



SAMPO  GROUP

2021

CORPORATE GOVERNANCE  
STATEMENT

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REPORTS FOR THE YEAR 2021  
[WWW.SAMPO.COM/YEAR2021](http://WWW.SAMPO.COM/YEAR2021)

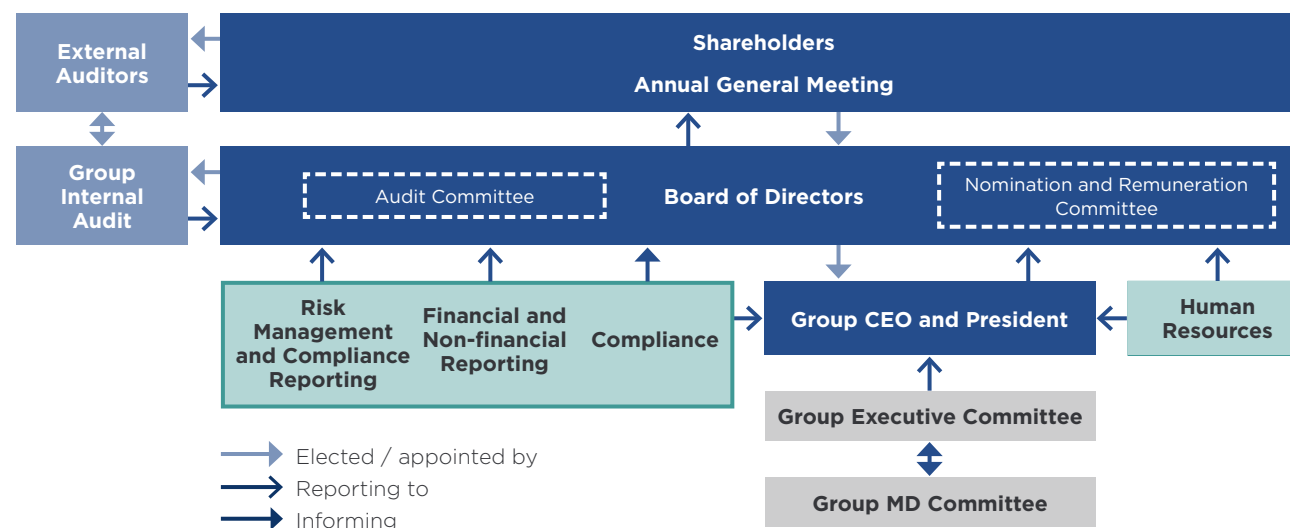
# Corporate Governance Statement

During 2021 Sampo complied in full with the Finnish Corporate Governance Code 2020 approved by the Securities Market Association on 19 September 2019, effective from 1 January 2020 (the “CG Code 2020”).

This Corporate Governance Statement, as provided by chapter 7, section 7 of Finnish Securities Market Act (746/2012), has been prepared in accordance with the Finnish Corporate Governance Code 2020 approved by the Securities Market Association on 19 September 2019, effective from 1 January 2020. This statement is presented – as permitted by the Finnish Securities Market Act and as recommended by the Finnish Securities Market Association – as a separate report from the Board of Directors’ Report.

The CG Code 2020 can be viewed in full on the website of the Finnish Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

## The general structure of Sampo’s corporate governance system



# Governance steering system

## Sampo plc’s articles of association

As provided for in the Finnish Companies Act, every Finnish limited liability company has its own articles of association. Sampo plc's articles of association define, among other things, the business area of the company and the scopes of competences and general principles of division of powers between key governing bodies (i.e., General Meeting, Board of Directors and Managing Director).

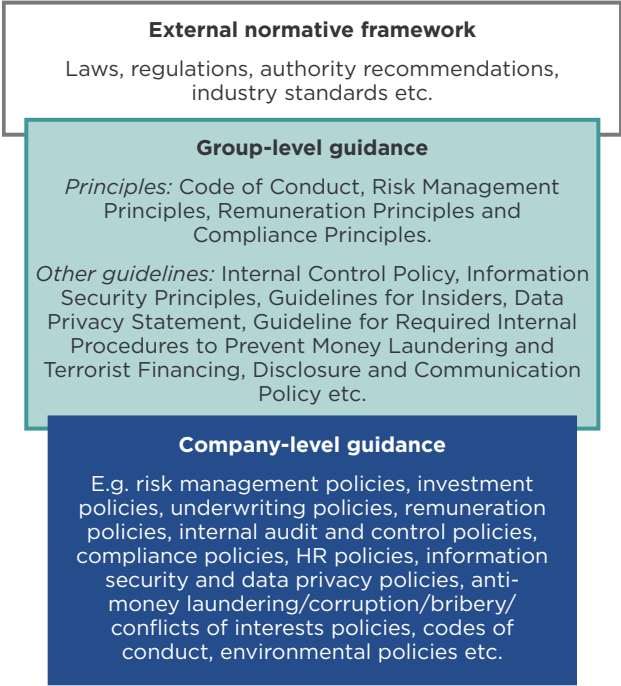
## Other normative framework

Sampo Group’s general governance rests on the idea that Sampo plc, as the parent company of the Group, provides

Group companies with a framework of general principles within which the parent company expects the Group companies to organise and carry out their businesses. These principles are manifested in Sampo Group’s Code of Conduct, Risk Management Principles, Remuneration Principles and Compliance Principles, which form the core of Sampo Group’s internal governance framework.

On the basis of and in compliance with the Group-wide framework, each Group company defines and implements a company-specific governance and risk management framework (including e.g. capitalisation targets, profit targets, authorisations with risk limits, remuneration policies and other guidelines and instructions), which steers, limits and controls all operations, especially risk taking.

## Normative framework Sampo Group



# General meeting

The general meeting is the highest decision-making body of Sampo plc, where the shareholders participate in the supervision and control of the company by using their right to speak and vote.

The Finnish Companies Act and Sampo plc's articles of association determine the issues that have to be dealt with at a general meeting (competence of a general meeting).

Customarily, a general meeting deals with, in addition to issues determined by the law and articles of association, the issues presented by the Board of Directors. Furthermore, according to the Companies Act, a shareholder has the right to require a certain issue to be dealt with at the general meeting, providing the issue falls within the scope of competence of the general meeting.

The Board of Directors convenes a shareholder meeting by publishing a notice of the meeting on Sampo plc's website at least three weeks before the general meeting and no later than nine days before the record date of the

general meeting. The notice of a general meeting shall also be published by a stock exchange release.

The notice and other documents of the general meeting, including the proposals of the Board of Directors and its committees, as well as the Financial Statements and the Board of Directors' Report, will be made available on Sampo plc's website at least three weeks before the general meeting.

## Annual General Meeting

The Annual General Meeting (the "AGM") must be held within six months of the termination of the financial year on a date specified by the Board of Directors. The AGM shall discuss matters assigned to it in accordance with the articles of association and any other business referred to in the notice of the meeting. In 2021, Sampo plc's AGM was held on 19 May.

### Main duties of the Annual General Meeting

- ▶ Receives and accepts the Financial Statements.
- ▶ Receives the Auditor's Report.
- ▶ Resolves on the measures occasioned by the profit shown in the accepted Financial Statements.
- ▶ Releases the members of the Board of Directors and the Managing Director from liability.
- ▶ Resolves on the number and fees of the members of the Board of Directors.
- ▶ Resolves on the fees of the Auditor.
- ▶ Elects the members of the Board of Directors and the Auditor.
- ▶ Deals with any other business on the agenda, proposed by either a shareholder or the Board of Directors.
- ▶ Provides an advisory resolution on the Remuneration Policy for Governing Bodies and approves of the Remuneration Report.

## Extraordinary general meeting

An Extraordinary General Meeting (the "EGM") is convened when considered necessary by the Board of Directors. The Auditor, or shareholder(s) together holding a minimum of one tenth of all the shares in the company may request in writing that an EGM shall be convened to discuss a specified matter raised by them.

## Attending a shareholders' meeting

By attending shareholders' meetings shareholders may, either personally or through representatives, exercise their voting rights, request information and participate in the decision-making process of Sampo plc.

At a shareholders' meeting, each Sampo plc A share carries one vote, while each Sampo plc B share carries five votes.

In the AGM held on 19 May 2021, the total number of represented shareholders was 2,479 representing 59.91 per cent of the votes of all Sampo's shares. Due to the COVID-19 pandemic, the Annual General Meeting 2021 was exceptionally held based on the temporary legislation approved by the Parliament of Finland on 15 September 2020. The shareholders of the company were able to participate in the meeting and exercise their shareholder rights by voting in advance or by way of proxy representation and by presenting counterproposals and asking questions in advance.

## Shares and shareholders

As of 31 December 2021, the total number of Sampo plc's shares, including both 554,151,850 A shares and 1,200,000 B shares, equalled to 555,351,850 shares. Each A share entitles its holder to one vote and each B share to five votes at a shareholders' meeting. The total number of votes attached to the shares was 560,151,850.

Each B share can be converted into an A share at the written request of the holder of the B share or, with respect to nominee-registered shares, at the request of the nominee under whose name the shares are registered in the Shareholders' Register. Any decisions on conversion and related details shall be made by the Board of Directors or the Board's authorised representative.

As of 31 December 2021, the total number of registered shareholders was 191,030, who held 215,306,268 or 38.77 per cent, of all shares. In addition, 13 nominee registers held 340,045,582 shares, representing 61.23 per cent of shares.



# Board of Directors

The Board of Directors, elected annually by the AGM, uses the highest decision-making power in Sampo Group between the AGMs. Sampo's Board of Directors is responsible for the management of the company in compliance with the law, authority regulations, Sampo's articles of association and the decisions of the shareholders' meetings.

## Board of Directors' duties

The working principles and main duties of the Board of Directors have been defined in the Board's Charter. To ensure the proper running of operations, Sampo's Board of Directors has approved internal rules concerning general corporate governance, risk management, remuneration, compliance, internal control and reporting in the Sampo Group.

### Main duties of the Board of Directors

- ▶ Receives groupwide reporting.
- ▶ Supervises
  - the due organisation of functions and operations;
  - the financial reporting systems and the efficiency of internal audit and risk management;
  - related party transactions; and
  - the independence of and non-audit services provided by the Auditor.
- ▶ Resolves on
  - the strategy and other major strategic or far-reaching decisions of Sampo Group;
  - convening of the Annual General Meeting;
  - groupwide and Sampo plc level principles and policies;
  - the minimum requirements of capitalisation and the proposal on profit distribution; and
  - group level remuneration matters.
- ▶ Prepares
  - consolidated financial statements; and
  - proposals for the Annual General Meeting.
- ▶ Appoints, discharges and decides on the Group CEO's, Group Executive Committee members' and the Group Chief Audit Executive's terms of service and financial benefits within the framework of the valid Remuneration Policy.
- ▶ Discusses the annual performance evaluation of the Board of Directors.

## Election and terms of office of Board members

According to Sampo's articles of association, the company's Board of Directors comprises no fewer than three and no more than ten members elected by shareholders at the Annual General Meeting. The term of office of the Board members ends at the close of the next Annual General Meeting following their election. The members of the Board elect a chair and vice chair from among its members at their first meeting following the Annual General Meeting.

According to Sampo plc's Board Diversity Policy, when electing the Board of Directors, the aim is to ensure that the Board as a whole for the purpose of its work possesses

the requisite knowledge of and expertise in the social, business and cultural conditions of the regions and markets in which the main activities of the Group are carried out. A broad set of qualities and competences, diversity, including age, gender, geographical provenance and educational and professional background, is an important factor to take into consideration. According to the Board Diversity Policy, and in compliance with the CG Code 2020, it is also important that the person to be elected to the Board shall have the qualifications required for the duties and the possibility to devote a sufficient amount of time to the work.

The number of the Directors and the composition of the Board shall be such that they enable the Board of Directors to see its duties efficiently. Both genders shall

be represented in the Board of Directors and the target is a share of at least 37.5 per cent of the total number of members for both genders.

As proposed by the Nomination and Remuneration Committee, the Annual General Meeting of 2021 decided that the Board would consist of eight (8) members until the close of the Annual General Meeting to be held in 2022.

The following persons served on Sampo plc's Board of Directors in 2021:





## Björn Wahlroos

### Chair of the Board

Born 1952, Ph.D. (Econ.)

### Positions of trust

**UPM-Kymmene Corporation**, *chair of the board*

**The Mannerheim Foundation**, *board member*

**Finnish Business and Policy Forum EVA**,

*board member*

**The Research Institute of the Finnish Economy ETLA**,

*board member*

**Several other charitable institutions**

Member of the Board of Directors of Sampo plc  
since 5 April 2001.



## Jannica Fagerholm

### Vice Chair of the Board

**Managing Director, Signe and Ane Gyllenberg  
Foundation**

Born 1961, M.Sc. (Econ.)

### Positions of trust

**Solidium Oy**, *board member*

**Kesko Corporation**, *board member*

**Hanken School of Economics**, *chair of the board*  
(–31 Dec 2021)

**Swedish Society of Literature in Finland**,  
*board member*

**Kelonia (Private Equity holding company)**,  
*board member*

**Veritas Pension Company**, *member of the supervisory  
board*

**Association of Finnish Foundations**, *chair of the board*  
(1 Jan 2022–)

Member of the Board of Directors of Sampo plc  
since 18 April 2013.



## Christian Clausen

### Member of the Board

**Chair for the Nordics, BlackRock Inc.**

Born 1955, M.Sc. (Econ.), MBA

### Positions of trust

**BlackRock Group Ltd**, *board member*

**BW Group**, *board member*

**Green Hydrogen Systems A/S**, *board member*

Member of the Board of Directors of Sampo plc  
since 21 April 2016.

Information as on 31 December 2021. The CVs of members of the Board of Directors can be viewed on the Internet at [www.sampo.com/board](http://www.sampo.com/board).



## Fiona Clutterbuck

### Member of the Board

Born 1958, LLB (Hons)

### Positions of trust

**M&G plc**, senior independent director and audit, risk, remuneration and nomination committee member

**Paragon Banking Group PLC**, chair of the board

Member of the Board of Directors of Sampo plc since 9 April 2019.



## Georg Ehrnrooth

### Member of the Board

Born 1966, Studies in agriculture and forestry

### Positions of trust

**eQ plc**, vice chair of the board

**Fennogens Investments S.A.**, chair of the board

**Topsin Investments S.A.**, chair of the board

**Geveles Ab**, board member

**Neptunia Invest AB**, board member

**Louise and Göran Ehrnrooth Foundation**, chair of the board

### Several other charitable institutions

Member of the Board of Directors of Sampo plc since 2 June 2020.



## Johanna Lamminen

### Member of the Board

Born 1966, D.Sc. (Tech.), MBA

### Positions of trust

**Cargotec Corporation**, board member

**CellMark AB**, board member

**Finnish Foundation for Technology Promotion**, chair of the board

**Research Institute of the Finnish Economy ETLA**, board member

**Finnish Business and Policy Forum EVA**, board member

**Savonlinna Opera Festival**, chair of the board of trustees (-31 Dec 2021), chair of the board (1 Jan 2022-)

Member of the Board of Directors of Sampo plc since 9 April 2019.

Information as on 31 December 2021. The CVs of members of the Board of Directors can be viewed on the Internet at [www.sampo.com/board](http://www.sampo.com/board).



## Risto Murto

### Member of the Board

**CEO and President, Varma Mutual Pension Insurance Company**

Born 1963, Ph.D. (Econ.)

### Positions of trust

**Wärtsilä Corporation**, *vice chair*

**Securities Market Association**, *board member*

**e2 Research**, *chair of the board*

**The Finnish Cultural Foundation**, *member of the supervisory board*

**Finance Finland (FFI)**, *board member*

**The Finnish Pension Alliance TELA**, *1 vice chair of the board*

**Finnish National Opera and Ballet**, *member of the supervisory board*

Member of the Board of Directors of Sampo plc since 16 April 2015.



## Markus Rauramo

### Member of the Board

**President and CEO, Fortum Corporation**

Born 1968, M. Soc.Sc.

### Positions of trust

**Uniper SE**, *chair of the supervisory board*

Member of the Board of Directors of Sampo plc since 19 May 2021.

## Antti Mäkinen

### Member of the Board

Born 1961, LL.M.

Member of the Board of Directors of Sampo plc 19 April 2018–19 May 2021.

Information as on 31 December 2021. The CVs of members of the Board of Directors can be viewed on the Internet at [www.sampo.com/board](http://www.sampo.com/board).

When elected, all current Board members were independent of the company. Furthermore, all Board members were independent of the company’s major shareholders.

In 2021 the representation of both genders in the Board of Directors fulfilled the target of at least 37.5 per cent representation as set in the Board Diversity Policy.

The Board convened 15 times in 2021. The attendance of Board members at meetings was 100 per cent.

Shares and share-based rights held by the Board members

On 31 December 2021, the members of the Board of Directors owned directly or through legal entities controlled by them Sampo’s A shares as follows:

• Björn Wahlroos	3,778,362
• Jannica Fagerholm	6,647
• Christian Clausen	22,299
• Fiona Clutterbuck	2,185
• Georg Ehrnrooth	127,962
• Johanna Lamminen	2,055
• Risto Murto	3,853
• Markus Rauramo	1,083

The Board members did not have holdings in any Sampo share-based rights.

## Board-appointed committees

The Board may establish committees, executive committees and other permanent or temporary bodies to deal with tasks prescribed by it. The Board confirms the charters of the committees of Sampo's Board and the Executive Committee, and also the guidelines and authorisations given to other bodies established by the Board.

The Board has an Audit Committee and a Nomination and Remuneration Committee, whose members it appoints from among its members in accordance with the charters of the respective committees. Sampo plc does not have a separate Risk Committee. In accordance with the Charter of Sampo plc's Audit Committee, matters related to risk

management belong under the scope of matters handled by Sampo plc's Audit Committee.

### Audit Committee

According to its charter, the Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company and of which at least one is independent of Sampo's significant shareholders. The responsible Auditor, Group CEO, Group CFO, Group Chief Audit Executive and Group Chief Risk Officer are also

participating in the meetings of the Committee.

In 2021, the chair of the Audit Committee was **Jannica Fagerholm**, and the other members were **Fiona Clutterbuck**, **Georg Ehrnrooth** and **Johanna Lamminen** until 19 May 2021 and **Fiona Clutterbuck**, **Georg Ehrnrooth**, **Johanna Lamminen** and **Markus Rauramo** thereafter. Also, the Auditor's representatives, Group CEO, Group CFO, Group CRO and Group Chief Audit Executive were participating in the meetings.

The Audit Committee convened five times in 2021 and the attendance of members at the meetings was 100 per cent.

### Main duties of the Audit Committee

- ▶ Supervises and assesses
  - financial reporting;
  - the accuracy of Group financial statements;
  - statutory and external audit, the independence of the auditor, auditor's reporting and purchases of non-audit services;
  - the capitalisation, risks, profitability and liquidity of Group companies and the Group itself;
  - the effective operation of the risk management systems;
  - preparation of and compliance with risk management policies and other related guidelines;
- compliance functions, significant litigations and compliance with laws and regulations;
- communications with authorities; and
- the company's tax position and tax risks.
- ▶ Monitors and evaluates
  - the preparation of non-financial reporting;
  - the internal audit's reporting and approves of the internal audit action plan;
  - the actions and effectiveness of Sampo Group's internal audit;
- the effectiveness of internal control and other elements of the system of governance;
- related party transactions and reporting processes related thereto;
- the Group's risks, risk management processes and the quality and scope of risk management;
- processes and risks regarding IT privacy and security; and
- compliance with risk management principles and other guidelines.
- ▶ Prepares proposals to the Annual General Meeting concerning the auditor's election and its fees.

## Nomination and Remuneration Committee

According to the Board Diversity Policy, Sampo's Nomination and Remuneration Committee shall identify, review and recommend candidates for the Board. The Nomination and Remuneration Committee shall take the following factors into consideration, including such other factors as the Board may determine:

- (I) Regulatory requirements for the members of the Board;
- (II) Overall Board composition taking into consideration the appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds;

- (III) The past performance of incumbent members (attendance, staying informed about the company and its business, participation in the meetings, proven interest in the company's business and compliance with applicable company policies and guidelines);
- (IV) Allocation and sufficiency of time; and
- (V) Other criteria (e.g. with respect to new directors, the integrity, judgment and available time).

At the Annual General Meeting the Nomination and Remuneration Committee gives an account of how it has conducted its work and explains its proposals.

According to its charter, the Nomination and Remuneration Committee comprises the chair of the

Board (who acts as the committee's chair) and two to three members elected from among the members of the Board.

In 2021 the chair of the Nomination and Remuneration Committee was **Björn Wahlroos**, and the other members were **Christian Clausen**, **Risto Murto**, and **Antti Mäkinen** until 19 May 2021 and **Christian Clausen** and **Risto Murto** thereafter.

The Committee convened seven times in 2021 and the attendance of members at the meetings was 100 per cent.

## Main duties of the Nomination and Remuneration Committee

- ▶ Monitors the general remuneration of Sampo Group.
- ▶ Evaluates the appropriateness of the remuneration of the executive directors and their remuneration mechanisms.
- ▶ Prepares and presents proposals to the Annual General Meeting on the composition and remuneration of the members Board of Directors as well as on the Remuneration Policy for Governing Bodies.
- ▶ Prepares and presents proposals to the Board of Directors on
  - the evaluation of independence of Board members, composition and Chair of Board Committees and the Board Diversity Policy;
  - succession planning of the Board of Directors and top management positions in Sampo Group;
  - the appointment of the Group CEO, the Group Chief Audit Executive and members of the Group Executive Committee and on their fixed salaries and other financial benefits; and
- Sampo Group's long-term incentive programs based on financial instruments of Sampo plc, maximum payout of long-term and short-term incentive programs and the actual payments to be made as well as on Sampo Group Remuneration Principles and Sampo Remuneration Policy for Personnel.
- ▶ Prepares the annual performance evaluation of the Board of Directors.



## Sampo Group Executive Committee

The Board of Directors has appointed the Sampo Group Executive Committee and a Group MD Committee to the Group Executive Committee, which supports the Group CEO in preparing matters to be handled by the Executive Committee.

Sampo Group Executive Committee supports the Group CEO in the preparation of strategic issues relating to

the Group, in the handling of operating matters that are significant or involve questions of principle, and in ensuring a good internal flow of information.

The Executive Committee addresses especially the following: Sampo Group's strategy, profit development, large purchases and projects, the Group's structure and

organisation, as well as key strategic issues pertaining to administration and personnel.

Following persons served on the Group Executive Committee in 2021:



## Torbjörn Magnusson

**Group CEO and President, Sampo Group**

Born 1963, Licentiate of Engineering

### Positions of trust

**Nordea Bank Abp**, *chair of the board*

**If P&C Insurance Holding Ltd**, *chair of the board*

**Hastings Group**, *board member*

Member of Sampo Group Executive Committee since 2004.



## Knut Arne Alsaker

**Group CFO, Sampo Group**

Born 1973, M.Sc. (Econ.)

### Positions of trust

**If P&C Insurance Holding Ltd**, *board member*

**Mandatum Life Insurance Company Limited**, *vice chair of the board*

**Hastings Group**, *board member*

**Bank Norwegian ASA**, *board member*

Member of Sampo Group Executive Committee since 2014.



## Ingrid Janbu Holthe

**Head of BA Private, If P&C Insurance Ltd (publ)**

Born 1982, M.Sc. (Econ.) and CEMS MIM

Member of Sampo Group Executive Committee since 2019.

Information as on 31 December 2021. The CVs of members of the Group Executive Committee can be viewed on the Internet at [www.sampo.com/management](http://www.sampo.com/management).



## Patrick Lapveteläinen

**Group CIO, Sampo Group**

Born 1966, M.Sc. (Econ.)

### Positions of trust

**Enento Group Plc**, *chair of the board*

**Mandatum Life Insurance Company Limited**, *chair of the board*

**Mandatum Asset Management Ltd**, *chair of the board*

**If P&C Insurance Holding Ltd**, *board member*

**If P&C Insurance Ltd**, *board member*

**Saxo Bank A/S**, *board member*

Member of Sampo Group Executive Committee since 2001.



## Petri Niemisvirta

**CEO, Mandatum Group**

Born 1970, LL.M.

### Positions of trust

**Alma Media Corporation**, *vice chair of the board*

**Enento Group plc**, *chair of the shareholders' nomination committee*

**Topdanmark A/S**, *board member*

**Mandatum Asset Management Ltd**, *vice chair of the board*

**Kaleva Mutual Insurance Company**, *chair of the board*

**Varma Mutual Pension Insurance Company**, *board member*

**Finance Finland (FFI)**, *board member; chair of life insurance executive committee (-31 Dec 2021), member (1 Jan 2022-)*

**Confederation of Finnish Industries EK**, *member of finance and tax commission*

Member of Sampo Group Executive Committee since 2001.



## Morten Thorsrud

**CEO, If P&C Insurance Holding Ltd**

Born 1971, M.Sc. (Econ.)

### Positions of trust

**Topdanmark A/S**, *board member*

**Hastings Group**, *board member*

**Finance Norway (Finans Norge, FNO)**, *member of the executive committee*

**Euronext**, *member of the supervisory board*

Member of Sampo Group Executive Committee since 2006.

Information as on 31 December 2021. The CVs of members of the Group Executive Committee can be viewed on the Internet at [www.sampo.com/management](http://www.sampo.com/management).



## Ricard Wennerklint

### Chief of Strategy, Sampo Group

Born 1969, Executive Education, Advanced Management Program

### Positions of trust

**Nordea Bank Abp**, *chair of the shareholders' nomination board*

**Topdanmark A/S**, *chair of the board*

**Hastings Group**, *chair of the board*

**If P&C Insurance Holding Ltd**, *board member*

**Mandatum Holding Ltd**, *board member*

**Nordax Bank AB (publ)**, *board member*

Member of Sampo Group Executive Committee since 2005.

The Group MD Committee comprised **Torbjörn Magnusson, Knut Arne Alsaker, Patrick Lapveteläinen, Petri Niemisvirta, Morten Thorsrud** and **Ricard Wennerklint**.

In 2021, the Group Executive Committee convened four times at the invitation of the Group CEO, and the Group MD Committee, which operates in conjunction with the Group Executive Committee, met 12 times.

On 20 January 2021, Ivar Martinsen left his position as Head of BA Commercial and the membership of the Sampo Group Executive Committee.

Information as on 31 December 2021. The CVs of members of the Group Executive Committee can be viewed on the Internet at [www.sampo.com/management](http://www.sampo.com/management).

## Group CEO and President

Sampo plc has a managing director who is simultaneously the Group CEO and President of Sampo Group. The Board of Directors elects and releases the Group CEO and decides on the terms of employment and other remuneration.

The Group CEO is in charge of the daily management of Sampo, subject to the instructions and control of the Board of Directors. The Group CEO is empowered to take extraordinary and broad ranging actions, taking into account the scope and nature of Sampo's operations, only upon authorisation by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organisation of asset management.

Mr. **Torbjörn Magnusson**, licentiate of engineering, is the managing director of the company and the Group CEO and President. His Group CEO contract is in force until further notice. The contract was amended by a decision of the Board of Directors in December 2021 and the amendments entered into force on 1 January 2022. The notice period for terminating the service contract of the Group CEO is 12 months, from which period he is entitled to receive salary. Magnusson is also, due to the terms applied in his previous position in Sampo Group as the CEO of If P&C Insurance Holding Ltd, entitled to a severance compensation corresponding to a maximum of 24 months' fixed salary should i) Sampo plc terminate his service contract or ii) the Group CEO terminate the contract based on either material breach of the contract 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.

### Shares and share-based rights held by the Group CEO and the members of the Executive Committee

On 31 December 2021, the Group CEO and other members of the Executive Committee owned, directly or through legal entities controlled by them, Sampo's A shares as follows:

• Torbjörn Magnusson	51,496
• Knut Arne Alsaker	36,105
• Ingrid Janbu Holthe	733
• Patrick Lapveteläinen	272,261
• Petri Niemisvirta	89,443
• Morten Thorsrud	57,670
• Ricard Wennerklint	41,836

The Group CEO and the other members of the Executive Committee did not have holdings in any Sampo share-based rights.

## INTERNAL CONTROL IN SAMPO GROUP

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Risk  
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Principles for  
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Internal  
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# Internal control in Sampo Group

The different sectors of Sampo Group's internal control system play a crucial role in ensuring the proper functioning of the Group's corporate governance system.

Internal control means all activities, which ensure that Sampo Group's businesses are carried out towards desired targets in accordance with desired policies and practices and in compliance with applicable legal and regulatory requirements. Accordingly, the tasks of internal control are performed by different actors starting from the top of the organisation.

The organisation of internal control and safeguarding its functioning and viability play a key role in the activities of the Board of Directors of Sampo plc. In order to ensure the proper running of operations, Sampo's Board has approved Group-level policies and guidelines concerning corporate governance, financial target setting, risk management, remuneration, compliance, reporting and internal audit in conformity with and supplementing the existing legal and regulatory framework. With the policies and guidelines Sampo's Board directs Group's activities towards desired practices and, with appropriate control mechanisms provided by the policies, ensures that potential deviations are discovered without undue delay.

Thus, a successful internal control system presumes not only controlled steering processes for business management, but also appropriate control mechanisms. In Sampo Group, the internal control system includes managing risks as an integrated part of business activities, functions supporting the businesses, as well as control and steering functions, which are organised as independent from the businesses.

In addition to internal control activities within the financial reporting process and risk management, Sampo Group's compliance function, with the insider administration supplementing it, together with a fully independent internal audit form core parts of Sampo's internal control system.

## Reporting

### Financial reporting

The financial reporting process aims to ensure that Sampo's Board of Directors and executive management have timely and reliable information supporting their decision-making, and that external interest groups can also rely on the financial information provided to them.

To ensure the correctness of all reporting, the used databases are reconciled on a monthly basis. Several systems and analytical tools are also applied to support efficiency and accuracy in the reporting process.

Group-level financial reporting is based on information provided by the parent company as well as the Group companies according to formats and schedules defined by the **Group's financial units (p. 22)**. Each Group company is responsible for its respective financial reporting and related internal controls. Consequently, the process ensures the correctness of the information regarding different business segments prior to reporting to the parent company.

Sampo Group's financial reporting is organised under Group Control and Group Accounting units and it operates under the Group Chief Financial Officer. Group Control prepares and follows Group-level and parent company's financial targets and forecasts, follows profit development and forecasts of the Group companies and takes care of monthly reporting and forecasting of profit development of the Group as well as solvency calculations. It also produces different types of valuations, market analyses and reviews. Group control is also responsible for the Group's annual and quarterly Solvency II reporting to the supervisory authorities.

Group Accounting prepares Sampo Group’s quarterly and annual financial reports in accordance with International Financial Reporting Standards (IFRS). The financial reports of the parent company, Sampo plc, are prepared in accordance with Finnish accounting standards (the Finnish GAAP). Quarterly and annual reports are dealt with in Group’s administrative bodies in accordance with applicable procedural rules. In addition, the Group Accounting unit prepares the Group’s monthly accounts, which form the basis of the monthly analysis prepared by Group Control unit.

A Management Report is distributed on a monthly basis to the members of the Group Executive Committee, and a summary of it is delivered to the members of Sampo’s Board of Directors.

Profit forecasts are reported quarterly to the Board and the Group Executive Committee. Group solvency calculations are also delivered on a quarterly basis to the Board, the Audit Committee and the Group Executive Committee.

## Non-financial reporting (sustainability)

Sampo Group is committed to developing the sustainability activities of the Group, as well as the related reporting, indicators and targets. This is in the interests of and expected by the Group’s internal and external stakeholders.

Sampo plc’s Board of Directors has the ultimate oversight of group-level sustainability, covering the entire range of environmental (including climate change), social, and governance matters. The Board has assigned its Audit Committee to monitor Sampo Group’s sustainability reporting and activities.

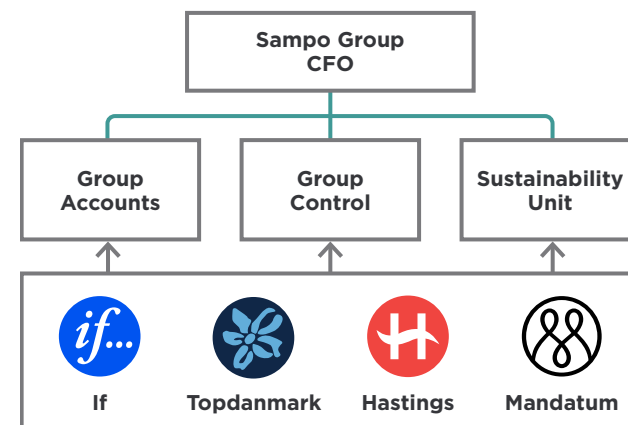
The Group Chief Financial Officer (CFO), who is a member of the Sampo Group Executive Committee, directs Sampo plc’s Sustainability Unit and ensures that adequate reporting on sustainability matters is provided to the Group CEO and President.

The Sustainability Unit of Sampo plc, led by the Head of Sustainability, is responsible for the development and coordination of sustainability at group-level. The unit prepares the group-level sustainability reporting and the sustainability program, which sets direction for the Group’s sustainability work. In addition, the unit sets schedules, requests, and group-level guidance to the Group companies and organises regular sustainability meetings.

At each Group company various business areas, operational departments, and units are actively involved in the Group’s sustainability endeavours and reporting. Group-level sustainability reporting is largely based on information provided by the Group companies according to formats and schedules defined by the Group’s Sustainability Unit. Each Group company is responsible for its respective reporting to the parent company to ensure correctness of information.

Sampo Group’s Sustainability Report is published annually and as soon as possible after the publication of the Board of Directors’ Report and Financial Statements, but no later than 30 June. The Sustainability Report 2021 will be published in May 2022, covering the period from 1 January to 31 December 2021.

### Sampo Group’s financial and non-financial reporting process



## Risk management

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board establishes both the risk management principles and closely connected remuneration principles and provides guidance on the risk management governance structure and internal control in the business areas. Working within the framework of these principles and guidelines, the Group companies tailor their risk management practices to take account of the special features of their respective business activities. The Board makes decisions on strategy, return targets and overall guidelines regarding capital management.

The Board's Audit Committee is responsible, on behalf of the Board of Directors, for preparing Sampo Group's Risk Management Principles and related guidelines and, in turn, the Nomination and Remuneration Committee is responsible for preparing Group's Remuneration Principles, which are closely connected with Risk Management Principles.

The duty of Sampo Group's Risk Management function is to control the effective operation of the risk management system within the Group companies and to monitor, review and report on Group-level risks and risk management, including the parent company.

### Risk management system

High-quality, comprehensive risk management facilitates that Sampo's corporate executives and Board of Directors are constantly aware of the Group companies' business-related risks and their ability to carry the financial and other risks related to business activities.

Sampo Group's business activities and therefore also their corresponding risk management activities are mainly performed by the Group companies. The illustration on the next page presents the prerequisites, tasks and targets of company-level risk management.

The Group companies' risk management is based on the Risk Management Principles established by the parent company. The Group companies organise their own risk management based on these Group-level principles taking into account the business-specific characteristics as well as laws and regulations.

The prerequisites for facilitating successful risk management include the following:

- risk management governance structure and authorisations and clear division of responsibilities between business lines and independent functions;
- companies' own risk policies and more detailed instructions related to risk management; and
- prudent valuation, risk measurement and reporting procedures.

The tasks included in the risk management process can be classified as follows:

#### **Measuring and reporting of risks, capital and earnings:**

Financial and risk management functions are explicitly responsible for preparing the above pre-requisites for risk management and operationally they are responsible for independent measurement and control, including monitoring of operations in general as well as profitability, risk and capitalisation calculations.

#### **Continuous analysis of opportunities and risks:**

Business units and financial and risk management functions are both active in supporting the business with continuous analysis and assessment of opportunities. The insurance and investment business units assess business opportunities, especially their risk return ratios, on a daily basis. In the financial and risk management functions, on the other hand, a considerable amount of time is spent on risk analysis and reporting as well as capital planning.

**Actions:** Transactions representing the actual insurance and investment operations are performed in accordance with the given authorisations, risk policies and other instructions. These actions are the responsibility of business and investment functions. Activities related to capitalisation and liquidity positions are included in this part of the process.

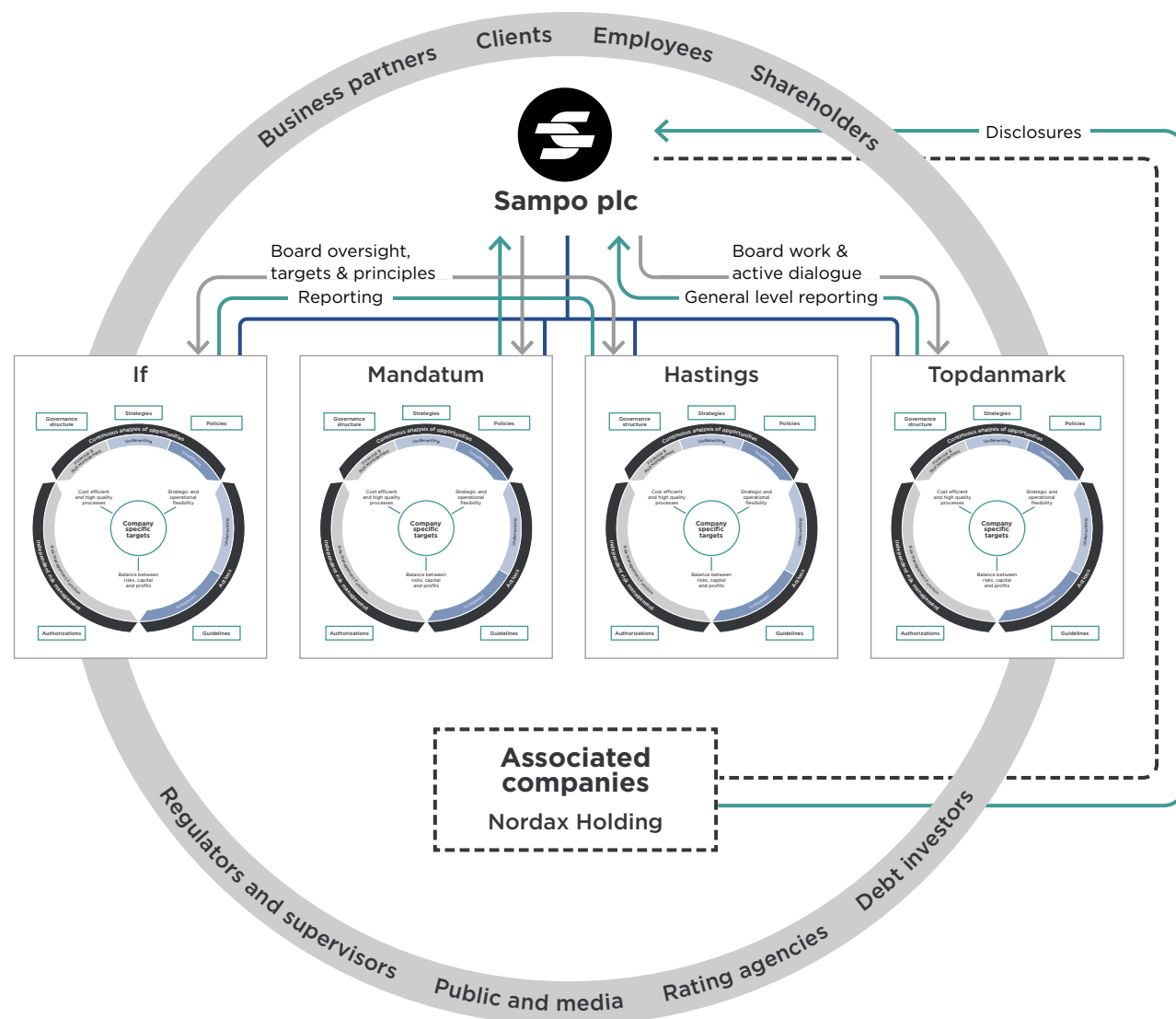
In Sampo Group, proactive profitability, risk and capital management actions are seen as the most important phase in the risk and capital management processes. Hence, risk policies, limits and decision-making authorisations are set up in a way that they, together with profitability targets, facilitate business and investment units to take carefully considered risks.

High-quality execution of the above-mentioned tasks contributes to the achievement of the three central targets of risk management:

#### **1) Balance between risks, capital and earnings, i.e.:**

- risks affecting the profitability as well as other material risks are identified, assessed and analysed;
- capitalisation is adequate in terms of risks inherent in business activities and strategic risks, taking into account the expected profitability of the businesses;
- risk-bearing capacity is allocated into different business areas in accordance with the strategy; and
- underwriting risks are priced reflecting their inherent risk levels, expected returns of investment activities are in balance with their risks, and consequential risks are mitigated sufficiently.

## Sampo Group's steering framework



### 2) Cost-efficient and high-quality processes:

- client service processes and internal operational processes are cost efficient and of high quality;
- decision-making is based on accurate, adequate and timely risk-based information; and
- continuity of operations is ensured and in case of discontinuity events, recovery is fast and comprehensive.

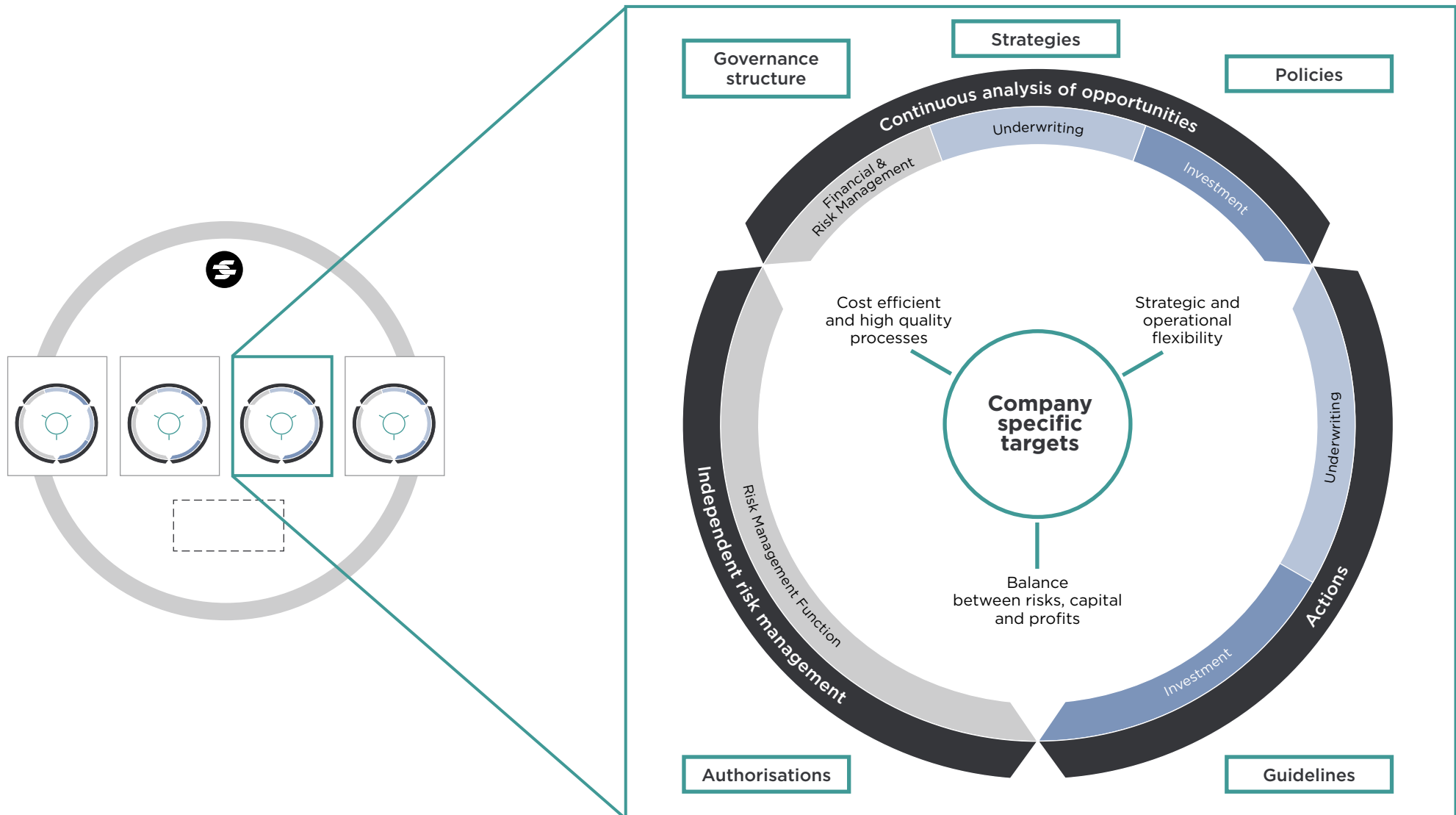
### 3) Strategic and operational flexibility:

- external risk drivers and potential risks are identified and assessed, and the company is in good position, in terms of capital structure and management skills, to react to changes in business environment;
- corporate structure, knowledge, skills and processes in companies facilitate effective implementation of changes.

When the above targets are met, risk management is contributing positively to return on equity and mitigating the yearly fluctuations in profitability. Risk management is therefore considered to be one of the contributors in creating value for the shareholders of Sampo plc.

The graph Company level financial and risk management process illustrates the prerequisites, the tasks together with the responsible functions and the targets of company level risk management.

## Company level financial and risk management process





## Risk management reporting

Sampo Group's risk management reporting is divided into five separate business areas, which are If, Mandatum, Topdanmark, Hastings and the holding company (Sampo plc). Additionally, Sampo's associate companies, Nordea Bank Abp and Nordax Holding AB form separate reporting entities, but the risks related to them are only followed on the basis of public information reported by the companies.

Sampo plc's Board of Directors and the Audit Committee, together with the boards of directors of the Group companies, share the overall responsibility for the Group's risk management system. The business units are responsible for day-to-day risk management decisions within the framework of the provided principles, guidelines and authorisations (limits).

The risks of If are monitored by the Own Risk and Solvency Assessment ("ORSA") Committee (together with its subcommittees) and the Investment Control Committee.

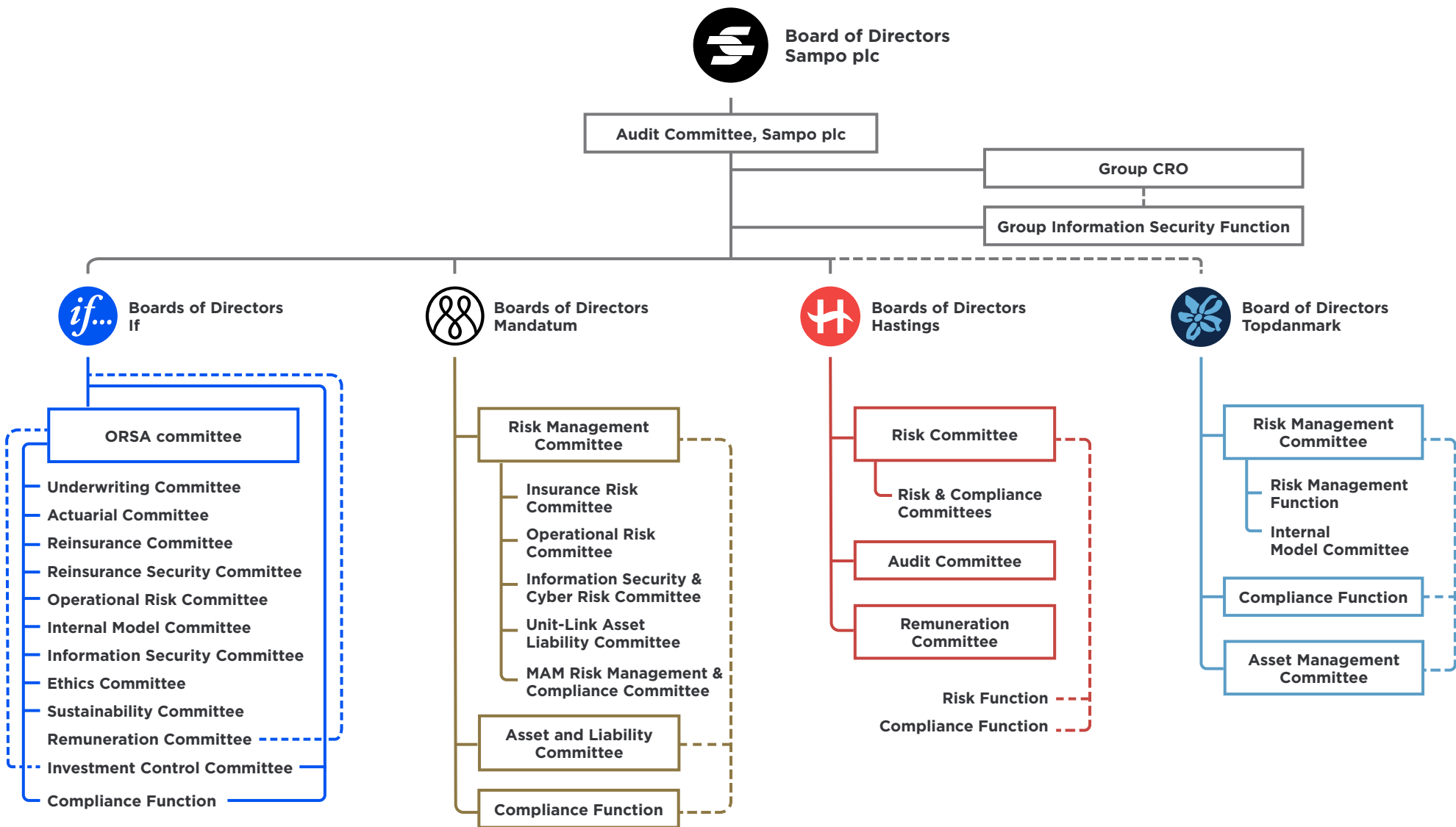
In Mandatum Group all risks are monitored and coordinated in the Risk Management Committee. The Asset and Liability Committee reports to the Risk Management Committee and has the key role to monitor and control the market risks arising from the company's with profit business.

In Topdanmark, risks are monitored by the risk management function. The function reports to the Risk Management Committee, which is responsible for risk policies, risk limits, solvency calculations, capital plans, Topdanmark's own risk and solvency assessment, and Topdanmark's partial internal model for non-life insurance risks.

In Hastings, the boards of the Hastings Group's trading entities delegate the oversight of the respective company's risk management frameworks to the relevant risk committees. Each company has its own risk management governance arrangements to ensure that all risks are reported to, and reviewed by, the respective company board and its risk committee.

More detailed information on Sampo's risk management is available in **Sampo's Risk Management Report** at [www.sampo.com/year2021](http://www.sampo.com/year2021).

Risk management reporting framework in Sampo Group



## Compliance function

In Sampo Group, compliance is an activity supporting business activities while being independently administered, and it aims at securing the compatibility with applicable norms of all Group activities.

The starting point of the Sampo Group Compliance Principles is that compliance with norms is an established part of Sampo's corporate culture, and the principles ensure that compliance activities are properly organised in Group companies, and that the business organisation is capable of responding to the changing requirements of the business environment. The guidance contains the perceived common denominators of successful compliance activity – a set of general principles that describe essential features of effective compliance activities within the context of the business environment Sampo Group companies are operating. The principles do not, however, limit the flexibility of each Group company when addressing its own specific needs in relation to compliance.

Sampo Group Compliance Principles apply to all Sampo Group companies. It should, however, be noted that dif-

ferent Group companies are operating different business lines in various different national jurisdictions, thus being under an obligation to abide with local legislation as well as authority rules and regulations. Consequently, the principles have been defined to facilitate the deployment of set of tools and procedures serving best the individual needs for each company and local operating environment, and ensure full compliance without jeopardising operational efficiency. The aforesaid obviously implies that compliance function in each Group company must always meet the local standards and other requirements.

According to the approved principles all compliance activity is designed to ensure that all business activities, as well as the reporting of financial results and risks, are at all times compliant with laws, authority regulations and internal guidelines and principles.

The compliance function also ensures that any applicable new legislation and regulation is fully enforced in Group companies' guidelines and day-to-day business activities.

According to the principles, the Group companies are permitted to organise their compliance activities

operationally and organisationally as they deem pertinent and effective. In the [organisation chart \(p. 31\)](#), the compliance function is viewed from the parent company's point of view.

Reporting of compliance activities is organised in each Group company as deemed appropriate and sufficient locally. Compliance matters are also regularly reported to the parent company's Board of Directors' Audit Committee, as determined in the Sampo Group Compliance Principles. Sampo plc's compliance organisation is responsible for compiling these reports on the basis of the sub-group specific reports provided by the Group companies.

The CEO and President of Sampo Group is responsible for the proper organisation of the compliance function in the holding company and in the Group as a whole. The Board of Directors of each Group company ensures that the Group company has sufficient resources to organise effective internal control and compliance, while each Group company's Managing Director is responsible for organising the respective Group company's compliance function.

## Insider administration

Given the nature of Sampo's business areas, especially bearing in mind their extensive investment activities, Sampo's Board of Directors has approved separate Guidelines for Insiders that is binding on all persons employed by Sampo Group as well as on members of Sampo's Board of Directors. In addition to current supranational law, such as the market abuse regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council ("MAR")), applicable national law, including Nasdaq Helsinki's Guidelines for Insiders and the Financial Supervisory Authority's regulations, as well as statements and interpretations, have been taken into account in compiling the Guidelines for Insiders.

The Group Executive Committee, all Sampo plc's employees and other Group's employees working with interim statements and other financial announcements

and persons having access to such documents before publication thereof are under the following restrictions on trading:

- persons must obtain a separate written permission in advance for each share related securities transaction they make with the securities of Sampo plc or any of Sampo's publicly listed Group company or affiliate company;
- persons must not conduct any transactions relating to the financial instruments of Sampo Group during a closed window of 30 calendar days before the announcement of financial reports (so called extended closed window); and
- persons are prohibited from having so called short-term positions which refers to a situation where the period between the acquisition and disposal or the disposal and the acquisition of the same shares is less than one month.

In addition to regulatory supervision, compliance with the obligations under the Guidelines for Insiders and the underlying legislation is supervised by the Insider Administration, which is a group function centralised in Sampo plc and led by the person in charge of insider matters. Sampo Group's Guidelines for Insiders is available on the Group's website at [www.sampo.com/insiders](http://www.sampo.com/insiders).

As Nasdaq Copenhagen listed entity, Topdanmark A/S has its own insider procedure applicable to Topdanmark's financial instruments, as is required by Danish regulations.

## Whistleblowing

Sampo plc has a whistleblowing channel, which is based on the Market Abuse Regulation.

In connection with the entering into force of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR"), Sampo adopted an internal procedure for all employees to report infringements of both internal

and external rules and regulations. All whistleblowing notifications are investigated promptly in a confidential manner and protecting the identity of the whistle-blower as far as possible. During 2021, no whistleblowing notifications were reported.

Sampo Group's operating companies have established their own whistle-blower schemes designed to serve their personnel and relevant interest groups.

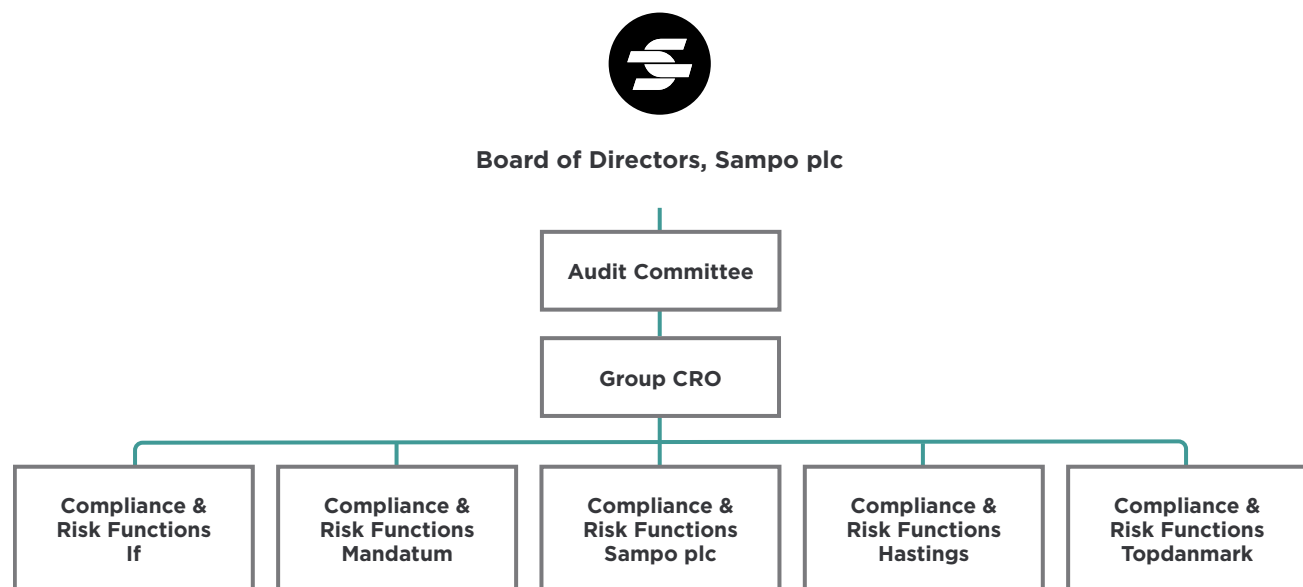
## Principles for related party transactions

Sampo Group companies may not, as a general rule, enter into an agreement with related parties subject to terms and conditions that differ from those Sampo or its Group companies normally apply, or other agreements that are not commercially justified, with or for the benefit of certain individuals. All related party transactions shall be based on written agreements in accordance with the relevant local regulation and in the ordinary course of business and on arms-length terms.

Related party transactions in Sampo Group are traditionally purchases of internal services, or other services or products that are part of the ordinary business of a Group company.

Sampo Group's guidelines on related party transactions apply to all group companies and they set the group-wide principles for monitoring and assessing as well as decision making and reporting of related party transactions. The rules for the company-level identification, decision making and reporting processes shall be set in the company-level policies of each Group company,

### Sampo Group's compliance organisation and reporting structure



as approved by the Board of Directors of each Group company.

Related party transactions that are not part of the company's ordinary course of business or are made in deviation from customary commercial terms, require a decision of Sampo's Board of Directors to carry out the related party transaction. Such related party transactions shall be reported to the Group Compliance prior to entering into the transaction.

Each Sampo sub-group shall maintain a register of the related parties linked to the company within Sampo Group by close links and the reported related party transactions.

An accumulated list concerning the agreements of the related parties of Sampo plc shall be sent to Sampo's Board of Directors or its committee annually. The Board of Directors or its committee must monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of ordinary activities and arm's length terms.

Additionally, in accordance with the Solvency II regulation, Sampo Group companies must report all significant related party transactions to the relevant supervisory authorities.

## Internal audit

Internal Audit is a function, independent of business operations, which evaluates the efficiency and effectiveness as well as the maturity of the internal control system within Sampo Group. The function helps the organisation to accomplish its objectives by a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes. The Group function is organised under the Board of Directors of Sampo plc and it reports to Sampo plc's Board and Audit Committee. It is managed by the Group Chief Audit Executive, who is appointed by the Board of Directors of Sampo plc. Internal audit functions are established in each sub-group and legal entities as regulations demand and approved by the respective Board of Directors or equivalent.

The work is carried out in accordance with the Sampo Group Internal Audit Policy, approved by the board of directors of each Group company. According to the Policy, the Internal Audit applies the mandatory guidance of the Institute of Internal Auditors as applicable.

The Internal Audit establishes a long-term internal audit activity plan for the regulated companies. A period for the activity planning may be defined in the subsidiary groups. The plans are updated annually and approved by the board of directors in the respective legal entity and confirmed by Sampo plc's Audit Committee. The approach is risk based considering the focus areas. The External Audit is informed about the internal audit activity plans.

The Internal Audit function reports on the audits and follow-up activities performed to the Board of Directors of the legal entities, and to Sampo's Audit Committee. Company-specific audit observations are reported to the respective companies' management. Furthermore, the function submits activity reports to Sampo plc's Audit Committee and the Board of Directors in all regulated entities at least twice a year. These reports include the severe deficiencies detected, including follow-up issues related to the risks not been mitigated or remedied according to the agreed action plans. In addition, an annual internal audit report is issued for Sampo Group.

The Group Chief Audit Executive is responsible for ensuring that a quality assurance and improvement programme is established in the internal audit functions. The results are reported to Sampo's Audit Committee.



## External auditor

- **Deloitte Ltd**

Authorised Public Accountant Firm

- **Jukka Vattulainen, Authorised Public Accountant**

Responsible auditor

Audit firm Deloitte has acted as Sampo's as well as Mandatum Group's, Hastings Group's and If Group's Auditor in 2021. KPMG P/S was elected as Topdanmark's Auditor in 2021. The fee paid to the Auditors for statutory audit services for Sampo Group rendered 2021 totalled approximately EUR 1,780,000. In addition, the Auditors were paid a total of approximately EUR 250,000 in fees for non-audit services rendered after their election.

The fees paid to Deloitte Ltd for statutory audit services invoiced in 2021 totaled EUR 290,000. No non-audit services were purchased from Deloitte Ltd during 2021.

Sampo plc's Annual General Meeting held on 19 May 2021 elected Deloitte Ltd to act as Sampo's Auditor with APA Jukka Vattulainen as the auditor with principal responsibility. Sampo plc organised an audit firm selection procedure in accordance with the EU Audit Regulation (Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, the "Audit Regulation") concerning the audit for the financial year 2021. The Audit Committee arranged the statutory tendering of auditor, organised a statutory audit firm

selection procedure and prepared its recommendation for the Annual General Meeting in accordance with the Audit Regulation. Deloitte Oy was elected based on the recommendation of the Audit Committee and the Board of Directors.

# 2021

**SAMPO  GROUP**

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