



SUN LIFE FINANCIAL INC.

AND

SUN LIFE ASSURANCE COMPANY OF CANADA ("THE CORPORATION")

CHARTER OF THE RISK & CONDUCT REVIEW COMMITTEE

Purpose

The Risk & Conduct Review Committee (the "Committee") is a standing committee of the Board of Directors (the "Board") whose primary functions are to assist the Board with its oversight role by:

1. Providing oversight of the management of current and emerging risks enterprise-wide, and of the risk management function to ensure that management has in place policies, processes and controls designed to identify and effectively manage the significant risks to which the Corporation is exposed and has sufficient capital to underpin those risks.
2. Regularly monitoring that the risk profile is within the agreed risk appetite of the Corporation and that the Corporation's capital exceeds regulatory capital requirements; and monitoring and recommending to the Board for approval, the annual Capital Plan.
3. Regularly monitoring the liquidity position of the Corporation and that it is within the agreed upon risk appetite.
4. Providing oversight of the inherent and residual risks of potential changes to the Corporation's strategy and material transactions that are being proposed by the Corporation.
5. Overseeing risk management activities of our subsidiaries and joint ventures under the Corporation's management control and risk posed to the Corporation through its joint ventures.
6. Reviewing and approving all risk management policies and reviewing compliance with those policies.
7. Providing the Board with an integrated view of oversight of all risk management programs across all Board Committees, where the Board has allocated oversight of specific risk management programs to other Board Committees.
8. Overseeing compliance with legal and regulatory requirements and the identification and management of compliance risk.
9. Meeting with the senior business and functional leaders who have first hand knowledge of risks and the risk and compliance management programs, overseeing the effectiveness of the risk management function and obtaining reports from Internal Audit on the effectiveness of risk and compliance controls within the business and risk function.

Membership

The Committee is composed of not less than three Directors, including a Committee Chair, appointed by the Board on an annual basis following each annual meeting. Each member of

the Committee shall be independent as defined in the Director Independence Policy. Committee membership is reviewed annually by the Governance, Nomination & Investment Committee to ensure the Committee as a whole includes members with the experience and expertise required to fulfill the Committee's mandate. The Committee will include members who are literate in risk management and actuarial matters.

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.

Structure and Operations

A meeting of the Committee may be called at any time by the Chairman of the Board (the "Chairman"), by the Committee Chair, by any member of the Committee, or by the Chief Risk Officer. The Committee meets as frequently as necessary, but not less than four times a year. A quorum at any meeting of the Committee shall be three members.

The Chair of the Committee is consulted in advance in connection with the appointment, reassignment, replacement or dismissal of the Chief Risk Officer, Chief Credit Risk Officer and Chief Compliance Officer, and annually on the performance assessments and compensation awarded to those individuals.

The Committee holds a private session at each regularly scheduled meeting with the Chief Risk Officer and Chief Compliance Officer and as appropriate with the Chief Credit Risk Officer. Those individuals have unrestricted access to Committee members between meetings. The Committee holds a private session at each meeting of the Committee for members only. The Committee has full access to the Corporation's records and information and, in consultation with the Chairman, may engage any special advisors it deems necessary to provide independent advice at the expense of the Corporation.

On an annual basis, the Committee will review this Charter and the Forward Agenda for the Committee and, where necessary, recommend changes to the Board for approval. This Charter will be posted on the Corporation's website and the Committee will prepare a report on its activities for inclusion in the annual meeting proxy material. The Committee shall undertake and review with the Board an annual performance evaluation of the Committee.

Duties and Responsibilities of the Committee

Oversight of Risk Management

1. Reviews the risk profile of the organization against risk appetite at least quarterly.
2. Reviews reports from first and second line management identifying the key current and emerging risks facing the business activities of the Corporation and the processes to identify, measure and mitigate those risks.
3. Considers emerging industry and regulatory risk management issues and the possible impact on the Corporation.
4. Reviews the results of annual Financial Condition Testing and periodic ad hoc stress testing, and provides input on the scenarios to be tested.
5. Reviews the inherent and residual risks of potential changes to the Corporation's strategy and material transactions that are being proposed by the Corporation.

6. Reviews management's incorporation of a view of risks into its capital management and business decision-making processes.
7. Reviews and discusses with management the Own Risk and Solvency Assessment ("ORSA") as well as any changes to the ORSA.
8. Reviews at least annually and makes recommendations to the Board on the approval of the Corporation's Risk Management Framework, Capital Management and Liquidity Framework, Capital Risk Policy and Risk Appetite Policy, and approves changes to the related schedule of risk limits as considered appropriate.
9. Requires management to ensure that the Risk Appetite Policy is appropriately considered in business planning and related activities.
10. Reviews and approves at least every three years the Corporation's Policy Governance Framework.
11. Reviews and approves at least every three years the policies implemented for the management and control of risk, including investment risk and capital risk (the "Consolidated Risk Management Policies"), and reviews and approves any significant changes to the Consolidated Risk Management Policies as and when they are proposed by management. Reviews, at least annually, the adequacy of and compliance with the Consolidated Risk Management Policies and periodically seeks assurances from management on the effectiveness of risk management practices and controls.
12. Reviews risk monitoring programs and receives regular reports on risk monitoring activities, including those related to risk appetite, investment risk, asset liability management risk, insurance risk, operational risk and product risk.
13. Reviews and agrees on actions related to breaches of the Consolidated Risk Management Policies, as required.
14. Reviews and approves exceptions or exemptions to certain limits in the Investment and Credit Risk Management Policy where the acquisition of individual investments for the General Account would, on their own, exceed certain limits in the Investment and Credit Risk Management Policy, as outlined therein, such review and approval being subject to management's prior consultation with the Chair of the Governance, Nomination and Investment Committee.

Oversight of Compliance

15. Reviews at least annually changes to policies or programs that provide for the monitoring of compliance with legal and regulatory requirements, including the regulatory compliance management system.
16. Reviews at least annually and approves the Compliance Plan.
17. Reviews at least annually the adequacy of and compliance with enterprise-wide policies for the management and mitigation of compliance risk, including risks associated with money laundering, terrorist financing, market conduct, bribery and corruption.
18. Reviews quarterly compliance reports with respect to, among other things, compliance trends and themes on an enterprise-wide basis, regulatory reviews and the Corporation's compliance risks and programs.

19. Reviews the effectiveness of procedures for complying with anti-money laundering and suppression of terrorism laws and regulations worldwide, including the annual Internal Audit Report on Anti-Money Laundering and Anti-Terrorist Financing Programs.
20. Reviews processes for disclosure of information to clients about the Corporation's procedures and the effectiveness of and compliance with those disclosure procedures, as set out in the Annual Report of the Ombudsman on the Canadian Complaint Handling Procedures.
21. Approves procedures established to administer the Code of Business Conduct, including the handling of anonymous employee submissions with respect to concerns regarding the Code and other matters.

Conduct Review

22. Requires management to establish procedures for complying with the self-dealing provisions contained in the Insurance Companies Act (Canada) (the "Act").
23. Reviews the procedures established by management and their effectiveness in ensuring compliance with the self-dealing provisions.
24. Reviews any related party transactions for which approval of the Board is required under the Act.
25. Reviews the practices of the Corporation to ensure that any transactions with related parties of the Corporation that may have a material effect on the stability or solvency of the Corporation are identified.
26. Reports to the Superintendent of Financial Institutions on its mandate and responsibilities respecting conduct review and the procedures referred to above.

Resourcing and Talent

27. Reviews and approves the organizational structure of the Risk Management and Compliance functions on an annual basis.
28. Reviews, at least annually, and approves changes to the statements of mandate, responsibility and authority of the Chief Risk Officer, Chief Credit Risk Officer and Chief Compliance Officer.
29. Reviews, at least annually, the adequacy of the authority, independence and resources of the Chief Risk Officer, Chief Credit Risk Officer and Chief Compliance Officer.
30. Ensures that independent reviews of the Risk Management and Compliance functions, including independent reviews of the risk governance framework, are conducted as needed.
31. At least annually, approve the objectives of the Chief Risk Officer, Chief Credit Risk Officer and the Chief Compliance Officer, and review the effectiveness of the Risk Management and Compliance functions.
32. Reviews succession plans for the roles of Chief Risk Officer, Chief Credit Risk Officer and Chief Compliance Officer.
33. Requires the Chief Risk Officer, Chief Credit Risk Officer and Chief Compliance 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.

34. 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.
35. Reviews key risk disclosure documents received from management including risk disclosure in the Annual Information Form and the annual consolidated financial statements.

Oversight of Capital, Liquidity and Treasury Management

36. Reviews compliance with regulatory requirements with respect to capital at least quarterly.
37. Reviews and recommends to the Board approval of the annual Capital Plan.
38. In conjunction with its review of the Capital Risk Policy, reviews at least annually and recommends to the Board approval of target internal capital ratios.
39. Receives reports at least quarterly on performance against the Capital Plan and target internal capital ratios.
40. Reviews quarterly the liquidity position of the Corporation and that it is within the agreed upon risk appetite.
41. Requires management to identify and review with the Committee capital market trends, strategies to manage those trends, and the Corporation's capital structure.
42. Reviews and recommends to the Board approval of dividend payments.
43. Reviews and recommends to the Board approval of capital issuances and redemptions.
44. Receives reports on meetings with rating agencies.

Other

45. Performs such other duties and exercises such other powers as may, from time to time, be assigned to or vested in the Committee by the Board.