



Dear Shareholders,

As Chair of Sampo's Nomination and Remuneration Committee, I am pleased to present our Remuneration Report for Governing Bodies 2022. The Remuneration Report 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 has been applied in practice. The Remuneration Report for Governing Bodies will be presented to the Annual General Meeting 2023 for an advisory vote.

This will be my last Chair letter as I plan to retire from Sampo after the Annual General Meeting on 17 May 2023, having served as the Chair of the Nomination and Remuneration Committee since 2009. During my tenure, I have experienced a growing interest from various stakeholders in our remuneration policies and practices, as well as significant developments in remuneration-related regulation. Nonetheless, Sampo's core principles on remuneration have remained unchanged. We firmly believe that attractive pay, including variable

compensation where appropriate, forms an integral part of attracting, retaining and motivating the highest performing employees, which is essential to shareholder value creation in a skills-based industry such as ours.

Continued focus on high-quality P&C insurance operations

Sampo's Board and Management see the greatest potential for long-term value creation in high-quality P&C insurance and in 2022, Sampo continued its transformation towards a pure insurance group. As part of this transformation process, the exit from Nordea was completed in spring 2022 and in December 2022, a strategic review of Mandatum was announced. The focused P&C strategy and metrics formed the basis for the Group CEO's short-term incentive (STI) target setting in 2022, thereby ensuring the pay for performance principle.

Pay for performance

Pay for performance is a core element of executive remuneration at Sampo Group. 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 performance-linked variable compensation. The performance of the Group CEO in 2022 has been evaluated against key financial and non-financial performance criteria related to Sampo Group, subsidiaries and associated companies, including sustainability criteria. The targets for 2023 have been set based on the updated financial plan and contain criteria related to the performance of the Group and the respective subsidiaries (e.g., combined ratio or operating ratio and GWP growth) and sustainability metrics.

The core of our remuneration systems is that the Group's long-term financial stability and value creation shall be safeguarded. Therefore, Sampo Group companies are committed to strengthening sustainable business practices. For all of the Sampo Group Executive Committee members, the STI program has in 2022 encompassed relevant sustainability metrics related to the respective area of responsibility. These have included for example

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customer satisfaction, employee Net Promoter Score and regulatory and compliance quality. Metrics related to customer satisfaction have also formed part of the company-wide STI programs for all levels of employees in certain subsidiaries.

The long-term incentive (LTI) schemes based on financial instruments of Sampo plc are designed to align participants' interests with those of the shareholders by linking the payout of the schemes to key performance criteria and the development of the company's share price and dividends paid. In September 2022, the third and last allocation of incentive units from the LTI 2020 scheme was made, of which none to the Group CEO or other

members of the Sampo Group Executive Committee. Payouts from the LTI 2020 scheme are due in 2023-2026, provided the performance targets are met.

2022 AGM advisory vote

The Remuneration Report 2021 received 95.05 per cent support in the Annual General Meeting 2022 advisory voting. During 2022, we have, based on the feedback received, enhanced the content and layout of the Remuneration Report 2022, as described in further detail in the Remuneration Report itself.

2022 Remuneration decisions

The annual executive salary review was conducted in December 2021 and it took effect in January 2022. The Group CEO received a salary adjustment of 6 per cent. The adjustment took into account the fact that the total remuneration of the Group CEO did not appropriately reflect the increased responsibilities compared to his previous position in If P&C Insurance Holding Ltd and that the Group CEO's competence is vital for delivering on

the new strategy. Furthermore, the market data analyses showed that the Group CEO's annual fixed salary was still below the market median of comparable positions. In the annual executive salary review that was conducted in December 2022 and taking effect in January 2023, the Group CEO received a salary adjustment of 4 per cent. This is expected to be on par with general salary increase levels in the market.

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

As a result of Sampo Group's strong performance and positive share price development in 2022, there was a payout from the third instalment of the LTI 2017 scheme in September 2022. The payout to the Group CEO is presented in the Remuneration Report.

In 2022, the cost-of-living crisis underlined the importance of supporting our employees. In September 2022, Hastings announced an immediate 5 per cent pay increase and a GBP 500 cost-of-living bonus for the majority of its UK employees (not including Hastings's top management), in addition to other measures, such as a hardship fund.

The Remuneration Policy for Governing Bodies has served as a framework for all remuneration procedures and payouts during the financial year 2022. We continue to develop our remuneration practices in line with regulatory development, market practice, and stakeholder expectations, and I respectfully ask for your support in the advisory vote for the Remuneration Report for Governing Bodies 2022. We welcome your feedback on remuneration topics and I look forward to seeing you at the May Annual General Meeting.

Björn Wahlroos

Chair of the Board,
Chair of the Nomination and Remuneration Committee

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