

# Annual Information Form

Sun Life Financial Inc.

For the Year Ended December 31, 2024

February 12, 2025

## Table of Contents

|                                             | Annual<br>Information Form | Management's<br>Discussion &<br>Analysis <sup>(1)</sup> | Consolidated<br>Financial<br>Statements and<br>Notes <sup>(1)</sup> |
|---------------------------------------------|----------------------------|---------------------------------------------------------|---------------------------------------------------------------------|
| Corporate Structure                         | 3                          |                                                         |                                                                     |
| Development of the Business                 | 3                          | Section B                                               |                                                                     |
| Business of Sun Life                        | 5                          | Section B                                               |                                                                     |
| Financial Performance                       |                            | Section B                                               | Notes 8 – 13                                                        |
| Investments                                 |                            | Section I                                               | Note 5                                                              |
| Risk Management                             |                            | Section K                                               | Note 6                                                              |
| Capital Structure                           | 8                          | Section J                                               | Note 20                                                             |
| Dividends                                   | 11                         | Section J                                               | Note 14                                                             |
| Security Ratings                            | 11                         | Section F                                               |                                                                     |
| Transfer Agents and Registrar               | 14                         |                                                         |                                                                     |
| Directors and Executive Officers            | 14                         |                                                         |                                                                     |
| Code of Conduct                             | 18                         |                                                         |                                                                     |
| Principal Accountant Fees and Services      | 19                         |                                                         |                                                                     |
| Interests of Experts                        | 20                         |                                                         |                                                                     |
| Regulatory Matters                          | 20                         | Section B                                               |                                                                     |
| Risk Factors                                | 32                         | Section K                                               | Notes 6-7                                                           |
| Legal and Regulatory Proceedings            | 33                         |                                                         |                                                                     |
| Additional Information                      | 33                         |                                                         |                                                                     |
| Appendix A - Charter of the Audit Committee | 34                         |                                                         |                                                                     |

<sup>(1)</sup> As indicated, parts of the Company's MD&A, consolidated financial statements and accompanying notes for the year ended December 31, 2024 are incorporated by reference in this AIF. The 2024 MD&A (as defined below) and the 2024 Consolidated Financial Statements (as defined below) may be accessed at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov), respectively.

The following defined terms are used in this document.

| Abbreviation    | Description                                                    | Abbreviation              | Description                                                                             |
|-----------------|----------------------------------------------------------------|---------------------------|-----------------------------------------------------------------------------------------|
| <b>AIF</b>      | Annual Information Form                                        | <b>OSFI</b>               | Office of the Superintendent of Financial Institutions, Canada                          |
| <b>Board</b>    | The Board of Directors of SLF Inc.                             | <b>SEC</b>                | United States Securities and Exchange Commission                                        |
| <b>IFRS</b>     | International Financial Reporting Standards                    | <b>Sun Life Assurance</b> | Sun Life Assurance Company of Canada                                                    |
| <b>LICAT</b>    | Life Insurance Capital Adequacy Test                           | <b>SLF Inc.</b>           | Sun Life Financial Inc.                                                                 |
| <b>MD&amp;A</b> | Management's Discussion & Analysis                             | <b>Superintendent</b>     | The Superintendent under the Office of the Superintendent of Financial Institutions Act |
| <b>NAIC</b>     | National Association of Insurance Commissioners, United States |                           |                                                                                         |

## Presentation of Information

In this AIF, SLF Inc. and its consolidated subsidiaries are collectively referred to as "Sun Life", the "Company", "we", "us" or "our" and also includes, where applicable, our joint ventures and associates.

Unless otherwise indicated, all information in this AIF is presented as at and for the year ended December 31, 2024, and amounts are expressed in Canadian dollars. Financial information is presented in accordance with IFRS and the accounting requirements of OSFI.

## Documents Incorporated by Reference

The following documents are incorporated by reference in and form part of this AIF:

- (i) SLF Inc.'s MD&A for the year ended December 31, 2024 (our "2024 MD&A"), and
- (ii) SLF Inc.'s Consolidated Financial Statements and accompanying notes for the year ended December 31, 2024 (our "2024 Consolidated Financial Statements").

These documents have been filed with securities regulators in Canada and with the SEC and may be accessed at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov), respectively.

## Forward-looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Certain statements in this AIF and the documents incorporated by reference herein including, (i) statements relating to our strategies, (ii) statements that are predictive in nature, (iii) statements that depend upon or refer to future events or conditions, and (iv) statements 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 are forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations. These statements represent our current expectations, estimates and projections regarding future events and are not historical facts, and remain subject to change. Forward-looking statements 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 matters set out in this AIF under the heading Risk Factors and in our annual MD&A under the heading Forward-Looking Statements, and the factors detailed in our annual and interim financial statements and other filings with Canadian and U.S. securities regulators, which are available for review at [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov), respectively.

Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this document, are set out below. The realization of our forward-looking statements essentially depends on our business performance which, in turn, is subject to many risks. 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; fluctuations in foreign currency exchange rates; and inflation; **insurance risks** - related to mortality experience, morbidity experience and longevity; policyholder behaviour; 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 our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** - related to global economic and geopolitical 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 competition; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; shifts in investing trends and Client preference towards products that differ from our investment products and strategies; changes in the legal or regulatory environment, including capital requirements and tax laws; environmental and social issues and their

related laws and regulations; **operational risks** - related to breaches or failure of information system security and privacy, including cyber-attacks; our ability to attract and retain employees; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; the execution and integration of mergers, acquisitions, strategic investments and divestitures; our 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 we will not be able to fund all cash outflow commitments as they fall due; and **other risks** - changes to accounting standards in the jurisdictions in which we operate; risks associated with our international operations, including our joint ventures; market conditions that affect our 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.

The Company does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

## Corporate Structure

SLF Inc. was incorporated under the Insurance Companies Act, Canada (the "Insurance Act") on August 5, 1999, to become the holding company of Sun Life Assurance in connection with the demutualization of Sun Life Assurance.

Sun Life Assurance was incorporated in 1865 as a stock insurance company and was converted into a mutual insurance company in 1962. On March 22, 2000, Sun Life Assurance implemented a plan of demutualization under which it converted back to a stock company pursuant to Letters Patent of Conversion issued under the Insurance Act. Under this plan of demutualization, Sun Life Assurance became a wholly-owned subsidiary of SLF Inc.

The head and registered office of SLF Inc. is located at 1 York Street, Toronto, Ontario, M5J 0B6.

SLF Inc. conducts its business worldwide through direct and indirect operating subsidiaries, joint ventures and associates. SLF Inc.'s principal subsidiaries are included in the subsidiaries listed in SLF Inc.'s annual report and that list of subsidiaries is incorporated herein by reference. That list includes the percentage of voting shares owned by SLF Inc., directly or indirectly, and where those companies are incorporated, continued, formed or organized. SLF Inc.'s current annual report is accessible on [www.sedarplus.ca](http://www.sedarplus.ca), [www.sec.gov](http://www.sec.gov) and [www.sunlife.com](http://www.sunlife.com).

We manage our operations and report our financial results in five business segments: Asset Management, Canada, United States ("U.S."), Asia and Corporate.

## Development of the Business

Sun Life is a leading international financial services organization providing asset management, wealth, insurance and health solutions to individual and institutional Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom ("UK"), Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. As of December 31, 2024, Sun Life had total assets under management of \$1.54 trillion.

## Three Year History: Acquisitions, Disposals, and Other Developments

We assess our businesses and corporate strategies on an ongoing basis to ensure that we make optimal use of our capital and maximize shareholder value. The following summary outlines our major acquisitions, dispositions and other developments over the past three years across our business segments. Additional information is provided in Note 3 to SLF Inc.'s 2024 Consolidated Financial Statements.

### Asset Management

On August 22, 2024, we acquired the remaining 20% interest in InfraRed Capital Partners ("InfraRed"). Since our initial acquisition of the majority stake in InfraRed on July 1, 2020, InfraRed has broadened SLC Management's suite of alternative investment solutions while also creating the opportunity for InfraRed to access North American investors through our distribution networks.

On February 1, 2023, we completed the acquisition of a majority stake in Advisors Asset Management, Inc. ("AAM"), a leading independent retail distribution firm in the U.S. AAM provides access to U.S. retail distribution for SLC Management, and will allow SLC Management to meet the growing demand for alternative assets among U.S. high-net-worth investors. For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

## Canada

On October 3, 2023, we completed our acquisition of Dialogue Health Technologies Inc. ("Dialogue"), increasing our ownership interest from 23% (as at December 2021 following an additional investment in Dialogue) to 95% for cash proceeds of \$272 million (for equity not currently owned by Sun Life or rolled by certain members of Dialogue's executive management). Dialogue is a Canadian-based health and wellness virtual care platform and telemedicine provider. Dialogue forms a part of our Canada business segment. For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

On February 1, 2023, we completed the sale of the sponsored markets business from Sun Life Assurance to Canadian Premier Life Insurance Company (re-branded to Securian Canada). For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

## U.S.

On June 1, 2022, we completed the acquisition of DentaQuest Group, Inc. ("DentaQuest"), the second-largest dental benefits provider in the U.S. by membership. The acquisition advances our strategy of being a leader in health and benefits in the U.S. while contributing to fee-based earnings and businesses which generate higher return on equity. For additional information, refer to Note 3 of our 2022 Consolidated Financial Statements.

## Asia

On March 21, 2024, to meet regulatory obligations, we completed the sale of 6.3% of our ownership interest in Aditya Birla Sun Life AMC Limited ("ABSLAMC"). Subsequently, on May 31, 2024, we sold an additional 0.2% of our ownership interest. As a result of the transactions, our ownership interest in ABSLAMC was reduced from 36.5% to 30.0%. For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

On September 14, 2023, we announced an increase to our strategic investment in Bowtie Life Insurance Company Limited, Hong Kong's first virtual insurer.

Effective July 1, 2023, we commenced a 15-year exclusive bancassurance partnership in Hong Kong with Dah Sing Bank ("Dah Sing"). Under this partnership, Sun Life is the exclusive provider of life insurance solutions to Dah Sing's retail banking customers, helping to fulfill their savings and protection needs at different life stages. For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

On April 5, 2022, we announced a deepening of our bancassurance partnership between PT Sun Life Financial Indonesia ("Sun Life Indonesia"), a subsidiary of SLF Inc., and PT Bank CIMB Niaga Tbk ("CIMB Niaga"). The new agreement makes Sun Life Indonesia the provider of insurance solutions to CIMB Niaga customers through all distribution channels for a term of 15 years starting in January 2025 and extends the term of our existing relationship by six years to 2039. For additional information, refer to Note 3 of our 2022 Consolidated Financial Statements.

## UK

On April 3, 2023, we completed the sale of SLF of Canada UK Limited ("Sun Life UK") to Phoenix Group Holdings plc ("Phoenix Group"). We retained our economic interest in Sun Life UK's payout annuities business, which was moved from the Corporate business segment to the U.S. business segment. As part of the sale, we established a long-term partnership to become a strategic asset management partner to Phoenix Group. As a result of the sale, we are no longer subject to the insurance or financial services regulatory regime in the UK. For additional information, refer to Note 3 of our 2024 Consolidated Financial Statements.

## Other Developments

On April 8, 2024 Timothy Deacon was appointed as Executive Vice-President and Chief Financial Officer, succeeding Manjit Singh, who was previously appointed as President of Sun Life Asia. William Anderson retired as Chair and from the Board of Directors following the 2022 Annual Meeting and was succeeded as Chair by Scott Powers following his re-election as a director at that meeting.

## Business of Sun Life

Information about our business and operating segments, our strategy, products and methods of distribution, risk management policies and investment activities is included in the 2024 MD&A, which is incorporated by reference in this AIF.

The global financial services industry continues to evolve in response to demographic, economic, and technological trends. Specific trends that have an impact on our businesses include:

### Demographic

- Major demographic shifts in developed markets include the aging of baby boomers and the growth of millennials as a client segment. Aging baby boomers are generating greater demand for retirement solutions and health solutions as they retire, contributing to the expansion of the senior market, also referred to as the silver economy. This shift highlights the need to enhance advisor relationships and expertise to support their complex estate planning needs. Meanwhile, millennials also seek holistic financial advice and solutions, including protection and wealth accumulation products in preparation for major life events.
- The number of High Net Worth Individuals ("HNWI") and their pool of wealth continues to expand. Within this segment, Asia will continue to be the growth engine for HNWI while North America remains the largest market. Opportunities exist for financial service providers as HNWI seek solutions that enable them to optimally transfer wealth to future generations. HNWI will continue to allocate more assets to alternatives in order to generate yield, increase total returns, and enhance diversification. Alternative asset managers are evolving their product and distribution capabilities to serve this heightened demand.
- Growing prosperity in Asia is resulting in the rise of the young middle class in many Asian countries. Growth of the middle class is expected over the long-term and a larger middle class will increase demand for a wide variety of financial products, including insurance, savings and investment vehicles. Low financial literacy has also increased the importance of financial education and advice in this region. These markets have low penetration rates and are expected to grow much faster than industrialized countries.
- Consumers are more proactively managing both physical and mental health and wellness, leading to an increased demand for accessible and affordable solutions across their health journey. This has in turn led to increased demand for tools and products to support mental health and well-being. Rising medical costs (especially specialty drugs) highlight the need for strategic differentiation through comprehensive health solutions that aim to close the gaps in care and affordability.
- Consumers have a heightened interest in sustainability. They are increasingly aligning their buying, investing, and employment decisions with companies that are leaders in sustainability. This has resulted in rising demand for sustainable investments and has influenced how companies invest as part of their investment strategy.
- Desire for greater transparency and focus on value for money spent on products and services, such as financial advice, has contributed to increased demand for low-cost asset management products, such as index funds.
- The trend of governments and employers shifting responsibility to individuals continues. This has created demand for protection, group benefits and group retirement solutions as individuals seek to fill the gaps. To help them make some of these decisions, consumers are seeking financial advice and assistance with financial planning.
- Changes in the nature of work and the continued rise of the gig economy have created new opportunities. With more work becoming temporary, contractual, or project-based, there is a need for solutions that support workers across key life needs such as savings, benefits, and protection.
- Workforce expectations are also evolving as employees are demanding more holistic offerings including a hybrid and flexible way of working, and an emphasis on health and well-being, values, purpose, and culture. Companies will have to offer a unique value proposition to win and retain top talent. Simultaneously, workforce composition is shifting with Gen Z representing a greater proportion of the workforce, and baby boomer's retiring. Organizations need to focus on preservation of institutional knowledge and bringing in the necessary digital tools to enable the new workforce. There is an increasing emphasis on career development that aligns with employee expectations, helping to ensure a satisfied, skilled, and "future-ready" workforce.

### Economic

- Global economic activity is approaching pre-pandemic levels, but not all markets are recovering at the same rate. The pace of economic recovery will vary significantly across different nations and regions. The growing trend of geo-economic fragmentation has led to deglobalization and an increasing "protectionism" attitude, highlighting the need for resilience and effective scenario planning.
- While global headline inflation is expected to steadily decline in the coming years from its peak, recent leadership changes in major economies may introduce new economic policies that could impact inflationary trends. Individual and business purchasing power continues to be limited with rising credit risk. Many firms are therefore drawing down cash buffers as earnings moderate and as debt servicing costs continue to be high which may reduce the available capital for some institutions.
- Inflation and elevated interest rates are leading to changing investor sentiment and strategies. Many investors are looking towards traditional fixed income products given high yields, and others are seeking inflationary protection through inflation-hedged investments or alternatives. Although interest rates are expected to lower in the near-term as inflationary concerns are easing, the ten-year outlook is still projecting a slight increase. However, the underlying

investment thesis remains largely unchanged, with investors continuing to prioritize yield and inflation protection in their portfolio allocations.

- Equity market volatility, which can be attributed to several factors such as economic growth, higher inflation, and interest rates changes, can lead to impacts on net flows and assets under management for asset management and wealth businesses. Generally, strong global equity market returns tend to result in an increase in earnings for asset management and wealth businesses, as higher market performance drives higher net flows and assets under management.

## Technological

- Digital adoption continues to grow rapidly as consumers spend an increasing amount of time online for everyday needs (e.g., social, shopping, and banking). An increase in mobile usage is an especially important part of this shift. Omni-channel capabilities are also important to create a consistent Client experience across channels and to serve Clients in their channel of choice.
- Increasing personalization using data and analytics is allowing companies to create a frictionless digital user experience as they can better engage with Clients and meet their needs.
- Generative AI represents a significant leap in technological innovation, offering organizations unprecedented opportunities to create quicker and more seamless end-to-end Client experiences, and improve employee productivity. It has the potential to dramatically improve select use cases, while offering more incremental improvements across a wide range of applications.
- Consumers are becoming more concerned about the protection and use of their data in an environment of increasing collection and data use, and more wide-spread data breaches. Meeting those Client concerns and expectations will be key to maintaining their trust and continued digital engagement. Increased adoption of AI also calls for an increased focus on improving cyber security and risk management.
- A desire for a more transparent and accessible financial services experience has led to the rise of digital currencies, smart contracts, and decentralized finance ("DeFi"). Central Banks and financial institutions are exploring the use of digital currencies which may lead to disruption of the traditional banking sector. Increased demand for DeFi may increase competition from new/existing players, offering more accessible products through new distribution channels.
- Businesses have accelerated the use of digital technology to allow for remote and hybrid work. Companies may rely more heavily on these digital tools and shift more of their workforce to remote work. This, in turn, may have an impact on the commercial real estate market.

## Competition

The markets in which Sun Life participates are highly competitive. We compete against other insurance companies, banks, asset managers, mutual fund companies, financial planners, managed care companies, and other financial services and benefits providers. Frequently, competition is based on factors including price, the ability to provide value-added products and services, financial strength and consistent delivery of an excellent experience to distributors and Clients through both traditional and more innovative digital channels.

Evolving regulatory requirements, economic volatility, rising geopolitical uncertainty and the evolution of Client needs and requirements continue to be challenges for our industry and have forced insurers and financial services providers to review their businesses, re-focus their operations and, in some cases, discontinue or divest non-core lines of business, as well as acquire businesses with higher growth potential. Various factors continue to inform the nature of risks that need to be managed in a global financial institution, spanning from issues such as geopolitical to environmental to cyber. As these risks become more and more understood in the industry, institutions are required to invest increasing resources in resiliency in order to identify and manage against them.

We face increased competition from new market entrants, including non-traditional service providers such as insurtech, healthtech and fintech companies. The acceleration of digital brought by the COVID-19 pandemic led to an increase in this trend, and a further rise of new market entrants with disruptive digital business models. In addition, incumbents are increasingly partnering with start-ups to compete in new and innovative ways. There is a growing demand for a "one-stop-shop" approach, with competitors enhancing and expanding their Client offerings to attract and retain Clients. These trends could challenge existing insurance, health, asset management and wealth management business models. Furthermore, certain large technology companies have selectively entered the financial services and health care markets by leveraging their large customer base, strong user experience capabilities, deep pools of data and digital ecosystems offering interconnected services. In response to these trends, Sun Life continues to explore new business models and seek strategic partnerships that will drive our businesses forward.

To address these trends, the industry is evolving across several key dimensions:

- Digitizing current interactions and processes: Leveraging advanced digital platforms to enhance web and mobile functionality, enable virtual interactions, and streamline enrollment and claims process for improved Client and employee experiences.
- Using data and analytics to be personal, predictive and proactive: Utilizing advanced analytics and AI technologies to anticipate Client needs, enable tailored solutions, and optimize advisor support to drive engagement and retention.

- Building new business models: Expanding into adjacent markets and ecosystems, embracing health and wellness innovation, and developing digital-first solutions to meet changing Client preferences.
- Building a partnership ecosystem: Collaborating with technology providers, start-ups, and other innovators to integrate services, scale digital capabilities, and tap into global growth opportunities.

The markets in which we compete are diverse and at different stages of development:

- In Canada, the financial services industry is relatively mature and the three largest life insurance companies serve more than two-thirds of the Canadian life insurance and group benefits markets. In the wealth space, we face competition from Canadian retail banks and investment dealers and from emerging disruptors such as robo-advisors. From a regulatory perspective, open banking (consumer-driven banking) is emerging slowly as a potential disruptor for banks and other financial institutions. In the health space, we face competition from in-market insurers but also indirect competitors, as companies look for ways to complement the public health system. We are continuing to monitor how these developments will affect the financial services landscape and Sun Life.
- In the United States, the largest insurance market in the world, the market is more fragmented and characterized by a large number of competitors. We face strong competition from established players in the group life and disability, dental, vision, stop-loss, and voluntary markets, all of which are markets with a number of competitors. In the turnkey disability market, there is one other primary competitor and competition is expected to remain stable.
- In Asia, the life insurance markets in countries where we participate are still evolving. The growth potential for insurance in Asian markets has created strong competition from both domestic and international insurers. We are observing the larger pan-Asian insurers grow at the fastest rate, with consolidation occurring in many markets. Additionally, some of the Asian markets that we operate in have foreign ownership restrictions, which may place constraints on our ability to operate or grow in these markets. In the international High Net Worth ("HNW") life insurance market (which for Sun Life operates out of our Asia business group), competition is increasing from the main competitors who operate in this business.
- In Asset Management, despite some consolidation, we face strong competition from a variety of players including large global asset managers, small local managers specializing in niche markets/products, multi-national and local banks as well as other insurance companies. In addition, there has been a trend among retail and institutional investors towards lower-cost passive investment products, including index and other types of exchange-traded funds, which has led to a decreased allocation of investor assets to active investment strategies. At the same time, there has been an increased demand for fixed-income, liability-driven investing and yield-oriented alternative products among institutional and HNW investors. To meet the increased demand for alternative assets, traditional asset managers are increasingly acquiring alternative assets, while alternative managers are deepening focus on the retail HNW market. Lastly, elevated levels of cash position among fund managers, combined with an improving M&A environment, suggest a potential rebound in deal activity that could reshape asset management competition.

## Seasonality

Some of our businesses are subject to seasonal factors. In Canada, sales of investment products spike during the first quarter of the year due to a contribution deadline for Registered Retirement Savings Plans. Timing of sales campaigns also influences sales of individual products in Canada and Asia. In the U.S., the sales pattern of our Group Benefits business largely reflects the renewal timing of employee benefit plans of our corporate Clients, many of which begin on January 1 each year. This often results in higher sales in the fourth quarter. In India, the sales of individual insurance products usually peak in the first quarter of each year due to tax planning by Clients. Overall, the impact of seasonal trends is not material to Sun Life.

## Number of Employees

As at December 31, 2024, we had 31,768 full-time equivalent employees across our operations, excluding joint ventures and associates and temporary staffing.

| Business Segment         | Employees <sup>(1)</sup> |
|--------------------------|--------------------------|
| Canada                   | 7,556                    |
| U.S.                     | 6,584                    |
| Asset Management         | 4,754                    |
| Asia                     | 4,205                    |
| Corporate <sup>(2)</sup> | 8,669                    |

<sup>(1)</sup> As at December 31, 2024, we had approximately 66,928 employees across our operations, including our Asia joint ventures and associates and temporary staffing.

<sup>(2)</sup> Corporate includes employees supporting enterprise operations.

## Capital Structure

### General

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

The Class A Shares and Class B Shares may be issued in series as determined by SLF Inc.'s Board. The Board is authorized to fix the number, consideration per share, designation and rights and restrictions attached to each series of shares. The holders of Class A Shares and Class B Shares are not entitled to any voting rights except as described below or as otherwise provided by law. Additional information concerning our capital structure is included in SLF Inc.'s 2024 MD&A under the heading Capital and Liquidity Management and in Notes 12-14 and 20 to the 2024 Consolidated Financial Statements.

### Common Shares

SLF Inc.'s Common Shares are listed on the Toronto, New York and Philippines stock exchanges, under the ticker symbol "SLF". Each Common Share is entitled to one vote at meetings of the shareholders of SLF Inc., except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series.

Common Shares are entitled to receive dividends if and when declared by the Board. Dividends must be declared and paid in equal amounts per share on all Common Shares, subject to the rights of holders of the Class A Shares and Class B Shares. Holders of Common Shares will participate in any distribution of the net assets of SLF Inc. upon its liquidation, dissolution or winding-up on an equal basis per share, subject to the rights of the holders of the Class A Shares and Class B Shares. There are no pre-emptive, redemption, purchase or conversion rights attaching to the Common Shares.

### Class A Shares

The Class A Shares of each series rank on parity with the Class A Shares of each other series with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding-up of SLF Inc. The Class A Shares are entitled to preference over the Class B Shares, the Common Shares and any other shares ranking junior to the Class A Shares with respect to the payment of dividends and the return of capital. The special rights and restrictions attaching to the Class A Shares as a class may not be amended without such approval as may then be required by law, subject to a minimum requirement of approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Class A Shares held for that purpose.

The following table provides information on SLF Inc.'s issued and outstanding Class A Shares (the "Class A Preferred Shares"). These Class A Preferred Shares are listed on the Toronto Stock Exchange ("TSX"), with the exception of Series 14.

| Series      | Number of Shares Issued | TSX Ticker Symbol | Quarterly Dividend (\$) | Redemption Date    | Prospectus Date  |
|-------------|-------------------------|-------------------|-------------------------|--------------------|------------------|
| Series 3    | 10,000,000              | SLF.PR.C          | 0.278125                | Any time           | January 6, 2006  |
| Series 4    | 12,000,000              | SLF.PR.D          | 0.278125                | Any time           | October 2, 2006  |
| Series 5    | 10,000,000              | SLF.PR.E          | 0.28125                 | Any time           | January 25, 2007 |
| Series 8R   | 6,217,331               | SLF.PR.G          | 0.114063                | June 30, 2025      | May 13, 2010     |
| Series 9QR  | 4,982,669               | SLF.PR.J          | Floating                | June 30, 2025      | May 13, 2010     |
| Series 10R  | 6,838,672               | SLF.PR.H          | 0.185438                | September 30, 2026 | August 5, 2011   |
| Series 11QR | 1,161,328               | SLF.PR.K          | Floating                | September 30, 2026 | August 5, 2011   |
| Series 14   | 1,000,000               | n.a.              | n.a.                    | June 30, 2026      | June 24, 2021    |

With the exception of Series 14, the shares in each series of Class A Preferred Shares were issued for \$25 per share and holders are entitled to receive the non-cumulative quarterly dividends outlined in the preceding table. Subject to regulatory approval, SLF Inc. may redeem: (i) the Series 3, 4 or 5 shares at any time; (ii) the Series 8R, 9QR, 10R and 11QR on the redemption date noted above and every five years thereafter for \$25 per share; and (iii) the Series 9QR and 11QR at any other time for \$25.50 per share, in each case in whole or in part. The Series 14 shares were issued as part of the offering of 3.60% Limited Recourse Capital Notes Series 2021-1 (the "Series 2021-1 Notes"), for \$1,000 per share and are held by a consolidated trust (the "Limited Recourse Trust") as trust assets in connection with the Series 2021-1 Notes. Series 2021-1 Notes are classified as equity in SLF Inc.'s 2024 Consolidated Financial Statements. In case of non-payment of interest on or principal of the Series 2021-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of the Series 14 shares (except in limited circumstances). At this time the limited recourse trustee, as trustee of the Limited Recourse Trust, has waived its right to receive any and all dividends on the Series 14 shares. 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 Trust. Additional information concerning these shares is contained in the Investor Relations section of [www.sunlife.com](http://www.sunlife.com) and in the prospectus and prospectus supplement under which the shares were issued, which may be accessed at [www.sedarplus.ca](http://www.sedarplus.ca).

## Class B Shares

The Class B Shares of each series rank on a parity with the Class B Shares of each other series with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding-up of SLF Inc. The Class B Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Class B Shares with respect to the payment of dividends and the return of capital, but are subordinate to the Class A Shares and any other shares ranking senior to the Class B Shares with respect to the payment of dividends and return of capital. The special rights and restrictions attaching to the Class B Shares as a class may not be amended without such approval as may then be required by law, subject to a minimum requirement of approval by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of Class B Shares held for that purpose. No Class B Shares have been issued.

## Constraints on Shares

The Insurance Act contains restrictions on the purchase or other acquisition, issue, transfer and voting of the shares of SLF Inc. and Sun Life Assurance. Information on those restrictions can be found in this AIF under the heading Regulatory Matters - Canada - Restrictions on Ownership.

## Market for Securities

The following tables set out the price range and trading volumes of SLF Inc.'s Common Shares and Class A Preferred Shares on the TSX during 2024:

### Common Shares

|           | Price (\$) |       |       | Trading volume<br>(thousands) |
|-----------|------------|-------|-------|-------------------------------|
|           | High       | Low   | Close |                               |
| January   | 70.38      | 67.29 | 69.69 | 26,566                        |
| February  | 74.80      | 68.43 | 72.08 | 56,829                        |
| March     | 74.94      | 72.02 | 73.91 | 43,863                        |
| April     | 73.89      | 68.91 | 70.29 | 25,182                        |
| May       | 73.50      | 67.22 | 68.31 | 63,310                        |
| June      | 68.59      | 64.60 | 67.08 | 52,775                        |
| July      | 69.73      | 66.53 | 68.54 | 30,162                        |
| August    | 74.09      | 64.38 | 73.46 | 59,468                        |
| September | 78.85      | 73.33 | 78.45 | 39,760                        |
| October   | 79.45      | 76.80 | 77.20 | 29,514                        |
| November  | 86.79      | 77.10 | 86.17 | 66,538                        |
| December  | 88.54      | 83.76 | 85.35 | 39,669                        |

### Class A Preferred Shares

|           | Series 3   |       |       |                               | Series 4   |       |       |                               |
|-----------|------------|-------|-------|-------------------------------|------------|-------|-------|-------------------------------|
|           | Price (\$) |       |       | Trading volume<br>(thousands) | Price (\$) |       |       | Trading volume<br>(thousands) |
|           | High       | Low   | Close |                               | High       | Low   | Close |                               |
| January   | 19.50      | 18.28 | 19.16 | 60                            | 19.29      | 17.99 | 19.08 | 103                           |
| February  | 19.60      | 18.93 | 19.02 | 39                            | 19.38      | 18.83 | 18.97 | 100                           |
| March     | 19.10      | 17.80 | 18.90 | 81                            | 19.06      | 18.62 | 18.84 | 62                            |
| April     | 19.01      | 17.69 | 17.94 | 100                           | 18.94      | 17.50 | 17.88 | 145                           |
| May       | 19.30      | 17.91 | 19.00 | 140                           | 19.32      | 17.86 | 19.01 | 189                           |
| June      | 19.25      | 18.35 | 19.25 | 128                           | 19.21      | 18.35 | 19.20 | 392                           |
| July      | 19.85      | 18.95 | 19.81 | 144                           | 19.77      | 18.89 | 19.75 | 144                           |
| August    | 21.06      | 19.73 | 20.56 | 73                            | 20.87      | 19.57 | 20.54 | 115                           |
| September | 21.10      | 20.38 | 20.92 | 51                            | 22.35      | 20.21 | 20.78 | 318                           |
| October   | 21.08      | 20.14 | 20.14 | 135                           | 20.80      | 20.01 | 20.02 | 79                            |
| November  | 20.50      | 19.70 | 20.05 | 122                           | 20.28      | 19.50 | 19.89 | 135                           |
| December  | 20.91      | 19.78 | 20.14 | 63                            | 20.64      | 19.80 | 20.21 | 126                           |

| Series 5  |            |       |       |                               | Series 8R  |       |       |                               |  |
|-----------|------------|-------|-------|-------------------------------|------------|-------|-------|-------------------------------|--|
|           | Price (\$) |       |       | Trading volume<br>(thousands) | Price (\$) |       |       | Trading volume<br>(thousands) |  |
|           | High       | Low   | Close |                               | High       | Low   | Close |                               |  |
| January   | 19.53      | 18.12 | 19.40 | 73                            | 15.00      | 13.72 | 14.87 | 78                            |  |
| February  | 19.75      | 18.90 | 18.96 | 29                            | 15.35      | 14.80 | 14.93 | 415                           |  |
| March     | 19.18      | 18.66 | 18.99 | 32                            | 15.30      | 14.49 | 15.17 | 232                           |  |
| April     | 18.96      | 17.70 | 17.93 | 138                           | 16.24      | 15.05 | 16.08 | 219                           |  |
| May       | 19.40      | 17.95 | 19.05 | 152                           | 17.44      | 16.25 | 17.40 | 551                           |  |
| June      | 19.26      | 18.05 | 19.25 | 350                           | 17.56      | 15.65 | 17.24 | 177                           |  |
| July      | 20.18      | 18.87 | 19.98 | 130                           | 17.40      | 16.46 | 16.66 | 371                           |  |
| August    | 21.00      | 19.81 | 20.70 | 146                           | 16.84      | 16.14 | 16.76 | 398                           |  |
| September | 21.24      | 20.38 | 21.17 | 115                           | 16.73      | 16.24 | 16.24 | 49                            |  |
| October   | 21.04      | 20.25 | 20.25 | 210                           | 16.54      | 16.09 | 16.11 | 247                           |  |
| November  | 20.51      | 19.90 | 20.18 | 182                           | 16.43      | 15.89 | 16.32 | 70                            |  |
| December  | 20.83      | 19.93 | 20.34 | 60                            | 17.09      | 16.27 | 17.05 | 71                            |  |

  

| Series 9QR |            |       |       |                               | Series 10R |       |       |                               |  |
|------------|------------|-------|-------|-------------------------------|------------|-------|-------|-------------------------------|--|
|            | Price (\$) |       |       | Trading volume<br>(thousands) | Price (\$) |       |       | Trading volume<br>(thousands) |  |
|            | High       | Low   | Close |                               | High       | Low   | Close |                               |  |
| January    | 16.43      | 15.45 | 16.10 | 37                            | 19.35      | 17.63 | 19.25 | 487                           |  |
| February   | 16.77      | 16.09 | 16.20 | 187                           | 19.40      | 18.73 | 18.95 | 337                           |  |
| March      | 16.50      | 15.80 | 16.25 | 128                           | 19.04      | 18.01 | 18.62 | 131                           |  |
| April      | 17.20      | 16.08 | 17.10 | 37                            | 19.21      | 18.00 | 19.18 | 296                           |  |
| May        | 18.10      | 17.00 | 17.10 | 56                            | 20.50      | 19.00 | 19.65 | 84                            |  |
| June       | 17.89      | 16.25 | 17.82 | 63                            | 20.14      | 17.93 | 20.14 | 152                           |  |
| July       | 17.88      | 17.05 | 17.26 | 27                            | 20.24      | 19.22 | 19.81 | 57                            |  |
| August     | 17.25      | 16.45 | 16.46 | 34                            | 20.00      | 19.30 | 19.64 | 104                           |  |
| September  | 16.70      | 16.40 | 16.68 | 22                            | 19.94      | 19.11 | 19.56 | 23                            |  |
| October    | 16.59      | 15.93 | 16.07 | 41                            | 19.50      | 18.81 | 18.86 | 112                           |  |
| November   | 16.67      | 16.08 | 16.25 | 107                           | 18.99      | 18.26 | 18.99 | 28                            |  |
| December   | 16.56      | 16.12 | 16.50 | 48                            | 19.63      | 18.81 | 19.63 | 82                            |  |

  

| Series 11QR |            |       |       |                               |
|-------------|------------|-------|-------|-------------------------------|
|             | Price (\$) |       |       | Trading volume<br>(thousands) |
|             | High       | Low   | Close |                               |
| January     | 21.24      | 20.54 | 20.75 | 5                             |
| February    | 21.30      | 20.10 | 20.30 | 10                            |
| March       | 20.30      | 19.05 | 19.10 | 3                             |
| April       | 19.75      | 19.10 | 19.75 | 7                             |
| May         | 20.59      | 19.75 | 20.20 | 2                             |
| June        | 20.20      | 19.25 | 19.50 | 17                            |
| July        | 20.97      | 19.50 | 20.75 | 18                            |
| August      | 20.75      | 19.55 | 19.55 | 12                            |
| September   | 20.02      | 18.71 | 19.20 | 18                            |
| October     | 19.50      | 19.00 | 19.24 | 17                            |
| November    | 19.60      | 18.70 | 19.49 | 118                           |
| December    | 20.05      | 19.20 | 19.95 | 66                            |

## Sales of Unlisted Securities

SLF Inc. has issued the following unlisted securities since January 1, 2024:

On May 15, 2024, SLF Inc. issued \$750 million principal amount of Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures due 2036.

## Dividends

The declaration, amount and payment of dividends by SLF Inc. is subject to the approval of its Board and is dependent on our results of operations, financial condition, cash requirements, regulatory and contractual restrictions and other factors considered by the Board.

The dividends declared by SLF Inc. in the three years ended December 31, 2024 are set out in the 2024 MD&A under the heading Capital and Liquidity Management - Shareholder Dividends, which is incorporated by reference in this AIF.

The Insurance Act prohibits the declaration or payment of dividends on shares of an insurance company if there are reasonable grounds for believing a company does not have, or the payment of the dividend would cause the company not to have, adequate capital or liquidity, or upon any direction made by the Superintendent. The Insurance Act also requires that an insurance company notify the Superintendent of the declaration of a dividend at least fifteen days before the dividend payment date.

As a holding company, SLF Inc. 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 Inc. receives from its subsidiaries. The inability of its subsidiaries to pay dividends or return capital in the future may materially impair SLF Inc.'s ability to pay dividends to shareholders or to meet its cash obligations. Additional information concerning legislation regulating the ability of SLF Inc.'s subsidiaries in Canada, the U.S. and Asia to pay dividends or return capital can be found in this AIF under the heading Regulatory Matters.

SLF Inc. and Sun Life Assurance have each covenanted that, if a distribution is not paid when due on any outstanding Sun Life Exchangeable Capital Securities ("SLEECs") issued by Sun Life Capital Trust, Sun Life Assurance will not pay dividends on its Public Preferred Shares, if any are outstanding. If Sun Life Assurance does not have any Public Preferred Shares, then SLF Inc. will not pay dividends on its preferred shares or Common Shares until the twelfth month following the failure to pay the required distribution in full, unless the required distribution is paid to the holders of the SLEECs. Public Preferred Shares means preferred shares issued by Sun Life Assurance which: (a) have been issued to the public (excluding any preferred shares held beneficially by affiliates of Sun Life Assurance); (b) are listed on a recognized stock exchange; and (c) have an aggregate liquidation entitlement of at least \$200 million. Sun Life Assurance has not issued any shares that qualify as Public Preferred Shares as at the date of this AIF.

The terms of SLF Inc.'s outstanding Class A Preferred Shares provide that for so long as Sun Life Assurance is a subsidiary, no dividends on such preferred shares may be declared or paid if Sun Life Assurance's minimum regulatory capital ratio falls below the applicable threshold.

## Security Ratings

SLF Inc.'s Class A Preferred Shares, senior unsecured debentures, and subordinated unsecured debentures are rated by independent rating agencies. Security ratings assigned to securities by the rating agencies may be subject to revision or withdrawal at any time by the applicable rating agency and are not a recommendation to purchase, hold or sell these securities as such ratings do not comment as to market price or suitability for a particular investor. Security ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities.

The table below provides the security ratings for SLF Inc.'s securities as at February 12, 2025. All rating agencies currently have stable outlooks on SLF Inc. issuer credit ratings:

### Security Ratings

|                                                                                  | A.M. Best <sup>(1)</sup> |         | DBRS <sup>(2)</sup> |         | Fitch <sup>(3)</sup> |         | S&P <sup>(4)</sup>           |                                  |
|----------------------------------------------------------------------------------|--------------------------|---------|---------------------|---------|----------------------|---------|------------------------------|----------------------------------|
|                                                                                  | Rating                   | Rank    | Rating              | Rank    | Rating               | Rank    | Rating                       | Rank                             |
| Subordinated Unsecured Debentures:                                               |                          |         |                     |         |                      |         |                              |                                  |
| Series 2007-1, 2020-1, 2020-2, 2021-1, 2021-2, 2021-3, 2022-1, 2023-1 and 2024-1 | a-                       | 7 of 21 | A                   | 6 of 26 | A-                   | 7 of 21 | A                            | 6 of 22                          |
| Limited Recourse Capital Notes ("LRCNs"):                                        |                          |         |                     |         |                      |         |                              |                                  |
| Series 2021-1                                                                    | NR <sup>(5)</sup>        | -       | A (low)             | 7 of 26 | BBB                  | 9 of 21 | A-                           | 7 of 22                          |
| Class A Preferred Shares:                                                        |                          |         |                     |         |                      |         |                              |                                  |
| Series 3 - 5, 8R, 9QR, 10R, and 11QR                                             | bbb+                     | 8 of 21 | Pfd-2 (high)        | 4 of 16 | BBB                  | 9 of 21 | P-1 (low) /A- <sup>(6)</sup> | 3 of 18 / 5 of 20 <sup>(6)</sup> |

<sup>(1)</sup> A.M. Best Company, Inc.

<sup>(2)</sup> DBRS Limited (Canada), part of Morningstar DBRS group, a wholly-owned subsidiary of Morningstar, Inc.

<sup>(3)</sup> Fitch Ratings, Inc., part of Fitch Group, is majority owned by Hearst. We do not participate in Fitch's ratings process, or provide additional information to Fitch Ratings, beyond our available public disclosures.

<sup>(4)</sup> S&P Global Inc. (NYSE: SPGI).

<sup>(5)</sup> Not Rated.

<sup>(6)</sup> Canada national scale rating/global scale rating for preferred shares.

SLF Inc. has made payments in the ordinary course to DBRS and Standard and Poor's ("S&P") in connection with the assignment of ratings on the securities of SLF Inc. In addition, SLF Inc. has made customary payments to A.M. Best, DBRS and S&P in respect of certain other services provided to SLF Inc. by the applicable rating agencies during the last two years.

The descriptions of the ratings below are sourced from public information as disclosed by each rating agency.

### A.M. Best

A.M. Best's issue credit rating ("IR") provides an opinion of credit quality assigned to issues that gauges the ability to meet the terms of the obligations and can be issued on a long- or short-term basis. An IR assigned to a specific issue is A.M. Best's opinion of the issuer's ability to meet the ongoing financial obligations to security holders when due. As such, an IR is an opinion regarding the relative future credit risk. Credit risk is the risk that a debt issuer may not meet its contractual financial obligations as they come due. The rating does not address any other risk, including, but not limited to, liquidity risk, market value risk or price volatility of rated obligations.

A.M. Best assigns long-term IR in a range of rating categories from "aaa" to "c". Ratings from "aa" to "ccc" may be enhanced with a "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a category. The absence of either a plus or minus designation indicates the rating is in the middle of the category.

SLF Inc.'s Subordinated Unsecured Debentures have been assigned "a-" ratings. An "a" rating denotes an issuer's excellent ability to meet the terms of the obligation.

SLF Inc.'s Class A Preferred Shares have been assigned "bbb+" ratings. A "bbb" rating denotes an issuer's good ability to meet the terms of the obligation, however, the issue is more susceptible to changes in economic and other conditions.

### DBRS

The DBRS long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. DBRS assigns long-term ratings in a range from AAA to D, and "(high)" and "(low)" designations indicate 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. There are no "(high)" or "(low)" designations for AAA and D ratings.

SLF Inc.'s Subordinated Unsecured Debentures and LRCNs have been assigned A and A (low) ratings, respectively. A ratings, reflecting a good credit quality, are assigned to issues when the capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA, and the issue may be vulnerable to future events, but qualifying negative factors are considered manageable.

DBRS assigns ratings for preferred shares in a range from Pfd-1 to D. Reference to "high" and "low" designations indicate 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. There are no "(high)" or "(low)" designations for D ratings. The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in accordance with the terms under which the relevant preferred shares were issued, with respect to both dividend and principal commitments. SLF Inc.'s Class A Preferred Shares have been assigned a Pfd-2 (high) rating, the second highest among rating categories used by DBRS. Preferred shares rated Pfd-2 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.

### Fitch

Fitch's ratings of individual securities or financial obligations of a corporate issuer address relative vulnerability to default on an ordinal scale.

Fitch assigns long-term ratings for debt and preferred shares in a range from AAA to C. The modifiers + or - may be appended to a rating to denote relative status within major rating categories. The absence of either a plus or minus designation indicates the rating is in the middle of the category. Such modifiers are not added to the AAA rating or to ratings below CCC.

SLF Inc.'s Subordinated Unsecured Debentures have been assigned A- ratings. An A rating denotes expectations of low credit risk and the capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. SLF Inc.'s LRCNs and Class A Preferred Shares have been assigned a BBB rating. A BBB rating indicates that expectations of credit risk are currently low and the capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

## Standard & Poor's

An S&P issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation. The opinion reflects S&P's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

S&P's long-term credit ratings for securities are based, in varying degrees, on S&P's analysis of the following considerations:

- Likelihood of payment - capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation and the promise imputed by S&P; and
- The protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

These ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy.

S&P assigns long-term ratings in a range from AAA to D. 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 absence of either a plus or minus designation indicates the rating is in the middle of the category.

SLF Inc.'s Subordinated Unsecured Debentures and LRCNs have been assigned A and A- ratings, respectively. An A rating category indicates that the obligor's capacity to meet its financial commitment on the obligation is strong.

S&P has Canadian and global rating scales for preferred shares. S&P assigns ratings for Canadian preferred shares in a range from P-1 to D on the Canadian scale and from AA to D on the global rating scale. S&P uses "high" and "low" designations to indicate standing within the major rating categories on the Canadian rating scale and plus or minus designations to indicate the relative standing of securities within a particular rating category on the global rating scale. The absence of either a "high" and "low" or a plus or minus designation indicates the rating is in the middle of the category. There are no plus and minus or "high" and "low" designations for rating categories below P-5/CCC, and no plus designation for an AA rating category.

S&P's preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P. S&P presents an issuer's preferred share ratings on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer.

SLF Inc.'s Class A Preferred Shares have been assigned a P-1 (low) rating on the Canadian scale, which corresponds to an A- rating on the global scale. An A rating category indicates that the obligor's capacity to meet its financial commitment on the obligation is strong.

## Transfer Agents and Registrars

### Common Shares

TSX Trust Company is the principal transfer agent and the registrar for SLF Inc.'s Common Shares. The central securities register is maintained in Toronto, Ontario, Canada. The transfer agent and co-transfer agents for SLF Inc.'s Common Shares are as follows (opposite their applicable jurisdictions):

| <b>Transfer Agent</b>     |                                                                                                                                                                                |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Canada                    | TSX Trust Company<br>301 - 100 Adelaide Street West<br>Toronto, Ontario<br>Canada M5H 4H1                                                                                      |
| <b>Co-Transfer Agents</b> |                                                                                                                                                                                |
| United States             | Equiniti Trust Company, LLC<br>PO Box 860<br>Newark, NJ, 07101<br>United States                                                                                                |
| United Kingdom            | MUFG Corporate Markets (UK) Limited<br>Central Square<br>29 Wellington Street<br>Leeds LS1 4DL<br>United Kingdom                                                               |
| Philippines               | RCBC Trust Corporation<br>Stock Transfer Processing Section<br>Ground Floor, West Wing<br>GPL (Grepalife) Building<br>221 Senator Gil Puyat Avenue<br>Makati City, Philippines |
| Hong Kong                 | Computershare Hong Kong Investor Services Limited<br>17th Floor, Hopewell Centre<br>183 Queen's Road East<br>Wanchai, Hong Kong                                                |

### Preferred Shares and Debentures

TSX Trust Company is the transfer agent and the registrar for SLF Inc.'s Class A Preferred Shares, and BNY Trust Company of Canada is the trustee and the registrar for SLF Inc.'s senior unsecured debentures, and its subordinated unsecured debentures, Series 2007-1, 2020-1, 2020-2, 2021-1, 2021-2, 2021-3, 2022-1, 2023-1 and 2024-1. Computershare Trust Company of Canada is the trustee and registrar for SLF Inc.'s LRCNs. The registers for those securities are maintained in Toronto, Ontario, Canada.

## Directors and Executive Officers

### Board of Directors

As of the date of this AIF, the Board of SLF Inc. had four standing committees: Audit Committee, Governance Committee, Management Resources Committee and Risk Committee.

The following table sets out the directors of SLF Inc. as of the date of this AIF and, for each director, the province or state and country of residence, principal occupation, years as a director, and membership on Board committees. The term of each director expires at the close of business of the Annual Meeting in 2025. Each director of SLF Inc. is an independent director as defined in the Company's Director Independence Policy, except Mr. Strain, the President & Chief Executive Officer of SLF Inc.

| <b>Name and Province/State and Country of Residence</b> | <b>Principal Occupation</b>                                             | <b>Director Since</b> | <b>Board Committee Membership</b>  |
|---------------------------------------------------------|-------------------------------------------------------------------------|-----------------------|------------------------------------|
| Deepak Chopra<br>Ontario, Canada                        | Corporate Director                                                      | 2021                  | Audit<br>Governance                |
| Stephanie L. Coyles<br>Ontario, Canada                  | Corporate Director                                                      | 2017                  | Governance<br>Management Resources |
| Patrick P.F. Cronin<br>Ontario, Canada                  | Corporate Director                                                      | 2024                  | Audit<br>Risk                      |
| Ashok K. Gupta<br>London, England                       | Corporate Director                                                      | 2018                  | Management Resources<br>Risk       |
| M. Marianne Harris<br>Ontario, Canada                   | Corporate Director                                                      | 2013                  | Audit<br>Governance                |
| David H. Y. Ho<br>Shenzhen, China                       | Chairman and Founder, Kiina<br>Investment Limited                       | 2021                  | Governance<br>Management Resources |
| Laurie G. Hylton<br>Massachusetts, U.S.A.               | Corporate Director                                                      | 2022                  | Audit<br>Governance                |
| Stacey A. Madge<br>Ontario, Canada                      | Corporate Director                                                      | 2024                  | Audit<br>Governance                |
| Helen M. Mallovy Hicks<br>Ontario, Canada               | Corporate Director                                                      | 2021                  | Audit<br>Risk                      |
| Marie-Lucie Morin<br>Ontario, Canada                    | Corporate Director                                                      | 2021                  | Management Resources<br>Risk       |
| Joseph M. Natale<br>Ontario, Canada                     | Corporate Director                                                      | 2023                  | Management Resources<br>Risk       |
| Scott F. Powers<br>Massachusetts, U.S.A.                | Chair of the Board, SLF Inc. and<br>Sun Life Assurance                  | 2015                  | None                               |
| Kevin D. Strain<br>Ontario, Canada                      | President & Chief Executive Officer,<br>SLF Inc. and Sun Life Assurance | 2021                  | None                               |

Each director of SLF Inc. has been engaged for more than five years in his or her present principal occupation or in other capacities with the company or organization (or predecessor thereof) in which he or she currently holds his or her principal occupation, except:

- (i) Mr. Cronin, who from 2001 to 2024 held various senior positions at Bank of Montreal, including Chief Risk Officer, BMO Financial Group from 2018 to 2022, and most recently as Special Advisor to the CEO, BMO Financial Group;
- (ii) Ms. Hylton, who from 1994 to 2021 held various senior positions at Eaton Vance Corp., including most recently as Chief Financial Officer;
- (iii) Ms. Madge, who from 2017 to 2024 was President & Country Manager, Canada, Visa Canada Corporation;
- (iv) Ms. Mallovy Hicks, who from 1999 to 2021 held various executive positions at PricewaterhouseCoopers LLP, including most recently as Global Valuation Business Line Leader; and
- (v) Mr. Natale, who from 2017 to 2021 was President and Chief Executive Officer, Rogers Communications Inc.

### **Audit Committee**

The responsibilities and duties of the Audit Committee are set out in its charter, a copy of which is attached as Appendix A. The Board has determined that each member of its Audit Committee is independent as defined in the Company's Director Independence Policy and is financially literate. In the Board's judgment, a member of the Committee is financially literate if, after seeking and receiving any explanations or information from senior financial management of the Company or the auditors of the Company that the member requires, the member is able to read and understand the consolidated financial statements of the Company to the extent sufficient to be able to intelligently ask, and to evaluate the answers to, probing questions about the material aspects of those financial statements.

The members of the Audit Committee as of the date of this AIF and their qualifications and education are set out below:

Deepak Chopra is a corporate director and most recently served as the President and Chief Executive Officer of Canada Post Corporation from 2011 to 2018. He has more than 30 years of global experience in the financial services, technology, logistics and supply-chain industries. Prior to joining Canada Post, he held various senior positions during his 23-year career with Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, including President & Chief Executive Officer, Canada & Latin America, President, Asia Pacific & Middle East and Vice-President & Chief Financial Officer, Europe, Africa & Middle East. Mr. Chopra joined the Board of Directors, the Audit Committee and the Governance Committee of SLF Inc. and Sun Life Assurance in May 2021. He is currently a director and a member of the audit committee of The Descartes Systems Group Inc. Mr. Chopra was a director and a member of audit committee of Celestica Inc. from 2018 to July 2024, and was a director of The North West Company Inc. from 2018 to June

2024 and a member of its audit committee from 2018 to 2021. He has previously served on the boards of Canada Post Corporation, Purolator Inc., SCI Group, the Canada Post Community Foundation, the Toronto Region Board of Trade and the Conference Board of Canada. Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada and holds a Bachelor's degree in Commerce (Honours) and a Post Graduate Diploma in Business Management.

Patrick P.F. Cronin is a corporate director. He is a seasoned financial executive with 30 years of substantive experience in the banking and financial services industries across Canada, U.S. and international markets. Mr. Cronin joined BMO Financial Group in 1993 and most recently served as Special Advisor to the CEO until his retirement in May 2024. Prior to this role, he was the Chief Risk Officer of the bank overseeing enterprise-wide risk activities and related matters. From 2001 to 2018, he held progressively senior roles in BMO Capital Markets including Head of Trading Products, President & Chief Operating Officer, and Chief Executive Officer & Group Head. Mr. Cronin joined the Board of Directors, the Audit Committee and the Risk Committee of SLF Inc. and Sun Life Assurance in July 2024. He currently serves on the Campaign Cabinet of SickKids Foundation and the Ivey Advisory Board of Western University. Mr. Cronin also served on the boards of Canadian Derivatives Clearing Corporation, The Canadian Depository for Securities Limited and Loran Scholars Foundation, and was with United Way Greater Toronto as Sector Chair, Campaign Cabinet as well as Chair, Major Individual Giving Campaign and Co Chair, BMO Employee Giving Campaign. He holds a Bachelor's degree in Economics and History from the University of Toronto and a Master of Business Administration degree from the Ivey Business School at Western University.

M. Marianne Harris is a corporate director. She was Managing Director and President, Corporate and Investment Banking, Merrill Lynch Canada, Inc., an international banking and financial services organization, until 2013. She held progressively senior positions during her 13-year career with Merrill Lynch and affiliated companies in Canada and the U.S., including President, Global Markets and Investment Banking, Canada, Head of Financial Institutions Group, Americas and Head of Financial Institutions, Canada. Before joining Merrill Lynch, Ms. Harris held various investment banking positions with RBC Capital Markets from 1984 to 2000, including Head of the Financial Institutions Group. She joined the Board of Directors of SLF Inc. and Sun Life Assurance in December 2013. Ms. Harris was a member of the Audit Committee from her appointment to May 2015, the Governance Committee from her appointment to May 2016, and the Risk Committee from May 2016 to October 2021. She became a member of the Management Resources Committee in May 2015 and Chair of that committee in May 2016, and became a member of the Governance Committee in October 2021 and Chair of that committee in May 2022. Ms. Harris ceased to be a member and Chair of the Management Resources Committee and became a member of the Audit Committee in May 2022. She is currently a director and member of the audit committee of each of George Weston Limited and Loblaw Companies Limited, and a director of President's Choice Bank and Public Sector Pension Investment Board. Ms. Harris is also a member of the Dean's Advisory Council for the Schulich School of Business, and a member of the Advisory Council for the Hennick Centre for Business and Law. She was formerly a director and member of the audit committee of Agrium Inc. from 2014 to 2015, and the finance and audit committee of Investment Industry Regulatory Organization of Canada from 2012 to 2018, and a member of the audit committee of Public Sector Pension Investment Board from 2020 to 2024. She served as a director of Hydro One Limited and Hydro One Inc. from 2015 to 2018. Ms. Harris holds a Master of Business Administration degree and a Juris Doctorate.

Laurie G. Hylton is a corporate director. She was a senior finance executive with more than 30 years of global experience in asset management, banking and public accounting. Prior to her retirement in March 2021, Ms. Hylton held various senior positions during her 27-year career with Eaton Vance Corp. (Eaton Vance), most recently served as Vice-President & Chief Financial Officer, a key part of the executive team leading the company's strategic planning and business transformations, and had regular exposure to its board and audit committee. Prior to that, she was Vice President & Chief Accounting Officer and Head of Internal Audit, where she was responsible for internal controls and management of finance functions, and oversaw complex integrations of these functions in major acquisitions. Prior to joining Eaton Vance, Ms. Hylton was a Senior Auditor with Deloitte & Touche, where she covered financial services companies. She joined the Board of Directors and the Audit Committee of SLF Inc. and Sun Life Assurance in December 2022. Ms. Hylton was a member of the Risk Committee from her appointment until July 2024. She became a member of the Governance Committee in July 2024. Ms. Hylton is currently a director and chair of the audit committee of FactSet Research Systems Inc., and a director, treasurer and member of the finance committee of Theater In the Open, and a director of Newburyport Art Association. She was formerly a director and Chair of the finance committee of The Pike School. Ms. Hylton holds a Master of Business Administration degree and was a Certified Public Accountant from 1994 to June 2022.

Stacey A. Madge is a corporate director. She is a professional executive with 30 years of international experience in financial services and technology. Before her retirement in March 2024, she was President and Country Manager of Visa Canada from 2017, where her strong leadership accomplished substantial growth in revenues, Big Tech & Fintech partnerships and innovations in payments. Prior to this, Ms. Madge served as Head and Senior Vice-President, International Retail & Small Business Banking of the Bank of Nova Scotia and previous to that, she held various executive positions in the bank's International Banking function. From 1998 to 2009, she was with McKinsey & Company and lastly served as Principal. Ms. Madge joined the Board of Directors, the Audit Committee and the Governance Committee of SLF Inc. and Sun Life Assurance in July 2024. She is a director of The Princess Margaret Cancer Foundation and an advisory board member of Georgian Partners Growth LP. Previously, Ms. Madge served as a member of the Latin America Advisory Board of Mastercard Inc. from 2015 to 2017. She holds a Bachelor of Commerce degree from Queen's University and a Master of Business Administration degree from the University of Chicago. Ms. Madge is also a Chartered Financial Analyst and has a certificate in Corporate Governance from INSEAD.

Helen M. Mallovy Hicks is a corporate director. Prior to her retirement in 2021, she was a partner of PricewaterhouseCoopers LLP (PwC) with over 30 years of global business management and advisory experience. She most recently served as PwC's Global Valuation Business Line Leader from 2016 to 2021 and prior to that held various executive positions, including, Canada GTA Deals Leader, Canada Valuation Leader and Deals Valuation Partner. She has advised boards and executives on complex transactions, value creation, capital allocation, business transformation and restructuring matters. Ms. Mallovy Hicks joined the Board of Directors, the Audit Committee and the Risk Committee of SLF Inc. and Sun Life Assurance in October 2021. She is currently a director and member of the audit committee of Northland Power Inc. and a director and member of the audit committee of Public Sector Pension Investment Board, and a director and Chair of the audit & risk committee of The Princess Margaret Cancer Foundation. Ms. Mallovy Hicks was formerly a director and Chair of the finance, audit & risk committee of Canadian Partnership Against Cancer, a trustee of Toronto Symphony Foundation, and a director of the Canadian Partnership Board of PwC and the Toronto Symphony Orchestra. She is a Fellow of the Canadian Institute of Chartered Business Valuators and a Fellow of the Chartered Professional Accountants of Ontario and holds a Bachelor of Commerce degree.

## Executive Officers

The following table sets out the executive officers of SLF Inc. as of the date of this AIF:

| <b>Name</b>           | <b>Province/State and Country of Residence</b> | <b>Position</b>                                                               |
|-----------------------|------------------------------------------------|-------------------------------------------------------------------------------|
| Kevin D. Strain       | Ontario, Canada                                | President & Chief Executive Officer                                           |
| Timothy Deacon        | Ontario, Canada                                | Executive Vice-President and Chief Financial Officer                          |
| Linda M. Dougherty    | Ontario, Canada                                | Executive Vice-President, Chief Strategy and Enablement Officer               |
| Daniel R. Fishbein    | Maine, USA                                     | President, Sun Life U.S.                                                      |
| Jacques Goulet        | Ontario, Canada                                | Executive Chair, Sun Life Canada                                              |
| Melissa J. Kennedy    | Ontario, Canada                                | Executive Vice-President & Chief Legal and Public Policy Officer              |
| Laura A. Money        | Ontario, Canada                                | Executive Vice-President, Chief Information and Technology Innovation Officer |
| Thomas P. Murphy      | Massachusetts, USA                             | Executive Vice-President and Chief Risk Officer                               |
| Helena J. Pagano      | Ontario, Canada                                | Executive Vice-President, Chief People and Culture Officer                    |
| Stephen C. Peacher    | Massachusetts, USA                             | Executive Chair, SLC Management                                               |
| Manjit Singh          | Hong Kong, China                               | President, Sun Life Asia                                                      |
| Sin Yin (Jessica) Tan | Ontario, Canada                                | Executive Vice-President & President, Sun Life Canada                         |
| Christopher B. Wei    | Singapore                                      | Executive Vice-President, Chief Client and Innovation Officer                 |

Each executive officer of SLF Inc. has held his or her current position or other senior positions with the Company during the past five years with the following exceptions:

- (i) Prior to joining the Company in April 2024, Mr. Deacon was Chief Financial Officer, Ontario Teachers' Pension Plan from April 2021 to April 2024, and prior to that held the following positions with Manulife Financial Corporation: Group Controller and Global Chief Accounting Officer from May 2020 to April 2021 and Executive Vice President, Chief Financial Officer, Wealth and Asset Management from August 2016 to December 2020;
- (ii) Prior to joining the Company in June 2020, Ms. Money was Senior Vice-President and Chief Information Officer Corporate Centre Technology, Canadian Imperial Bank of Commerce from November 2018 to May 2020;
- (iii) Prior to joining the Company in March 2021, Mr. Singh was Executive Vice President, Finance, Enterprise Finance, TD Bank Group, The Toronto-Dominion Bank, from August 2019 to March 2021;
- (iv) Prior to joining the Company in September 2024, Ms. Tan held the following positions with Ping An Insurance (Group) Company of China, Ltd.: Executive Director from April 2020 to December 2023, Group Co-Chief Executive Officer from December 2018 to December 2023, Group Executive Vice-President from January 2016 to December 2023 and Group Chief Operating Officer from December 2013 to February 2021; and
- (v) Prior to joining the Company in August 2022, Mr. Wei held the following positions with Aviva plc: Global Chairman, Aviva Digital and Executive Chairman, Aviva Asia & Friends Provident International, from October 2014 to July 2021.

## Cease Trade Orders, Bankruptcies, Penalties and Sanctions

To the best of SLF Inc.'s knowledge, as at the date of this AIF, except as set out below, no director or executive officer of SLF Inc.:

- (i) is or has been, in the last ten years, a director, chief executive officer or chief financial officer of a company (including SLF Inc.) that, while that person was acting in that capacity,
  - (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, or
  - (b) was subject to an event that resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days.
- (ii) is or has been, in the last ten years, a director or executive officer of a company (including SLF Inc.) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,
- (iii) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer; and
- (iv) has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Ms. Coyles was a director of Postmedia Network Canada Corp. while it completed a restructuring following an arrangement plan under the *Canada Business Corporation Act* in October 2016. Ms. Coyles is no longer a director of Postmedia Network Canada Corp.

## Shareholdings of Directors and Executive Officers

To the knowledge of SLF Inc., as at December 31, 2024, SLF Inc.'s directors and executive officers, as a group, owned, directly or indirectly, or had voting control or direction over 124,583 Common Shares of SLF Inc., or less than 1% of the total Common Shares outstanding.

## Code of Conduct

We have built a strong corporate culture founded on ethical behaviour, high business standards, integrity and respect. The Board establishes the "tone from the top" and makes every effort to ensure that Senior Management consists of people who create and sustain a culture of integrity throughout the organization. Questions about this culture are included in our Board's, committee and peer effectiveness surveys.

The Board has established our Code of Conduct (the "Code") that applies to every employee, temporary or contingent worker, and contract staff of Sun Life and its subsidiaries and controlled joint ventures; as well as our Board of Directors, with no exception. All receive annual training and are required to complete a declaration of compliance with the Code.

Our Code promotes speaking up and outlines our commitment against intimidation and retaliation. Our Code also requires employees and Board members to report all known and suspected breaches. Our Ethics Hotline empowers our employees to play an active role in protecting the organization. They can use the Ethics Hotline to report allegations of misconduct anonymously or if they feel their concerns have not been resolved using other reporting methods. Our Ethics Hotline is provided by a third-party service provider (ClearView). ClearView provides the Ethics Hotline reporting platform, while Sun Life handles the review and investigation of any reports submitted through that platform.

Communications that accompanied the Code in 2024 continued to reinforce our expectations of behaviours in the workplace; emphasizing the importance of speaking up, fostering a workplace that is free of harassment of any kind and promoting inclusion.

The Governance Committee of the Board is responsible for reviewing the effectiveness of the Code, monitoring compliance and reporting the results of its review to the Board annually. On a quarterly basis, the Chief Compliance Officer reports on breaches of the Code and reviews our controls and compliance with the Governance Committee. No waivers of the Code for Board of Directors or Executive Officers have been granted.

The most recent copy of the Code is available on our website ([www.sunlife.com](http://www.sunlife.com)). The Code has been filed with the Canadian Securities Administrators ("CSA") in Canada on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)) and with the SEC in the United States on EDGAR ([www.sec.gov/EDGAR](http://www.sec.gov/EDGAR)).

## Principal Accountant Fees and Services

The following table shows the fees related to services provided by the Company's external auditors, Deloitte LLP, for the past two years:

| (\$ millions)          | 2024 | 2023 <sup>(1)</sup> |
|------------------------|------|---------------------|
| Audit Services         | 26.7 | 34.0                |
| Audit-Related Services | 1.7  | 1.6                 |
| Tax Services           | 0.7  | 1.6                 |
| Other Services         | 2.1  | 0.9                 |

<sup>(1)</sup> Adjustments to 2023 fees of \$3.3 million for Audit Services, \$0.1 million for Audit-Related Services and \$(0.1) million for Tax Services.

**Audit fees** relate to professional services rendered by the auditors for the audit of our Annual Consolidated Financial Statements, the statements for our segregated funds and services related to statutory and regulatory filings. Audit fees of \$15.8 million (2023 - \$23.2 million) relates to the audit of the Consolidated Financial Statements of SLF and its subsidiaries to support the audit opinions expressed in the Independent Auditor's Report; the remaining Audit Services fees of \$10.9 million (2023 - \$10.8 million) relates to audit of the statements of segregated funds and statutory and regulatory filings. The decrease in audit fees in 2024 compared to 2023 is primarily due to the completion of the non-recurring audit work associated with the adoption of the new accounting policy, IFRS 17 *Insurance Contracts*, which is no longer required.

**Audit-related fees** include assurance services not directly related to performing the audit of the Annual Consolidated Financial Statements of the Company. These include internal control reviews, specified procedure audits and employee benefit plan audits.

**Tax fees** relate to tax compliance, tax advice and tax planning.

**All other fees** relate to products and services other than audit, audit-related and tax as described above.

## Pre-Approval Policies and Procedures

The Audit Committee of SLF Inc. and Sun Life Assurance have adopted a policy restricting the use of the external auditor (the "Policy"). The objective of the Policy is to ensure that the independence of the external auditor is not compromised by certain engagements. The Policy is based on the following principles, which specify that the external auditor cannot:

- function in the role of management of the Company;
- audit its own firm's work; or
- serve in an advocacy role for the Company.

The Policy requires that any services to be provided by the external auditor be pre-approved by the Audit Committees of SLF Inc. and/or Sun Life Assurance, as applicable, and the audit committee of any affected subsidiary that is itself directly subject to the Sarbanes-Oxley Act of 2002. If a service has not been pre-approved by the Audit Committee, specific approval must be obtained from the committee before an engagement letter can be issued and the related work commenced. The committee has, subject to reporting requirements, pre-approved certain audit, audit-related and other permissible non-audit services that are consistent with maintaining the independence of the external auditor. These pre-approved services are reviewed annually by the committee. The Policy prohibits engaging the external auditor to provide certain services, including:

- bookkeeping or other services related to accounting records or financial statements;
- financial information systems design or implementation services;
- appraisal or valuation services, fairness opinions or contribution in kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources services;
- broker or dealer, investment adviser, underwriting, securities or investment banking services;
- legal services and expert services unrelated to an audit;
- any service for which no fee is payable unless a specific result is obtained;
- any non-audit tax services that recommend the Company engage in confidential transactions or aggressive tax position transactions, as defined by the U.S. Public Company Accountability Oversight Board; and
- any other service that governing regulators or professional bodies determine to be impermissible.

Fees paid to SLF Inc.'s external auditors have been approved by the Audit Committee of the Board of SLF Inc. or otherwise in accordance with the Policy. None of the services provided by the Company's external auditors described above were approved pursuant to a waiver of pre-approval provisions under SEC rules (paragraph (c)(7)(i)(C) of Rule 2 - 01 of Regulation S-X).

## Interests of Experts

Deloitte LLP is the auditor of SLF Inc. and is independent of SLF Inc. within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario and within the meaning of the U.S. Securities Act of 1933, as amended, and the applicable rules and regulations thereunder adopted by the SEC and the Public Company Accounting Oversight Board (United States) ("PCAOB").

Kevin Morrissey, the Appointed Actuary of SLF Inc., has provided an opinion on the value of policy liabilities of SLF Inc. and its subsidiary for its Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards for the years ended December 31, 2024 and December 31, 2023. Mr. Morrissey owned beneficially, directly or indirectly, less than 1% of all outstanding securities or other property of SLF Inc. or its affiliates when he prepared that opinion, and after that opinion was prepared, and he does not expect to receive any such securities or other property in excess of that amount in the future.

## Regulatory Matters

Sun Life is subject to regulation and supervision by government authorities in the jurisdictions in which it does business.

### Canada

#### Regulation of Insurance Operations

SLF Inc. is incorporated under and governed by the Insurance Act. OSFI administers the Insurance Act and supervises the activities of SLF Inc. SLF Inc. has all the powers and restrictions applicable to life insurance companies governed by the Insurance Act, which permits insurance companies to offer, directly or through subsidiaries or networking arrangements, a broad range of financial services, including:

- Insurance and reinsurance;
- Investment counselling and portfolio management;
- Mutual funds and segregated funds;
- Trust services;
- Banking services;
- Real property brokerage and appraisal; and
- Merchant banking services.

The Insurance Act requires the filing of annual and other reports on the financial condition of insurance companies, provides for periodic examinations of insurance companies' affairs, imposes restrictions on transactions with related parties, and sets out requirements governing certain aspects of insurance companies' businesses.

OSFI supervises SLF Inc. on a consolidated basis to ensure that it has an overview of activities of SLF Inc. and its consolidated subsidiaries. This consolidated supervision includes the ability to review insurance and non-insurance operations of SLF Inc. and subsidiaries and supervisory power to bring about corrective action. OSFI has extensive powers to intervene in the affairs of regulated insurance companies, including the power to request information or documents, to conduct investigations, to require that appropriate actions are taken to address issues identified by OSFI, to levy fines, and in some circumstances, to assume control of a company.

#### Investment Powers

Under the Insurance Act, a life insurance company must maintain a prudent portfolio of investments, subject to certain overall limitations on the amount it may invest in certain classes of investments, such as commercial loans, real estate and stocks. Additional restrictions (and, in some cases, the need for regulatory approvals) limit the type of investments which SLF Inc. can make in excess of 10% of the voting rights or 25% of the equity of a corporation, or in excess of 25% of the ownership interests of an unincorporated entity, subject to certain available exceptions under the Insurance Act.

#### Capital and Surplus Requirements

SLF Inc. and Sun Life Assurance, SLF Inc.'s principal operating life insurance subsidiary in Canada, are subject to OSFI's LICAT capital framework.

The LICAT Guideline uses a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's regulatory required capital to support these risks. LICAT measures the capital adequacy of an insurer using a Total Ratio and a Core Ratio and is one of several indicators used by OSFI to assess an insurer's financial condition. The Total Ratio is the Qualifying Regulatory Available Capital ("Available Capital") plus Surplus Allowance and Eligible Deposits divided by a Base Solvency Buffer as described below.

The principal elements included in determining Available Capital under LICAT include common shares, contributed surplus, retained earnings, contractual service margin, the participating account, accumulated currency translation account, unrealized gains and losses on available for sale equity and debt securities, qualifying preferred shares, innovative capital instruments and subordinated debt.

The calculation of the Total Ratio takes into consideration other aspects of the balance sheet that are available as loss absorbing capacity, including the Surplus Allowance and Eligible Deposits. The Surplus Allowance includes the risk adjustment reported in the financial statements for non-financial risks. The Eligible Deposits consist of the excess deposits held for unregistered reinsurers and claims fluctuation reserves.

The Base Solvency Buffer includes five risk components: (1) credit risk, (2) market risk, (3) insurance risk, (4) segregated funds guarantee risk, and (5) operational risk. Credits to the base solvency buffer are available for: (1) qualifying in-force participating and adjustable products, (2) other risk mitigation and risk transfer, and (3) risk diversification.

The LICAT Guideline sets a Supervisory Target Total Ratio of 100% and a minimum Total Ratio of 90%. The supervisory target provides a cushion above the minimum requirements, provides a margin for other risks, and facilitates OSFI's early intervention process. The supervisory target is not applicable to regulated insurance holding companies and non-operating insurance companies. The Company has established capital targets in excess of the supervisory target set by OSFI.

### **Restrictions on Dividends and Capital Transactions**

The Insurance Act prohibits the declaration or payment of dividends on shares of an insurance company if there are reasonable grounds for believing the company does not have, or the payment of the dividend would cause the company not to have, adequate capital or liquidity, or upon any direction made to the Company by the Superintendent. The Insurance Act also requires that an insurance company notify the Superintendent of the declaration of a dividend at least fifteen days before the dividend payment date.

The Insurance Act also prohibits the purchase for cancellation of shares issued by an insurance company or the redemption of redeemable shares or other similar capital transactions, if there are reasonable grounds for believing that the company does not have, or the payment would cause the company not to have, adequate capital or liquidity, or upon any direction made by the Superintendent. Further, any redemption or purchase for cancellation of shares issued by an insurance company or similar capital transactions are prohibited without the prior approval of the Superintendent.

### **Restrictions on Ownership**

The Insurance Act contains restrictions on the purchase or other acquisition, issue, transfer and voting of the shares of an insurance company. Pursuant to these restrictions:

- No person is permitted to acquire any shares of SLF Inc. if the acquisition would cause the person to have a "significant interest" in any class of shares of SLF Inc., without the prior approval of the Minister of Finance (Canada);
- SLF Inc. is not permitted to record any transfer or issue of shares of SLF Inc. if the transfer or issue would cause the person to have a significant interest in SLF Inc., unless prior approval is obtained from the Minister of Finance (Canada); and
- If a person has acquired a significant interest in SLF Inc. without obtaining the requisite approval of the Minister of Finance (Canada), no person shall exercise any voting rights attached to those shares unless and until such approval has been obtained.

A person has a significant interest in a class of shares where the aggregate of any shares of that class beneficially owned by that person, any entity controlled by that person and any person acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares.

Under the Insurance Act, the Minister of Finance of Canada may approve only the acquisition of a significant interest of up to 30% of any class of non-voting shares and up to 20% of a class of voting shares, provided that the person acquiring those shares does not have direct or indirect influence over SLF Inc. that, if exercised, would result in that person having control in fact of SLF Inc. In addition, the Insurance Act prohibits life insurance companies, including SLF Inc., from recording a transfer or issuing shares of any class to His Majesty in right of Canada or of a province, an agent of His Majesty, a foreign government or an agent of a foreign government.

SLF Inc. is required to continue to control, but not wholly own, Sun Life Assurance. Any shares of Sun Life Assurance that are not owned by SLF Inc. are required to meet the widely-held criteria (no individual may own more than 10% of any class of shares without prior approval of the Minister of Finance of Canada). The 20% limit on voting share ownership and 30% limit on non-voting share ownership apply to the direct and indirect cumulative ownership of Sun Life Assurance, with the effect that no single investor will be able to use the holding company structure to exceed those ownership restrictions.

### **Appointed Actuary**

In accordance with the Insurance Act, SLF Inc.'s Board has appointed a Fellow of the Canadian Institute of Actuaries as its "Appointed Actuary". The Appointed Actuary must provide an opinion on:

- The value of the Company's consolidated policy liabilities as at the end of each fiscal period in accordance with accepted actuarial practice, including the selection of appropriate assumptions and methods;
- Whether the amount of policy liabilities makes appropriate provisions for all obligations to policyholders; and
- Whether the valuation of liabilities is fairly presented in the consolidated financial statements.

The Insurance Act requires that the Appointed Actuary meet with the Board or a delegated Committee of the Board at least once in each financial year to report, in accordance with accepted actuarial practice, on the Company's financial position and its expected future financial condition. The Appointed Actuary must report to the Chief Executive Officer and the Chief Financial Officer of SLF Inc. any matters that, in the Appointed Actuary's opinion, could have material adverse effects on the financial condition of SLF Inc.

### **Prescribed Supervisory Information**

The Supervisory Information (Insurance Companies) Regulations made under the Insurance Act prohibit regulated insurance companies, such as SLF Inc. and Sun Life Assurance, from disclosing, directly or indirectly, "prescribed supervisory information", as defined in those Regulations. Prescribed supervisory information includes assessments, recommendations, ratings and reports concerning a company made by or at the request of the Superintendent, orders of the Superintendent with respect to capital and liquidity, certain regulatory actions taken with respect to a company, prudential agreements between a company and the Superintendent, and directions of the Superintendent that a company cease or refrain from committing, or remedy, unsafe or unsound practices in conducting its business.

### **Provincial/Territorial Insurance Regulation**

In Canada, life insurance is also subject to provincial/territorial regulation and supervision in each province and territory in Canada. Provincial/territorial insurance regulation is primarily concerned with market conduct matters, the rights and obligations under insurance contracts, and the licensing and oversight of insurance intermediaries. In addition to those regulations, guidelines adopted by the Canadian Life and Health Insurance Association ("CLHIA"), of which Sun Life Assurance and Sun Life Insurance (Canada) Limited are members, govern several aspects of our business in Canada and a failure to comply with such guidelines may give rise to regulatory and reputational risk.

SLF Inc. is licensed as an insurance company in Canada under the Insurance Act and is the holding company for the Sun Life group of companies. SLF Inc. is not licensed to carry on life insurance business in any province or territory in Canada.

Sun Life Assurance and Sun Life Insurance (Canada) Limited are licensed to carry on life insurance and accident and sickness insurance business in each province and territory in Canada.

### **Regulation of Securities Operations**

Several of SLF Inc.'s subsidiaries in Canada are registered with various Canadian Securities Administrators as dealers, advisors or managers under one or more of the following categories of registration: mutual fund dealer, investment dealer, investment fund manager, commodity trading manager, portfolio manager and exempt market dealer. These entities, their registered employees and their products and/or services are regulated in Canada under provincial and territorial securities laws which are administered and enforced by the various Canadian Securities Administrators, and certain entities are also subject to the rules of the applicable self-regulatory organization, including as of January 1, 2023, the Canadian Investment Regulatory Organization ("CIRO"), the self-regulatory organization resulting from the amalgamation of the Mutual Fund Dealers Association of Canada and the Investment Industry Regulatory Organization of Canada. These entities may be subject to examinations or proceedings by the various Canadian Securities Administrators and self-regulatory organizations. These examinations or proceedings could subject our registered subsidiaries to a range of regulatory sanctions, including censure, limitations on the registrant's activities, and termination of registration, and could subject these entities to a cessation of sales or the rescission of a sale of securities.

### **Client Protection for Financial Institution Failure**

Sun Life Assurance's Canadian policyholders are provided protection from an insolvency through Assuris, a not-for-profit organization that is funded by its member insurance companies. Every life insurance company authorized to sell insurance policies in Canada is required, by the federal, provincial and territorial regulators, to become a member of Assuris. Assuris provides separate protection for individual, group, registered and non-registered, life insurance policies and annuity policies.

The Canadian Investor Protection Fund ("CIPF") provides Clients with protection, within defined limits, in the event of the insolvency of a CIRO member. The CIPF is funded by its members, including Sun Life Financial Investment Services (Canada) Inc. and Sun Life Canada Securities Inc.

The Canada Deposit Insurance Corporation ("CDIC") is a federal crown corporation created to protect deposits made with member financial institutions in case of their failure. CDIC member institutions, including Sun Life Financial Trust Inc., fund deposit insurance through premiums paid on the insured deposits that they hold.

### **Other Regulatory Matters**

#### **Privacy of Client Information and Anti-Spam Legislation**

Canadian federal, and some provincial, laws and regulations require organizations, including financial institutions, to protect the security and confidentiality of Client information. This includes financial institutions notifying Clients about their policies and practices relating to their collection, use and disclosure of Client information, including protection of that information. Requirements also include an obligation to notify individuals and report to privacy regulators when there is a real risk of significant harm to affected individuals resulting from a breach of security safeguards. In 2021, the Quebec government

passed legislation that altered privacy legislation by introducing new rights for individuals, additional obligations for organizations and expansive enforcement powers and financial penalties for non-compliance. The Quebec privacy legislation became fully in force effective September 2024. Canadian anti-spam legislation imposes certain restrictions and formalities on the delivery of commercial electronic messages to existing and prospective Clients. This includes obtaining consent from recipients and providing the ability to unsubscribe from subsequent messages.

### **Anti-Money Laundering Legislation**

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act, Canada, contains measures to assist in detecting, deterring, and facilitating the investigation of money laundering, terrorist financing and sanctions evasion offences. This legislation and the associated regulations impose reporting, recordkeeping and "know your Client" obligations on SLF Inc. and certain of its subsidiaries.

### **OSFI Revised Guideline E-21: Operational Risk**

On August 22, 2024, OSFI released Guideline E-21, which sets out revised operational risk management and new operational resilience requirements for financial institutions. Expectations in the Guideline are subject to phased implementation, with full adherence by September 1, 2026, and further completion of testing against our critical operations by September 1, 2027. Sun Life is working on a multi-year plan in respect of this regulatory development.

## **United States**

In the U.S., SLF Inc. does not carry on business and is not regulated as an insurance company. Sun Life Assurance and several indirect U.S. subsidiaries of SLF Inc. carry on business and are regulated as insurance companies in the United States.

Michigan is Sun Life Assurance's "state of entry" and is treated as the state of domicile for Sun Life Assurance's U.S. branch (the "U.S. Branch"). The U.S. Branch is licensed to transact business in every state in the United States except New York, plus in the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. SLF Inc.'s U.S. life and health insurance subsidiaries are, collectively, licensed to transact business in all states, the District of Columbia, and Puerto Rico.

Certain U.S. subsidiaries of SLF Inc. (including DentaQuest and its subsidiaries) offer products and services to federal and state health programs that are governed by federal law and subject to regulation by the Centers for Medicare and Medicaid Services ("CMS"). The state health programs are also governed by state health care laws administered by state Medicaid agencies.

In addition, some of SLF Inc.'s U.S. subsidiaries (including MFS and certain of its subsidiaries; Sun Life Capital Management (U.S.) LLC; BGO, Crescent, AAM and certain of their respective subsidiaries; and some subsidiaries of InfraRed) and various contracts, policies and funds issued, offered or managed by them are subject to regulation under federal securities laws administered by the SEC and under certain state securities laws.

## **Regulation of Insurance Operations - State Level**

In the United States, all states, the District of Columbia, and the U.S. territories and possessions have insurance laws that apply to companies licensed to carry on an insurance business in the jurisdiction. The primary regulator of an insurance company, however, is the state insurance department or equivalent body located in its state of domicile. Most jurisdictions have laws and regulations governing the financial aspects of insurers, including standards of solvency, reserves, reinsurance, and capital adequacy, as well as the business conduct of insurers. In addition, the laws of the various states provide state insurance regulators with broad administrative powers to approve policy forms and related materials and approve rates for certain lines of insurance, grant and revoke licenses to transact business, regulate trade practices, license agents, and require statutory financial statements. The primary purpose of such regulation is the protection of policyholders and consumers, rather than shareholders.

The NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

The U.S. Branch and SLF Inc.'s U.S. life and health insurance subsidiaries are subject to the insurance holding company laws and regulations in the states in which they are domiciled (or deemed to be commercially domiciled). Most states' insurance holding company laws require each insurer that is domiciled therein and that is a member of a holding company system to register with the insurance regulatory authority of that state and, annually, to furnish those authorities with reports that include information concerning capital structure, ownership, financial condition, certain intercompany transactions, enterprise risk management and general business operations. In addition, under most states' holding company laws, transactions within the holding company system to which the domestic insurer is a party must be fair and equitable and the insurer's policyholder surplus following any such transaction must be both reasonable in relation to its outstanding liabilities and adequate for its needs. Most states require prior regulatory approval of the change of control of the domestic insurer or an entity that controls the domestic insurer and prior notice or regulatory approval of certain intercompany transfers of

assets or other material affiliate transactions to which a domestic insurer is a party. Generally, under such laws, a state insurance authority must approve in advance the direct or indirect acquisition of 10% or more of the voting securities of an insurance company domiciled in the state.

SLF Inc.'s U.S. captive insurance companies are subject to the laws and regulations applicable to captive insurers in their states of domicile, as well as the terms of the business plans approved by, and the licensing orders issued by, the companies' domestic regulators. Generally, a captive insurance company is required to seek regulatory approval prior to taking any action that would deviate from the activities described in its approved business plan or specifically permitted by the licensing order issued by its domestic regulator.

The U.S. Branch and SLF Inc.'s U.S. life and health insurance subsidiaries are required to file detailed annual and quarterly financial statements with state insurance regulators in each of the states in which they are licensed, and their business and accounts are subject to examination by such regulators at any time. Regulators have authority to limit or prohibit the ability to issue new policies if, in their judgment, an insurer is not maintaining sufficient surplus or capital or if the further transaction of business would be detrimental to policyholders.

As part of their oversight process, state insurance departments conduct detailed examinations periodically (generally, every three to five years) of the financial condition and market conduct of insurance companies domiciled in their states. The latest published examination reports of the U.S. Branch and SLF Inc.'s U.S. life and health insurance subsidiaries did not raise any material issues or adjustments. In addition to the periodic examinations, states will on occasion perform targeted market conduct reviews that may cover, among other things, content of disclosures, advertising, sales practices and complaint handling. Examinations are periodically conducted in cooperation with the departments of other states under guidelines published by the NAIC.

### **Restrictions on Dividends**

The amount of dividends that an insurance company may pay to its parent without prior regulatory approval is regulated under the U.S. state insurance holding company laws and regulations and under the terms of licensing orders issued by various states.

### **NAIC IRIS Ratios**

The NAIC has developed a set of financial relationships or "tests" known as the Insurance Regulatory Information System ("IRIS") to assist state regulators in monitoring the financial condition of insurance companies and identifying companies that may require special attention or action by insurance regulatory authorities. A second set of confidential ratios, called the Financial Analysis Solvency Tracking System, is also used for monitoring. Insurance companies generally submit data to the NAIC, which in turn analyzes the data using prescribed financial data ratios, each with defined "usual ranges". Having ratios that fall outside the usual range does not necessarily indicate that a company experienced unfavourable results. Generally, if four or more of an insurance company's ratios fall outside the usual ranges, regulators will begin to investigate or monitor the company. Regulators have the authority to impose remedies with various degrees of supervision, ranging from increased monitoring to certain business limitations. For the twelve-month period ended December 31, 2023, the most recent period for which results are available, SLF Inc.'s U.S. life and health insurance subsidiaries were within the usual ranges for most of the IRIS ratios. The U.S. Branch had two ratios outside of the usual ranges. The ratios that were outside the usual ranges did not indicate any adverse solvency issues.

### **Risk-based Capital Ratio Requirements**

All states have risk-based capital ("RBC") ratio requirements for insurance companies. The NAIC RBC system was created to provide a capital adequacy standard that is related to risk, raises a safety net for insurers, is uniform among the states, and provides regulatory authority for timely action. The RBC system requires an insurer to calculate a minimum amount of capital that it must maintain to support the various risks to which it is exposed. A separate factor is used across each major risk category, and may vary by primary insurance type. RBC focuses on the material risks that are common for the particular insurance type. For life and health insurance, RBC considers investment risk, insurance risk, interest rate risk, and other market and business risks, by applying factors to various amounts presented in the company's statutory financial statements. For the year ended December 31, 2024, the RBC ratios for the U.S. Branch and SLF Inc.'s U.S. life and health insurance subsidiaries are expected to exceed the levels under which any remedial or regulatory action would be required.

### **Statutory Reserves**

State insurance laws require life and health insurance companies to analyze the adequacy of their reserves annually. The appointed actuary for the U.S. Branch and SLF Inc.'s other U.S. life and health insurance subsidiaries must submit an opinion that such reserves, when considered in light of the assets held with respect to those reserves, make adequate provision for the associated contractual obligations and related expenses of the U.S. Branch and each of SLF Inc.'s life and health insurance subsidiaries. If such opinion cannot be provided, the affected insurer must set up additional reserves.

Under NAIC rules, life and health insurance companies must maintain an asset valuation reserve ("AVR"), which is a provision for potential asset credit defaults. The size of the AVR depends upon the composition and results of a company's investment portfolio. These reserves are recorded for purposes of statutory accounting practices; they are not recorded under the provisions of IFRS and therefore have no impact on SLF Inc.'s reported results of operations or financial position. The AVR

affects the determination of statutory surplus, and changes in such reserves may affect the ability of SLF Inc.'s U.S. life and health insurance subsidiaries to pay dividends or other distributions to their respective parents and also may affect the amounts required to be maintained in trust by the U.S. Branch (see discussion below under Minimum Statutory Surplus and Capital).

### **Minimum Statutory Surplus and Capital**

The U.S. Branch and SLF Inc.'s U.S. life and health insurance subsidiaries are required to have minimum statutory surplus and capital of various amounts, depending on the states in which they are licensed and the types of business that they transact.

The U.S. Branch is required to maintain a certain amount of assets in trust with a financial institution acceptable to the Director of Michigan's Department of Insurance and Financial Services (the "Michigan Director") in an amount at all times at least equal to the sum of the U.S. Branch's reserves and other liabilities, the minimum required capital and surplus, and any additional amounts considered necessary by the Michigan Director to cover the U.S. Branch's liabilities. Generally, these assets are available only to meet the obligations of Sun Life Assurance to its U.S. policyholders, claimants and other U.S. Branch creditors. Amendments to the trust agreement must be approved by the Michigan Director. As at December 31, 2024, the U.S. Branch had assets in trust in excess of Michigan's requirements.

### **Investments of Insurance Companies**

The U.S. Branch and SLF Inc.'s other U.S. life and health insurance subsidiaries are subject to state laws and regulations that require diversification of their investment portfolios and limit the amount of investments in certain investment categories such as below-investment-grade fixed income securities, equity real estate, foreign investments and equity investments. Failure to comply with these laws and regulations would cause investments exceeding regulatory limits to be treated as non-admitted assets for purposes of measuring surplus and, in some instances, would require divestiture of such non-qualifying investments.

### **State Guaranty Association Assessments**

All states, the District of Columbia and Puerto Rico require insurers to participate in the local insurance guaranty association. The association may levy assessments for policyholder losses incurred by impaired or insolvent insurers. Generally, assessments up to certain prescribed limits are based upon the proportionate share of premiums written by member insurers in the lines of business in which the impaired or insolvent insurer is engaged. A large part of the assessments paid by SLF Inc.'s U.S. insurance subsidiaries pursuant to these laws may be used as credits for a portion of its U.S. premium taxes.

### **Regulation of Insurance Operations - Federal Level**

Although the U.S. federal government does not directly regulate the insurance business, federal legislation and administrative policies in several areas apply to the conduct of the insurance business, including age and sex discrimination, investment company regulation, financial services regulation, health care regulation, employee benefit plan regulation, foreign corrupt practices regulation and federal taxation. For example, the U.S. Congress has, from time to time, considered legislation related to limitations on antitrust immunity and the alteration of the federal income tax structure.

DentaQuest and certain other U.S. subsidiaries of SLF Inc. administer dental and vision benefits for federal and state health programs that are governed by federal law, including Medicaid and Children's Health Insurance programs, Medicare Advantage plans, and offerings on federal and state exchanges under the Patient Protection and Affordable Care Act. CMS is the U.S. federal agency that regulates each of these programs. Each U.S. state administers its own Medicaid program and has its own laws and regulations in place. The exchange in each state is operated by CMS, a state agency, or a partnership between the two.

### **Regulation of Securities Operations**

The investment management activities of SLF Inc.'s U.S. subsidiaries are subject to federal and state laws and regulations in the jurisdictions where they conduct business. MFS and certain of SLF Inc.'s other U.S. subsidiaries are registered as investment advisers under the Investment Advisers Act of 1940, as amended (the "Advisers Act"), which imposes various obligations on registered investment advisers, including fiduciary duties, and disclosure, operational, recordkeeping and reporting requirements.

Several of SLF Inc.'s U.S. subsidiaries issue or have issued products that are registered with the SEC as investment companies under the Investment Company Act of 1940, as amended (the "1940 Act") and which issue securities that are registered under the Securities Act of 1933, as amended (the "1933 Act"). Certain of SLF Inc.'s U.S. subsidiaries provide investment management services to affiliated funds, which similarly are registered as investment companies under the 1940 Act and which issue securities that are registered under the 1933 Act. The 1940 Act and the 1933 Act impose various obligations on registered investment companies and with respect to the securities that they issue, including disclosure, operational, recordkeeping and reporting requirements and, in the case of the 1940 Act, prohibitions or restrictions on certain transactions with affiliates.

Registered investment companies and investment advisers are regulated by and subject to examination by the SEC. The SEC is authorized to institute proceedings and impose sanctions for violations of the U.S. federal securities laws. Failure to comply with applicable securities laws could subject SLF Inc.'s investment companies and investment adviser subsidiaries to a range of regulatory sanctions, including censure, limitations on the registrant's activities, and termination of registration, and could subject its registered investment companies to a cessation of sales or rescission of securities sold.

To the extent that any products are deemed to be securities under U.S. federal or state securities laws, they are qualified for sale as needed in certain states in the United States and the District of Columbia. Marketing and sales of securities products are subject to the Securities Exchange Act of 1934, as amended (the "1934 Act"), and regulations promulgated by the Financial Industry Regulatory Authority ("FINRA").

Certain of SLF Inc.'s U.S. subsidiaries are registered with the SEC as broker-dealers under the 1934 Act and are subject, for example, to the SEC's net capital rules, and are members of, and subject to regulation by FINRA. Certain other U.S. subsidiaries of SLF Inc. are registered with the SEC as transfer agents under the 1934 Act.

MFS, BGO, Crescent and InfraRed also conduct business in the EU that is also subject to securities laws and regulations. The revised Markets in Financial Instruments Directive and Regulation ("MiFID II") became effective on January 3, 2018 and applies across the EU and member states of the European Economic Area ("EEA"). Some of the main changes introduced under MiFID II include applying enhanced disclosure requirements, enhancing conduct of business and governance requirements, broadening the scope of pre and post trade transparency, increasing transaction reporting requirements, transforming the relationship between Client commissions and research, and further regulation of trading venues. Implementation of MiFID II has had a significant impact on both the structure and operation of EU financial markets. In response to MiFID II, MFS is paying for all external investment research for all Clients (including non-European Clients).

## Other U.S. Regulatory Matters

### ***Cybersecurity, Privacy of Client Information and Artificial Intelligence***

U.S. regulators at the federal and state level are increasing their focus on privacy, cybersecurity and artificial intelligence. In particular, the New York Department of Financial Services ("NYDFS") has amended its existing regulations designed to enhance cybersecurity controls of financial institutions, and it includes cybersecurity programs within the scope of examination. The NAIC has developed a model cybersecurity regulation based on New York's rule and multiple states have adopted similar measures. These regulations require licensees, including certain of SLF Inc.'s U.S. insurance subsidiaries, to implement risk-based information security programs; establish detailed procedures for investigating cybersecurity events, assessing risk, and overseeing third-party service providers; and comply with increased regulatory reporting requirements.

In addition to other new laws and guidance on the use of artificial intelligence, NYDFS also published a Circular Letter on July 11, 2024, setting forth its expectations that an insurer's use of emerging technologies, such as artificial intelligence, will be conducted in a manner that complies with all applicable federal and state laws, rules, and regulations. Approximately 20 states have also adopted the NAIC's Model Bulletin on the use of artificial intelligence by insurers. The aim of these laws and guidance is to establish regulatory standards for responsible use of artificial intelligence, address issues such as data inaccuracies and vulnerabilities, and safeguard consumers against unfair biases.

The U.S. Department of Health and Human Services Office of Civil Rights ("HHS OCR") issued a Final Rule on April 22, 2024, strengthening the Health Insurance Portability and Accountability Act ("HIPAA") Privacy Rule by prohibiting certain disclosures of protected health information ("PHI") relating to reproductive health. HHS OCR has also issued a Notice of Proposed Rulemaking which would modify the HIPAA Security Rule to strengthen cybersecurity protection for electronic PHI.

Further, U.S. federal and state laws require financial institutions, including insurers, investment companies and investment dealers, to protect the security and confidentiality of Client information and to notify Clients about the institution's policies and practices relating to its collection, use and disclosure of Client information. Since the enactment of the California Consumer Privacy Act in 2018, comprehensive U.S. state privacy legislation continues to become more robust and dynamic each year. These laws and regulations are significantly changing data privacy requirements in the U.S., imposing greater penalties for non-compliance, and providing consumer rights to access, delete and correct their personal information and, in some states, provide a private right of action.

These laws and regulations will also increase the costs and compliance obligations associated with the Company's information security and administration activities.

### ***The USA PATRIOT Act of 2001***

The USA PATRIOT Act of 2001 (the "PATRIOT Act") seeks to promote cooperation among financial institutions, regulators and law enforcement agencies in identifying parties that may be involved in terrorism, money laundering or other illegal activities. Regulations applicable to the insurance industry require insurance companies issuing "covered products" to implement anti-money laundering programs and file suspicious activity reports with the U.S. Treasury Department. Financial institutions are also required to perform screening to identify any parties subject to Office of Foreign Assets Control sanctions. SLF Inc.'s U.S.

subsidiaries that issue covered products and its U.S. broker-dealer subsidiaries have implemented anti-money laundering control programs to comply with the PATRIOT Act regulations and with the Office of Foreign Assets Control requirements with respect to anti-terrorist financing.

### ***Paid Family and Medical Leave***

A growing number of states have passed or are considering mandated paid family and medical leave ("PFML") programs. These programs generally provide partial income protection for an employee who is unable to work on account of his or her own serious health condition or for various family care reasons. There are a number of PFML proposals at the federal level as well. While PFML programs overlap with short term disability coverage and, as a result, could have a negative impact on the short term disability marketplace in which the U.S. Branch and SLF Inc.'s U.S. life and health subsidiaries operate, these programs also offer an opportunity for insurers to build new products to serve an emerging market.

## **Asia**

Sun Life carries on business through subsidiaries, joint ventures or associates in the Philippines, Indonesia, Vietnam, Hong Kong, China, India, Malaysia and Singapore. The operations of our subsidiaries, joint ventures and associates in Asia are subject to the local regulatory and supervisory schemes in the jurisdictions in which they operate, which varies from country to country, but the regulators typically grant (or revoke) licenses to operate and control the ability of a company to operate an insurance business in that country.

In general, the applicable legislation in a particular country includes features governing the registration of agents, regulation of product features and product approvals, asset allocation, minimum capital, the basis for calculating solvency and reserves, the valuation of policyholder liabilities, conditions for outsourcing core and non-core functions, policyholder and investor protection, change of directors or key management and money laundering, know-your-Client and terrorist financing requirements. Regulatory authorities may also regulate affiliations with other financial institutions, shareholder structures and may impose restrictions on declaring dividends and the ability to effect certain capital transactions and many jurisdictions require insurance companies to participate in policyholder protection schemes.

## **Philippines**

Our operations in the Philippines, established in 1895, distribute a diverse range of life insurance, asset management and investment products and solutions largely through our career agency sales force and bancassurance channel, an asset management company and an investment management & trust company.

We offer individual and group life and health insurance products to individuals and businesses through our wholly-owned subsidiary, Sun Life of Canada (Philippines), Inc. ("Sun Life Philippines"), and our joint venture with the Yuchengco Group, Sun Life Grepa Financial, Inc. ("Sun Life Grepa"), in which we have a 49% ownership stake. In addition, we offer mutual funds and pre-need products respectively through Sun Life Philippines' wholly-owned subsidiaries, Sun Life Asset Management Company, Inc. ("SLAMCI") and Sun Life Financial Plans Inc. ("SLFPI"). Trust and investment management solutions are provided through Sun Life Investment Management and Trust Corporation ("SLIMTC"). There are no foreign ownership restrictions applicable to life insurance, mutual funds, or pre-need and trust companies in Philippines.

Sun Life Philippines and Sun Life Grepa are life insurance companies incorporated in the Philippines and regulated by the Philippine Insurance Commission. Sun Life Philippines offers individual and group life and health insurance products through its agency sales force, brokers and fintech partners. Sun Life Grepa offers its individual and group life insurance products through an agency sales force and through bancassurance distribution arrangements. The Philippine Insurance Commission supervises and regulates the operations of life, non-life, and pre-need companies.

Life insurance companies in the Philippines are required at all times to maintain the minimum net worth requirements prescribed by Philippine Insurance Commission regulations. Current minimum net worth requirements are 1.3 billion Philippine Pesos. Net worth consists of the company's paid-up capital, retained earnings, contributed and contingency surplus, additional paid-in capital, and other equity accounts. In addition, life insurance companies must maintain a minimum Risk-Based Capital ("RBC") ratio of 100% as prescribed in the Risk-Based Capital Framework for the Philippine Life Insurance Industry ("RBC Framework").

SLAMCI is a mutual fund manager and distributor regulated by the Philippine Securities and Exchange Commission. SLFPI is a pre-need company that offers pension and education plans in the Philippines, and is regulated by the Philippine Insurance Commission.

SLIMTC is regulated by the Bangko Sentral ng Pilipinas ("BSP") and is licensed to provide trust and investment management services. It was established to provide multi-strategy local and global portfolio management services and deliver superior risk-adjusted returns for both individual and institutional investors in the Philippines. Under BSP regulations, trust companies such as SLIMTC are required to have a minimum unimpaired combined capital accounts of (i) 300 million Philippine Pesos or (ii) 0.10% of the total book value of the company's total assets under management (as defined in BSP regulations), whichever is higher.

## Indonesia

In Indonesia, we offer individual life and health insurance, as well as creditor life insurance through our wholly-owned subsidiary, PT Sun Life Financial Indonesia.

PT Sun Life Financial Indonesia is licensed to carry on life insurance business in Indonesia and can distribute life insurance products in Indonesia. PT Sun Life Financial Indonesia can additionally manufacture and distribute sharia products in Indonesia through its sharia business.

The Indonesian Financial Services Authorities (*Otoritas Jasa Keuangan*) ("OJK") is the regulator responsible for supervising and regulating the financial service industries in Indonesia, including the insurance industry. The Indonesia Life Insurance Association ("AAJI") continues to act as a conduit between life insurers and the OJK in terms of the development of new regulations and guidelines in relation to the life insurance sector. Life insurance sales forces (i.e. agents) are licensed by the AAJI and registered in OJK. The Indonesia Sharia Insurance Association acts in the similar capacity as AAJI in relation to the sharia insurance business. The implementation of anti-money laundering controls in the insurance industry is also monitored by the Indonesian Financial Transaction Reports and Analysis Center, in addition to it being under the general supervision of the OJK.

Life insurance companies in Indonesia are required to maintain a minimum solvency ratio of 120% of the minimum required capital. Recently, the OJK enacted regulations requiring conventional insurance companies to meet the following minimum equity requirements: (i) IDR 250 billion by December 31, 2026, and (ii) IDR 500 billion (for tier 1 insurance companies) or IDR 1 trillion (for tier 2 insurance companies) by December 31, 2028.

In July 2023 and on September 27, 2024, the OJK issued regulations outlining the mechanism and procedures for the sharia unit spin-off. The deadline for insurers to spin-off sharia business units was extended from October 17, 2024 to December 31, 2026, and new requirements were also introduced, including a requirement to submit amendments to sharia spin-off plans to the OJK by December 31, 2023. The amended sharia spin-off plan of PT Sun Life Financial Indonesia was approved by the OJK on June 20, 2024.

## Vietnam

In Vietnam, we offer a diverse range of insurance, savings, investment and pension products through our wholly owned subsidiary Sun Life Vietnam Insurance Company Limited. There are no foreign ownership restrictions applicable to Sun Life Vietnam, however, a transfer of 10% or more of the charter capital of any life insurer must be approved by the Ministry of Finance of Vietnam ("MOF").

In June 2022, the Vietnam National Assembly adopted a new Law on Insurance Business (the "Law on Insurance Business 2022") which took effect from January 1, 2023, with the exception of some requirements that have a transition period. In July 2023, the Government of Vietnam issued a new decree on the implementation of the Law on Insurance Business 2022 ("Decree No. 46"), which took effect from July 1, 2023 with a number of provisions taking retroactive effect from January 1, 2023.

Insurance operations in Vietnam are mainly regulated by the MOF, which sets the standards on all insurance business matters, including product approvals, limits on commission rates payable on insurance products, actuarial liability valuation, and solvency requirements. Life insurers have responsibility for minimum legal capital of Vietnamese Dong ("VND") 600 billion and that a security deposit equal to 2% of the legal capital be maintained at a commercial bank in Vietnam. Life insurers that sell pension products or unit-linked products are required to have a minimum legal capital of VND 800 billion. Life insurers that sell pension and unit-linked products are required to have a minimum legal capital of VND 1,000 billion. The equity of the owner of a life insurer must not be lower than the required minimum legal capital applicable to that insurer. Current minimum legal capital requirements of life insurers that sell pension products or unit-linked products will continue to apply to life insurers licensed before January 1, 2023 (including Sun Life Vietnam) until the end of 2027. Beginning January 2028, life insurers in Vietnam will be required to follow increased minimum legal capital requirements set out in Decree No. 46, including minimum requirements of VND 750 billion for life insurers generally, VND 1,000 billion for life insurers selling pension or unit-linked products and VND 1,300 billion for life insurers selling pension and unit-linked products.

The required solvency margin is VND 300 billion over the minimum solvency margin for insurers selling pension products and VND 200 billion over the minimum solvency margin for insurers selling unit-linked and universal life products. The MOF also requires life insurers to maintain: (a) minimum reserves; (b) for unit-linked policies, a minimum solvency margin of 1.5% insurance reserves plus 0.3% of the sums at risk; (c) for universal life products and pension products, a minimum solvency margin of 4% of insurance reserves plus 0.3% of the sums at risk; and (d) for other life insurance policies and health policies, a minimum solvency margin of 4% of insurance reserves plus either (i) 0.1% of sums at risk for policies with a term of five years or less, or (ii) 0.3% of the sums at risk for policies with a term over five years. Life insurers must also establish a reserve fund to ensure their solvency. These minimum solvency margin requirements will continue to apply until the end of 2027, and thereafter life insurers will be required to maintain a RBC ratio (as further described below). Life insurers are to deduct 5% of annual profit after-tax to set up a compulsory reserve fund, the maximum of which is equal to 10% of the charter capital.

Sun Life Vietnam's products are generally distributed through a career agency sales force, including individual agency, corporate agency and bank partners, for individual Clients and through a corporate agency for corporate Clients. Sun Life Vietnam has an option to contract with eligible insurance auxiliary service providers to support Sun Life Vietnam in selling Sun Life Vietnam's products to Clients. The insurance auxiliary services include insurance consultation, insurance risk assessment, insurance calculation, insurance loss assessment and insurance claim assistance.

Notably, the Law on Insurance Business 2022 allows 100% foreign ownership for onshore insurers and re-insurers. The Law on Insurance Business 2022 also provides for a clearer regime for market participants (including Sun Life Vietnam) to provide insurance services and products via online platforms, and introduces regulations on RBC in order to apply a RBC management model in the Vietnamese insurance market. Accordingly, an insurer's solvency will be conditional on, among other things, maintaining a capital adequacy ratio based on the actual capital and the risk-based capital of the insurer. The risk-based capital will be determined based on the size and quantification of the impacts of various groups of risks on the business activities of the insurer including: (i) insurance risks, (ii) market risks, (iii) operational risks, (iv) other risks that have not been taken into account. The RBC regime is under development by the MOF with international and market consultation to ensure its full implementation by January 1, 2028.

On November 2, 2023, the MOF issued the New Circular No. 67, which took immediate effect and details a number of provisions of the Law on Insurance Business 2022 and Decree No. 46. Circular No. 67 provides new guidelines for the insurance sector, including requirements related to: (i) payment to distribution channels being tied to quality and persistency targets; (ii) a cap on the override compensation to the distribution channels from 2026; (iii) restrictions on selling investment-linked products to loan clients of the corporate agent; (iv) audio recording insurance consultations; and (v) having acknowledgement of policyholders in illustration materials, and for the sale of investment-linked products.

The new Law on Credit Institutions adopted by the Vietnam National Assembly on January 18, 2024 took effect on July 1, 2024 and has critical impacts on the bancassurance business of credit institutions (including banks, finance companies, micro finance companies, credit funds). Most importantly, credit institutions are prohibited from tying the selling of non-mandatory insurance products (such as life and health insurance products) with banking products/services. Circular No. 34 issued by the Governor of State Bank of Vietnam ("SBV"), and which took effect on July 1, 2024, regulates insurance agency activities through commercial banks and foreign bank branches. Under Circular No. 34, commercial banks and foreign bank branches licensed by the SBV are allowed to carry out insurance agency activities with respect to the types of insurance as stipulated in the Law on Insurance Business 2022, subject to compliance with provisions of the insurance business regulations and relevant laws. For existing bancassurance agreements between commercial banks/foreign bank branches and the insurer signed before July 1, 2024, commercial banks and foreign bank branches are allowed to continue collecting insurance premiums, collecting claim documents and paying insurance proceeds as agreed.

## Hong Kong

Our operations in the Hong Kong Special Administrative Region offer a full range of products to address insurance and savings needs. We offer individual life and health insurance, mandatory provident funds (the government-legislated pension system) and pension administration to individuals and businesses through a career sales agency force and independent financial advisors.

Sun Life Hong Kong Limited ("SLHK") is authorized by the Hong Kong Insurance Authority ("IA") under the Insurance Ordinance to carry on certain classes of long-term business in or from Hong Kong. On June 26, 2017, the IA took over from the previous governmental regulator, the Office of the Commissioner of Insurance, the functions of overseeing the authorization and regulation of insurance companies in Hong Kong. On September 23, 2019, the IA took over the regulation of insurance intermediaries from the then existing self-regulatory organizations through a new statutory licensing and intermediary supervision regime. The offer of our investment linked insurance products, pooled retirement funds, approved pool investment funds, mandatory provident fund schemes and occupational retirement schemes are also regulated by one or more of the financial services regulators, including the IA, the Hong Kong Securities and Futures Commission and/or the Mandatory Provident Fund Schemes Authority. Our trustees and intermediaries who administer and distribute these products, funds and schemes are also supervised and regulated by one or more of the above regulators.

In Hong Kong, long-term insurance companies were required to maintain at all times a required solvency margin. Prior to July 1, 2024, the required solvency margin was the higher of \$2 million Hong Kong dollars ("HKD") or the aggregate of two components: a percentage of the mathematical reserves and a percentage of the capital at risk as prescribed under the Insurance (Margin of Solvency) Rules (which was generally 4% of the mathematical reserves and 0.3% of the capital at risk). For a long-term insurer, the value of its assets had to be greater than the amount of its liabilities by at least the required solvency margin. The minimum paid-up capital for insurers in Hong Kong was HKD\$10 million. In practice, the actual capital requirement was much higher than what the law required, and would also depend on the business undertaken by the insurer. Despite the above, in practice, the IA imposed additional solvency requirements to ensure a sound and healthy insurance market.

The Insurance (Amendment) Ordinance 2023 (the “Amendment Ordinance”) came into force in Hong Kong on July 1, 2024 and substantially amended the capital base amount requirements applicable to Hong Kong insurers, amongst other requirements. The Amendment Ordinance introduces a statutory basis for the implementation of the RBC regime in Hong Kong, under which an insurer’s capital adequacy is assessed on the basis of its risk profile rather than on the basis of its solvency margins. For example, under the Insurance (Valuation and Capital) Rules, an applicable insurer’s capital base must now be not less than each of (a) a “prescribed capital amount” (which is an aggregate risk capital amount determined based on the risks faced by the insurer’s business, such as market risk, life insurance risk, counterparty default risk and operational risk); (b) a “minimum capital amount”, being 50% of the prescribed capital amount; and (c) HK\$20,000,000. SLHK received approval from the IA for early adoption of the RBC regime on August 14, 2023.

## China

Sun Life Everbright Life Insurance Company Limited is a domestically-invested life insurance company in China, in which we have a 24.99% ownership stake. It operates a multi-distribution model that combines a direct career agency, brokerage, group insurance and bancassurance alliances to sell individual life and health insurance and savings products.

Sun Life Everbright Life Insurance Company Limited has a 99% ownership stake in Sun Life Everbright Asset Management Co., Ltd, which carries on business in China as an insurance asset management company.

The insurance industry in China is regulated by the newly created National Administration for Financial Regulation (“NAFR”), which replaces the former China Banking and Insurance Regulatory Commission (“CBIRC”). The NAFR supervises the financial industry (with the exception of the securities sector) and is responsible for protecting the rights and interests of financial consumers, strengthening risk management and investigating and enforcing laws and regulations. The NAFR has taken over certain functions of the People’s Bank of China and the China Securities Regulatory Commission, including the routine supervision of financial companies and the protection of financial consumers and investors.

Currently, insurance companies established in China (including life insurance companies) are allowed to use their insurance funds (including their capital funds, reserve funds, undistributed profits, various reserves and other funds, whether dominated in RMB or a foreign currency) to invest in a range of assets (subject to the satisfaction of conditions prescribed for each form of investment) including but not limited to negotiable securities, stocks, financial derivatives and certain qualified financial products of financial institutions such as commercial banks, wealth management companies and other investment channels as approved by the State Council.

The minimum paid-up capital of an insurance company is RMB200 million (in cash only) and there are additional capital requirements when additional branches are established.

Insurance asset management companies are also regulated by the NAFR and may conduct the following businesses, among others: (i) managing insurance funds entrusted to them by their clients (including but not limited to their shareholders and the insurance companies controlled by their shareholders) and various assets generated therefrom; (ii) managing other funds (including basic endowment insurance funds, social security funds, enterprise annuity funds, occupational annuity funds and other funds of domestic and foreign qualified investors) and various assets generated therefrom; (iii) managing and utilizing their own funds in RMB or foreign currencies; and (iv) maintaining an asset-backed security business and offering insurance asset management products.

The management and utilization of insurance funds by insurance asset management companies is subject to requirements and limitations that are similar to those applicable to insurance companies. Currently, insurance asset management companies established in China are allowed to use the entrusted insurance funds to invest in a range of assets including but not limited to bank deposits, bonds, stocks and other investment channels as approved by the State Council. Independent custodians are designated for funds managed by insurance asset management companies and those custodians must be commercial banks or other financial institutions that satisfy regulatory requirements. The registered capital of an insurance asset management company must not be less than RMB100 million or the equivalent amount in a freely convertible foreign currency.

Insurance companies may, either by themselves or by entrusting qualified investment managers, use their insurance funds to make investments, and such “qualified investment managers” include insurance asset management companies and their subsidiaries. Insurance asset management companies are allowed to manage and utilize not only entrusted insurance funds, but also other entrusted funds of non-insurance clients.

Insurance asset management companies are also allowed to carry out insurance asset management product business in accordance with the regulator’s rules and should complete the product issuance, registration, custody, transaction, settlement, information disclosure and other processes via an asset registration and transaction platform as approved by the regulator. The regulator is responsible for dynamically supervising the full process of the operation and management of such products and identifying the ultimate investors (beneficiaries) and the underlying assets.

Effective January 1, 2020, the former CBIRC lifted the previous 51% cap on foreign ownership in life insurance companies established in China, which means that a foreign investor is now permitted to wholly own a life insurance company in China. In October 2019, the former CBIRC also implemented an amendment to the Administrative Regulations on Foreign-Invested Insurance Companies, which relaxes market access by removing the requirement that a foreign insurance company must have engaged in insurance business for more than 30 years and have maintained a representative office in China for at least two years before it can establish a foreign invested insurance company in China, and allows foreign insurance groups to invest in and establish an insurance company and other overseas financial institutions to make investments in insurance companies.

Effective September 1, 2022, the Regulations on the Management of Insurance Asset Management Companies no longer include restrictions on the shareholding ratio of foreign investors in insurance asset management companies.

## India

Aditya Birla Sun Life Insurance Company Limited ("ABSLI") is our life insurance joint venture with the Aditya Birla Group in India in which we have a 49% stake. ABSLI provides a full range of individual and group insurance, savings and retirement products through a multi-channel distribution network, including an agency sales force, bancassurance distribution, brokers and worksite marketing.

Insurance operations in India are regulated by the Insurance Regulatory & Development Authority of India ("IRDAI"), whose duties include issuing certificates of registration to insurance companies, protecting the interests of policyholders, and regulating, promoting and ensuring the orderly growth of the insurance industry. In recent years, a number of regulatory changes have been introduced, affecting matters that include product design and structure including commissions, distribution, investments, management expenses, risk management, corporate governance, insurer's registration, remuneration of non-executive directors and key management persons, actuarial, valuation and investment functions, advertising, opening and closure of places of business, policyholder interests and grievance-handling.

Life insurance companies in India are expected to maintain a minimum control level of solvency of 150% of the Required Solvency Margin ("RSM") at all times, where the RSM is an amount calculated by applying specified factors to mathematical reserves and amounts-at-risk. The RSM is required to be at least fifty percent of the minimum required paid-up capital, which is INR 1 billion for life insurance companies.

The foreign investment limit in the insurance sector in India is 74% of the equity share capital in an Indian insurance company subject to the insurance company meeting the condition that a majority of its directors, a majority of its Key Management Persons, and at least one among the Chairperson of its Board, its Managing Director and its CEO must be Resident Indian Citizens. In addition, prior approval is required from the IRDAI for any sale of shares over 1% of the total equity share capital and any purchase which will result in a shareholding being increased beyond 5% of the equity share capital. Increases in foreign investment in an Indian insurance company must comply with the pricing guidelines specified by the Reserve Bank of India.

Aditya Birla Sun Life Pension Management Limited ("ABSLPML") is a wholly owned subsidiary of ABSLI. ABSLPML's business offers pension solutions and acts as Pension Fund Manager under the National Pension Scheme Trust of the National Pension System ("NPS") to manage pension funds in the private sector according to the provisions of the NPS, the schemes, and the guidelines issued by the Pension Fund Regulatory and Development Authority.

Mutual funds and portfolio management services in India are regulated by the guidelines and regulations issued by the Securities and Exchange Board of India and various other applicable statutes.

We, along with Aditya Birla Capital Limited, are the promoters of ABSLAMC, an asset management company in India. In 2024, to comply with India's minimum public shareholding requirements applicable to Indian listed companies, we completed sales of 6.3% and 0.2% of our equity shares in ABSLAMC, which reduced our ownership interest from 36.5% to 30% (additional information on these transactions can be found in this AIF under the heading Three Year History: Acquisitions, Disposals, and Other Developments - Asia). The equity shares of ABSLAMC are listed on the National Stock Exchange of India Limited and BSE Limited.

ABSLAMC is primarily the investment manager of Aditya Birla Sun Life Mutual Fund, a registered trust under the Indian Trusts Act, 1882. ABSLAMC also operates multiple businesses including Portfolio Management Services, Real Estate, Investments and Alternative Investment Funds. ABSLAMC has also set up wholly owned subsidiaries in Singapore, Dubai and Mauritius.

## Malaysia

Our operations in Malaysia offer individual and group insurance and takaful products through Sun Life Malaysia Assurance Berhad ("SLMA") and Sun Life Malaysia Takaful Berhad ("SLMT"), respectively, our joint ventures with Renggis Ventures Sdn. Bhd. (a subsidiary of Khazanah Nasional Berhad), in which we have a 49% ownership stake in each company. SLMA has an exclusive bancassurance agreement with CIMB Bank Berhad to distribute insurance products through its network across Malaysia, while SLMT has an exclusive bancatakaful agreement with CIMB Islamic Bank Berhad to distribute takaful products

through its network across Malaysia. The companies have expanded their distribution channel to include other bancassurance and bancatakaful partners, agency distribution, direct marketing, government and corporate business, telemarketing, online and telco-assurance.

The central bank of Malaysia, Bank Negara Malaysia ("BNM"), regulates entities carrying on the insurance and takaful business in Malaysia and requires insurers and takaful operators to have a minimum paid-up capital of Ringgit Malaysia 100 million. BNM also requires insurers and takaful operators to maintain a capital adequacy level that is commensurate with their risk profiles under the risk-based capital frameworks and has set a minimum Supervisory Target Capital Level of 130%. Based on current Government policy, there is a 70% limit on foreign equity ownership in insurance companies and takaful operators in Malaysia.

On June 28, 2024, BNM issued its Exposure Draft on proposed changes to the Risk-Based Capital Framework for Insurers and Takaful Operators. This Exposure Draft takes into consideration the developments in global regulatory capital standards since the introduction of the current RBC framework, and aims to achieve greater alignment with key elements of such global regulatory capital standards, e.g. the Insurance Capital Standard issued by the International Association of Insurance Supervisors (IAIS) and the relevant standards issued by the Islamic Financial Services Board (IFSB), with appropriate modifications for the Malaysian market. As part of the Exposure Draft, BNM has asked insurers and takaful operators to conduct a second quantitative impact study to assess the impact of the proposed new framework by December 31, 2024. BNM intends to implement the new RBC framework for the reporting period beginning January 1, 2027, with potential parallel reporting commencing as early as the reporting period beginning January 1, 2026.

## Singapore

Sun Life Assurance Company of Canada Singapore Branch carries on a life insurance business in Singapore. It is licensed as a Direct Insurer (Life) with the Monetary Authority of Singapore ("MAS") pursuant to the Insurance Act 1966, to serve a defined market segment subject to certain conditions including its policies having a minimum policy size. The MAS is Singapore's central bank and the supervisory and regulatory authority over financial institutions including insurance companies, and oversees matters including those relating to licensing and registration, business conduct, solvency and capital adequacy, product compliance requirements, and anti-money laundering matters.

In Singapore, an insurer licensed as a Direct Insurer (Life) is required to maintain at all times a paid-up ordinary share capital (or its equivalent recognized by the MAS as applicable under the laws of the insurer's jurisdiction of incorporation) of no less than SGD10 million. As Singapore has already adopted the risk-based capital 2 regime for insurers, Sun Life Assurance Company of Canada Singapore Branch is also subject to ongoing fund solvency and capital adequacy requirements as set out in the Insurance (Valuation and Capital) Regulations 2004, MAS Notice 133, and any directives from the MAS.

## Bermuda

Sun Life Assurance and certain SLF Inc. subsidiaries carry on insurance and investment business in or from Bermuda and are regulated as insurance or investment companies, as the case may be, in that jurisdiction. The Bermuda Monetary Authority ("BMA") is the primary regulator of domestic and international insurance and investment companies carrying on business in or from Bermuda, and has regulatory authority for licensing and registration matters. The BMA has broad supervisory powers to regulate licensees under the Insurance Act 1978 and the Investment Business Act 2003, and is also the designated supervisory authority over the financial services industry in respect of Bermuda's Proceeds of Crime Act anti-money laundering legislation. In accordance with these and related laws, Sun Life Assurance and certain subsidiaries of SLF Inc. are subject to requirements governing their solvency, financial reporting, privacy and data security and business conduct.

## Other Jurisdictions

In each of the countries in which our other subsidiaries, joint ventures and associates operate, local regulatory authorities supervise and monitor their business and financial condition. In a number of countries, certain insurance subsidiaries, joint ventures and associates are required to meet specific minimum working and regulatory capital requirements. Certain of our subsidiaries (including MFS, BentallGreenOak, InfraRed and/or their respective subsidiaries), joint ventures and associates, also conduct business in various countries, including Japan and Australia, that are subject to applicable laws and regulations, which vary from country to country.

## Risk Factors

The Risk Categories section under the Risk Management heading in our 2024 MD&A provides a summary of some of the significant risks that could affect (and, in some cases, are affecting) our business, reputation, financial condition or results of operations. As a large financial services organization operating in a complex industry, the Company encounters a variety of risks. We face risks in formulating our business strategy and business objectives, in carrying on our business activities in the pursuit of our strategy and objectives, and from external factors. Volatility can exist around expected financial results and from short term variability of, trends over, and extreme events related to key risks. In addition, risk correlation, interconnected risks, terms of exposure and the risk horizon are important elements to consider while identifying risks.

These risk factors have been grouped as outlined in our Risk Management Framework into six major categories: market, insurance, credit, business and strategic, operational and liquidity risks. Other risks, not specified in the 2024 MD&A, may exist but are not considered to be material at the present time may also impact our business in the future. This information should be considered carefully together with other information in this AIF and in the 2024 MD&A, the 2024 Consolidated Financial Statements and other reports and materials that we file with securities regulators.

These risks may occur independently, in combinations, and/or may occur simultaneously or in an environment where one or more risks evolve rapidly. For example, a major pandemic could have a material adverse impact on mortality and morbidity claims experience. Such an event may also trigger adverse global capital markets developments, including a downturn in equity market levels and interest rates, increased market volatility and credit deterioration, and could also lead to operational risks such as disruptions within the organization and in third party service arrangements or a government or regulatory response.

While a number of risks that are described in the 2024 MD&A provide examples of inter-connectedness and relationships between risks, these do not represent a complete inventory. It should be noted that these relationships can continue to develop and change over time, and the combined adverse impact on our profitability, financial position, and reputation could be significantly greater than the sum of the individual parts. Our assessment of the impact and probability of these risks changes over time.

A description of our risk management approach can be found under the heading Risk Management in our 2024 MD&A. Many of the risk factors set out in the 2024 MD&A contain forward-looking statements.

## Legal and Regulatory Proceedings

We are regularly involved in legal actions, both as a defendant and as a plaintiff. Information on legal and regulatory proceedings is provided in Note 22.G of our 2024 Consolidated Financial Statements and is incorporated herein by reference.

Since January 1, 2024, (i) no penalties or sanctions have been imposed against Sun Life by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; (ii) Sun Life has not entered into any settlement agreements with a court relating to Canadian securities legislation or with a Canadian securities regulatory authority and (iii) no penalties or sanctions have been imposed against Sun Life by a Canadian securities regulatory authority, other than nominal late filing fees, or by a court relating to Canadian securities legislation.

## Additional Information

Additional information including directors' and officers' remuneration and indebtedness, principal holders of SLF Inc.'s securities, securities authorized for issuance under equity compensation plans and interests of informed persons in material transactions, if applicable, is contained in SLF Inc.'s information circular for its most recent annual meeting of security holders that involved the election of directors. Additional financial information is provided in SLF Inc.'s MD&A and consolidated financial statements for its most recently completed financial year.

Requests for copies of these documents may be sent to the Corporate Secretary of SLF Inc. at 1 York Street, 31st Floor, Toronto, Ontario, M5J 0B6. Copies of these documents and other additional information related to SLF Inc. are available at [www.sunlife.com](http://www.sunlife.com), [www.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov).

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

## Charter of the Audit Committee

The Audit Committee (the "Committee") is responsible for assisting Sun Life's Board of Directors (the "Board") in overseeing the integrity of financial statements and related information provided to shareholders and other stakeholders, compliance with financial regulatory requirements, adequacy and effectiveness of the internal controls implemented and maintained by management, and assessing the qualifications, independence, and performance of the external auditor. The Committee also acts as the audit committee for certain subsidiaries of Sun Life that are federally regulated financial institutions in accordance with the applicable provisions of the *Insurance Companies Act* (Canada) and the *Trust and Loan Companies Act* (Canada).

### 1. Duties and Responsibilities

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

#### 1.1 Financial Reporting

- a) Reviews with management and Sun Life's external auditor (the "External Auditor") and makes recommendations to the Board on the approval of the quarterly unaudited and the annual audited consolidated financial statements, including the notes thereto, Management's Discussion and Analysis and the related news release (collectively, the "Financial Disclosure Documents").
- b) In conducting its review of the Financial Disclosure Documents:
  - i. reviews the reported and underlying earnings;
  - ii. discusses with the President & Chief Executive Officer and the Chief Financial Officer any significant issues raised in connection with the certifications relating to financial disclosure and controls that those officers are required to file with securities regulatory authorities;
  - iii. reviews reports from the Chief Actuary on the parts of the Financial Disclosure Documents prepared by that officer;
  - iv. reviews with management and the External Auditor Sun Life's principal accounting and actuarial practices and policies;
  - v. reviews other non-financial disclosures required to be included in the Financial Disclosure Documents; and
  - vi. considers emerging industry, regulatory and accounting standards and the possible impact on Sun Life's principal accounting practices and policies, including consideration of the use of non-International Financial Reporting Standards ("IFRS") measures.
- c) Periodically reviews tax matters.
- d) Reviews, at least annually, a report on litigation matters, as required.
- e) At the request of the Chair of the Committee, reviews finance, accounting and tax related aspects of material transactions that are being proposed by Sun Life.

## **1.2 Internal Control**

- a) Requires management to implement and maintain appropriate systems, processes, and controls to ensure accurate, complete, and timely reporting of financial and related information and evaluates the effectiveness of such processes and controls and ensures that appropriate action is being taken to address any material internal control deficiencies.
- b) Reviews, at least annually, and makes recommendations to the Board on the approval of Sun Life's Internal Control Framework, which includes, amongst other things, procedures established to handle complaints received by Sun Life related to accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, if applicable.
- c) Reviews quarterly reports from the Chief Compliance Officer on complaints related to accounting, internal accounting controls or auditing matters, if applicable.
- d) Reviews management's quarterly reports on the effectiveness of Sun Life's internal controls over financial reporting, including any evolving disclosure standards.
- e) Reviews, as required, management's reports relating to emerging industry, regulatory and accounting standards, including their impacts on Sun Life's principal accounting practices and policies, and the status of their implementation.
- f) Periodically meets with the Business Group Chief Financial Officers and Heads of Internal Audit to review the control environment, resources, organizational structure, and priorities.

## **1.3 Internal Audit**

- a) Reviews the Chief Auditor's quarterly reports on the effectiveness of Sun Life's governance, risk management and internal controls, and performance of the internal audit function relative to its plan.
- b) Reviews and approves the annual internal audit plan including resources, budget and expenses, reviews any significant changes to the internal audit plan, reviews any restrictions on the scope of activities or access to information during the audit, and oversees the coordination of the internal audit plan with the External Auditor's audit plan.
- c) Together with the Chair of the Committee, interacts with the Chief Auditor and senior management as required to support fulfilment of the Chief Auditor's mandate.
- d) Ensures the Chief Auditor reports on a functional basis to the Chair of the Committee and administratively to the President & Chief Executive Officer.
- e) Reviews the internal audit quality assurance and improvement program annually including, when applicable, external quality assessments.

## **1.4 External Auditor**

- a) Reviews the External Auditor's audit findings reports and:
  - i. seeks assurances from the External Auditor that the financial statements, including the notes thereto, fairly present the financial position, results of operations and cash flows of Sun Life;
  - ii. assures itself that the External Auditor is satisfied that the accounting estimates and judgements made by management, and management's selection of accounting principles, reflect an appropriate application of IFRS;

- iii. discusses with the External Auditor any significant changes that were required in the external audit plan; and
  - iv. discusses any significant issues raised with management during the audit or review and oversees the resolution of any disagreements, including any restrictions on the scope of activities or access to information, and those matters that are required to be discussed under generally accepted auditing standards.
- b) Discusses with the External Auditor on a quarterly basis the results of quarterly review procedures over the financial statements, including discussions on key areas of judgement, significant transactions in the quarter and the progress against the external audit plan.
  - c) Reviews the independence of the External Auditor, including the requirements relating to such independence under the laws governing Sun Life, the applicable rules of stock exchanges on which Sun Life's securities are listed, and regulatory bodies with responsibility for establishing auditor independence requirements and policies and at least annually receives and reviews with the External Auditor its written statement delineating relationships with Sun Life and, if necessary, recommends that the Board take appropriate action to satisfy itself of the External Auditor's independence and accountability to the Committee, the Board and shareholders.
  - d) Appraises the qualifications and performance of the External Auditor, including timing and implementation of the rotation of the lead audit partner, and recommends to the Board the appointment, or if so, determined by the Committee the replacement, of the External Auditor, subject to the approval of the shareholders.
  - e) Reviews and approves the scope and terms of the External Auditor's engagement and reviews and recommends for approval by the Board the engagement letter and remuneration of the External Auditor.
  - f) Reviews and approves the Restricting Use of External Auditor Policy which outlines the services for which the External Auditor can be engaged, the approval process for such services and the policy regarding the employment of former employees of the External Auditor.
  - g) Determines, reviews, and approves the services to be performed by the External Auditor and the fees to be paid to the External Auditor for audit, audit-related and other services permitted by law and in accordance with the Restricting Use of External Auditor Policy.
  - h) Reviews with the External Auditor and management the overall scope of the external audit plan, quality control procedures and the resources that the External Auditor will devote to the audit.
  - i) Discusses with the External Auditor the financial and control-related aspects of material transactions that are being proposed by Sun Life.

## **1.5 Resources and Talent**

- a) Reviews, at least annually, and approves changes to the statements of mandate, responsibility and authority of the Chief Actuary, Chief Auditor and Chief Financial Officer and the organizational structure of the Actuarial, Finance and Internal Audit functions.
- b) Reviews, at least annually, the adequacy of the authority, independence and resources of the Chief Actuary, Chief Auditor and Chief Financial Officer.
- c) Reviews, at least annually, management's reporting on the state of the information technology that delivers Sun Life's finance and actuarial reporting.

- d) Approves, at least annually, the objectives of the Chief Actuary, Chief Auditor and Chief Financial Officer and reviews, at least annually, the effectiveness of the Actuarial, Internal Audit and Finance functions.
- e) Reviews, at least annually, succession plans, for the Chief Actuary, Chief Auditor, Chief Financial Officer, and other senior management roles overseen by the Committee.
- f) 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 Actuary, Chief Auditor or Chief Financial Officer, including to determine the qualifications and competencies required for those roles, and reviews annually the performance assessment of those individuals.
- g) Requires the Chief Actuary, Chief Auditor and Chief Financial 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.

## **1.6 Regulatory**

- a) 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.
- b) Reviews and discusses with the External Auditor and Chief Actuary such reports and regulatory returns of Sun Life as may be specified by law.
- c) Reviews with the External Auditor any regulatory matters that pertain to the External Auditor.

## **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 Sun Life's Director Independence Policy.
- c) The Governance Committee will review Committee membership annually to ensure the Committee includes members with the competencies, experience and expertise required to fulfil the Committee's mandate.
- d) Each member of the Committee shall be financially literate. In the Board's judgment, a member of the Committee is financially literate if, after seeking and receiving any explanations or information from senior financial management or the External Auditor of Sun Life that the member requires, the member is able to read and understand the consolidated financial statements of Sun Life to the extent sufficient to be able to intelligently ask, and to evaluate the answers to, probing questions about the material aspects of those financial statements.
- e) The Committee shall have at least one member that, in the Board's judgement, qualifies as an audit committee financial expert (as defined by the U.S. Securities and Exchange Commission).

- f) The Committee will discuss the qualifications for and determine whether a member of the Committee is a financial expert, and in conjunction with the Governance Committee, will ensure that all Committee members are financially literate.
- g) 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 (the "Board Chair") or by any member of the Committee.
- 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 External Auditor reports to the Committee and receives notice of and may attend all Committee meetings.
- f) The Committee holds a private session at each meeting of the Committee for members only and at each regularly scheduled meeting with each of the Chief Actuary, Chief Auditor, Chief Financial Officer, and representatives of the External Auditor, and with the Chief Risk Officer and Chief Compliance Officer, as appropriate, and those individuals have unrestricted access to Committee members between meetings.
- g) 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.
- h) The Committee will review the minutes and list of follow up items of each Committee meeting.
- i) 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 management information circular.
- j) 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 Board Chair, 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 Actuarial, Finance and Internal Audit functions and determines whether any special advisors are engaged to conduct such independent reviews.
- c) Reviews the results of any independent reviews of the Actuarial, Finance and Internal Audit functions conducted at the request of the Committee.