



Introduction

Remuneration linked to  
long-term financial development

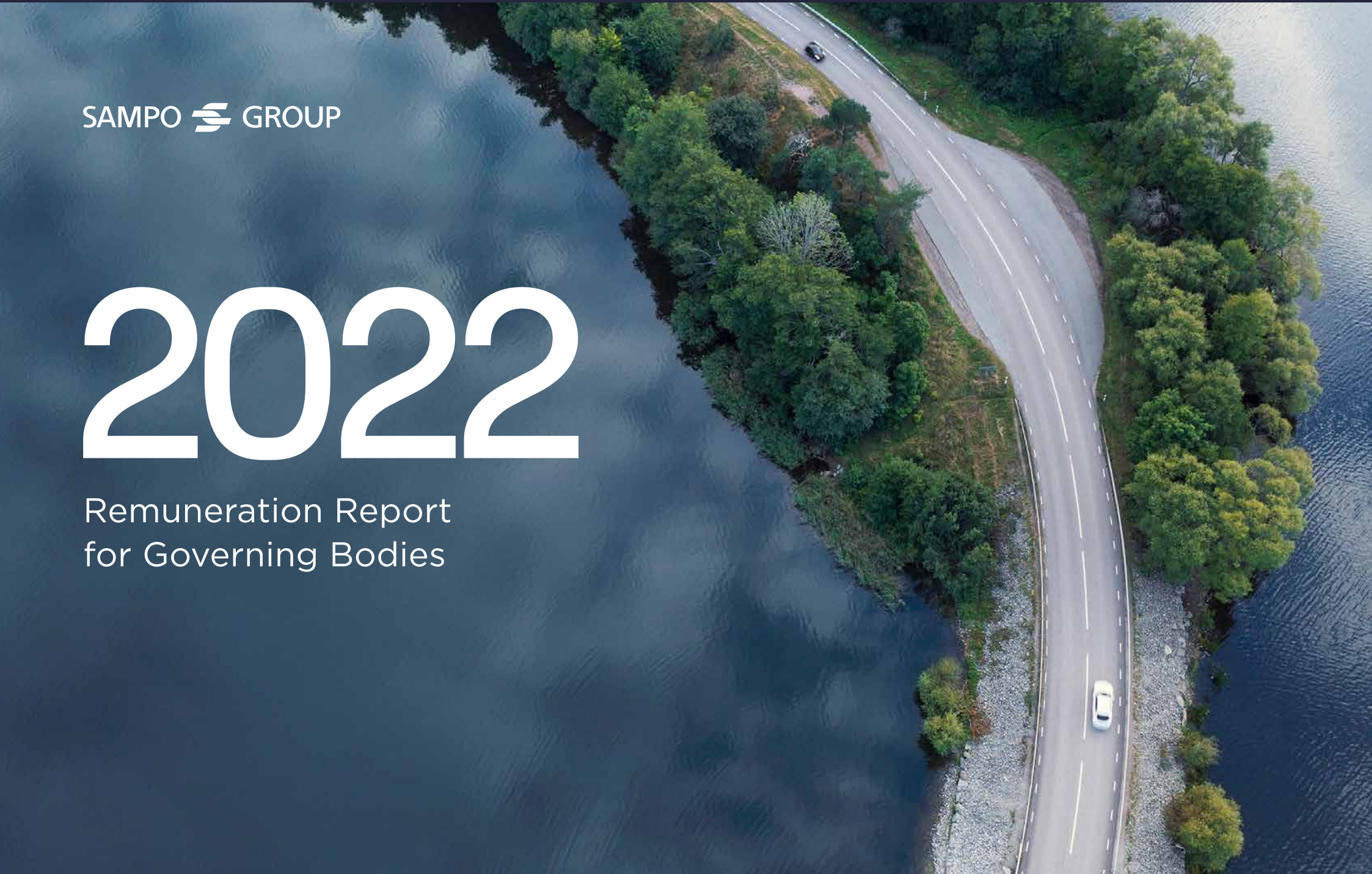
Remuneration of  
the Board of Directors

Remuneration of  
the Group CEO

SAMPO  GROUP

# 2022

Remuneration Report  
for Governing Bodies



# Remuneration Report for Governing Bodies

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# Remuneration Report for Governing Bodies

## Introduction

This Remuneration Report for Governing Bodies 2022 has been prepared in accordance with the section titled 'Remuneration Reporting' of the Corporate Governance (CG) Code 2020. The CG Code 2020 can be viewed in full on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

The Remuneration Report for Governing Bodies provides information on the remuneration of the Board of Directors and the Group CEO, and it also describes how the Remuneration Policy for Governing Bodies (Remuneration Policy) has been applied in practice. The paid and earned remuneration and other financial benefits are reported excluding social costs.

The Remuneration Report for Governing Bodies 2021 was presented to the Annual General Meeting in 2022. Out of all given votes, 95.05 per cent were given in favour of the proposal. The Annual General Meeting resolved, in accordance with the voting result, to accept the presented Remuneration Report. The resolution was advisory.

The Remuneration Report for Governing Bodies 2022 has been updated compared to the previous year's report to further enhance and clarify remuneration outcome, principles and processes. Information on the Group CEO's short-term incentive (STI) target setting, and target fulfilment has been updated, and the separate table describing the main terms and conditions of the long-term incentive (LTI) schemes has been further revised in the report.

In 2022, Sampo Group's result was well ahead of the 2021-2023 annual financial targets of mid-single digit per cent growth on average in underwriting profits and a combined ratio below 86 per cent.

The remuneration of the Board of Directors and the Group CEO complied with the Remuneration Policy in force during 2022. Neither deviations from the Remuneration Policy nor clawbacks of the remuneration paid to the Board of Directors or the Group CEO were made.

## Remuneration linked to long-term financial development

In order to support company strategy and reward for performance on achieved results, Sampo emphasises the use of variable remuneration. By extensively working with variable remuneration, i.e., both STI and LTI, Sampo can create remuneration packages that are highly competitive and aligned with shareholder interest.

Through the use of both financial and non-financial KPIs, the STI program creates a clear link between the profitability of Sampo Group and remuneration. The use of one-year KPIs creates flexibility for Sampo to reward on key priorities and individual performance that will enhance the company's long-term profitability.

The LTI schemes are operated to align the interest of management with that of the shareholders. As such, the LTI schemes are tied to the long-term development of the Sampo total shareholder return and include terms requiring a defined part of the pay-out to be used to acquire Sampo shares, which shall be held for a defined period of time.

With this in mind, the remuneration of the Group CEO in 2022 consisted of: (i) fixed compensation and other benefits, (ii) short-term incentives, (iii) long-term incentives and (iv) supplementary pension contributions.

- In 2022, the paid short-term incentive, including release of previous deferrals, represented 13 per cent of the Group CEO's total remuneration (including supplementary pension contribution).
- The STI 2022 outcome was 85 per cent of maximum, corresponding to EUR 616,775 (SEK 6,555,451), which will be paid out in 2023. 40 per cent of the amount will be deferred in cash for three years as required in the regulatory framework applicable to Sampo plc.
- The current long-term incentive schemes are designed to ensure that the pay-out is based on long-term results and that the underlying economic cycle of the company is considered. 50 per cent of the cash pay-out (net after tax) is used to purchase Sampo A shares which are subject to disposal restrictions (holding period)

for three years, so that the interests of the Group CEO are further aligned with the long-term interests of the shareholders. In 2022, the long-term incentive paid, including the part to be deferred, represented 46 per cent of the Group CEO's total remuneration (including supplementary pension contribution).

To align the interests of the members of the Board of Directors with those of the shareholders, the members of the Board of Directors shall acquire Sampo A shares for 50 per cent of their annual fee after the deduction of taxes, payments, and potential statutory social and pension costs, in accordance with the resolution of the Annual General Meeting. The shares shall be retained for two years from the purchasing date.

### Comparison of development in total remuneration and company performance over the preceding five financial years

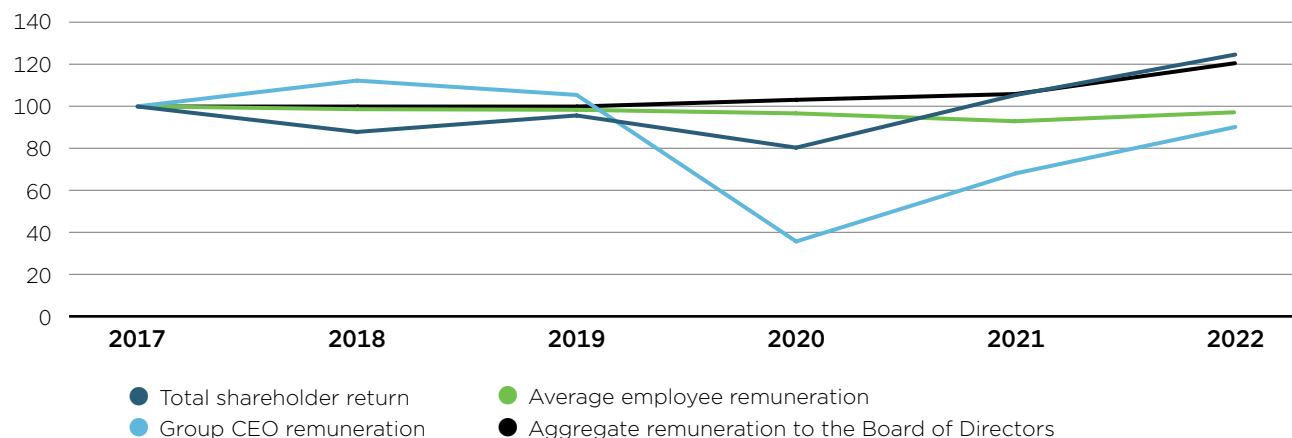
	Magnusson			Stadigh	
	2022	2021	2020	2019	2018
Remuneration to the Group CEO, excluding pension (EUR) <sup>1</sup>	3,327,858	2,511,459	1,313,694	3,891,196	4,143,132
Sampo Group average employee remuneration, excluding pension (EUR) <sup>2</sup>	69,941	66,915	69,580	70,781	70,994
Aggregate remuneration to the Board of Directors (EUR)	1,052,800	925,000	901,000	873,000	873,000
Pay ratio between remuneration of the Group CEO and average employee remuneration	48:1	38:1	19:1	55:1	58:1
Total shareholder return (rebased to 100 at 29 December 2017) <sup>3</sup>	124.73	105.46	80.38	95.71	87.87

<sup>1</sup> The former Group CEO, Kari Stadigh, retired on 31 December 2019 and was succeeded by Torbjörn Magnusson with effect from 1 January 2020.

<sup>2</sup> The Sampo Group average employee remuneration has been calculated by dividing total remuneration (including fixed salary, fringe benefits and variable compensation) by the average Sampo Group FTE of the year. Currency rate fluctuations affect the reported numbers. Hastings is included in the figures starting from 2021.

<sup>3</sup> The Sampo A share price has been replaced with Total shareholder return compared to earlier reports to better reflect the company's value creation and long-term performance.

### Comparative data



## Remuneration of the Board of Directors

The members of the Board are not in an employment or service relationship with Sampo plc or any other Sampo Group company, and they do not participate in any short-term incentive programs or long-term incentive schemes. Furthermore, they do not act as advisors for the company.

The Annual General Meeting 2022 decided that the Board of Directors would consist of nine (9) members until the close of the Annual General Meeting to be held in 2023. Steve Langan was elected as a new member of the Board of Directors. Besides that, no other changes were made in the composition of the Board.

The Nomination and Remuneration Committee of Sampo plc's Board of Directors prepares and presents the proposal for the remuneration of the Board of Directors to the Annual General Meeting. When preparing the proposal, the committee may consult the company's largest shareholders and shall, in addition to the Remuneration Policy, consider the developments in remuneration in the relevant markets and benchmark companies. The Annual General Meeting 2022 accepted the proposal to increase the annual fees of the Board members by approximately 3 per cent. In determining the proposed fees, the Nomination and Remuneration Committee considered the effect

of financial and insurance regulation on the demands of the Board's work and the annual fees paid to the Boards of businesses similar to Sampo Group. The remuneration of the Board is annually benchmarked against broad Finnish market data as well as against a peer group consisting of financial companies present in the same geographical market as Sampo.

The Nomination and Remuneration Committee of Sampo plc's Board of Directors proposed to the Annual General Meeting 2022 that each member of the Board of Directors be paid an annual fee of EUR 98,000 until the close of the next Annual General Meeting, and that the Chair of the Board be paid an annual fee of EUR 190,000. Furthermore, the Nomination and Remuneration Committee proposed that the members of the Board of Directors and its Committees be paid the following additional annual fees: (i) the Vice Chair of the Board be paid EUR 27,000; (ii) the Chair of the Audit Committee be paid EUR 27,000; and, (iii) each member of the Audit Committee be paid EUR 6,200.

Incurred travel and accommodation costs were reimbursed to the Board members. Any potential statutory social and pension costs incurring to Board members

having permanent residence outside Finland were, according to applicable national legislation, borne by Sampo plc. No other financial benefits were paid to the members of the Board. The Board members did not receive separate meeting fees. The meeting attendance of the members of the Board and its Committees was 100 per cent during 2022. For further information on the work, members and attendance of the Nomination and Remuneration Committee, refer to the Board appointed committees' section in the 2022 Corporate Governance statement.

A Board member shall, in accordance with the resolution of the Annual General Meeting, acquire Sampo A shares at the price paid in public trading for 50 per cent of his/her annual fee after the deduction of taxes, payments, and potential statutory social and pension costs. Sampo plc pays any possible transfer tax related to the acquisition of the shares. A Board member shall be obliged to retain the Sampo A shares under his/her ownership for two years from the purchasing date. However, the disposal restriction (holding period) on the Sampo A shares shall become unbinding if the term of the Board membership ends prior to the two-year period.

## Paid remuneration to members of the Board of Directors

Board member	2022		2021		2020		2019		2018	
	Annual Fee, EUR <sup>1</sup>	Acquired shares, pcs <sup>2</sup>	Annual Fee, EUR <sup>1</sup>	Acquired shares, pcs <sup>2</sup>	Annual Fee, EUR <sup>1</sup>	Acquired shares, pcs <sup>2</sup>	Annual Fee, EUR <sup>1</sup>	Acquired shares, pcs <sup>2</sup>	Annual Fee, EUR <sup>1</sup>	Acquired shares, pcs <sup>2</sup>
Björn Wahlroos Chair	190,000	1,367	184,000	1,298	180,000	1,595	175,000	1,533	175,000	1,377
Jannica Fagerholm <sup>3</sup> Vice Chair and Chair of the Audit Committee	152,000	950	147,000	869	145,000	1,077	140,000	1,103	115,000	772
Christian Clausen <sup>4</sup> Member	98,000	520	95,000	520	93,000	650	96,000	650	96,000	550
Risto Murto Member	98,000	596	95,000	561	93,000	697	90,000	673	90,000	549
Fiona Clutterbuck Member of the Audit Committee	104,200	668	101,000	640	99,000	792	96,000	753	-	-
Johanna Lamminen Member of the Audit Committee	104,200	640	101,000	602	99,000	742	96,000	711	-	-
Georg Ehrnrooth Member of the Audit Committee	104,200	719	101,000	675	99,000	787	-	-	-	-
Markus Rauramo <sup>5</sup> Member	98,000	585	101,000	592	-	-	-	-	-	-
Steve Langan Member of the Audit Committee	104,200	673	-	-	-	-	-	-	-	-
Antti Mäkinen <sup>6</sup> Member of the Board up until 19 May 2021	-	-	-	-	93,000	697	90,000	667	96,000	464
Veli-Matti Mattila Member of the Board up until 2 June 2020	-	-	-	-	-	-	90,000	667	90,000	523
Eira Palin-Lehtinen Vice Chair up until 9 April 2019	-	-	-	-	-	-	-	-	115,000	676
Adine Grate Axén Member of the Audit Committee up until 9 April 2019	-	-	-	-	-	-	-	-	96,000	682
<b>Total</b>	<b>1,052,800</b>	<b>6,718</b>	<b>925,000</b>	<b>5,757</b>	<b>901,000</b>	<b>7,037</b>	<b>873,000</b>	<b>6,757</b>	<b>873,000</b>	<b>5,593</b>

<sup>1</sup> The fee is paid annually, and it covers the full term of office from the election to the close of the following Annual General Meeting.

<sup>2</sup> Transfer tax of 1.6 per cent related to the acquisition of Sampo A shares has been reimbursed to the Board members, in accordance with the resolution of the Annual General Meeting.

<sup>3</sup> Jannica Fagerholm took up the position as Vice Chair in April 2019.

<sup>4</sup> Christian Clausen was a member of the Audit Committee until June 2020, after which he became a member of the Nomination and Remuneration Committee.

<sup>5</sup> Markus Rauramo was a member of the Audit Committee until May 2022, after which he became a member of the Nomination and Remuneration Committee.

<sup>6</sup> Antti Mäkinen was a member of the Audit Committee until April 2019, after which he became a member of the Nomination and Remuneration Committee.

# Remuneration of the Group CEO

The remuneration of the Group CEO is reviewed annually and is based on the Sampo Group Remuneration Principles and Sampo plc’s Remuneration Policy. The remuneration includes fixed compensation, other benefits, and a supplementary defined contribution pension plan, and it may also include payments from short-term incentive programs and long-term incentive schemes. In addition, the Group CEO is, based on the Remuneration Policy and his service agree-

ment, entitled to compensation related to the termination of the service agreement.

The remuneration of the Group CEO is annually benchmarked against individual peer group companies and general market data for similar position grades and/or jobs based on external surveys.

Remuneration that is based on the achievement of the company’s strategic and financial goals will create a link between the performance of the Group CEO and the company’s success. In order to emphasise the importance of the pay for performance principle, a significant part of the Group CEO’s total remuneration is based on the performance-linked variable compensation.

## Remuneration elements of the Group CEO, Torbjörn Magnusson

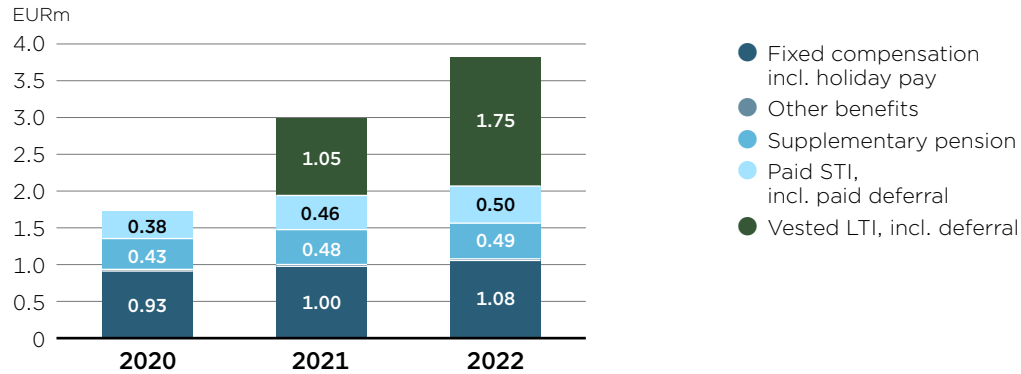
<p><b>Fixed compensation</b></p>	<p><b>Objective</b> Attract and commit the best CEO to the company.</p> <p><b>Operation</b> The fixed compensation is the basis of the remuneration package at Sampo Group. It shall ensure financial stability by representing a sufficiently high share of the total remuneration in order to avoid over-dependency on variable compensation and enable Sampo Group to uphold a flexible remuneration system and maintain the possibility of paying no variable compensation.</p> <p>It is reviewed annually taking into account general market trends, internal parity, industry specific developments, the fixed compensation market position and individual performance.</p> <p>In order to conclude on an increase, if any, the Group CEO’s fixed compensation is benchmarked against both the relevant general market and an individual peer group of companies.</p>	<p><b>Opportunity</b> The fixed compensation shall be competitive but not leading in the market. There is no set maximum or minimum limit to the annual salary increase according to the Remuneration Policy but changes, if any, reflect the outcome of the annual review taking the previously mentioned factors into account by the Board of Directors.</p> <p><b>Outcome</b> The annual salary review was conducted in December 2022 which resulted in a new annual base salary of EUR 1,006,189 (SEK 10,694,382) corresponding to an increase of 4.0 per cent, effective 1 January 2023. After the salary increase, the salary of the Group CEO is still at a level below considered market median.</p> <p>The annual base salary for 2022 was EUR 967,490 (SEK 10,283,060).</p>
<p><b>Short-term incentives (STI)</b></p>	<p><b>Objective</b> Reward and encourage to surpass the quantitative and qualitative performance criteria.</p> <p><b>Operation</b> The performance criteria along with their proportional weightings are determined before the performance period. Under the rules and regulations applicable, the performance criteria for the short-term incentive program are both quantitative (financial) and qualitative (non-financial). The rewards shall be paid in cash, based on the outcome of the performance criteria after the performance period, with a portion deferred as required in the regulatory framework that is applicable to Sampo plc.</p>	<p><b>Opportunity</b> The maximum amount that can be paid to the Group CEO from the program is equivalent to nine months’ fixed salary.</p> <p><b>Outcome</b> The combined performance outcome was 85 per cent of maximum corresponding to a pay-out of EUR 616,775 (SEK 6,555,451), of which 40 per cent is deferred in cash and may be paid out earliest in 2026.</p>



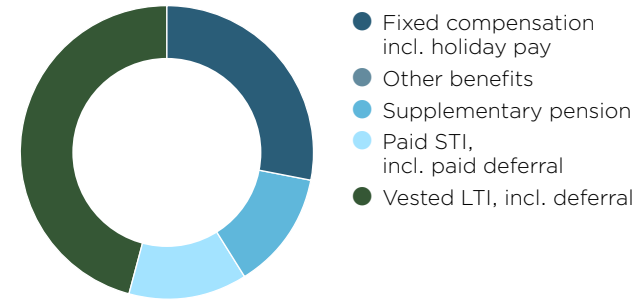
<b>Long-term incentives (LTI)</b>	<p><b>Objective</b> Align the Group CEO's interests with those of the shareholders and commit the Group CEO to the long-term financial performance of the company.</p> <p><b>Operation</b> Sampo Group operates a cash-based long-term incentive scheme under which incentive units are allocated to each participant<sup>1</sup>. The pay-out is linked to certain performance criteria and to the development of the company's share price as well as paid dividends. Part of the pay-out shall be deferred as required in the regulatory framework that is applicable to Sampo plc. In 2022, there were two long-term incentive schemes applicable to the Group CEO, long-term incentive scheme 2017:1 and long-term incentive scheme 2020:1.</p>	<p><b>Opportunity</b> The pay-out from the schemes is always capped, i.e., the size of the payment is limited to a maximum amount. 350,000 incentive units were originally allocated to the Group CEO under each scheme.</p> <p><b>Outcome</b> The 3rd instalment of the long-term incentive scheme 2017:1 vested in 2022, and as the performance criteria were fulfilled, the Board of Directors resolved on a pay-out to the Group CEO of EUR 1,746,850 (SEK 18,566,570). According to the terms and conditions of the scheme and applicable regulation, 50 per cent of the net pay-out is used to acquire Sampo A shares that are subject to a 3-year disposal restriction (holding period).</p>
<b>Pension</b>	<p><b>Objective</b> Provide a competitive pension.</p> <p><b>Operation</b> In addition to a statutory Swedish pension, the Group CEO is entitled to a supplementary defined contribution pension plan. The retirement age for the Group CEO is 65.</p>	<p><b>Opportunity</b> The pension contribution corresponds to 38 per cent of the fixed annual salary and 25 per cent of the annual paid short-term incentive.</p> <p><b>Outcome</b> Supplementary pension contributions for the Group CEO amounted to EUR 493,719 (SEK 5,247,540) in 2022.</p>
<b>Other benefits</b>	<p><b>Objective</b> Support the commitment of the Group CEO.</p> <p><b>Operation</b> Benefits are provided in accordance with the applicable local market practice, and they may change from time to time. Other benefits may include, among other things, phone benefit, car benefit, health insurance and other relevant insurances, directors' liability insurance, and personal tax advisory services for a Group CEO who is not resident in Finland.</p>	<p><b>Opportunity</b> There is no maximum limit on benefits provided to the Group CEO, however if not regulated in his service agreement, benefits follow the general framework applicable to other employees in Sampo plc. During 2022, the Group CEO was entitled to lunch benefit, an annual travel pass for flights between Stockholm and Helsinki, and a health insurance.</p> <p><b>Outcome</b> The Group CEO received benefits to a value of EUR 2,040 (SEK 21,679) during 2022.</p>
<b>Termination of service relationship</b>	<p>The service agreement of the Group CEO includes a notice period for terminating the agreement and severance compensation. The notice period for terminating the service agreement of the Group CEO is 12 months for the company and 6 months for the Group CEO, and the Group CEO is entitled to salary during the notice period. In addition, the Group CEO is entitled to a severance compensation corresponding to a maximum of 24 months' fixed salary should i) Sampo plc terminate his service agreement or ii) the Group CEO terminate the agreement based on either material breach of the agreement from the company's part or based on material changes in the Group CEO's responsibilities due to significant changes in Sampo Group structure or ownership. The maximum amount of severance compensation is based on the terms applied in his previous position as the CEO of If P&amp;C Insurance Holding Ltd.</p>	

<sup>1</sup> An incentive unit is a theoretical calculation unit that will be used to determine the incentive reward. For further information refer to section Long-term incentives of the Group CEO in this report.

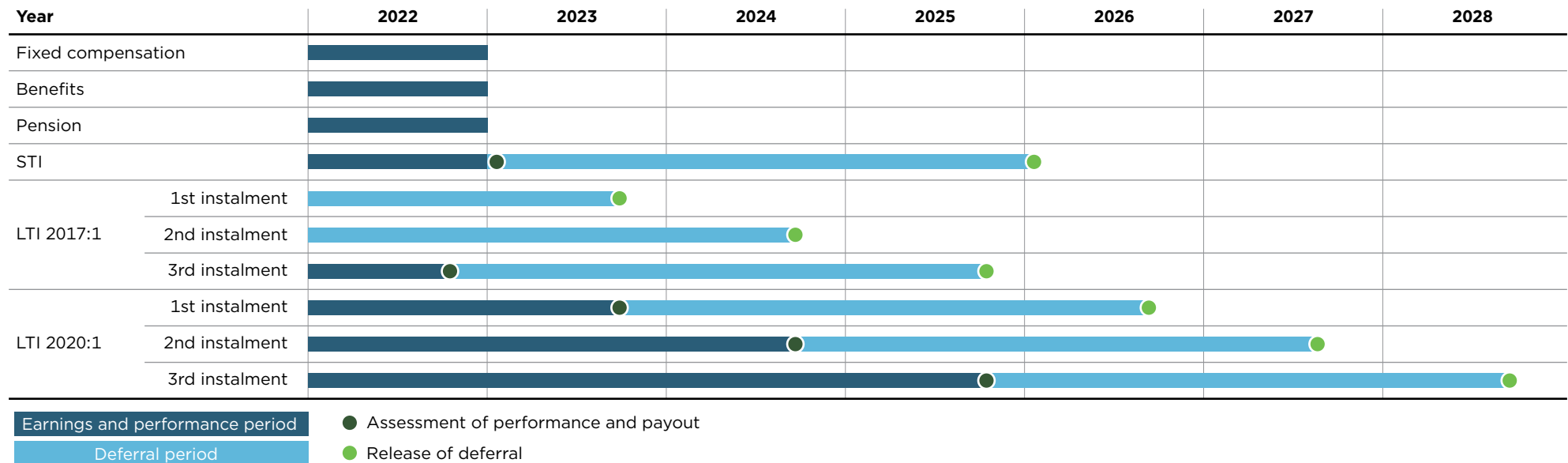
### Total remuneration



### Remuneration elements 2022



### Remuneration performance and pay-out schedule



## The total remuneration of the Group CEO

		<b>Torbjörn Magnusson, Group CEO</b>	
<b>Remuneration element</b>		<b>2022</b>	<b>2021</b>
<b>Fixed remuneration</b>	Fixed compensation, including holiday pay <sup>1</sup>	EUR 1,077,833 (SEK 11,455,851)	EUR 997,902 (SEK 10,125,215)
	Other benefits <sup>2</sup>	EUR 2,040 (SEK 21,679)	EUR 2,014 (SEK 20,440)
<b>Variable remuneration</b>	Paid short-term incentives pertaining to previous year, excluding deferred incentives <sup>3</sup>	EUR 390,190 (SEK 4,147,178)	EUR 350,860 (SEK 3,560,000)
	Release of deferred short-term incentives after a three-year deferral period <sup>4</sup>	EUR 110,945 (SEK 1,179,193)	EUR 113,308 (SEK 1,149,676)
	Paid long-term incentives, including share purchases under the terms of the long-term incentive schemes <sup>5</sup>	EUR 1,746,850 (SEK 18,566,570)	EUR 1,047,375 (SEK 10,679,140)
<b>Paid Total Direct Compensation</b>		<b>EUR 3,327,858 (SEK 35,370,471)</b>	<b>EUR 2,511,459 (SEK 25,534,471)</b>
Proportion of fixed and variable remuneration		32/68	40/60
<b>Complementary rewards</b>	Supplementary pension	EUR 493,719 (SEK 5,247,540)	EUR 480,668 (SEK 4,877,095)
	Extraordinary items	-	-
	Remuneration from undertakings belonging to the same group	-	-
<b>Total Remuneration</b>		<b>EUR 3,821,577 (SEK 40,618,011)</b>	<b>EUR 2,992,127 (SEK 30,411,566)</b>

<sup>1</sup> The holiday pay includes both holiday pay pertaining to the fixed compensation as well as holiday pay connected to the variable compensation under applicable local legislation. In November 2022 a retroactive holiday pay based on pay-out under STI programs pertaining to years 2019-2021 (paid out in 2020-2022) was paid. The total retroactive holiday pay for three years amounted to EUR 80,120 (SEK 851,567). Retroactive payments have been made to all Swedish employees of Sampo Group, based on a revised interpretation of applicable legislation.

<sup>2</sup> Other benefits include lunch benefit, an annual travel pass for flights between Stockholm and Helsinki, and a health insurance.

<sup>3</sup> In 2022, the short-term incentive earned in 2021 was paid out. The total earned short-term incentive of the Group CEO from the 2021 STI program amounted to EUR 650,317 (SEK 6,911,963), of which 40 per cent, EUR 260,127 (SEK 2,764,785) was deferred. The deferred incentive may be paid out earliest in 2025.

<sup>4</sup> Release of deferred short-term incentives relates to the deferred portion from STI 2018 which was paid out in 2022 after the compulsory compliance and risk review.

<sup>5</sup> In 2022, the 3rd instalment of the long-term incentive scheme 2017:1 was due in September and performance conditions related to the insurance margin and return on capital at risk were fulfilled to 100 per cent. In 2021, the 2nd instalment of the long-term incentive scheme 2017:1 was due in September and performance conditions related to the insurance margin and return on capital at risk were fulfilled to 100 per cent.

## Short-term incentives of the Group CEO

The Board of Directors decides on one-year short-term incentive programs separately each year and on cash pay-outs from the programs in the following year. The Group CEO participates in a one-year short-term incentive program, where the outcome is determined on the basis of key financial and non-financial performance criteria related to Sampo Group, subsidiaries and associated companies. In addition to the above performance criteria there is a threshold level relating to Sampo Group's earnings per share (EPS) below which STI pay-out will be zero. According to the rules and regulations applicable to Sampo Group, the performance criteria in the STI programs are both financial (quantitative) and non-financial (qualitative) of which there should be an appropriate balance between the two for each program. Further to the above, part of the pay-out shall be deferred for a defined period of time. For the Group CEO, currently 40 per cent of the pay-out is deferred in cash and held for an additional three years.

The Board of Directors can decide to cancel in whole or in part or to postpone the payment of short-term incentives if material non-acceptable risk-taking or breaches against internal or external rules for the business have materialised. The Board of Directors may decide to further defer or cancel in whole or in part the payment of deferred variable compensation if the payment would threaten the company's ability to maintain an adequate capital base.

### Short-term incentive program 2022

Description of the performance criteria			Relative weighting	Measured performance	Achievement <sup>1</sup>	STI Outcome <sup>2</sup>
<b>Torbjörn Magnusson Group CEO</b>	<b>Sampo Group</b>	Sampo Group combined ratio	12.5%	82.1%	100%	EUR 90,702 (SEK 964,037)
		Insurance dividend per share	12.5%	Increase EUR 0.10	100%	EUR 90,702 (SEK 964,037)
		Other synergy/value-creating development projects and activities	20%	Largely completed	75%	EUR 108,843 (SEK 1,156,844)
<b>Subsidiaries and associated companies</b>		If P&C combined ratio	10%	80.3%	100%	EUR 72,562 (SEK 771,230)
		If P&C gross written premium growth	15%	7.2%	100%	EUR 108,843 (SEK 1,156,844)
		Hastings operating ratio	10%	89.7%	0%	EUR 0 (SEK 0)
		Value-creating Nordea strategy	10%	Successfully completed	100%	EUR 72,562 (SEK 771,230)
<b>ESG</b>		Number of increased ESG ratings for Sampo plc during 2022	10%	Successfully completed	100%	EUR 72,562 (SEK 771,230)
<b>Total</b>			<b>100%</b>		<b>85%</b>	<b>EUR 616,775 (SEK 6,555,451)</b>

### Short-term incentive program 2021

Description of the performance criteria			Relative weighting	Measured performance	Achievement <sup>1</sup>	STI Outcome <sup>2</sup>
<b>Torbjörn Magnusson Group CEO</b>	<b>Group targets</b>	Value creating development of Sampo Group, evaluated against the plan for the year, and the overall performance of Sampo Group	50%	Notably completed	90%	EUR 308,045 (SEK 3,274,088)
	<b>Individual targets</b>	Including i.a., value creation of associated companies, development of subsidiaries (e.g. Hastings), and development of new business or investment opportunities for Sampo	50%	Successfully completed	100%	EUR 342,272 (SEK 3,637,875)
<b>Total</b>			<b>100%</b>		<b>95%</b>	<b>EUR 650,317 (SEK 6,911,963)</b>

<sup>1</sup> As percentage of maximum.

<sup>2</sup> The performance period of the STI programs is the financial year, i.e., from 1 January to 31 December. The performance is assessed after the end of the performance period, in spring the following year. According to the regulatory framework applicable to Sampo plc, 60 per cent of STI is paid out after the assessment of performance and 40 per cent is deferred for three years.

## Long-term incentives of the Group CEO

The Board of Directors decides on multiannual long-term incentive schemes and on pay-outs from the schemes. The objective of the schemes is to align the Group CEO's interest with those of the shareholders and commit the Group CEO to the company. The schemes are designed so that the outcome of the scheme is linked to the company's total shareholder return, i.e., including both share price development and paid dividends. The LTI schemes in force during 2022, which were similar in structure and performance criteria, were launched in 2017 and 2020. Both schemes are cash-based with a main allocation of incentive units in year one (90-95 per cent of all units under the scheme) and minor allocations in year two and three to new recruits or current employees with materially changed circumstances (5-10 per cent of the units).

Each scheme is divided into three instalments with the corresponding performance period, i.e., 30 per cent of the allocated units vests after a 3-year performance period, 35 per cent of the allocated units vests after a 4-year performance period, and 35 per cent of the allocated units vests after a 5-year performance period. The vesting of the schemes is determined on the basis of Sampo's share price development and dividends paid over each instalment's performance period, starting from the issue of the schemes, and performance criteria related to the insurance margin and/or return on capital at risk (RoCaR) applicable for each instalment.

In 2022, the Group CEO, Torbjörn Magnusson, participated in both the long-term incentive scheme introduced in 2017 (LTI 2017:1) and the one introduced in 2020 (LTI 2020:1). He was allocated 350,000 units in September 2017 for LTI 2017:1 and 350,000 units in August 2020 for LTI 2020:1. The allocation in 2017 was based on his previous position as the CEO of If P&C Insurance Holding

Ltd. At pay-out from the LTI 2017:1 and the LTI 2020:1 schemes, the Group CEO is obliged to purchase Sampo A shares with 50 per cent of each instalment after deducting income tax and other comparable charges. The purchased shares are then subject to disposal restrictions (holding period) for a further three years from the vesting of each instalment. The Board of Directors shall decide on the possible release after the three-year holding period.

The 3rd instalment of the long-term incentive scheme 2017:1 was due in September 2022 and performance conditions related to the insurance margin and return on capital at risk were fulfilled to 100 per cent. In addition, the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd was EUR 44.75, calculated for the period 4-17 August 2022, lower than the maximum value of EUR 62.24, but exceeding the starting price of EUR 30.49, thereby resulting in a value of EUR 14.26 per incentive unit.

## LTI performance outcome during 2022

Scheme	Vesting instalment	Performance period	Performance criteria <sup>1</sup>	Weight	Threshold	Outcome	Trade-weighted average share price at scheme launch <sup>2</sup>	Combined dividend during performance period <sup>3</sup>	Starting price <sup>4</sup>	Trade-weighted average share price 4-17 August 2022	Value of one incentive unit <sup>5</sup>
LTI 2017:1	3rd instalment	5 years	Insurance Margin	60%	4%	100%	EUR 43.81	EUR 13.32	EUR 30.49	EUR 44.75	EUR 14.26
			RoCaR	40%	Risk-free return <sup>6</sup> + 2%	100%					

<sup>1</sup> Insurance margin and return on capital at risk together with the share price and dividends are the performance criteria determining the outcome of each instalment in the LTI 2017:1 scheme. The full terms and conditions for the LTI 2017:1 scheme can be found on [sampo.com](http://sampo.com).

<sup>2</sup> The trade-weighted average share price at launch is calculated for the period 15-28 September 2017.

<sup>3</sup> The combined dividend consists of dividend paid in 2018 EUR 2.60, 2019 EUR 3.42 (including the distribution of an extra dividend in the form of Nordea shares equivalent to a value of EUR 0.57 per share), 2020 EUR 1.50, 2021 EUR 1.70 and 2022 EUR 4.10.

<sup>4</sup> The starting price is the trade-weighted average share price at scheme launch minus the combined dividend during the performance period.

<sup>5</sup> The value of one incentive unit is the trade-weighted average share price 4-17 August 2022 minus the starting price.

<sup>6</sup> Risk-free return is defined as Finnish Government 3-year average bond yield or zero, during the period Q3 of launch year to Q2 of the respective instalment year, whichever is higher.

## Overview of the long-term incentive schemes in force for the Group CEO

Specification of the scheme	Main conditions of the long-term incentive schemes						Information regarding the financial year 2022					
	Award time	Units allocated to the Group CEO	Performance metrics	Performance period	Vesting year and portion of vesting units	End of holding period	Performance period			Deferral (Holding period)		
							Units opening balance <sup>1</sup>	Units vested during the year <sup>2</sup>	Units still under performance criteria at year end <sup>3</sup>	Deferred shares opening balance <sup>4</sup>	Acquired shares during the year <sup>5</sup>	Shares still under disposal restriction <sup>6</sup>
Long-term incentive scheme 2017:1	2017	350,000	Share price development, return on capital at risk, insurance margin	2017-2020 (3 years)	2020, 1st instalment 30% <sup>7</sup>	2023				0 (EUR 0)		0 (EUR 0)
				2017-2021 (4 years)	2021, 2nd instalment 35%	2024			5,036 (EUR 221,886)		5,036 (EUR 245,858)	
				2017-2022 (5 years)	2022, 3rd instalment 35%	2025	122,500	122,500 (EUR 1,746,850)			7,984 (EUR 368,897)	7,984 (EUR 389,779)
				<b>Total</b>			<b>122,500</b>	<b>122,500</b>		<b>5,036</b>	<b>7,984</b>	<b>13,020</b>
									<b>(EUR 221,886)</b>	<b>(EUR 368,897)</b>	<b>(EUR 635,636)</b>	
Long-term incentive scheme 2020:1	2020	350,000	Share price development, return on capital at risk	2020-2023 (3 years)	2023, 1st instalment 30%	2026	105,000		105,000			
				2020-2024 (4 years)	2024, 2nd instalment 35%	2027	122,500		122,500			
				2020-2025 (5 years)	2025, 3rd instalment 35%	2028	122,500		122,500			
				<b>Total</b>			<b>350,000</b>		<b>350,000</b>			

<sup>1</sup> The opening balance is the number of allocated incentive units that in the beginning of the year are still under performance criteria and yet to vest.

<sup>2</sup> The units vested during the year represent the amount of incentive units vested for the Group CEO during the financial year. The value of one incentive unit is described in the table LTI performance outcome during 2022.

<sup>3</sup> The closing balance is the number of allocated incentive units that are still under performance criteria at year end and yet to vest.

<sup>4</sup> The number of actual purchased shares that are still subject to a holding period. The value presented is the number of shares times the share price of one Sampo A share on the last trading day of the previous financial year.

<sup>5</sup> 50 per cent of the long-term incentive pay-out is deferred in the form of Sampo A shares. The value represents the net amount for which the Group CEO bought Sampo A shares.

<sup>6</sup> The number of shares that are still subject to a holding period. The value presented is the number of shares times the share price of one Sampo A share on the last trading day of the financial year.

<sup>7</sup> The 1st instalment of the long-term incentive scheme 2017:1 was due in September 2020 and performance conditions related to the insurance margin and return on capital at risk were fulfilled to 100 per cent. However, as the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd was below the starting price, there was no pay-out from the 1st instalment.

## Shareholding of the Group CEO

There is no formal shareholding requirement for the Group CEO, updated information on management shareholdings is available at [www.sampo.com/managementshareholdings](http://www.sampo.com/managementshareholdings).

	<b>Number of Sampo A shares, 31 Dec 2022</b>	<b>Sampo A share price, 31 Dec 2022</b>	<b>Market value of the shares, 31 Dec 2022</b>	<b>Annual base salary in 2022<sup>1</sup></b>	<b>The shareholding as % of annual base salary in 2022</b>
Group CEO, Torbjörn Magnusson	46,480	EUR 48.82	EUR 2,269,154	EUR 967,490	235%

<sup>1</sup> The annual base salary of the Group CEO amounted to SEK 10,283,060 in 2022.



# 2022

SAMPO  GROUP

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