

SUN LIFE FINANCIAL INC. AND SUN LIFE ASSURANCE COMPANY OF CANADA (TOGETHER, "SUN LIFE")

Charter of the Risk Committee

The Risk Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") whose primary functions are to assist the Board with oversight of (i) current and emerging risks enterprise-wide, and (ii) the Risk Management function, to ensure that management has in place programs, policies, processes and controls designed to identify and effectively manage the significant risks to which Sun Life is exposed and has sufficient capital to underpin those risks. It reviews and approves all risk management frameworks and policies and reviews compliance with those frameworks and policies. In addition, where the Board has delegated risk oversight to other committees of the Board, the Committee provides the Board with an integrated view of oversight of risk management across all Board committees. The Committee regularly monitors Sun Life's risk profile to ensure it is within the agreed risk appetite and that Sun Life's capital position exceeds regulatory capital requirements, and monitors and recommends to the Board for approval, the specific risk limits allocated to the businesses and the annual Capital Plan.

1. Duties and Responsibilities

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

1.1 Oversight of Risk Management

- a) Reviews reports from first and second-line management identifying the key current and emerging risks facing the business activities of Sun Life and the processes to identify, measure and mitigate those risks.
- b) Oversees management's evolving program of (i) assessing uncertainties (where outcomes and their probabilities are unknown), (ii) the interconnectedness between various risks and uncertainties and (iii) the implementation of mitigating actions to support increasing resiliency in complex scenarios and during strategy changes.
- c) Reviews reports from Internal Audit on the effectiveness of risk controls within the business and risk function.
- d) Reviews the risk profile of the organization against risk appetite quarterly.
- e) Reviews the inherent and residual risks of potential changes to Sun Life's strategy and at the request of the Chair of the Committee, reviews risks of material transactions that are being proposed by Sun Life.
- f) Reviews management's incorporation of a view of risks into its capital management and business decision-making processes.
- g) Reviews periodic and *ad hoc* stress testing and risk monitoring programs and receives regular reports on risk monitoring activities, including those related to Sun Life's Risk Management Framework and risk appetite.
- h) Reviews at least annually and makes recommendations to the Board on the approval of Sun Life's Risk Management Framework and Risk Appetite Policy, approves changes to the related schedule of risk limits as considered appropriate and requires management to ensure that the Risk Appetite Policy is appropriately considered in business planning and related activities.
- i) Reviews and approves the frameworks and policies implemented for the management and control of risk (the "Consolidated Risk Management Policies") at least every three years as well as any significant changes to the Consolidated Risk Management Policies as and when they are proposed by management, and:
 - i. reviews, at least annually, the adequacy of and compliance with the Consolidated Risk Management Policies; and

- ii. reviews and agrees on actions related to breaches of the Consolidated Risk Management Policies, as required.
- j) Reviews and approves exceptions or exemptions to certain limits in the Investment and Credit Risk Management Policy, subject to management's prior consultation with the Chair of the Governance Committee.
- k) Reviews key risk disclosures included in the Annual Information Form, the annual consolidated financial statements and accompanying notes, and annual management's discussion and analysis.
- l) Oversees risk management activities of the Corporation's subsidiaries and joint ventures under the Corporation's management control and risk posed to Sun Life through its other joint ventures.
- m) Reviews matters within its mandate that are addressed in the regular examination and similar reports received from regulatory agencies, including management's responses and recommendations.

1.2 Oversight of Capital, Liquidity and Treasury Management

- a) Reviews compliance with regulatory requirements with respect to capital at least quarterly and requires management to identify and review with the Committee capital market trends, strategies to manage those trends, rating actions from rating agencies, and Sun Life's capital structure.
- b) Reviews at least annually and makes recommendations to the Board on the approval of Sun Life's Capital and Liquidity Management Framework and Capital Risk Policy.
- c) Reviews and discusses with management the Own Risk and Solvency Assessment ("ORSA"), the results of annual Financial Condition Testing and provides input on the scenarios to be tested, and in conjunction with its review of the annual ORSA report, reviews and recommends to the Board approval of internal and operating capital targets.
- d) Reviews and recommends to the Board approval of the annual Capital Plan and receives reports at least quarterly on performance against the Capital Plan and internal capital targets.
- e) Reviews quarterly the liquidity position of Sun Life and that it is within the agreed upon risk appetite.
- f) Reviews and recommends to the Board approval of dividend payments, the initiation/renewal of the normal course issuer bid/share buyback program, and capital issuances and redemptions.

1.3 Resourcing and Talent

- a) Reviews, at least annually, and approves changes to the statement of mandate, responsibility and authority of the Chief Risk Officer and the organizational structure of the Risk Management function.
- b) Reviews, at least annually, the adequacy of the authority, independence, and resources of the Chief Risk Officer.
- c) Approves the objectives and reviews the effectiveness of the Chief Risk Officer and Risk Management function annually.
- d) Reviews, at least annually, succession plan for the role of Chief Risk Officer.
- e) Is consulted, through the Chair of the Committee, in collaboration with senior management, in advance of any appointment, reassignment, replacement, or dismissal of the Chief Risk Officer, including to determine the qualifications and competencies required for the role, and reviews annually the performance assessments of that individual.
- f) Requires the Chief Risk Officer to report on any material disagreements with other members of senior management relating to the business, and reviews how such matters are being addressed.

2. Composition and Procedures

2.1 Membership

- a) The Committee is composed of not less than three directors, including the Committee Chair, appointed by the Board on an annual basis following each annual meeting.
- b) Each member of the Committee shall be independent as defined in the Director Independence Policy.
- c) The Governance Committee reviews Committee membership annually to ensure the Committee as a whole includes members with the competencies, experience and expertise required to fulfill the Committee's mandate. The Committee will include members who are literate in risk management and actuarial matters.
- d) Any member of the Committee may be removed or replaced at any time by the Board and the Board shall fill vacancies on the Committee.

2.2 Meetings and Procedures

- a) A meeting of the Committee may be called at any time by the Chair of the Board, by the Committee Chair, by any member of the Committee, or by the Chief Risk Officer.
- b) The Committee meets as frequently as necessary, but not less than four times a year.
- c) A quorum at any meeting of the Committee shall be three members.
- d) The Chair of the Committee reports to the Board after each Committee meeting.
- e) The Committee holds a private session at each meeting of the Committee for members only, and at each regularly scheduled meeting with the Chief Risk Officer, and that individual has unrestricted access to Committee members between meetings.
- f) The Committee will review its Forward Agenda, as required, and on an annual basis, the Committee will review this Charter and, where necessary, recommend changes to the Board for approval.
- g) The Committee will review the minutes and list of follow up items of each Committee meeting.
- h) This Charter will be posted on Sun Life's website and the Committee will prepare a report on its activities for inclusion in the annual Proxy Circular.
- i) The Committee shall undertake and review with the Board an annual performance evaluation of the Committee and the Committee Chair.

3. Access to Management and Independent Advisors

The Committee:

- a) Has full and unrestricted access to management and, in consultation with the Chair of the Board, may engage any special advisors it deems necessary to provide independent advice at the expense of Sun Life.
- b) Establishes the scope and frequency of the independent reviews of the Risk Management function, including independent review of the risk governance framework and determines whether any special advisors are engaged to conduct such independent reviews.
- c) Reviews the results of any independent reviews of the Risk function conducted at the request of the Committee.