

*This pricing supplement, together with the prospectus supplement dated March 28, 2019 and the short form base shelf prospectus dated March 28, 2019 to which it relates, as amended or supplemented, and each document incorporated by reference into the short form base shelf prospectus and the prospectus supplement, 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. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

*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"), and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or for the account or benefit of U.S. persons (as defined in Regulation S under the U.S. Securities Act).*



## SUN LIFE FINANCIAL INC.

### **Pricing Supplement 1 Dated August 7, 2019**

(to the short form base shelf prospectus of Sun Life Financial Inc. ("**SLF**") dated March 28, 2019 as supplemented by the prospectus supplement of SLF dated March 28, 2019 (collectively, the "**Prospectus**")).

**\$750,000,000**

### **SERIES 2019-1 SUBORDINATED UNSECURED 2.38% FIXED/FLOATING DEBENTURES DUE 2029**

The \$750,000,000 principal amount of Series 2019-1 Subordinated Unsecured 2.38% Fixed/Floating Debentures due 2029 (the "**Debentures**") will be issued under a trust indenture dated as of November 23, 2005, as supplemented by a seventeenth supplemental indenture to be dated as of the closing date (together, the "**Trust Indenture**"), between SLF and BNY Trust Company of Canada, as successor indenture trustee (the "**Trustee**").

The following is a summary of certain of the material attributes and characteristics of the Debentures offered hereby, which does not purport to be complete and is qualified in its entirety by reference to the Trust Indenture. Reference is made to the Prospectus for a summary of the other material attributes and characteristics applicable to the Debentures and reference is made to the Trust Indenture for the full text of such attributes and characteristics.

Issuer:	Sun Life Financial Inc.
Designation:	Series 2019-1 Subordinated Unsecured 2.38% Fixed/Floating Debentures due 2029.
Principal Amount:	\$750,000,000 aggregate principal amount of Debentures.
Issue Price:	\$999.95 per \$1,000 principal amount of Debentures.
Issue Date:	August 13, 2019.
Delivery Date:	August 13, 2019.
Maturity Date:	The Debentures will mature on August 13, 2029.
Interest:	Each Debenture will bear interest (i) during the period from the closing date of this offering to, but excluding, August 13, 2024, at a fixed annual rate of 2.38%, payable in equal semi-annual instalments on February 13 and August 13 in each year, with the first payment of interest due on February 13, 2020 and the last payment of interest due on August 13, 2024, and (ii) from August 13, 2024 to, but excluding, the Maturity Date of the Debentures, at a variable rate equal to 3-month CDOR plus 0.85%, payable quarterly on February 13, May 13, August 13 and November 13 in each year beginning on November 13, 2024. The Debentures will mature on the Maturity Date.
Yield:	<b>The effective yield of the Debentures, if held to August 13, 2024, will be 2.381%.</b>

**Thereafter the effective yield will fluctuate with the interest rate.**

- Denominations: Debentures will be available in denominations of \$1,000 and integral multiples thereof.
- Redemption: At its option, and subject to prior approval of the Superintendent, SLF may redeem the Debentures, in whole or in part, on or after August 13, 2024 at a redemption price equal to par, together with accrued and unpaid interest to, but excluding, the date fixed for the redemption. Any Debentures redeemed on or after August 13, 2024 must be redeemed on an interest payment date. SLF will give notice of redemption at least 30 days but not more than 60 days before the date fixed for redemption. Where less than all of the Debentures are to be redeemed, the Debentures to be redeemed will be selected by lot by the Trustee or redeemed on a proportionate basis according to the principal amount of Debentures registered in the respective name of each holder of Debentures or in such other manner as the Trustee may consider equitable.
- Defeasance: On or after August 13, 2024, subject to the prior approval of the Superintendent, SLF may exercise its option under the Trust Indenture to have the Trustee release it from its obligations under the Trust Indenture with respect to all outstanding Debentures, including its obligation to make payments, provided that: (i) the Trustee is satisfied that SLF has deposited with it funds or governmental securities sufficient for payment of all amounts due or to become due in respect of the Debentures; (ii) no Event of Default under the Trust Indenture has occurred and is continuing; and (iii) the other conditions specified in the Trust Indenture have been met.
- Rank: The Debentures will be direct, unsecured subordinated obligations of SLF constituting subordinated indebtedness for the purpose of the *Insurance Companies Act* (Canada), ranking equally and rateably with all other subordinated unsecured indebtedness of SLF from time to time issued and outstanding, other than subordinated indebtedness of SLF that, by its terms, ranks subordinate to the Debentures. The Debentures will rank among themselves equally and rateably without preference or priority. The Trust Indenture will provide that in the event of the insolvency or winding-up of SLF, the indebtedness evidenced by the Debentures will be subordinate in right of payment to all other liabilities of SLF (including senior indebtedness and policy holder liabilities of SLF, if any), except those other liabilities that, by their terms, rank equally with or are subordinate to the Debentures.
- Upon any distribution of assets of SLF resulting from any dissolution, winding-up, liquidation or reorganization, payments on the Debentures will be subordinated to the extent provided in the Trust Indenture in right of payment to the prior payment in full of all senior indebtedness of SLF, but the obligation of SLF to make payments on the Debentures will not otherwise be affected except as described below. SLF may not make any payment on the Debentures at any time when there is a default in respect of or under the terms of its senior indebtedness. Because the Debentures are subordinated in right of payment to any senior indebtedness of SLF, in the event of a distribution of assets upon insolvency of SLF, some creditors of SLF may recover more, rateably, than holders of Debentures. Holders of Debentures will be subrogated to the rights of holders of senior indebtedness of SLF, to the extent of payments made on senior indebtedness of SLF, upon any distribution of assets in any proceedings in respect of Debentures.
- Form of Debentures: The Debentures will be issued in the form of a global certificate registered in the name of “CDS & Co.”
- ISIN/CUSIP: CA86682ZAL00/86682ZAL0.
- Credit Ratings: The Debentures have been rated A (low) by DBRS Limited (“**DBRS**”) and A by Standard & Poor’s, a division of The McGraw Hill Companies Inc. (“**S&P**”). A

credit rating generally provides an indication of the creditworthiness of the borrower or the risk that the borrower will not fulfill its obligations in a timely manner to pay both interest and principal on the indebtedness that is the subject of the rating. Rating categories range from highest credit quality (generally “AAA”) to very highly speculative (generally “C”).

For DBRS, a credit rating of “A” is an indication of good credit quality and is the third highest of the rating categories used by DBRS for long-term debt obligations. DBRS uses a “(high)” or “(low)” modifier to indicate relative strength within a rating category, with the absence of such a modifier indicating a rating in the middle of a category. For S&P, a rating of “A” is an indication that the borrower’s capacity to meet its financial commitments on its obligations is strong and is the third highest of the rating categories used by S&P for long-term debt obligations, with the addition of a plus “+” or minus “-” sign showing relative standing within a particular rating category.

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 any particular securities for any particular investor. The credit rating assigned to the Debentures is not a recommendation to purchase, hold or sell the Debentures. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings and any recent actions concerning the ratings. Ratings may be revised or withdrawn at any time by the respective rating organization.

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 rating for purposes of this offering. 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.

Agents: RBC Dominion Securities Inc., CIBC World Markets Inc., HSBC Securities (Canada) Inc., BMO Nesbitt Burns Inc., Merrill Lynch Canada Inc., National Bank Financial Inc., Scotia Capital Inc. and TD Securities Inc.

Agents’ Fee: \$3.50 per \$1,000 principal amount of Debentures for a total of \$2,625,000.

Use of Proceeds: The total net proceeds from the offering of Debentures will amount to approximately \$746,137,500 after deducting the Agents’ fee and estimated expenses of this offering. SLF intends to use an amount equal to the net proceeds of the sale of the Debentures to finance or refinance, in whole or in part, new and/or existing Eligible Assets (as defined in SLF’s Sustainability Bond Framework dated March 2019 (the “**SLF Sustainability Bond Framework**”)). See “SLF Sustainability Bond Framework” below.

Method of Distribution: Agency.

	<u>Price to the Public</u>	<u>Agents’ Fee<sup>(1)</sup></u>	<u>Net Proceeds to SLF<sup>(2)</sup></u>
Per \$1,000 principal amount of the Debentures.....	\$999.95	\$3.50	\$996.45
Total .....	\$749,962,500	\$2,625,000	\$747,337,500

<sup>(1)</sup> SLF has agreed to pay the Agents a fee equal to \$3.50 for each \$1,000 principal amount of the Debentures sold.

<sup>(2)</sup> Before deduction of expenses of the offering payable by SLF estimated to be \$1,200,000, which together with the Agents’ fee will be paid from the proceeds of the offering.

## SLF SUSTAINABILITY BOND FRAMEWORK

### Overview

Sun Life, its subsidiaries and, where applicable, its joint ventures and associates (collectively, “**Sun Life**”) are committed to the principle of sustainability in conducting its business. Sun Life defines sustainability as taking accountability for its social, environmental, economic and governance impacts, risks and opportunities, in ways that help to ensure Sun Life’s long-term ability to deliver value to its clients, employees, shareholders and communities.

The Debentures are being issued as “sustainability bonds” under the SLF Sustainability Bond Framework (“**Sustainability Bonds**”). By issuing Sustainability Bonds, SLF is demonstrating its commitment to embed sustainability into its business while contributing positively to society and advancing technologies that enable the transition to a lower-carbon economy.

For the purpose of issuing Sustainability Bonds, SLF has developed the following SLF Sustainability Bond Framework, which addresses the four core components of the International Capital Markets Association (“**ICMA**”) Green Bond Principles (the “**Green Bond Principles**”), the ICMA Social Bond Principles (the “**Social Bond Principles**”) and the ICMA Sustainability Bond Guidelines (the “**Sustainability Bond Guidelines**”)<sup>1</sup> and their recommendations on the use of external reviews and impact reporting:

1. Use of proceeds;
2. Project selection and evaluation process;
3. Management of proceeds; and
4. Reporting.

### Use of Proceeds

An amount equal to the proceeds of each Sustainability Bond will be used to finance or re-finance, in part or in full, new and/or existing green or social assets within SLF’s general account that meet the eligibility criteria outlined below (the “**Eligible Assets**”). Eligible Assets include existing green or social assets funded up to 24 months prior to the Sustainability Bond issuance date and new green or social assets acquired post issuance. It is SLF’s intention to fully allocate the net proceeds of a Sustainability Bond within 18 months of its issuance.

### Eligibility Criteria

<b>Eligible Category per the Green Bond Principles and the Social Bond Principles</b>	<b>Eligibility Criteria</b>
Renewable Energy	Investments in facilities and equipment dedicated to generation, transmission and distribution of energy from renewable sources, including:  i. wind;  ii. solar;

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<sup>1</sup> The Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines were created by the ICMA and updated in June 2018. According to the ICMA’s website, (i) the Green Bond Principles are “voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond” and (ii) the Social Bond Principles “promote integrity in the Social Bond market through guidelines that recommend transparency, disclosure and reporting”.

	<ul style="list-style-type: none"> <li>iii. geothermal;</li> <li>iv. hydro (run of river, under 25 Mega Watts, upgrades of existing facilities or other hydro facilities subject to an environmental, social and governance (“ESG”) assessment<sup>2</sup>); and</li> <li>v. biomass (waste or other non-food feedstock that does not deplete existing terrestrial carbon pools).</li> </ul>
Energy Efficiency	<p>Investments in facilities and equipment that reduce energy consumption or improve the efficiency of resources, including:</p> <ul style="list-style-type: none"> <li>i. installation of energy heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment;</li> <li>ii. systems for capture and recycling of waste heat, such as district heating and heat recovery;</li> <li>iii. projects that improve efficiency in the delivery of bulk energy services such as energy storage, smart grids and demand response; and</li> <li>iv. projects that enable monitoring and optimization of the amount and timing of energy consumption, such as smart meters, load control systems, sensors or building information systems.</li> </ul>
Green Buildings	<p>Investments in new or existing commercial or residential buildings that have received, or expect to receive based on its design, construction and operational plans, certification according to third party verified green building standards, or energy ratings such as:</p> <ul style="list-style-type: none"> <li>i. LEED (Platinum or Gold standard); and</li> <li>ii. other equivalent certification schemes, such as BOMA BEST and ENERGY STAR.</li> </ul>
Clean Transportation	<p>Investments in sustainable and efficient transit infrastructure, including:</p> <ul style="list-style-type: none"> <li>i. rolling stock, infrastructure and vehicles for fully electric or non-motorized public transport; and</li> <li>ii. infrastructure dedicated to mass public transportation.</li> </ul>
Sustainable Water Management	<p>Investments in facilities and equipment that reduce water consumption or improve the efficiency of resources, including:</p> <ul style="list-style-type: none"> <li>i. installation of water efficient products or technologies or xeriscaping/drought-tolerant landscaping;</li> <li>ii. projects for collection, treatment, recycling or reuse of water, rainwater or waste water; and</li> <li>iii. infrastructure for flood prevention, flood defense or storm-water management.</li> </ul>
Access to Essential Services	<p>Investments in facilities and equipment that enhance access to public, not-for-profit, free or subsidized essential services, including:</p>

<sup>2</sup> To determine if other hydroelectricity facilities greater than 25 Mega Watts constitute an Eligible Asset, SLF assesses the investment relative to its ESG framework. This ESG assessment includes the location, size and any other relevant environmental and social risk factors related to the hydroelectricity facility. SLF’s ESG assessment is subject to review by a qualified third party.

	<ul style="list-style-type: none"> <li>i. infrastructure for hospitals, laboratories, clinics, healthcare, childcare and elder care centers; and</li> <li>ii. infrastructure for the provision of child, youth or adult education and vocational training services.</li> </ul>
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**Project Selection and Evaluation Process**

SLF has established a sustainability bond council (the “**Sustainability Bond Council**”), comprising members of senior management, which is responsible for the ultimate review and selection of assets that will qualify as Eligible Assets, to which the net proceeds of each Sustainability Bond will be allocated.

SLF’s investment team identifies existing and future green or social assets, which meet its sustainable investment approach and proposes them to the Sustainability Bond Council for review and confirmation in accordance with the Eligibility Criteria described above.

To evaluate the eligibility of social assets, the Sustainability Bond Council considers the assets’ potential positive social outcomes for target populations (such as low-income or marginalized communities and vulnerable groups) as well as the general public.

**Management of Proceeds**

SLF will establish a sustainability bond register (the “**Sustainability Bond Register**”) in relation to Sustainability Bonds issued by SLF for the purpose of recording the Eligible Assets and the allocation of an amount equal to the net proceeds from Sustainability Bonds to Eligible Assets. The Sustainability Bond Register will contain relevant information to identify each Sustainability Bond and the Eligible Assets relating to it and will form the basis of SLF’s Sustainability Bond report.

SLF’s treasury team will maintain and update the Sustainability Bond Register, which will be reviewed quarterly by the Sustainability Bond Council.

It is SLF’s intention to maintain an aggregate amount of Eligible Assets that is at least equal to the aggregate net proceeds of all Sustainability Bonds that are concurrently outstanding. However, there may be periods when a sufficient aggregate amount of Eligible Assets have not yet been allocated to fully cover the net proceeds of all outstanding Sustainability Bonds, either as the result of changes in the composition of SLF’s green or social assets or the issue of additional Sustainability Bonds. Any portion of the net proceeds of Sustainability Bonds that have not been allocated to Eligible Assets in the Sustainability Bond Register will be managed in accordance with SLF’s normal liquidity activities.

Payment of principal and interest on any Sustainability Bond issuance will be made from SLF’s general funds and will not be directly linked to the performance of any Eligible Asset.

**Reporting**

Within one year of the issuance of a Sustainability Bond and as long as there are outstanding Sustainability Bonds issued under the SLF Sustainability Bond Framework, SLF will publish a report on its website. The Sustainability Bond report will be updated every year until allocation is complete, and thereafter, as necessary, in case of new developments.

Where possible, SLF will provide further information and examples of eligible businesses and projects financed by a Sustainability Bond. Where feasible, this may include qualitative and (if reasonably practicable) quantitative environmental and social performance indicators. In all cases, information with respect to borrowers and their businesses and projects will be subject to permitted disclosure in accordance with relevant confidentiality agreements and competition issues.

**External Review**

SLF has obtained an independent second party opinion dated March 2019 (the “**Second Party Opinion**”) from an outside independent consultant (“**Sustainalytics**”) on the SLF Sustainability Bond Framework’s alignment with the Sustainability Bond Guidelines. The Second Party Opinion is available on SLF’s website.

Prior to the first anniversary of the issuance of a Sustainability Bond, SLF will request a qualified independent external reviewer to review the green or social assets linked to the Sustainability Bond proceeds, in order to assess compliance with the SLF Sustainability Bond Framework. This review will be carried out annually until the full allocation of an amount equal to the net proceeds from the Sustainability Bond. SLF will post the external review on its website. In the unlikely event that the annual review identifies allocations to projects that do not comply with the SLF Sustainability Bond Framework, SLF will allocate the corresponding amounts to different assets that comply with the SLF Sustainability Bond Framework.

## **RISK FACTORS**

There are risks associated with an investment in the Debentures. In addition to the risk described below, reference is made to the section entitled “Risk Factors” in the prospectus supplement of SLF dated March 28, 2019.

***The Debentures may not be a suitable investment for all investors seeking exposure to green and social assets.***

No assurance is given by SLF that the Eligible Assets will meet investor criteria and expectations regarding environmental impact and sustainability performance. In particular, no assurance is given by SLF that any such Eligible Assets will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by their own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of the Eligible Assets). None of the Agents is responsible for any assessment of Eligible Assets nor the management of the proceeds from the offering of the Debentures. Adverse environmental or social impacts may occur during the design, construction and operation of the assets or the assets may become controversial or criticized by activist groups or other stakeholders.

The Second Party Opinion is not incorporated into, and does not form part of, this Pricing Supplement. Neither SLF nor the Agents make any representation as to the suitability of the Second Party Opinion. The Second Party Opinion is not a recommendation to buy, sell or hold securities and is for information purposes only. Sustainalytics does not accept any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided therein.

SLF has agreed to certain use of proceeds and reporting obligations as described under the sections “Use of Proceeds” and “SLF Sustainability Bond Framework”, respectively; however, it will not be an event of default under the Debentures if SLF fails to comply with such obligations. A withdrawal of the Second Party Opinion may affect the value of the Debentures and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

## **DOCUMENTS INCORPORATED BY REFERENCE**

This Pricing Supplement is deemed to be incorporated by reference, as of the date hereof, into the accompanying Prospectus solely for the purpose of the offering of the Debentures.

The following documents, filed by SLF with the securities commissions or similar authorities in each province and territory of Canada, are incorporated by reference into the Prospectus:

- (a) unaudited interim consolidated statements of financial position as at June 30, 2019 and December 31, 2018 and the related unaudited interim consolidated statements of operations, comprehensive income (loss) and cash flows for the three and six month periods ended June 30, 2019 and June 30, 2018 and the unaudited interim consolidated statements of changes in equity for the six month periods ended June 30, 2019 and 2018, together with management’s discussion and analysis thereon;
- (b) the indicative template version of the subordinated unsecured fixed/floating debentures term sheet dated as at August 7, 2019 (the “**Indicative Marketing Materials**”); and

- (c) the final template version of the subordinated unsecured fixed/floating debentures term sheet dated as at August 7, 2019 (together with the Indicative Marketing Materials, the “**Marketing Materials**”).

The Marketing Materials are not part of this Pricing Supplement to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Pricing Supplement.

Any documents of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* filed by SLF and any template version of “marketing materials” (as defined in National Instrument 41-101 — *General Prospectus Requirements*) filed by SLF with Canadian securities regulatory authorities after the date of this Pricing Supplement and before the termination of the distribution under this offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference into the Prospectus.

Any statement contained in this Pricing Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference in the Prospectus shall be deemed to be modified or superseded, for the purposes of this Pricing Supplement, to the extent that a statement contained herein, or in the Prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference in the Prospectus, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or includes any other information set forth in the document that it modifies or supersedes. The making of a modified or superseded 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 the Prospectus.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Agents, the Debentures offered hereby, if issued on the date of this Pricing Supplement, would be, on such date, qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) 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 tax-free savings account (“**TFSA**”) or a deferred profit sharing plan, other than a deferred profit sharing plan to which contributions are made by SLF, or by an employer with which SLF does not deal at arm’s length within the meaning of the Tax Act.

Notwithstanding that the Debentures may be qualified investments for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, that holds Debentures will be subject to a penalty tax if the Debentures constitute a “prohibited investment” (as defined in the Tax Act) for the trust. The Debentures, if issued on the date of this Pricing Supplement, would not be, on such date, a “prohibited investment” for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP, provided the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, deals at arm’s length with SLF for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in SLF.

Prospective purchasers who intend to hold Debentures in a trust governed by a RRSP, RRIF, TFSA, RESP or RDSP should consult and rely on their own tax advisors with regard to the foregoing “prohibited investment” rules in their particular circumstances.

### CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to SLF, and McCarthy Tétrault LLP, counsel to the Agents, the following is, at the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a holder of Debentures who acquires Debentures pursuant to this offering and who, at all relevant times, for purposes of the Tax Act and the regulations thereunder (the “**Regulations**”), is or is deemed to be resident in Canada, holds the Debentures as capital property, deals with SLF at arm’s length and is not affiliated with SLF (a “**Holder**”). Generally, the Debentures will be considered capital property to a Holder provided that the Holder does not hold the Debentures in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Debentures might not otherwise



qualify as capital property may be entitled to have such Debentures and every other “Canadian security” owned by the Holder treated as capital property by making an 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 a “tax shelter investment” (as defined in the Tax Act), (iii) that reports its “Canadian tax results” within the meaning of section 261 of the Tax Act in a currency other than Canadian currency, or (iv) that has entered into, or will enter into a “derivative forward agreement” (as defined in the Tax Act) in respect of the Debentures. Such Holders should consult their own tax advisors having regard to their particular circumstances.

This summary is based upon the facts set out in the Prospectus and this Pricing Supplement, the current provisions of the Tax Act and the Regulations in force at the date of this Pricing Supplement, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessment practices of the Canada Revenue Agency (the “**CRA**”) published in writing by it prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted currently as proposed; however there can be no assurance that the Proposed Amendments will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes of law or practice, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessment practices of the CRA, nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Debentures, including the application and effect of the income and other tax laws of any country, province, territory, state or local tax authority.**

A Holder that is a corporation, partnership, unit trust or 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, or amount that is considered for the purposes of the Tax Act to be interest on a Debenture, that accrues (or is deemed to accrue) to the Holder to the end of that taxation year or that becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such interest (or amount considered to be interest) was otherwise included in the Holder’s income for a preceding taxation year.

Any other Holder, including an individual and a trust (other than a unit trust) of which neither a corporation nor a partnership is a beneficiary, will be required to include in income for a taxation year any amount received or receivable (depending upon the method regularly followed by the Holder in computing income) by such Holder as interest (or amount considered to be interest) in that year on a Debenture, except to the extent that the interest (or amount considered to be interest) was included in the Holder’s income for a preceding taxation year.

In the event the Debentures are issued at a discount from their face value, a Holder may be required to include an additional amount in computing income, either in accordance with the deemed interest accrual rules contained in the Tax Act and the Regulations or in the taxation year in which the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances, as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

Any premium paid by SLF to a Holder because of the redemption or purchase for cancellation by it of a Debenture before maturity generally will be deemed to be interest received at that time by the Holder to the extent that such premium can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of, the interest that would have been paid or payable by SLF on the Debenture for a taxation year ending after the redemption.

On a disposition or deemed disposition of a Debenture, whether on maturity, redemption, purchase for cancellation or otherwise, a Holder will generally be required to include in its income in the taxation year in which the disposition occurs the amount of interest (including amounts considered to be interest) accrued on the Debenture from the date of the last interest payment to the date of disposition and that is not payable until after that time 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. A

Holder may also be required to include in computing its income the amount of any discount received or receivable by such Holder. In general, a disposition or deemed disposition of a Debenture will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest (or any amount deemed to be interest) and any other amount included in computing income and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Debenture to the Holder immediately before the disposition.

A Holder's adjusted cost base of a Debenture will generally include any amount paid to acquire the Debenture plus the amount of any discount included in income by such Holder. A Holder that receives repayment in full of the outstanding principal amount of a Debenture upon maturity will be considered to have disposed of the Debenture for proceeds of disposition equal to such outstanding principal amount.

One-half of the amount of any capital gain (a "**taxable capital gain**") realized by a Holder in a taxation year generally must be included in the Holder's income for that year, and one-half of the amount of any capital loss (an "**allowable capital loss**") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act. Capital gains realized by an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax under the Tax Act.

A Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax on certain investment income, including amounts of interest and taxable capital gains earned or realized in respect of the Debentures.