



**SUN LIFE FINANCIAL INC.**

**AND**

**SUN LIFE ASSURANCE COMPANY OF CANADA (“THE CORPORATION”)**

## **Statement of Corporate Governance Policies and Practices**

### **Director Election and Tenure**

Prior to each annual meeting, the Governance, Nomination & Investment Committee will review the candidacy of each nominee and confirm to the Board that each nominee meets the expectations outlined in the Position Description for Directors and satisfies the criteria for Board membership. In addition, the Governance, Nomination & Investment Committee will report on the independence and tenure of each nominee as defined in the Director Independence Policy.

Each Director will be elected for a term ending at the conclusion of the next annual meeting. Subject to the provisions related to tenure in the Director Independence Policy, a Director may stand for re-election at the end of each term until the twelfth annual meeting after his or her initial election or appointment to the Board, at which time he or she will retire.

A Director who is a member of management must resign from the Board when he or she leaves active employment with the Corporation or its affiliates.

### **Majority Voting**

In elections where only the nominees recommended by the Board stand for election, a Director who receives more “withheld” votes than “for” votes for his or her election must immediately tender a written offer to resign from the Board. The Board will accept the resignation unless there are exceptional circumstances. The Board will make its decision within 90 days of the annual meeting and will promptly disclose its decision by way of news release. If the Board does not accept the resignation, it will fully explain the exceptional circumstances and the reasons for its decision in the news release.

A Director who tenders his or her resignation pursuant to the preceding paragraph will not participate in the consideration by the Board of the resignation offer.

### **Access to Management**

Each Director shall have unrestricted access to management, as necessary, to carry out his or her responsibilities.

### **Attendance at Board and Committee Meetings**

The Governance, Nomination & Investment Committee reviews the attendance of Directors each year as part of the nomination process for Director elections. Any Director who does not, in two consecutive years, attend at least 75% of the meetings of the Board and the Board Committees to

which he or she is assigned, must tender a written offer to resign to the Chair of the Governance, Nomination & Investment Committee for acceptance or rejection by the Board.

### **Change of Occupation**

Directors whose principal employment or other business or professional circumstances change materially from that which they held when elected to the Board (including retirement from their principal employment) must notify the Chairman and the Chair of the Governance, Nomination & Investment Committee in accordance with the Director Independence Policy and tender a written offer to resign for acceptance or rejection by the Board. The Board is not of the view that Directors in such circumstances must always leave the Board, however, an opportunity should be given to the Board to review the continued appropriateness of Board membership under the revised circumstances.

### **Directorships and Board Interlocks**

Directors who are employed full-time should generally hold only one other public company directorship and Directors who are not employed full-time should generally hold no more than three other public company directorships.

No more than two Directors may serve together on the board of another public company, and Directors may not serve together on the boards of more than two other public companies (each, an "interlock"). The Corporation will disclose all interlocks, including interlocking committee memberships, in its Management Information Circular. The Governance, Nomination & Investment Committee will review all interlocks as part of its annual evaluation of Director independence to ensure that they do not impact the ability of the applicable Directors to exercise independent judgment in the best interests of the Corporation.

Directors must notify the Chairman, the Chair of the Governance, Nomination & Investment Committee, the President and Chief Executive Officer and the Chief Legal Officer prior to accepting a directorship on an additional public, private or not-for-profit board in order to provide an opportunity for them to verify that a Director continues to have the time and commitment to fulfil his or her obligations to the Board and to be satisfied that the Director is in compliance with the above guidelines and no real or apparent conflict of interest would result.

For greater certainty, this notification is intended to help assess whether a proposed directorship could result in a Director serving on the boards of corporations competing with the Corporation, organizations or groups adverse in interests to the Corporation or boards of entities that have the potential to give rise to a conflict of interest by virtue of a potential investment or service with the Corporation.

A director shall notify the Board annually about his or her principal occupation, other directorships, and business associations by completing the annual directors' questionnaire circulated in connection with the preparation of the Corporation's Management Information Circular and Annual Information Form.

## **Directors' Remuneration and Share Ownership**

The remuneration of Directors is reviewed every two years to ensure that Directors are adequately and competitively compensated.

Each independent Director is required to hold at least seven times the annual cash retainer or \$735,000 in the form of common shares or deferred share units of the Corporation by the fifth anniversary of the Director's election or appointment to the Board.

## **Orientation of New Directors**

The Corporation provides an orientation program for new Directors which consists of a strategic overview session with the President & Chief Executive Officer, sessions with Business Group and Corporate function leaders, and a review of a wide range of written materials, including those that outline the organization of the Board and its Committees, the powers and duties of Directors, the required standards of performance for Directors, the Code of Business Conduct, this Charter, and the financial statements of the Corporation.

## **Continuing Education for Directors**

The Corporation provides ongoing business and education sessions for Directors to enhance their knowledge of the organization, its businesses and key executives, and to address ongoing and emerging issues in the functional areas of Board oversight. Directors may participate in outside professional development programs approved by the Chairman, at the expense of the Corporation. Private meetings with members of management will be arranged as requested by a Director.

As part of the ongoing Director education program Directors will conduct a site visit to each of the Corporation's four Business Groups (Canada, US, Asia, SLF Asset Management – SLC Management and MFS Investment Management) over a two to three year period, primarily through the strategic board meeting, typically held in June of each year.

## **Interaction with the Media**

The Board believes that it is the responsibility of management, rather than Directors, to speak on behalf of the Corporation. From time to time, Directors may be requested by the media, or by institutional investors, shareholders, clients or other stakeholders, to discuss certain issues on behalf of the Corporation. Any Director to whom such a request is made should review the request with the Chairman and the President & Chief Executive Officer before responding.

## **Shareholder Engagement and "Say on Pay"**

The Board believes it is important to have constructive engagement with the Corporation's shareholders to allow shareholders to express their views on governance matters.

The Chairman or his or her designate may communicate from time to time with shareholders, regulators, rating agencies and corporate governance-focused coalitions in connection with governance-related matters, including the results of the annual advisory vote on executive compensation. All such communications will be reported to the Board of Directors no later than its next regularly scheduled meeting.

At each annual meeting shareholders will be asked to consider a non-binding advisory resolution on the executive compensation disclosure in the Corporation's Management Information Circular prepared for the annual meeting.

The results of the advisory vote will be published and if a significant number of shareholders oppose the resolution, the Board will consult shareholders to understand their concerns. The Board will review the Corporation's approach to compensation in the context of those concerns.