Sampo plc
Remuneration Policy for Governing Bodies

1. Introduction

Sampo plc's (the "Company" or "Sampo") Remuneration Policy for Governing Bodies ("Remuneration Policy" or "Policy") is part of Sampo's internal governance structure and is presented to Sampo's Annual General Meeting ("AGM") at least every fourth year and whenever substantial changes have been made to it. The Remuneration Policy defines how the remuneration of the Group CEO, the Group CEO's possible deputy and the members of the company's Board of Directors has been arranged. What is said of the Group CEO's remuneration applies equally to the Group CEO's possible deputy, should one be appointed.

The Remuneration Policy has been developed in accordance with the requirements set forth by the amended EU Shareholders' Rights Directive, as implemented into Finnish legislation.

The previous Remuneration Policy was adopted by the AGM in 2020. The Remuneration Policy was supported by 90.3 per cent of votes represented at the meeting.

The Remuneration Policy has been revised to further enhance the transparency of the remuneration strategy and Sampo's perspective on the different remuneration elements. New subsections have been added under the section on remuneration of the Group CEO and a shareholding requirement has been introduced. Also, the competitive positioning of the remuneration of the Group CEO and the principles for new recruitment are explained. The STI opportunity has been revised to better reflect market practice in the countries where Sampo operates. Furthermore, the LTI opportunity has been quantified in relation to annual base salary.

There have been no shareholder statements in relation to the Remuneration Policy adopted at the 2020 AGM at any of the AGMs following that adoption. However, Sampo is dedicated to being responsive to comments and has put in place a process to take potential opinions into consideration during the preparation of each year's Remuneration Report for Governing Bodies.

The Remuneration Policy is aligned with the general Sampo Group principles and processes for remuneration, especially with regards to:

- Attracting and retaining highly competent, high-performing people that have the ability, experience, and skills to deliver on Sampo's long-term strategy and create shareholder value.
- Offering remuneration packages that reward fairly for prudent and successful performance and at the same time do not generate conflicts of interest nor entice or encourage to excessive or unwanted risk-taking.
- Offering remuneration that is competitive in the markets and areas where Sampo competes for talent.
- Encouraging variable compensation, where applicable, based on clear and relevant targets, reinforcing performance and enabling flexible compensation costs.
- Offering variable compensation levels that increase with increasing responsibility, and ability to influence the work of others and the profitability of the company.

Should there be any discrepancies between different language versions of the Remuneration Policy, the Finnish version shall prevail.

2. Remuneration governance and decision-making process

The remuneration decision-making process and governance at Sampo involves the AGM, the Board of Directors and the Nomination and Remuneration Committee of the Board of Directors.

Upon the recommendation by the Nomination and Remuneration Committee, the Board of Director's annually approves the remuneration package to the Group CEO within the limits set by the Remuneration Policy. External advisors may be consulted in the review of both Board and Group CEO remuneration as well as in program and scheme design, providing insights into market trends and developments.

The remuneration governance and decision-making process for the Group CEO follows the same grandparent approval principle as for employees, with the full Board being the leader's leader for the Group CEO. Furthermore, to avoid conflicts of interests, the Group CEO may not be involved in the preparation or decision-making regarding the Group CEO's own remuneration.

Shareholders
Annual General Meeting

Shall decide on the remuneration of the members of the Board of Directors.
Makes an advisory resolution on the Remuneration Policy.
Annually makes an advisory resolution on the Remuneration Report.
Decisions concerning the distribution of shares, options, or other special rights entitling to shares shall be made in the general meeting or by the Board of Directors pursuant to an authorisation from the general meeting.

Board of Directors

Decides on the remuneration and other terms of the service agreement of the Group CEO within the limits set in the Remuneration Policy.

Annually evaluates and reports on the remuneration to ensure that the Remuneration Policy is adhered to. May authorise its committee to be responsible for the evaluation and reporting of remuneration.

Nomination and Remuneration Committee

Prepares and presents the Remuneration Policy to the Annual General Meeting at least every four years.

Prepares and presents the proposals for the remuneration of the Board of Directors and Group CEO.

Group CEO

3. Remuneration of the Board of Directors

The Nomination and Remuneration Committee of Sampo'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 this Remuneration Policy, consider the developments of board remuneration in relevant markets and peer companies. The aim is to ensure that Sampo can attract and retain Board members that possess the diverse and relevant skills and international experience needed to maximise shareholder value. The Annual General Meeting shall decide on the remuneration of the members of the Board of Directors.

The Nomination and Remuneration Committee's proposal to the AGM may include the following elements, which may vary based on position, workload, and responsibility:

- **Annual fee**
  The annual fee is intended to be sufficient to attract and retain Board members from diverse backgrounds with relevant skills and international experience to oversee the company strategy with emphasis on long-term value creation.
- **Committee fee**
  Board members may also be members of certain Board Committees and may receive an additional fixed fee for such membership.
- **Attendance fee**
  Attendance fees may be awarded to Board members for each Board meeting attended.

Based on the AGM decision, a Board member may be required to acquire Sampo A shares for a defined part of his/her fee(s). The Board member may be obliged to retain the Sampo A shares under his/her ownership for a minimum period of time from the purchasing date.

Additionally, the members of the Board of Directors may be offered reasonable, other than monetary, benefits to facilitate their work. Such benefits may include for example directors' liability insurance or personal tax advisory services for the members of the Board of Directors not resident in Finland. Board members may further be reimbursed for travel and accommodation costs.

The members of the Board of Directors are not in an employment or service relationship with Sampo, 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.

4. Remuneration of the Group CEO

The Nomination and Remuneration Committee of Sampo's Board of Directors prepares the proposal for the remuneration and other terms of the Group CEO's service agreement, in accordance with this Remuneration Policy. The Board of Directors shall decide on the remuneration and other terms of the Group CEO's service agreement on the basis of the proposal by the Nomination and Remuneration Committee.

4.1 REMUNERATION ELEMENTS

Sampo Group wants to attract and retain the best talent, promote engagement, support people development, and offer an attractive remuneration. The following general principles are applicable to the remuneration of the Group CEO:

- The remuneration design and mix shall be guided by the long-term financial stability and value creation of Sampo Group.
- Variable compensation programs shall include triggers that set a minimum threshold for when pay-out starts to accrue, rules on the pay-out and caps that set a maximum level for the payment of variable compensation.
- Decisions regarding the pay-out of variable compensation shall be based on an assessment of the incurred risk exposure and the fulfilment of solvency capital requirements.
- A significant part of the Group CEO's total remuneration shall be based on performance-linked variable compensation to emphasise the importance of the pay-for-performance principle. The annual performance of the Group CEO shall be evaluated against both the overall performance of Sampo Group and the individual contribution to the value creating development of subsidiaries and associated companies.

4.1.1 Overview of remuneration elements of the Group CEO

Element		
Annual Base Salary	**Objective** To attract and commit the best CEO for the company. **Operation** The basis of the remuneration package. The annual base salary shall represent a sufficiently high amount to avoid over-dependency on variable compensation.	**Opportunity** The annual base salary shall be reviewed annually, and a possible increase shall in general correspond to the salary increase level of the relevant market and comparable positions. Exceptional circumstances may allow for higher-than-average salary increases. The salary may include an allowance intended to cover the Group CEO's expenses. **Assessment of performance** The Board assesses the Group CEO's individual performance, remuneration market practice, and the Group CEO's future potential during the review.
Short-term incentives ("STI")	**Objective** To encourage surpassing the quantitative and qualitative performance criteria. **Operation** The Board of Directors decides on annual short-term incentive programs and their performance criteria. **Deferrals, Malus, and Clawback** Part of the pay-out shall be deferred as required in the regulatory framework applicable to Sampo. STI is also subject to malus and clawback, please refer to section 4.2 Deferral, malus, and clawback of remuneration.	**Opportunity** The maximum opportunity level for the Group CEO from the STI program may amount up to 150% of annual base salary. Each program's actual maximum opportunity is assessed at launch by the Board of Directors. **Assessment of performance** The rewards shall be paid in cash, based on the outcome of the performance criteria after the performance period. The reward shall not be paid if the minimum threshold of performance criteria is not met. **Performance measures** The quantitative and qualitative performance criteria along with their proportional weightings shall be determined before the performance period. Performance criteria may include, for example, shareholder value creation, financial or operative KPIs, and sustainability metrics.

Element		
Long-term incentives ("LTI")	**Objective** To align the Group CEO's interests with those of the shareholders and commit the Group CEO to the company. **Operation** The Board of Directors decides on the launch of long-term incentive schemes and on pay-outs from said schemes. **Deferrals, Malus, and Clawback** At pay-out from a long-term incentive scheme, the Group CEO is obliged to purchase Sampo A shares after deducting income tax and other comparable charges, as defined in the terms and conditions of the respective long-term incentive scheme. The shares are subject to deferral and disposal restrictions based on the regulatory framework applicable to Sampo. LTI is also subject to malus and clawback, please refer to section 4.2 Deferral, malus, and clawback of remuneration.	**Opportunity** The maximum opportunity level for the Group CEO from the LTI scheme may amount up to 200% of annual base salary. Each scheme's actual maximum opportunity level is assessed at launch by the Board of Directors. LTI schemes may further have a share price increase cap, i.e. the size of the payment is limited to a maximum amount. **Assessment of performance** The rewards shall be paid in cash, based on the outcome of the performance criteria after the performance period. A defined part of the net pay-out must be used to buy Sampo A shares and the acquired shares are subject to a defined holding period, in accordance with the regulatory framework applicable to Sampo. The reward shall not be paid if the minimum threshold of performance criteria set out in the terms and conditions of the schemes are not met. **Performance measures** Performance criteria along with their proportional weightings shall be determined before the performance period. Performance criteria may include, for example, shareholder value creation, financial or operative KPIs, and sustainability metrics.

Element

Pension	**Objective** To offer the Group CEO a competitive retirement arrangement in line with local market practice. **Operation** In addition to a statutory pension, the Group CEO may be entitled to a supplementary defined contribution pension plan in accordance with the applicable local market practice.	**Opportunity** The level of contribution for the supplementary pension plan shall follow local market practice and the pensionable salary shall typically be the annual base salary. The retirement age shall follow the market practice in the country of service.
Other benefits	**Objective** Provide a suitable and reasonable package of benefits as part of a competitive remuneration package to support recruitment, engagement, and retention. **Operation** Benefits will be provided in accordance with local market practice, and they may change from time to time. Other benefits may include, among others, phone benefit, car benefit, health insurance, directors' liability insurance and other relevant insurances, and personal tax advisory services for a Group CEO not resident in Finland.	**Opportunity** The cost of benefits provided to the Group CEO shall remain appropriate in relation to other remuneration elements and market practice year over year. The actual costs of benefits may fluctuate from one year to the other, even if the provided benefits have remained unchanged.

4.1.2 Competitive positioning of remuneration of the Group CEO

When determining the proposal for the remuneration of the Group CEO to the Board of Directors, the Nomination and Remuneration Committee uses market data as a base line to arrive at a competitive remuneration package. Sampo uses a target total direct compensation level to benchmark the remuneration package, i.e. the sum of annual base salary, short-term incentive at target level and long-term incentive expected value at grant. Pension and benefits are considered in the final assessment of the remuneration package by the Board.

Competitive market data is one of several factors when setting the remuneration package for the CEO. Other factors include, but are not limited to:

- company strategy and targeted remuneration positioning
- performance in the position
- continued or future potential
- individual experience and skills
- evolving market circumstances.

The Nomination and Remuneration Committee uses a remuneration peer group consisting of companies in the financial industry present in the same geographical area as Sampo. The peer group is determined based on size factors, for example market capitalisation, total assets, total income or equivalent measure, and number of employees. The peer group composition is subject to an annual review to remain relevant and takes factors such as employee turnover and company performance into consideration. In addition to the remuneration peer group, the Nomination and Remuneration Committee uses broad-based country-specific market data. Broad-based country-specific market data is primarily used to determine the annual base salary. The annual base salary shall reflect Sampo's relative size and competitive position in the market and be positioned around market median of comparable positions.

Short- and long-term incentive levels are aimed to provide a substantial portion of the total remuneration package. Furthermore, the expected value at grant of the long-term incentives shall form a major part of the variable remuneration, to enhance the interest between management and the shareholders.

4.1.3 Performance criteria in variable compensation

Performance criteria used in variable compensation are set to support alignment of Sampo's business strategy and long-term interests of the participants with that of the shareholders.

Short term-incentives may have performance criteria consisting of several individual targets that are aligned with the company strategy, as well as other short-term priorities and key activities. The performance criteria shall contain financial criteria on either Group and/or Business Area level and non-financial criteria, including targets related to sustainability. The balance between financial and non-financial criteria shall be appropriate and the balance and specific targets shall be decided ahead of the annual program launch. The share of non-financial criteria shall be substantial, in accordance with the regulatory framework applicable to Sampo. The short-term incentive may use a financial key performance indicator as underpin or threshold to make sure the company has an adequate profitability when deciding on pay-outs from the program.

The long-term incentive schemes applicable to the Group CEO shall be tied to the development of Sampo's share price over at least three years. Connecting the long-term incentive reward to the Sampo share is relevant, as many of the scheme participants are in a position to influence the profitability of the whole Sampo Group. The performance criteria may contain absolute and/or relative financial criteria on Group level as well as performance criteria related to sustainability. The long-term incentive schemes may use a financial key performance indicator as underpin or threshold to ensure adequate profitability at pay-out from the scheme.

4.2 DEFERRAL, MALUS, AND CLAWBACK OF REMUNERATION

Regardless of how carefully the risk management framework and different compensation mechanisms are designed, there is a risk that the variable compensation in retrospect proves to have been erroneous due to non-acceptable risk-taking or breach of internal or external rules. Part of the pay-out shall therefore be deferred as required by the regulatory framework applicable to Sampo. The remaining part of the variable compensation shall be paid in accordance with the normal payment schedule defined by the Board of Directors.

After the deferral period, the Board of Directors shall decide whether the deferred variable compensation shall be paid/released in full, partly, or cancelled in whole. The Board of Directors of Sampo may decide to cancel in whole or in part the payment/release of the deferred variable compensation if material non-acceptable risk-taking or material breaches against internal or external rules for the business have materialised or if the payment would threaten the ability to maintain an adequate capital base. In the retrospective risk adjustment review, the Board of Directors shall consult external or internal auditors, or another independent function, as well as internal risk management.

In addition, the Board of Directors shall, at its sole discretion, have the right to cancel in whole or in part, or to postpone the payment of any variable compensation if material non-acceptable risk-taking or material breaches against internal or external rules for the business have materialised, or if the payment would threaten the ability to maintain an adequate capital base.

The Board of Directors may also decide to take legal action to reclaim, in whole or in part, any amount of paid variable compensation which in retrospect proves to have been paid based on inaccurate or misleading information, or in case of material breach of applicable regulation, law, or Sampo's Code of Conduct.

4.2.1 Short-term incentives

The short-term incentive is paid in the year following the performance period and part of the earned amount is subject to deferral for a defined period, as required in the regulatory framework applicable to Sampo. The deferral may be in the form of cash, shares or a combination decided in the terms and conditions applicable for each annual program. In the event of share deferral, shares will be purchased net after tax to avoid a dilutive effect.

The payment of a short-term incentive reward requires that the Group CEO has a service agreement with a Sampo Group company at the time of payment. Sampo's Board of Directors shall have the right to grant an exception from this requirement. At retirement, the Group CEO shall have the right to a potential short-term incentive payment for the period during which the Group CEO has had a service agreement with a Sampo Group company even though the Group CEO would not have a service agreement with Sampo at the time of payment. For the avoidance of doubt, part of the short-term incentive reward shall be deferred as mentioned above, unless otherwise decided by Sampo's Board of Directors.

If the service relationship of the Group CEO ceases, the right to the deferred short-term incentives shall remain.

4.2.2 Long-term incentives

Payments from the long-term incentive schemes take place after the performance period following the performance assessment and applicable risk analysis, and the payment is subject to deferral as required in the regulatory framework applicable to Sampo. Part of the net paid amount is to be deferred in shares for the Group CEO and shall be placed in a restricted account during a defined holding period. Shares will be purchased net after tax to avoid a dilutive effect. The deferral period is set in the terms and conditions of each scheme.

The payment of a long-term incentive reward requires that the Group CEO has a service agreement with a Sampo Group company at the time of payment and that the Group CEO has not given notice of termination prior to the payment. Sampo's Board of Directors shall have the right to grant an exception from these requirements.

At retirement, the Group CEO shall have the right to the remaining potential long-term incentive payments from the long-term incentive schemes in force at the time of retirement.

Sampo's Board of Directors may decide to prematurely terminate an incentive scheme and pay out the incentive reward to the Group CEO specifically if:

- Sampo decides to merge or demerge so that Sampo is dissolved
- a shareholder is obliged to make a redemption offer or redeem the remaining Sampo shares.

In any case, part of the long-term incentive reward shall be deferred as mentioned above unless otherwise decided by Sampo's Board of Directors.

If the service relationship of the Group CEO ceases, the right to the restricted shares purchased under the terms of the respective long-term incentive scheme shall remain.

4.3 SERVICE AGREEMENT AND TERMINATION OF AGREEMENT

The service agreement of the Group CEO shall be in writing and approved by the Board of Directors. The terms specify the remuneration elements as well as the payments upon termination of agreement.

The service agreement of the Group CEO shall be aligned with local market practice and is typically in force until further notice.

The maximum mutual notice period shall not be more than 12 months. In case of termination by the Group CEO, the Group CEO has no right to severance compensation unless a situation specifically outlined in the CEO agreement occurs, for example, but not limited to, material breach of the agreement from the company's part or material changes in the Group CEO's responsibilities due to significant changes in Sampo Group structure or ownership.

If the Group CEO is recruited from within Sampo Group, the maximum amount of severance compensation may be based on the terms applied in the previous position. The aggregate amount of compensation payable to the Group CEO due to the termination of the service agreement shall in general not correspond to more than 24 months' base salary.

Any severance compensation, if nothing else is agreed in the service agreement, will be paid up until the agreed retirement age in the service agreement or if no determined age is agreed, up until the retirement age stipulated by the local market. In the event the Group CEO is entitled to severance compensation for a period surpassing the retirement age, the severance pay may be reduced in proportion to the time remaining and calculated from the time when the service agreement ceases and until the time of retirement.

The company shall have the right to a downward adjustment of the severance pay, even to the amount of zero, if i) the service agreement could be terminated due to an objectively substantial reason, such as continuous negligence of duties or other corresponding reasons attributable to the Group CEO, or ii) material non-acceptable risk-taking beyond the control of the Board of Directors or material breaches against internal or external rules for the business by the Group CEO have materialised. Severance pay shall not be paid in case of such negligence of duties or gross misconduct, which allows for an instant cancellation of the service agreement.

A non-competition clause shall apply for six months from the end of the service agreement. Provided that the company applies this non-competition clause, the Group CEO is entitled to a monthly fixed salary for the full non-competition period.

4.4 PRINCIPLES FOR NEW RECRUITMENT

When a new Group CEO is recruited, the Board of Directors will, upon recommendation from the Nomination and Remuneration Committee, consider the company's strategy, business needs, and targeted market position to conclude on the relevant skills and experience needed for the new CEO.

If a new Group CEO is recruited externally, the remuneration package of that individual will be considered. The Board of Directors will aim to align the new Group CEO's remuneration with the Group policies and principles in force at the time of entering into the service agreement. If deemed necessary to recruit the most suitable candidate, the Board of Directors may offer a buyout award to compensate for the loss of variable compensation which lapsed upon the candidate leaving his/her previous position. When determining the terms of the buyout award, the Board of Directors may consider the structure, time horizon, value, and performance targets associated with arrangements lapsed. The rationale and detail of any such award will be disclosed in the following Remuneration Report for Governing Bodies.

If a new Group CEO is appointed as a result of internal promotion or following a corporate transaction (e.g. following an acquisition), the Board of Directors may at its discretion decide to honour any legally binding legacy arrangements agreed prior to the individual's appointment.

Where necessary, additional benefits may also be provided, such as, but not limited to, relocation support, expatriate allowance, tax equalisation, and other benefits which reflect local market practice and relevant legislation.

In the case of a new Group CEO being recruited at a salary level below the company's reference point for comparable positions, the Board of Directors may apply a higher-than-average salary increase in the annual salary review during the first three years of the service relationship.

4.5 SHAREHOLDING REQUIREMENT

The Group CEO is required to own Sampo A shares corresponding to a value of 100% of the annual base salary. The Group CEO shall retain the Sampo A shares purchased under the terms and conditions of the Sampo Group long-term incentive schemes until the shareholding requirement is met.

4.6 ADDITIONAL REMUNERATION ARRANGEMENTS

By way of exception, additional remuneration arrangements can be made when deemed appropriate and necessary to recruit or retain the Group CEO. Such arrangements shall be limited in time and shall not exceed a period of 36 months and twice the annual base salary that the Group CEO would have received if no additional arrangements were made.

5. Deviations from the Remuneration Policy

The Board of Directors may decide to temporarily deviate from any part of the Remuneration Policy in exceptional circumstances to secure the company's long-term interests. Exceptional circumstances may include a change of Group CEO, the appointment of a deputy Group CEO, a corporate reorganisation, changes in financial targets or strategy, changes to the regulatory framework or its interpretation as they apply to Sampo or its governing bodies, fulfilment of a contractual obligation agreed before this Remuneration Policy, or any other compelling reason to secure Sampo plc's or Sampo Group's interests.

A temporary deviation shall be reported in the following Remuneration Report for Governing Bodies, which is presented for approval to Sampo's Annual General Meeting. The decision of the AGM is advisory.