capital requirements; the environment and social, environmental laws and regulations; **operational risks** – related to breaches or failure of information system security and privacy, including cyber-attacks; Sun Life’s ability to attract and retain employees; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; Sun Life’s information technology infrastructure; a failure of information systems and Internet-enabled technology; dependence on third-party relationships, including outsourcing arrangements; business continuity; model errors; information management; **liquidity risks** – the possibility that Sun Life will not be able to fund all cash outflow commitments as they fall due; and **other risks** – COVID-19 matters, including the severity, duration and spread of COVID-19, actions by governments, monetary authorities and regulators in response to the COVID-19 pandemic, its impact on the global economy and its impact on Sun Life’s business, financial condition and/or results; risks associated with IFRS 17 and 9; Sun Life’s international operations, including its joint ventures; market conditions that affect Sun Life’s capital position or ability to raise capital; downgrades in financial strength or credit ratings; and tax matters, including estimates and judgments used in calculating taxes.

Sun Life does not undertake any obligation to update or revise its forward-looking information to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events, except as required by law.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, the Notes and the Series 14 Shares, if issued on the date of this prospectus supplement, would be, on such date, qualified investments under the Tax Act and the regulations thereunder for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a deferred profit sharing plan (other than, in respect of the Notes, trusts governed by deferred profit sharing plans for which any employer is SLF, or a corporation with which SLF does not deal at arm’s length within the meaning of the Tax Act), or a tax-free savings account (“**TFSA**”).

Notwithstanding that the Notes or the Series 14 Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP or a TFSA will be subject to a penalty tax with respect to the Notes or the Series 14 Shares, as the case may be, if the Notes or the Series 14 Shares are a “prohibited investment” for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. The Notes and the Series 14 Shares will generally not be a “prohibited investment” provided the annuitant, the subscriber or the holder, as the case may be: (i) deals at arm’s length with SLF for purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in SLF. In addition, the Series 14 Shares will generally not be a “prohibited investment” for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP if they are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for such trusts. Holders of a TFSA or a RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Notes or the Series 14 Shares will be prohibited investments in their particular circumstances.

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference, as of the date hereof, in the accompanying prospectus solely for the purpose of the Notes and Series 14 Shares issued hereunder. The following documents, which

have been filed by SLF with the securities regulatory authorities in Canada, are specifically incorporated by reference in the prospectus and this prospectus supplement:

- (a) the annual information form dated February 10, 2021;
- (b) the audited consolidated statements of financial position as at December 31, 2020 and December 31, 2019 and the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the years in the two-year period ended December 31, 2020, together with the notes thereto, the independent auditor's report, the reports of the Independent Registered Public Accounting Firm and management's discussion and analysis thereon;
- (c) the unaudited interim consolidated statements of financial position as at March 31, 2021 and 2020 and the related unaudited interim consolidated statements of operations, comprehensive income (loss) and cash flows for the three month periods ended March 31, 2021 and 2020 and the unaudited interim consolidated statements of changes in equity for the three month periods ended March 31, 2021 and 2020, together with management's discussion and analysis thereon;
- (d) the management information circular dated March 12, 2021; and
- (e) the material change report of SLF dated March 3, 2021 relating to the appointment of Manjit Singh as Executive Vice-President and Chief Financial Officer of SLF.

Any documents of the type described in Section 11.1 of Form 44-101F1— *Short Form Prospectus* filed by SLF with the Commissions (as defined below) pursuant to the requirements of applicable securities legislation after the date of this prospectus supplement and prior to the termination of the distribution of the Notes under this prospectus supplement are deemed to be incorporated by reference in the prospectus and this prospectus supplement.

**Any statement contained in this prospectus supplement, the prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or in the prospectus shall be deemed to be modified or superseded, for the purposes of this prospectus supplement, or the prospectus, as the case may be, to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the prospectus.**

## MARKETING MATERIALS

The “template version” (as defined in National Instrument 41-101 — *General Prospectus Requirements* (“**NI 41-101**”)) of the indicative term sheet dated June 23, 2021 (the “**Indicative Term Sheet**”), the indicative term sheet dated June 23, 2021 (the “**Revised Indicative Term Sheet**”) and the final term sheet dated June 23, 2021 (the “**Final Term Sheet**”), in each case filed with the securities commissions or similar authorities in each of the provinces and territories of Canada (the “**Commissions**”), are specifically incorporated by reference into this prospectus supplement, solely for the purpose of the Notes and Series 14 Shares offered hereunder. The template version of any additional marketing materials (as defined in NI 41-101) filed with the Commissions in connection with the offering of the Notes hereunder on or after the date hereof but prior to the termination of the distribution of the Notes under this prospectus supplement (including any amendments to, or an amended version of, the marketing materials) are deemed to be incorporated by reference herein. The template version of any marketing materials, including the Indicative Term Sheet, the Revised Indicative Term Sheet and the Final Term Sheet, are not part of this prospectus supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

## USE OF PROCEEDS

The net proceeds to us from the sale of the Notes, after deducting estimated expenses of the issues and the Agents' Fee, are estimated to be approximately \$987,150,000. The net proceeds to us from the sale of Notes will be used for general corporate purposes of SLF, which may include investments in subsidiaries, repayment of indebtedness and other strategic investments.

It is expected that the Notes will qualify as our "Tier 1 Capital Instruments other than Common Shares" within the meaning of OSFI's LICAT Guideline to which we are subject.

The purchase price for the Series 14 Shares qualified hereby shall be satisfied by funds paid by SLF to the Limited Recourse Trustee to satisfy the subscription price for voting trust units of the Limited Recourse Trust. As a result, no proceeds will be raised from the offering of the Series 14 Shares pursuant to this prospectus supplement. The offering price of the Series 14 Shares qualified under this prospectus supplement is \$1,000 per share.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the share capital and consolidated indebtedness of SLF: (a) as of March 31, 2021; and (b) as of March 31, 2021, after giving effect to the completion of the offering of the Notes and the Series 14 Shares, in both cases net of issuance costs. Other than the offering of the Notes and the Series 14 Shares, there have been no material changes to the share or loan capital of SLF on a consolidated basis since March 31, 2021. The table below should be read together with the detailed information and financial statements appearing in the documents incorporated by reference in the prospectus and this prospectus supplement.

	(unaudited) As of March 31, 2021 (\$ in millions)	
	Actual	As Adjusted to Give Effect to the offering of the Notes and the Series 14 Shares <sup>(1)</sup>
SLF senior unsecured debentures .....	\$300	\$300
Sun Life Assurance Company of Canada debentures <sup>(2)</sup> .....	200	200
Subordinated debt .....	4,432	4,432
Equity		
Non-controlling interests .....	56	56
Participating policyholders' equity .....	1,418	1,418
Shareholders' equity		
Limited recourse capital notes <sup>(3)</sup> .....	-	987
Preferred shares <sup>(4)</sup> .....	2,257	2,257
Common shares .....	8,274	8,274
Contributed surplus .....	73	73
Shareholders' retained earnings .....	12,765	12,765
Shareholders' accumulated other comprehensive income .....	904	904
Total equity .....	\$25,747	\$26,734
<b>Total share capital and indebtedness .....</b>	<b>\$30,679</b>	<b>\$31,666</b>

<sup>(1)</sup> Net of issuance costs.

<sup>(2)</sup> These Debentures were issued by Sun Life Assurance Company of Canada. See Note 13.A of SLF's audited consolidated financial statements for the 12 months ended December 31, 2020.

<sup>(3)</sup> After giving effect to this offering, limited recourse capital notes would have amounted to approximately \$987 million as at March 31, 2021. For accounting purposes, the Notes are presented as equity.

<sup>(4)</sup> For accounting purposes, the Series 14 Shares would be eliminated on our consolidated balance sheet for so long as the Series 14 Shares are held by the Limited Recourse Trustee. Accordingly, after giving effect to this offering, there would have been no change in preferred shares as at December 31, 2020.

## EARNINGS COVERAGE

SLF's actual dividend requirements on all of its outstanding preferred shares adjusted to a before-tax equivalent using an effective tax rate of 15.1% for the twelve months ended December 31, 2020 amount to \$111 million after giving



effect to distribution requirements on the issuance of the Notes, as if such issuance had occurred at the beginning of the period. SLF's actual dividend requirements on all of its outstanding preferred shares adjusted to a before-tax equivalent using an effective tax rate of 13.7% and after giving effect to distribution requirements on the issuance of the Notes for the twelve months ended March 31, 2021 amount to \$108 million.

SLF's borrowing cost requirements for outstanding subordinated debt, senior debentures, senior financing and certain other borrowings, after adjustment for new debt issuances, including the Notes, repayments and redemptions, amount to \$297 million for the twelve months ended December 31, 2020. SLF's borrowing cost requirements for outstanding subordinated debt, senior debentures, senior financing and certain other borrowings, after adjustment for new debt issuances, including the Notes, repayments and redemptions, amount to \$272 million for the twelve months ended March 31, 2021.

SLF's shareholders' net income before borrowing costs and income tax for the twelve months ended December 31, 2020 and March 31, 2021 was \$3,178,000,000 and \$3,776,000,000, respectively, which is 7.8 times and 9.9 times SLF's aggregate dividend and borrowing cost requirements for the respective periods.

## DESCRIPTION OF THE NOTES

The following summarizes certain provisions of the Notes and the Trust Indenture (as defined below), but does not describe every aspect of the Notes or the Trust Indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Notes and the Trust Indenture, including the definitions of certain terms that are not defined in this prospectus supplement. In this summary, we describe only some of the more important terms. You must look to the Trust Indenture for a complete description of what we summarize below. A copy of the Trust Indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com). The following description of the Notes supplements (and, where different from, supersedes) the description of the Notes in the prospectus.

As used in this description, the terms “we”, “us” and “our” refer only to Sun Life Financial Inc. and not to any of its subsidiaries.

### General

The Notes will be issued as subordinated debt securities under an indenture to be dated as of the closing date of the offering hereunder (the “**Trust Indenture**”) between SLF and Computershare Trust Company of Canada, as trustee (the “**indenture trustee**”). The Trust Indenture will be subject to the provisions of the ICA and governed by the laws of Ontario and the federal laws of Canada applicable therein. Subject to regulatory capital requirements applicable to SLF, there is no limit on the amount of limited recourse capital notes or other subordinated indebtedness SLF may issue.

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA which, if we become insolvent or are wound up, will rank: (a) subordinate in right of payment to the prior payment of all Policy Liabilities and all Higher Ranked Indebtedness, including Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness and (b) in right of payment equally with and not prior to our Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), provided that in any such case, in case of SLF's non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of Notes shall be the delivery of the Corresponding Trust Assets. Upon the occurrence of a Recourse Event, the recourse of each holder of Notes will be limited to such holder's proportionate share of the Corresponding Trust Assets. Upon delivery to the holders of Notes of their proportionate share of the Corresponding Trust Assets, all Notes will cease to be outstanding.

**The Notes will be direct unsecured obligations of SLF constituting subordinated indebtedness for the purposes of the ICA and will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.**

The Notes are not entitled to the benefits of any sinking fund.

## Principal, Interest and Maturity

The Notes will be issued in an aggregate principal amount of \$1,000,000,000 and will be repayable at 100% of the principal amount at maturity on June 30, 2081. On maturity, we will repay to holders of Notes the principal amount, plus accrued and unpaid interest to, but excluding, the maturity date of the Notes.

We will pay interest on the Notes in equal (subject to the reset of the interest rate) semi-annual instalments in arrears on June 30 and December 31 of each year (each, an “**Interest Payment Date**”), with the first payment on December 31, 2021. From the date of issue to, but excluding, June 30, 2026, the Notes will bear interest at the rate of 3.60% per annum. Starting on June 30, 2026 and on every fifth anniversary of such date thereafter until June 30, 2076 (each such date an “**Interest Reset Date**”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, a “**Fixed Rate Calculation Date**”) plus 2.604%. Assuming the Notes are issued on June 30, 2021, the first interest payment on the Notes on December 31, 2021 will be in an amount of \$18.00 per \$1,000 principal amount of Notes. The principal of, and interest on, the Notes will be paid in Canadian dollars.

Each payment of interest on the Notes will include interest accrued to, but excluding, the applicable Interest Payment Date or the date of maturity (or earlier purchase or redemption, if applicable). Any payment of principal or interest required to be made on a day which is not a business day will be made on the next succeeding business day (without any additional interest or other payment in respect of the delay).

“**Bloomberg Screen GCAN5YR Page**” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

A “**business day**” means any day, which is not a Saturday, Sunday or statutory holiday and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign currency deposits and foreign exchange) in Toronto, Ontario.

“**Government of Canada Yield**” as at any Fixed Rate Calculation Date, means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by SLF, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Subsequent Fixed Rate Period**” means the period from and including June 30, 2026 to, but excluding, June 30, 2031 and each five-year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, June 30 in the fifth year thereafter.

## Form, Denomination and Transfer

The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be issued in “**book-entry only**” form and must be purchased or transferred through participants in the depository service of CDS. See “Book-Entry Only Securities” in the prospectus.

## Subordination

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA and will therefore rank subordinate to our policy liabilities. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.** See “Description of the Notes – General”.

The Trust Indenture provides that, in the event that proceedings are commenced by or against SLF as a result of its insolvency or in the event of the liquidation or winding up of SLF or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of SLF, the Notes will rank: (a) subordinate in right of payment to the prior payment in full of all Policy Liabilities and all Higher Ranked Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case from time to time outstanding, provided that in any such case, in case of SLF’s non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of Notes shall be the delivery of the Corresponding Trust Assets. As of March 31, 2021, we had approximately \$4.9 billion of Higher Ranked Indebtedness outstanding which would rank ahead of the Notes. Upon the occurrence of a Recourse Event, including an event of default, the recourse of each holder of Notes will be limited to such holder’s proportionate share of the Corresponding Trust Assets, and all claims of the holders of Notes against SLF under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. If the Corresponding Trust Assets that are delivered to holders of Notes under such circumstances comprise Series 14 Shares, such Series 14 Shares will rank on parity with all other Class A Shares and will be entitled to a preference over the Class B Shares. For the avoidance of doubt, as a result of the limited recourse feature described in this prospectus supplement, the ranking of the Notes will not be relevant during insolvency proceedings or wind-up of SLF, since the Corresponding Trust Assets shall have been delivered to the holders of Notes, such delivery will have exhausted all remedies of such holders against SLF, and the Notes shall have ceased to be outstanding.

For these purposes,

- “**Deeply Subordinated Indebtedness**” means Indebtedness which ranks senior in right of payment to Junior Subordinated Indebtedness, but is, by its respective terms, subordinate in right of payment to all other Subordinated Indebtedness.
- “**Higher Ranked Indebtedness**” means all Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness).
- “**Indebtedness**” means the principal of and the interest and premium, if any, on
  - (a) liabilities or indebtedness of SLF whether outstanding on the date of the Trust Indenture or thereafter created, incurred, assumed, guaranteed or indemnified for money borrowed by SLF or for money borrowed by others for which SLF is responsible or liable;
  - (b) amounts owing by SLF, or amounts owing by others for which SLF is responsible or liable, in respect of hedging or swap arrangements;
  - (c) liabilities or indebtedness of SLF whether outstanding on the date of the Trust Indenture or thereafter created, incurred, assumed, guaranteed or indemnified by SLF in connection with the acquisition by SLF or by others of any person, business, property or other assets; and
  - (d) any renewal, extension, replacement or refinancing of any liability or indebtedness referred to in (a) and (c) above, including any renewal, extension, replacement or refinancing of any previous renewal, extension, replacement or refinancing;
  - (e) any other indebtedness of SLF that does not constitute a Policy Liability.

- “**Junior Subordinated Indebtedness**” means Indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.
- “**Policy Liabilities**” means all claims of holders of policies of insurance issued by SLF or for which SLF is responsible or liable and described in paragraph 161(1)(c) of the *Winding-Up and Restructuring Act* (Canada) and any other statute hereafter enacted in substitution therefor, as such act or substituted statute may be amended from time to time.
- “**Subordinated Indebtedness**” means SLF’s subordinated indebtedness within the meaning of the ICA.

## Events of Default

The Trust Indenture will provide that an “**event of default**” in respect of the Notes will occur if we become insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada), or if we go into liquidation, either voluntarily or under an order of a court of competent jurisdiction, or otherwise acknowledge our insolvency. An event of default is a Recourse Event. On the occurrence of a Recourse Event, the recourse of each holder of Notes will be limited to such holder’s proportionate share of the Corresponding Trust Assets. The delivery of the Corresponding Trust Assets to the holders of Notes will exhaust all remedies of such holders in connection with such event of default, and all claims of holders of Notes against SLF under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. See “– Limited Recourse”.

A resolution or order for the winding-up of SLF with a view to its consolidation, amalgamation or merger with another entity or the transfer of its assets as an entirety to another entity, shall not constitute an event of default and does not entitle a holder of Notes to demand payment of principal prior to maturity, provided that such entity, as part of such consolidation, amalgamation, merger or transfer, and, within 90 days from the date of the order or within such further time as may be allowed by the indenture trustee, complies with the conditions to that end set out in the Trust Indenture.

Holders of a majority of the outstanding principal amount of the Notes then outstanding under the Trust Indenture may direct the time, method and place of conducting any proceeding to control the actions of the indenture trustee or of any holder of Notes who brings an action after the failure of the indenture trustee to act in any proceedings against SLF. The indenture trustee must, within 30 days of becoming aware of an event of default, give notice to the holders of Notes unless the indenture trustee in good faith determines that the withholding of notice of a continuing default is in the best interests of the holders and has so advised SLF in writing.

## Limited Recourse

In the event of non-payment by SLF of the principal amount of, interest on, or redemption price for, the Notes when due, while a holder of Notes will have a claim against SLF for the principal amount of the Notes and any accrued and unpaid interest (which will then be due and payable), the recourse of each holder of Notes shall be limited to the assets held in respect of the Notes by Computershare Trust Company of Canada, as trustee (the “**Limited Recourse Trustee**”) of Sun Life LRCN Trust (the “**Limited Recourse Trust**”) from time to time (“**Corresponding Trust Assets**”). The Limited Recourse Trustee will hold legal title to the Corresponding Trust Assets for the benefit of SLF to satisfy the recourse of the holders of Notes in respect of SLF’s obligations under the Trust Indenture. The Corresponding Trust Assets in respect of the Notes may consist of (i) Series 14 Shares (or proceeds with respect to the subscription for units of the Limited Recourse Trust by SLF, which are to be used by the Limited Recourse Trustee to subscribe for Series 14 Shares), (ii) cash from the redemption of Series 14 Shares (other than any portion of such cash in respect of any declared and unpaid dividends), or (iii) any combination thereof, depending on the circumstances. On the closing of the offering of the Notes, the Corresponding Trust Assets in respect of the Notes shall consist of 1,000,000 Series 14 Shares. At no time shall the Corresponding Trust Assets include any dividends paid on the Series 14 Shares or any right to receive declared, but unpaid, dividends on the Series 14 Shares.

The Limited Recourse Trust is a trust established under the laws of Manitoba, to be governed by an amended and restated declaration of trust dated on or around but no later than the closing date of the offering (as may be further amended or restated from time to time, the “**Limited Recourse Trust Declaration**”). The Limited Recourse Trust’s objective is to acquire and hold the Corresponding Trust Assets in accordance with the terms of the Limited Recourse

Trust Declaration. The Limited Recourse Trustee may hold trust assets in respect of more than one series of limited recourse capital notes of SLF, in which case the Limited Recourse Trustee will hold the trust assets for each such series of notes (including SLF's preferred shares) separate from the trust assets for any other series of such notes and shall deliver such trust assets only in respect of the relevant series of notes.

If a Recourse Event occurs, SLF will, no later than one business day after the occurrence of such Recourse Event, notify the Limited Recourse Trustee of the occurrence of such Recourse Event. "**Recourse Event**" means any of the following: (i) there is non-payment by SLF of the principal amount of the Notes, together with any accrued and unpaid interest, on the maturity date of the Notes, (ii) a Failed Coupon Payment Date occurs, (iii) in connection with the redemption of the Notes, on the redemption date for such redemption, SLF does not pay the applicable redemption price in cash, or (iv) the occurrence of an event of default under the Trust Indenture. "**Failed Coupon Payment Date**" means the fifth business day immediately following an interest payment date upon which SLF does not pay interest on the Notes in cash and has not cured such non-payment by subsequently paying such interest in cash prior to such fifth business day. Upon a Recourse Event, the principal amount of, and accrued and unpaid interest on, all of the Notes will become immediately due and payable by SLF without any declaration or other act on the part of the indenture trustee or any holders of Notes, provided that the sole remedy of the holders of Notes for such amounts due and payable by SLF shall be, the delivery of the Corresponding Trust Assets.

Following receipt of a notice of a Recourse Event, SLF will take any necessary actions to cause the Limited Recourse Trustee to deliver the Corresponding Trust Assets in respect of the Notes to the holders of Notes in accordance with the terms of the Limited Recourse Trust Declaration and the Trust Indenture, provided that notwithstanding any other provision in the Limited Recourse Trust Declaration or the Trust Indenture, SLF reserves the right not to (a) deliver some or all of the Series 14 Shares to any person whom SLF or its transfer agent has reason to believe is an Ineligible Person (as defined below) or any person who, by virtue of that delivery, would become a Significant Shareholder (as defined below), or (b) record in its securities register a transfer or issue of Series 14 Shares to any person whom SLF or its transfer agent has reason to believe is an Ineligible Government Holder (as defined below) based on a declaration submitted to SLF or its transfer agent by or on behalf of such person. In such circumstances, SLF will hold, as agent for such persons, the Series 14 Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Series 14 Shares to parties other than the Limited Recourse Trust or SLF and its affiliates on behalf of such persons through a registered dealer to be retained by SLF on behalf of such persons. Those sales (if any) may be made at any time and at any price as SLF (or the indenture trustee as directed by SLF), in its sole discretion, may determine. Neither SLF nor the indenture trustee will be subject to any liability for failure to sell such Series 14 Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by SLF or the indenture trustee, as applicable, from the sale of any such Series 14 Shares will be divided among the applicable persons in proportion to the number of Series 14 Shares that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding taxes. For purposes of the foregoing:

- "**Ineligible Government Holder**" means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in SLF's securities register of a transfer or issue of any share of SLF to such person would cause SLF to contravene the ICA.
- "**Ineligible Person**" means (i) any person whose address is in, or whom SLF or the transfer agent for the Series 14 Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series 14 Shares would require SLF to take any action to comply with insurance, securities or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by SLF or delivery by its transfer agent to that person of Series 14 Shares would cause SLF to be in violation of any law to which SLF is subject.
- "**Significant Shareholder**" means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of SLF in excess of 10% of the total number of outstanding shares of that class.

Subject to the foregoing restrictions regarding Ineligible Persons, Significant Shareholders and Ineligible Government Holders, if the Corresponding Trust Assets consist of Series 14 Shares at the time a Recourse Event occurs, the Limited Recourse Trustee will deliver to each holder of Notes one Series 14 Share for each \$1,000.00 principal amount of Notes held by such holder, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 14 Shares will exhaust all remedies of each holder of Notes against SLF for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable.

The Limited Recourse Trustee shall distribute the proceeds from the redemption of the Series 14 Shares held by the Limited Recourse Trustee to the holders of Notes.

The Limited Recourse Trust will only be dissolved following the earlier to occur of the following events: (a) no Notes (or any other limited recourse capital notes) are outstanding and held by a person other than SLF (whether through (i) a cash redemption by SLF of all preferred shares held by the Limited Recourse Trust and corresponding cash redemption of all corresponding limited recourse capital notes, (ii) delivery of all preferred shares held by the Limited Recourse Trust to holders of the corresponding limited recourse capital notes on maturity or any earlier date on which the principal amount of and interest on the corresponding limited recourse capital notes becomes due and payable, or (iii) the purchase for cancellation of all limited recourse capital notes by SLF); and (b) each of the Limited Recourse Trustee and SLF elects in writing to terminate the Limited Recourse Trust and such termination is approved by the holders of Notes in accordance with the terms of the Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

Any amendment or supplement to the Limited Recourse Trust Declaration for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Limited Recourse Trust Declaration requires the prior consent of the holders of Notes in accordance with the terms of the Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

By acquiring any Note, each holder and beneficial holder irrevocably acknowledges and agrees with, and for the benefit of, SLF and the indenture trustee that the delivery of such holder's proportionate share of the Corresponding Trust Assets to such holder shall exhaust all remedies of such holder against SLF under the Notes, including in connection with any event of default. All claims of a holder of Notes against SLF shall be extinguished upon receipt by such holder of such holder's proportionate share of the Corresponding Trust Assets. If a holder's proportionate share of the Corresponding Trust Assets is not delivered as required to such holder, the sole remedy of such holder for any claims against SLF shall be recourse to such holder's proportionate share of the Corresponding Trust Assets. The delivery of Corresponding Trust Assets to the holders of Notes shall be applied to the payment of the principal amount of the Notes held by such holder and will extinguish all claims of such holders against SLF for repayment of the principal amount of the Notes and any accrued and unpaid interest thereon when due and payable. In case of any shortfall resulting from the value of the Corresponding Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the holders of Notes and no claim may be made against SLF or the indenture trustee.

SLF will enter into an agreement (the "**SLF Indemnity Agreement**") to indemnify the Limited Recourse Trustee against certain claims, liabilities, losses and damages suffered by the Limited Recourse Trustee in connection with acting as trustee of the Limited Recourse Trust. The Limited Recourse Trustee has agreed to exercise and exhaust all its remedies against SLF under the SLF Indemnity Agreement prior to exercising any rights of indemnity under the Limited Recourse Trust Declaration. Provided that the Limited Recourse Trustee has so exercised and exhausted its rights under the SLF Indemnity Agreement, the Limited Recourse Trustee will be indemnified and saved harmless by the Corresponding Trust Assets from and against all claims, liabilities, losses, damages, penalties, actions, suits, demands, levies, expenses and disbursements including, without limitation, any and all reasonable legal and adviser fees and disbursements, whether groundless or otherwise, including costs (including legal costs on a solicitor and client basis), charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Limited Recourse Trustee and also from and against all other costs (including legal costs on a solicitor and client basis), charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Limited Recourse Trust, except such as may be incurred as a result of the wilful misconduct, gross negligence, fraud or bad faith of the Limited Recourse Trustee or breach by it of its standard of care owed to the Limited Recourse Trust.

The Limited Recourse Trustee has entered into an agreement (as amended from time to time) (the “**Administration Agreement**”) with SLF pursuant to which the Limited Recourse Trustee has appointed SLF to provide services on behalf of the Limited Recourse Trustee, subject to the direction and control of the Limited Recourse Trustee, in relation to the administration of the Limited Recourse Trust. SLF, in its role as administrative agent under the Administration Agreement (the “**Administrative Agent**”), will administer on behalf of and for the account of the Limited Recourse Trust the activities of the Limited Recourse Trust in connection with the direct or indirect acquisition, administration and management by the Limited Recourse Trustee of the assets of the Limited Recourse Trust. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration Agreement to one or more persons. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration Agreement. The Administrative Agent will not receive a fee from the Limited Recourse Trustee for performing its obligations under the Administration Agreement.

The Administrative Agent’s rights and obligations under the Administration Agreement will terminate if the Administrative Agent receives a termination notice in writing from the Limited Recourse Trustee or the Limited Recourse Trustee receives a termination notice in writing from the Administrative Agent, in each case at least 20 business days prior to the last business day of a month, in which case the Administration Agreement will terminate on the last day of that month. Notwithstanding the foregoing, the Administrative Agent will not be permitted to resign until a replacement administrative agent has been appointed and has entered into an administration agreement whereby the replacement administrative agent will assume, in all material respects, the obligations of the Administrative Agent under the Administration Agreement.

## **Redemption**

### ***Redemption at the Option of SLF***

SLF may, at its option, with the prior written approval of the Superintendent, redeem the Notes in cash, in whole or in part from time to time, on a full and permanent basis, on not less than 15 days’ and not more than 60 days’ prior written notice to the registered holders of Notes, on June 30, 2026 and every five years thereafter during the period from May 31 to and including June 30, commencing in 2031, at a redemption price which is equal to the aggregate of (i) the principal amount of the Notes to be redeemed, and (ii) any accrued and unpaid interest on such Notes up to, but excluding, the date of redemption.

In cases of partial redemption, the Notes to be redeemed will be selected by the indenture trustee on a *pro rata* basis or in such other manner as it shall deem equitable. Any Notes offered hereby that are redeemed by SLF will be cancelled and will not be reissued.

### ***Special Redemption for Capital or Tax Reasons***

We may, at our option, with the prior written approval of the Superintendent and without the consent of the holders of Notes, redeem all (but not less than all) of the Notes, on a full and permanent basis, at any time upon at least 30 days’ and not more than 60 days’ prior written notice on or within 90 days following a regulatory event date (as defined below) or a tax event date (as defined below). Any such redemption may not occur before the relevant regulatory event date or tax event date, but may occur on or after such regulatory event date or tax event date, as the case may be.

A “**regulatory event date**” means the date specified in a letter from the Superintendent to SLF on which the Notes will no longer be recognized in full as eligible “Tier 1 Capital Instruments other than Common Shares” or will no longer be eligible to be included in full as risk-based “Available Capital” on a consolidated basis, in each case under the guidance of OSFI relating to the LICAT Guideline, as interpreted by the Superintendent.

A “**tax event date**” means the date on which SLF has received an opinion of independent counsel of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to SLF) to the effect that as a result of (1) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or any political subdivision or

taxing authority thereof or therein, affecting taxation, (2) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**Administrative Action**”) or (3) any amendment to, clarification of, or change (including any announced prospective change) in, the official position with respect to or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each of case (1), (2) or (3), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, Administrative Action, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or Administrative Action is announced on or after the date of issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or Administrative Action is effective and applicable) that (A) SLF or the Limited Recourse Trust is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by SLF of interest on the Notes) or the treatment of the Notes or the Series 14 Shares (including dividends thereon) or other assets of the Limited Recourse Trust or the Limited Recourse Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Limited Recourse Trust is, or will be, subject to more than a *de minimis* amount of taxes, duties or other governmental charges or civil liabilities.

If we redeem the Notes because of the occurrence of a regulatory event date or tax event date, we will do so at a redemption price per Note equal to the principal amount of the Note together with any accrued and unpaid interest on the Note up to, but excluding, the date of redemption.

#### ***Mandatory Redemption on Redemption of Series 14 Shares***

Upon redemption by SLF of the Series 14 Shares held in the Limited Recourse Trust in accordance with the terms of such shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 14 Shares redeemed by SLF shall automatically and immediately be redeemed, on a full and permanent basis, without any action on the part of, or the consent of, the holders of such Notes, for a cash amount equal to the principal amount of the Notes being redeemed together with any accrued and unpaid interest on the Notes up to, but excluding, the date of redemption. The Limited Recourse Trust shall distribute the proceeds from the redemption of the Series 14 Shares held by the Limited Recourse Trustee to the holders of Notes in partial satisfaction of such redemption price and SLF shall be required to fund the balance in an amount equal to the accrued and unpaid interest. For certainty, to the extent that, in accordance with the terms of the Trust Indenture, SLF has immediately prior to or concurrently with such redemption of Series 14 Shares redeemed or purchased for cancellation outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 14 Shares being redeemed, such requirement to redeem a corresponding number of Notes shall be deemed satisfied. See “Description of Series 14 Shares – Redemption” below for a description of the circumstances under which the Series 14 Shares may be redeemed by SLF.

SLF will not redeem the Notes under any circumstances if such redemption would, directly or indirectly, result in SLF’s breach of any provision of the ICA or OSFI’s LICAT Guideline, as may be amended from time to time.

As a result of the redemption provisions applicable to the Series 14 Shares and the Notes, the Limited Recourse Trustee will, at all times prior to a Recourse Event, hold one Series 14 Share for each \$1,000 principal amount of Notes outstanding.

Any Notes redeemed by SLF shall be cancelled and may not be reissued.

#### **Open Market Purchases**

The Trust Indenture will provide that SLF may, subject to the prior written approval of the Superintendent, purchase Notes, in whole or in part, by tender offer, open market purchases, negotiated transactions or otherwise in accordance with applicable securities laws and regulations, provided such acquisition does not otherwise violate the terms of the Trust Indenture, upon such terms and at such prices as SLF may determine. All Notes that are purchased by SLF will



be cancelled and will not be reissued. Notwithstanding the foregoing, any subsidiary of SLF may purchase Notes in the ordinary course of its business of dealing in securities.

### **No Restriction on Other Indebtedness**

SLF may create, issue or incur any other Indebtedness which, in the event of the insolvency or winding-up of SLF, would rank in right of payment in priority to, equally with, or subordinate to the Notes.

### **Consolidation, Amalgamation, Merger or Transfer**

Under the Trust Indenture, SLF is generally permitted to merge, amalgamate, consolidate or otherwise combine with another entity. SLF is also permitted to convey, transfer or lease substantially all of SLF's assets to another entity. However, SLF may not take any of these actions unless all the following conditions are met:

- when SLF merges, amalgamates, consolidates or otherwise combines with, or conveys, transfers or leases substantially all of its assets as an entirety to another entity, the surviving, resulting or acquiring entity must be a corporation, partnership or trust, must be organized and validly existing and must be legally responsible for the Notes, whether by agreement, operation of law or otherwise;
- the merger, amalgamation, consolidation or other combination, or conveyance, transfer or lease of assets must not cause an event of default, including any event which, after notice or lapse of time or both, would become an event of default, on the Notes; and
- SLF has delivered an officer's certificate and a legal opinion to the indenture trustee each stating that such transaction complies with the Trust Indenture.

If the conditions described above are satisfied with respect to the Notes, SLF will not need to obtain the approval of the holders of Notes in order to merge, amalgamate or consolidate or to convey, transfer or lease its assets. Also, these conditions will apply only if SLF wishes to merge, amalgamate, consolidate or otherwise combine with another entity or convey, transfer or lease substantially all of SLF's assets to another entity. SLF will not need to satisfy these conditions if SLF enters into other types of transactions, including any transaction in which SLF acquires the stock or assets of another entity, any transaction that involves a change of control but in which SLF does not merge or consolidate and any transaction in which SLF conveys, transfers or leases less than substantially all of SLF's assets. It is possible that this type of transaction may result in a reduction in SLF's credit ratings or market perceptions about SLF's credit ratings, may negatively affect SLF's operating results or may impair SLF's financial condition. Holders of Notes, however, will have no approval right with respect to any transaction of this type.

### **Modification**

There are three categories of changes SLF can make to the Trust Indenture and the Notes.

*Changes Requiring Approval of All Holders.* First, there are changes that cannot be made to the Trust Indenture or the Notes without the consent of each holder of Notes. The following is a list of those types of changes:

- a change in the stated maturity date or Interest Payment Dates of the Notes;
- a reduction of the principal amount of, or rate of interest on, the Notes;
- a reduction of the amount payable upon a redemption of the Notes;
- a change in the currency of payment on the Notes;
- a change in the place of payment for the Notes;
- an impairment of a holder's right to sue for payment;

- a reduction of the percentage in principal amount of outstanding Notes, the consent of whose holders is needed to modify or amend the Trust Indenture;
- a reduction of the percentage in principal amount of outstanding Notes, the consent of whose holders is needed to waive compliance with certain provisions of the Trust Indenture or to waive certain defaults thereunder; or
- a modification of any other aspect of the provisions dealing with modification and waiver of the Trust Indenture, except certain changes favourable to the holders.

In addition, a modification of certain provisions of the Limited Recourse Trust Declaration requires the specific approval of each holder of Notes.

*Changes Requiring a Majority Vote.* The second category of change to the Trust Indenture or the Notes is the kind that requires the consent of holders of Notes owning not less than a majority of the outstanding principal amount of the Notes.

Most changes not requiring the approval of all holders fall into this category, except for clarifying changes and certain other changes that would not adversely affect in any material respect holders of Notes. SLF may not modify the subordination provisions of the Trust Indenture in a manner that would adversely affect in any material respect the outstanding Notes without the consent of the holders of a majority of the outstanding principal amount of the Notes.

*Changes Not Requiring Approval.* The third category of change to the Trust Indenture or the Notes does not require the consent of holders of Notes. This category is limited to clarifications and certain other changes that would not adversely affect in any material respect the interests of the holders of Notes.

#### **Eligibility to Vote and Record Date**

Notes will not be considered outstanding, and therefore holders of Notes will not be eligible to vote or take other action under the Trust Indenture, if SLF has given a notice of redemption and deposited or set aside in trust for the holders money for the payment or redemption of the Notes.

SLF will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Trust Indenture. In certain limited circumstances, the indenture trustee will be entitled to set a record date for action by holders. If the indenture trustee or SLF sets a record date for a vote or other action to be taken by holders of Notes, that vote or action may be taken only by persons who are holders of Notes on the record date. SLF or the indenture trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action.

Book-entry and other indirect holders of Notes should consult their banks, brokers or other financial institutions for information on how approval may be granted or denied if SLF seeks to change the Trust Indenture or Notes or request a waiver.

In addition to the aforementioned approvals, SLF will not without, but may from time to time with, the consent of the Superintendent, make any change to the Trust Indenture which might affect the classification afforded the Notes from time to time for capital adequacy requirements pursuant to the ICA and the regulations and guidelines thereunder, including the LICAT Guideline, as may be amended from time to time.

#### **DESCRIPTION OF SERIES 14 SHARES**

On or prior to the closing of the offering of the Notes, the Series 14 Shares will be issued as a series of Class A Shares to the Limited Recourse Trustee to be held in accordance with the terms of the Limited Recourse Trust Declaration.

#### **Certain Provisions of the Class A Shares as a Class**

See “Description of Share Capital — Class A Shares” in the prospectus for a summary of the provisions attaching to the Class A Shares as a class.

The board of directors of SLF (the “**Board of Directors**”) may from time to time issue Class A Shares in one or more series. Prior to issuing shares in a series, the Board of Directors is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of Class A Shares.

The Series 14 Shares will be issued as a series of Class A Shares.

### **Certain Provisions of the Series 14 Shares as a Series**

The following is a summary of certain provisions attaching to the Series 14 Shares as a series.

#### ***Defined Terms***

The following definitions are relevant to the Series 14 Shares:

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred–thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.604%.

“**Fixed Period End Date**” means June 30, 2026 and each June 30 every fifth year thereafter.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” as at any Fixed Rate Calculation Date means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by SLF, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Initial Annual Fixed Dividend Rate**” means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect on the date of issue of the Notes.

“**Initial Fixed Rate Period**” means the period from and including the date of issue of the Series 14 Shares to, but excluding, June 30, 2026.

“**Initial Reset Date**” means June 30, 2026.

“**Subsequent Fixed Rate Period**” means the period from and including the Initial Reset Date to, but excluding, the next Fixed Period End Date and each five-year period thereafter from and including such Fixed Period End Date to, but excluding, the next Fixed Period End Date.

#### ***Issue Price***

The Series 14 Shares will have an issue price of \$1,000.00 per share.

### ***Dividends***

During the Initial Fixed Rate Period, the holders of the Series 14 Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, on June 30 and December 31 in each year, at an annual amount per share determined by multiplying the Initial Annual Fixed Dividend Rate by \$1,000.00 (less any applicable withholding tax); provided that, whenever it is necessary to compute any dividend amount in respect of the Series 14 Shares for a period of less than one full semi-annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period, the holders of the Series 14 Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, on June 30 and December 31 in each year, at an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$1,000.00 (less any applicable withholding tax).

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by SLF on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon SLF and upon all holders of Series 14 Shares. SLF will, on the relevant Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 14 Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 14 Shares on or before the dividend payment date for a particular semi-annual period, then the rights of the holders of the Series 14 Shares to such dividends, or to any part thereof, for such semi-annual period will be forever extinguished.

We are restricted under the ICA from paying dividends on the Series 14 Shares in certain circumstances. See “Insurance Act Restrictions and Approvals” in the prospectus.

The Limited Recourse Trustee, as trustee of the Limited Recourse Trust, will, by written notice, provide to SLF a waiver of its right to receive any and all dividends on the Series 14 Shares during the period from and including the date of the waiver to and including the date upon which the Limited Recourse Trustee, as trustee of the Limited Recourse Trust, provides, by written notice, a revocation of such waiver to SLF (the “**Dividend Waiver**”). Accordingly, no dividends are expected to be declared or paid on the Series 14 Shares while the Series 14 Shares are held by the Limited Recourse Trustee. The Dividend Waiver is applicable to the Limited Recourse Trustee and will not bind a subsequent holder of the Series 14 Shares. SLF will provide a covenant to the Limited Recourse Trustee that, at any time while the Series 14 Shares are held by the Limited Recourse Trustee and the Dividend Waiver is no longer in effect, if it does not declare and pay dividends in full on the Series 14 Shares, it will not declare or pay cash dividends on any of its other outstanding series of Class A Shares or any of its Class B Shares.

### ***Redemption***

Except as noted below, the Series 14 Shares will not be redeemable prior to June 30, 2026. Subject to the provisions of the ICA (see “Insurance Act Restrictions and Approvals” and “Constraints on Shares under the Insurance Act” in the prospectus), the prior written approval of the Superintendent and the provisions described below under “—Restrictions on Dividends and Retirement of Series 14 Shares”, on June 30, 2026 and during the period from May 31 to and including June 30 every fifth year thereafter, commencing in 2031, we may redeem all or any part of the outstanding Series 14 Shares at our option. The redemption price per share will be an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid dividends (of which none are expected for so long as the Series 14 Shares are held by the Limited Recourse Trustee) up to, but excluding, the date fixed for redemption (less any applicable withholding tax).

Upon the occurrence of a Special Event Date, with the prior written approval of the Superintendent, SLF may, at its option, at any time within 90 days following a Special Event Date, redeem the Series 14 Shares, in whole but not in part, by the payment of an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid

dividends (of which none are expected for so long as the Series 14 Shares are held by the Limited Recourse Trustee) up to, but excluding, the date fixed for redemption (less any applicable withholding tax) (a “**Special Event Redemption**”), and apply the proceeds of such redemption towards the redemption of the Notes. “**Special Event Date**” means a regulatory event date or a tax event date as described above in respect of the Notes under the heading “Description of the Notes — Redemption — Special Redemption for Capital or Tax Reasons”.

If at any time SLF, with the prior written approval of the Superintendent, redeems Notes in accordance with their terms or purchases Notes, in whole or in part, by tender offer, open market purchases, negotiated transactions or otherwise, for cancellation, then SLF shall, subject to the prior written approval of the Superintendent, redeem such number of Series 14 Shares with an aggregate face amount equal to the aggregate principal amount of Notes redeemed or purchased for cancellation by SLF, by the payment of an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid dividends (of which none are expected for so long as the Series 14 Shares are held by the Limited Recourse Trustee) up to, but excluding, the date fixed for redemption, and apply the proceeds of such redemption (less any applicable withholding tax) towards the purchase of the Notes.

Concurrently with or upon the maturity of the Notes, SLF shall, subject to the prior written approval of the Superintendent, redeem all of the outstanding Series 14 Shares by the payment of an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid dividends (of which none are expected for so long as the Series 14 Shares are held by the Limited Recourse Trustee) up to, but excluding the date fixed for redemption (less any applicable withholding tax), and apply, or cause the Limited Recourse Trustee to apply, the proceeds of such redemption towards the repayment of the aggregate principal amount of and any accrued and unpaid interest on the Notes, unless otherwise satisfied by SLF.

We will give written notice of any redemption (other than a redemption that is a Special Event Redemption) to registered holders of the Series 14 Shares not more than 60 days and not less than 15 days prior to the redemption date. We will give written notice of any Special Event Redemption to registered holders of the Series 14 Shares not more than 60 and not less than 30 days prior to the redemption date.

As a result of the redemption provisions applicable to the Series 14 Shares and the Notes, the Limited Recourse Trustee will, at all times prior to a Recourse Event, hold one Series 14 Share for each \$1,000.00 principal amount of Notes outstanding.

Where a part only of the then outstanding Series 14 Shares is at any time to be redeemed, the Series 14 Shares will be redeemed pro rata disregarding fractions, or in such other manner as our board of directors determines.

#### ***Purchase for Cancellation***

Subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out under “Share Structure” and “— Restrictions on Dividends and Retirement of Series 14 Shares”, SLF may at any time or times purchase for cancellation all or any part of the Series 14 Shares outstanding from time to time, in the market or by tender offer, open market purchases, negotiated transactions or otherwise, at any price.

#### ***Priority***

The Series 14 Shares shall rank on a parity with every other series of the Class A Shares with respect to dividends and return of capital. The Series 14 Shares shall rank equally with the Class A Shares and shall be entitled to a preference over the Class B Shares, the Common Shares and any other shares ranking junior to the Series 14 Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of SLF, whether voluntary or involuntary, or any other distribution of the assets of SLF among its shareholders for the specific purpose of winding-up its affairs.

### ***Rights on Liquidation***

In the event of the liquidation, dissolution or winding-up of SLF, whether voluntary or involuntary, or any other distribution of assets of SLF for the purpose of winding-up its affairs, the holders of Series 14 Shares will be entitled to receive \$1,000.00 for each Series 14 Share held by them, plus any dividends declared and unpaid to the date of distribution (of which none are expected for so long as the Series 14 Shares are held by the Limited Recourse Trustee), before any amounts are paid or any assets of SLF distributed to the holders of any shares ranking junior to the Series 14 Shares. After payment of these amounts, the holders of Series 14 Shares will not be entitled to share in any further distribution of the property or assets of SLF.

### ***Voting Rights***

Subject to applicable law, holders of the Series 14 Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of SLF unless and until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “— Dividends”. In that event, subject to the provisions of the ICA, the holders of the Series 14 Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of SLF at which directors are to be elected and will be entitled to one vote for each Series 14 Share held in the election of directors voting together with all other shareholders of SLF who are entitled to vote at such meetings, and the holders of the Series 14 Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 14 Shares shall cease upon payment by SLF of the whole amount of a dividend on the Series 14 Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Series 14 Shares have again been extinguished, such voting rights shall become effective again and so on from time to time.

For certainty, the Limited Recourse Trustee, as holder of the Series 14 Shares, will not be entitled to the voting rights described in the preceding paragraph at any time while the Dividend Waiver has been delivered to SLF and not revoked. If the Dividend Waiver has been revoked and the Limited Recourse Trustee becomes entitled to voting rights, the Limited Recourse Trustee will exercise any voting rights in respect of the Series 14 Shares held by the Limited Recourse Trustee only as directed by SLF, and SLF will provide instructions as to the voting of Series 14 Shares only upon receiving directions from the holders of Notes.

### ***Restrictions on Dividends and Retirement of Series 14 Shares***

As long as any of the Series 14 Shares are outstanding, SLF will not, without the approval of the holders of the Series 14 Shares given as specified under “— Shareholder Approvals”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 14 Shares (other than share dividends in any shares ranking junior to the Series 14 Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 14 Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 14 Shares);
- redeem, purchase or otherwise retire less than all of the Series 14 Shares; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of SLF, redeem, purchase or otherwise retire any other shares ranking on a parity with the Series 14 Shares,

unless, in each case, all dividends on the Series 14 Shares up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series 14 Shares, have been declared and paid or set apart for payment.

### *Issue of Additional Series of Class A Shares and Amendments to the Series 14 Shares*

SLF may issue other series of Class A Shares ranking on a parity with the Series 14 Shares or shares of any other class or series of SLF without the approval of the holders of the Series 14 Shares. SLF will not without, but may from time to time with, the approval of the holders of the Series 14 Shares given as specified under “— Shareholder Approvals” and the prior written approval of the Superintendent, add, delete or vary any rights, privileges, restrictions and conditions attaching to the Series 14 Shares.

### *Amendments Affecting Capital Treatment*

SLF will not without, but may from time to time with, the prior written approval of the Superintendent, make any deletion, amendment or variation which might affect the classification afforded the Series 14 Shares from time to time for capital adequacy purposes pursuant to the ICA or the LICAT Guideline (or any successor or replacement capital requirements applicable to SLF) for Canadian federally regulated life insurance companies.

### *Shareholder Approvals*

Any approval given by the holders of Series 14 Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed with the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of the holders of the Series 14 Shares duly called and held, in accordance with the terms and conditions attaching to the Series 14 Shares and the Class A Shares as a class, as if such class provisions referred to authorization by holders of the Series 14 Shares.

### *Tax Election*

The Series 14 Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 14 Shares require SLF to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 14 Shares. See “Certain Canadian Federal Income Tax Considerations”.

### *Business Days*

If any action is required to be taken by SLF on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Agents (collectively, “**Counsel**”), the following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as beneficial owner, pursuant to this prospectus supplement; and Series 14 Shares on a Recourse Event, and who, for purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, deals at arm’s length with SLF and each of the Agents, is not affiliated with SLF or any of the Agents, and holds Notes and will hold any Series 14 Shares as capital property (a “**Holder**”).

Generally, Notes and Series 14 Shares will be capital property to a Holder, provided the Holder does not acquire Notes or Series 14 Shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of trade. Certain Holders whose Notes or Series 14 Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” of the Holder, as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that reports its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian

currency; or (iv) that has entered into, with respect to the Notes or Series 14 Shares a “derivative forward arrangement” as defined in the Tax Act. Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive) dividends in respect of Series 14 Shares acquired on a Recourse Event. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) and Counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account any other federal or any provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

## Notes

### *Interest*

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Notes that accrues (or is deemed to accrue) to it to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder’s income for a preceding taxation year.

Any other Holder, including an individual (other than a trust described in the immediately preceding paragraph), will be required to include in income for a taxation year all interest on Notes that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder’s income for a preceding taxation year.

### *Dispositions of Notes*

On a disposition or deemed disposition of Notes by a Holder, including a repayment by SLF upon maturity or a purchase or redemption by SLF, other than a disposition as the result of a Recourse Event, a Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued or been deemed to accrue on the Notes from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder’s income for the taxation year or a previous taxation year.

On a disposition of Notes by a Holder as a result of a Recourse Event, a Holder that has previously included an amount in income in respect of accrued and unpaid interest on the Notes that exceeds the amount of interest received by such Holder prior to the Recourse Event may be entitled to an offsetting deduction in the year of disposition in an amount equal to the amount of such excess.

Any premium paid by SLF to a Holder on the repurchase of a Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will generally be deemed to be interest received by the Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable



by SLF on the Note for a taxation year of SLF ending after the time of the payment. Such interest will be required to be included in computing the Holder's income in the manner described above.

In general, on a disposition or deemed disposition of Notes, a Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount required to be included in the Holder's income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. On a Recourse Event, the proceeds of disposition will be the fair market value of the Series 14 Shares received on such Recourse Event. The cost of a Series 14 Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all Series 14 Shares held by such Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **Series 14 Shares**

### ***Dividends***

Dividends (including deemed dividends) received on the Series 14 Shares by a Holder that is an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations. Taxable dividends received that are designated by SLF as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the Tax Act. Dividends (including deemed dividends) on the Series 14 Shares received by a Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series 14 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 14 Shares require SLF to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 14 Shares.

A Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, will generally be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received by it on the Series 14 Shares to the extent such dividends are deductible in computing its taxable income.

### ***Dispositions of Series 14 Shares***

A Holder who disposes of or is deemed to dispose of Series 14 Shares (including, generally, on redemption or purchase for cancellation of the shares by SLF for cash or otherwise) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by SLF of Series 14 Shares will generally not be included in computing the proceeds of disposition to any Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*Acquisitions by SLF of Series 14 Shares*" below. If the Holder is a corporation, any such capital loss realized on a disposition of a Series 14 Share may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

### ***Acquisitions by SLF of Series 14 Shares***

If SLF redeems for cash or otherwise acquires Series 14 Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by SLF, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. See "*Dividends*" above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "*Dispositions of Series 14 Shares*" above. In the case of a corporate Holder, it is possible that in certain

circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

### **Taxation of Capital Gains and Capital Losses**

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year will generally be included in the Holder’s income for the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Holder in the year. Any excess allowable capital losses over taxable capital gains of the Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

### **Additional Refundable Tax**

A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income including amounts in respect of interest, dividends received or deemed to be received that are not deductible in computing income for a year and the amount of any taxable capital gains. Any such Holder should consult with its own tax advisors in this regard.

### **Alternative Minimum Tax**

Capital gains realized and taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act.

## **SHARE STRUCTURE**

The authorized share capital of SLF consists of unlimited numbers of Common Shares, Class A Shares and Class B Shares, each without nominal or par value.

As of March 31, 2020, there were 585,068,130 Common Shares, 16,000,000 Class A Non-Cumulative Preferred Shares Series 1, 13,000,000 Class A Non-Cumulative Preferred Shares Series 2, 10,000,000 Class A Non-Cumulative Preferred Shares Series 3, 12,000,000 Class A Non-Cumulative Preferred Shares Series 4, 10,000,000 Class A Non-Cumulative Preferred Shares Series 5, 6,217,331 Class A Non-Cumulative Rate Reset Preferred Shares Series 8R, 4,982,669 Class A Non-Cumulative Rate Reset Preferred Shares Series 9QR, 6,919,928 Class A Non-Cumulative Rate Reset Preferred Shares Series 10R, 1,080,072 Class A Non-Cumulative Rate Reset Preferred Shares Series 11QR and 12,000,000 Class A Non-Cumulative Rate Reset Preferred Shares Series 12R outstanding. No Class B shares have been issued.

The prospectus sets out a summary of the restrictions contained in the ICA concerning the purchase or other acquisition, issue, transfer and voting of any shares of SLF, including the preferred shares of SLF and the Common Shares. If a person contravenes any of these restrictions, the Minister of Finance may, by order, direct such person to dispose of all or any portion of those shares. See “Constraints on Shares under the Insurance Act” in the prospectus. The prospectus also sets out a summary of additional statutory and contractual restrictions concerning the declaration of dividends by SLF and of the statutory restrictions concerning the redemption or purchase by SLF of its shares. See “Insurance Act Restrictions and Approvals” in the prospectus.

## **RATINGS**

The Notes have been assigned a provisional rating of “A (low)” with a Stable trend by DBRS Limited (“**DBRS**”) and a provisional rating of “A-” by S&P Global Ratings, acting through Standard & Poor’s Financial Services LLC (“**S&P**”).

DBRS’ credit ratings are on a long-term debt rating scale that ranges from “AAA” to “D”, which represents the range from highest to lowest quality of such securities rated. The ratings from “AA” to “C” may be modified by the addition

of a “(high)” or “(low)” modifier to show relative standing within the major rating categories. The absence of either a “(high)” or “(low)” designation indicates the rating is in the middle of the category. Each DBRS rating is appended with one of three rating trends – “Positive”, “Stable”, or “Negative”. The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in some cases, unless challenges are addressed; a positive or negative trend does not necessarily indicate that a rating change is imminent. The “A” rating is the third highest of the rating categories used by DBRS for long-term debt obligations behind “AAA” and “AA”. According to the DBRS rating system, an obligation rated “A” is good credit quality. The capacity for payment of financial obligations is substantial, but of lesser credit quality than “AA”. The obligor may be vulnerable to future events, but qualifying negative factors are considered manageable.

S&P’s credit ratings are on a long-term debt rating scale that ranges from “AAA” to “D”, which represents the range from highest to lowest quality of such securities rated. The ratings from “AA” to “CCC” may be modified by the addition of a “plus (+)” or “minus (-)” sign to show relative standing within the major rating categories. The “A” rating is the third highest of the rating categories used by S&P for long-term debt obligations behind “AAA” and “AA”. According to the S&P rating system, an obligation rated “A-” is somewhat more susceptible to the adverse effects of changes in circumstances and economic obligations than obligations in higher rated categories. However, the obligor’s capacity to meet its financial commitment on the obligations is still strong.

The Series 14 Shares have been assigned a provisional rating of “Pfd-2 (high)” with a “Stable” trend by DBRS and a provisional rating of “A-” by S&P, using S&P’s global debt rating scale.

A “Pfd-2 (high)” rating by DBRS is the highest of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated “Pfd-2 (high)” are generally of good credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as “Pfd-1” rated companies. Each category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category.

A “A-” rating by S&P is the lowest of three subcategories within the third highest of nine categories used by S&P in its global debt rating scale. According to the S&P rating system, preferred shares rated “A-” are somewhat more susceptible to the adverse effects of changes in circumstances and economic obligations than obligations in higher rated categories. However, the obligor’s capacity to meet its financial commitment on the obligations is still strong. S&P global debt rating scale ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Notes and the Series 14 Shares may not reflect the potential impact of all risks on the value of the Notes and the Series 14 Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

SLF has paid customary rating fees to DBRS and S&P in connection with the above-mentioned ratings and will pay customary rating fees to DBRS and S&P in connection with the confirmation of such ratings for purposes of the offering of the Notes. In addition, SLF has made customary payments in respect of certain other services provided to SLF by each of DBRS and S&P during the last two years.

## PLAN OF DISTRIBUTION

Under an agreement dated June 23, 2021 between the Agents and SLF (the “**Agency Agreement**”), the Agents have agreed to act as our agents to offer the Notes for sale to the public on a best efforts basis, if, as and when issued by SLF, subject to compliance with all necessary legal requirements and in accordance with the terms and conditions of the Agency Agreement. The offering price of the Notes was established by negotiation between SLF and the Agents. The Agents will receive a fee equal to \$10 for each \$1,000 principal amount of Notes sold.

The Series 14 Shares qualified by this prospectus supplement will be issued to the Limited Recourse Trustee. No underwriter has been involved in the offering of the Series 14 Shares qualified by this prospectus supplement. The offering price of the Series 14 Shares was established by SLF.

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to SLF that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to SLF and the Agent from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

The obligations of the Agents under the Agency Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. While the Agents have agreed to use their best efforts to sell the Notes offered under this prospectus supplement, the Agents will not be obligated to purchase any Notes which are not sold.

Each of the Agents has represented and agreed that it will not solicit offers to purchase or sell the Notes so as to require registration thereof or filing of a prospectus with respect thereto under the laws of any jurisdiction including, without limitation, the United States.

The Notes and the Series 14 Shares to be issued pursuant to this prospectus supplement have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person, except in certain transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws.

This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes or the Series 14 Shares within the United States. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes or the Series 14 Shares within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than reliance on an exemption from the registration requirements of the U.S. Securities Act.

In connection with the offering of Notes, the Agents may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

We may withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part (whether placed directly with us or through the Agents). Each Agent may, in its discretion reasonably exercised, reject in whole or in part any offer to purchase Notes received by it.

Neither the Notes nor the Series 14 Shares will be listed on any securities exchange and do not have an established trading market. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there is no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any market-making activity at any time.

## **RISK FACTORS**

An investment in the Notes (and Series 14 Shares upon delivery of the Corresponding Trust Assets) is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in the Notes, investors should consider carefully the risks relating to Sun Life and the other information in the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement. Prospective investors should consider the categories of risks identified

and discussed in SLF's annual information form dated February 10, 2021 and in the management's discussion and analysis of SLF for the year ended December 31, 2020 and the three months ended March 31, 2021, which are incorporated herein by reference, including credit risk, market risk, insurance risk, business and strategic risk, and liquidity risk.

The risks and uncertainties described below, in the prospectus and in the documents incorporated by reference are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of these risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Notes could decline and investors could lose all or part of their investment.

As an investment in the Notes may become an investment in Series 14 Shares in certain circumstances, potential investors in the Notes should also consider the risks set out herein regarding the Series 14 Shares and in the documents incorporated by reference herein and in the prospectus regarding our Class A Shares, in addition to the other risks set out herein regarding the Notes.

*The value of the Notes and Series 14 Shares will be affected by the general creditworthiness of SLF.*

The value of the Notes and Series 14 Shares will be affected by the general creditworthiness of SLF. Real or anticipated changes in credit ratings on the Notes or the Series 14 Shares may affect the market value of the Notes or the Series 14 Shares, respectively. No assurance can be given that any credit rating assigned to the Notes or the Series 14 Shares will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the insurance and wealth management products offered by us and could affect the cost at which we obtain funding, thereby affecting our liquidity, business, financial condition or results of operations.

*The market value of the Notes and the Series 14 Shares may fluctuate.*

Prevailing interest rates on similar debt instruments and yields on similar securities will affect the market value of the Notes and the Series 14 Shares, respectively. Assuming all other factors remain unchanged, the market value of the Notes and the Series 14 Shares would be expected to decline as prevailing interest rates for comparable debt instruments and yields for similar securities, as applicable, rise, and would be expected to increase as prevailing interest rates for comparable debt instruments and yields for similar securities, as applicable, decline.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Notes and the Series 14 Shares for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Notes and the Series 14 Shares. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect us and the market price of the Notes and the Series 14 Shares. Additionally, the value of the Notes and the Series 14 Shares is subject to market value fluctuations based upon factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

*We are subject to an extensive regulatory regime that is designed to protect policyholders and beneficiaries first and foremost, not shareholders.*

We are subject to extensive regulatory oversight in the jurisdictions in which we do business. These regulations are primarily intended to protect policyholders and beneficiaries first and foremost, not shareholders. Our business could be adversely affected by changes in applicable law or regulation or the interpretation or enforcement thereof.

The redemption or purchase by SLF of the Series 14 Shares is subject to the written approval of the Superintendent and other restrictions contained in the ICA. See "Description of Series 14 Shares — Redemption" and "Share Structure".

*A holder of Notes will have limited remedies.*

In the event of a non-payment by SLF of the principal amount of, interest on, or redemption price for, the Notes when due or the occurrence of an event of default, the sole remedy of holders of Notes shall be the delivery of the Corresponding Trust Assets. If the Corresponding Trust Assets consist of Series 14 Shares at the time such an event occurs, the Limited Recourse Trustee will deliver to each holder of Notes one Series 14 Share for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 14 Shares will exhaust all remedies of each holder of Notes against SLF for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. The market value of the Corresponding Trust Assets could be significantly less than the face value of the Notes. In the event that the value of the Corresponding Trust Assets delivered to holders of Notes is less than the principal amount of and any accrued and unpaid interest on, or the redemption price of, the Notes, all losses arising from such shortfall shall be borne by such holders and no claim may be made against SLF.

*The Notes will rank subordinate to all Policy Liabilities and all Higher Ranked Indebtedness in the event of our insolvency, dissolution or winding-up.*

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA and will therefore rank subordinate to our policy liabilities. If we become insolvent or are wound-up, the Notes will rank: (a) subordinate in right of payment to the prior payment in full of all Policy Liabilities and all Higher Ranked Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case from time to time outstanding, provided that in any such case, in case of SLF's non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of Notes shall be the delivery of the Corresponding Trust Assets. Except to the extent regulatory capital requirements affect our decisions or ability to issue subordinated or more senior debt, there is no limit on our ability to incur additional subordinated debt or more senior debt. For the avoidance of doubt, as a result of the limited recourse feature described in this prospectus supplement, the ranking of the Notes will not be relevant during insolvency proceedings or wind-up of SLF, since the Corresponding Trust Assets shall have been delivered to the holders of Notes, such delivery will have exhausted all remedies of such holders against SLF, and the Notes shall have ceased to be outstanding.

*The Series 14 Shares will be structurally subordinated to all existing and future liabilities of our subsidiaries.*

The Series 14 Shares are equity capital of SLF which rank equally with other Class A Shares in the event of an insolvency or winding-up of SLF. If SLF becomes insolvent or is wound-up, its assets must be used to satisfy outstanding indebtedness and other liabilities of SLF, including subordinated indebtedness of SLF, before payment may be made on the Series 14 Shares.

Our subsidiaries have no obligation to pay any amounts due on the Series 14 Shares. Furthermore, except to the extent SLF has a priority or equal claim against its subsidiaries as a creditor, the Series 14 Shares will be structurally subordinated to debt and preferred shares at the subsidiary level because, as the common shareholder of its subsidiaries, SLF will be subject to the prior claims of creditors of its subsidiaries. As a result, a holder of Series 14 Shares will not have any claim as a creditor against our subsidiaries. Accordingly, the Series 14 Shares are structurally subordinated to all liabilities of SLF's subsidiaries, including liabilities to policyholders and contract holders. Therefore, holders of Series 14 Shares should rely only on SLF's assets for payments on the shares. As of March 31, 2021, SLF's subsidiaries had \$3.8 billion of long-term debt and capital instruments.

*An investment in the Notes may become an investment in Series 14 Shares in certain circumstances.*

In the event of a Recourse Event, the sole remedy of holders of Notes will be the delivery of the Corresponding Trust Assets, which may comprise Series 14 Shares. Delivery of Corresponding Trust Assets to the holders of Notes shall be applied to the payment of the principal amount of the Notes and will exhaust the holders' remedies against SLF for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon when due and payable. As a result, you may become a holder of the Series 14 Shares at a time when our financial condition is deteriorating or when we have become insolvent or have been ordered to be wound-up or liquidated. In the event of our liquidation,

the claims of our policyholders and creditors (including holders of subordinated indebtedness) would be entitled to priority of payment over holders of Series 14 Shares. If we were to become insolvent or be ordered to be wound-up or liquidated after your investment in the Notes has become an investment in Series 14 Shares, you may receive, if anything, substantially less than you would have received as a holder of Notes.

*There is no market for the Notes or the Series 14 Shares.*

Neither the Notes nor the Series 14 Shares will be listed on any stock exchange or quotation system, consequently, there may be no market through which the Notes may be sold and purchasers may therefore be unable to resell such Notes or the Series 14 Shares. This may affect the pricing of the Notes and the Series 14 Shares in any secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the Series 14 Shares and the extent of issuer regulation. Each of the Agents may from time to time purchase and sell Notes in the secondary market or make a market for the Notes, but no Agent is obliged to do so and there can be no assurance as to a secondary market for the Notes, liquidity in any such market or any market making activities by any Agent.

*The market value of the Notes is subject to interest rate risk and the Notes may trade at a discount from their initial offering price.*

Future trading prices of the Notes will depend on many factors, including prevailing interest rates, foreign exchange movements, the market for similar securities, general economic conditions and SLF's financial condition, performance, prospects and other factors. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

Prevailing interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes would be expected to decline as prevailing interest rates for similar securities rise, and would be expected to increase as prevailing interest rates for similar securities decline. Spreads over the Government of Canada Yield and comparable benchmark rates of interest for similar securities will also affect the market value of the Notes and the Series 14 Shares in an analogous manner.

*The Series 14 Shares are non-cumulative and there is a risk SLF will be unable to pay dividends on the shares.*

The Series 14 Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Consolidated Capitalization", "Earnings Coverage" and "Share Structure" in this prospectus supplement, each of which is relevant to an assessment of the risk that SLF will be unable to pay dividends and any redemption price on the Series 14 Shares when due.

*Ranking of Series 14 Shares on insolvency, dissolution or winding-up.*

The Series 14 Shares are equity capital of SLF. The Series 14 Shares will rank equally with other Class A Shares in the event of an insolvency, dissolution or winding-up of SLF. If SLF becomes insolvent, is dissolved or is wound-up, SLF's assets must be used to pay policy liabilities and other debt, including subordinated debt, before payments may be made on the Series 14 Shares, if any, and other Class A Shares and the Class B Shares.

*The Notes may be affected by changes in law.*

The terms and conditions of the Notes are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein as at the date of the issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or administrative practice after the date of issue of the Notes.

*The interest rate in respect of the Notes will reset.*

The interest rate in respect of Notes will reset every five years. In each case, the new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the applicable preceding interest rate period.

*SLF may redeem the Notes in certain situations.*

SLF may elect to redeem the Notes, or the Notes may be automatically redeemed, without the consent of the holders of Notes in the circumstances described under “Description of the Notes – Redemption” and “Description of Series 14 Shares — Redemption.” If SLF redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at the time and consider potential uncertainty with respect to both the rate of interest payable on the Notes, which may fluctuate, and with respect to the length of the remaining term of the Notes, which will be dependent upon whether or not the Notes are redeemed prior to their maturity. SLF’s redemption right also may adversely impact a purchaser’s ability to sell Notes as an optional redemption period approaches.

*The dividend rate in respect of the Series 14 Shares will reset.*

The dividend rate in respect of Series 14 Shares will reset every five years. The new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

*SLF may redeem the Series 14 Shares at its option in certain situations.*

SLF may elect to redeem the Series 14 Shares without the consent of the holders of the Series 14 Shares in the circumstances described under “Description of Series 14 Shares – Redemption”. In addition, the redemption of Series 14 Shares is subject to the written approval of the Superintendent and other restrictions contained in the ICA and the regulations and guidelines thereunder, including OSFI’s LICAT Guideline, as may be amended from time to time. See “ICA Restrictions and Approvals” in the prospectus and “Description of Series 14 Shares – Restrictions on Dividends and Retirement of Shares” in this prospectus supplement. In the event of the redemption of the Series 14 Shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 14 Shares redeemed will be automatically redeemed.

*SLF reserves the right not to deliver Series 14 Shares to the holders of Notes.*

Upon a Recourse Event, SLF reserves the right not to (a) deliver some or all of the Series 14 Shares issuable thereupon to any person whom SLF or its transfer agent has reason to believe is an Ineligible Person or any person who, by virtue of that delivery, would become a Significant Shareholder, or (b) record in its securities register a transfer or issue of Series 14 Shares to any person whom SLF or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to SLF or its transfer agent by or on behalf of such person. In such circumstances, SLF will hold, as agent for such persons, the Series 14 Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Series 14 Shares to parties other than the Limited Recourse Trust or SLF and its affiliates on behalf of such persons through a registered dealer to be retained by SLF on behalf of such persons. Those sales (if any) may be made at any time and at any price as SLF (or its transfer agent or the indenture trustee as directed by SLF), in its sole discretion, may determine. None of SLF, its transfer agent or the indenture trustee will be subject to any liability for failure to sell such Series 14 Shares on behalf of such persons or at any particular price on any particular day.

*SLF has no limitation on issuing senior or pari passu securities; the Trust Indenture does not include any event risk protection.*

The Trust Indenture governing the Notes will not contain any financial covenants and will contain only limited restrictive covenants. In addition, the Trust Indenture will not limit SLF’s or its subsidiaries’ ability to incur additional indebtedness, issue or repurchase securities or engage in transactions with affiliates. SLF’s ability to incur additional indebtedness and use its funds for any purpose in SLF’s discretion may increase the risk that SLF may be unable to service its debt, including paying its obligations under the Notes. The Trust Indenture will also not contain any provision that would afford holders protection should SLF be involved in a highly leveraged change of control or similar transaction.



*The Notes are not covered by deposit insurance.*

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*. Therefore, you will not be entitled to insurance from the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

*Our holding company structure may adversely affect the ability of holders of Notes and Series 14 Shares to receive payments on the Notes and the Series 14 Shares.*

As a holding company, SLF depends primarily on the receipt of funds from its subsidiaries to pay shareholder dividends, interest payments and operating expenses. The source of these funds is primarily dividends and capital repayments that SLF receives from its subsidiaries. The inability of its subsidiaries to pay dividends or return capital in the future may materially impair SLF's ability to pay dividends, including on the Series 14 Shares, or to meet its other obligations, including with respect to the Notes. Substantially all of SLF's business is currently conducted through its subsidiaries, and SLF expects this to continue.

*The Series 14 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 14 Shares.*

The Series 14 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 14 Shares. The ability of a holder to liquidate its holdings of Series 14 Shares may be limited.

#### **TRANSFER AGENT AND REGISTRAR**

Computershare Trust Company of Canada will act as trustee, registrar and transfer agent for the Notes at its principal office in Toronto, Ontario. AST Trust Company (Canada) will act as transfer agent and registrar for the Series 14 Shares at its principal office in Toronto, Ontario.

#### **LEGAL MATTERS**

Certain legal matters relating to this offering will be passed upon by Torys LLP on behalf of SLF and by McCarthy Tétrault LLP on behalf of the Agents.

As of the date of this prospectus supplement, the partners and associates of Torys LLP, as a group, and McCarthy Tétrault LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of SLF.

**CERTIFICATE OF THE AGENTS**

Dated: June 24, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

BMO NESBITT BURNS INC.

TD SECURITIES INC.

By: (signed) “Andrew Franklin”

By: (signed) “Kris Somers”

By: (signed) “Greg McDonald”

CIBC WORLD  
MARKETS INC.

HSBC SECURITIES  
(CANADA) INC.

MERRILL LYNCH  
CANADA INC.

NATIONAL BANK  
FINANCIAL INC.

SCOTIA CAPITAL  
INC.

By: (signed) “Amber  
Choudhry”

By: (signed) “Bradley  
D. Meiers”

By: (signed) “Jonathan  
Amar”

By: (signed) “Tushar  
Kittur”

By: (signed) “Michal  
Cegielski”