



# Dear Shareholders,

As Chair of Sampo's Nomination and Remuneration Committee, I am pleased to present our Remuneration Report for Governing Bodies 2023. 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 2024.

This is my first Chair letter after re-joining Sampo's Board of Directors last year. The Sampo I left in 2021 was in many ways different from Sampo today. During 2021-2023, the Group Executive Committee has successfully executed on the strategy communicated for the period.

During 2023, Sampo continued to drive the focused P&C strategy and implemented a partial demerger, where Mandatum was listed on the Nasdaq Helsinki on 2 October. I would like to extend my gratitude towards former Group Executive Committee members Patrick Lapveteläinen and Petri Niemisvirta and former Board Member Johanna Lamminen for their dedicated

service towards the Sampo shareholders and welcome our newest two members to the Group Executive Committee, Ville Talasmäki and Klas Svensson.

## Pay for performance

Pay for performance remains the core element of executive remuneration at Sampo Group. The focused P&C strategy and related metrics formed the basis for the Group CEO's short-term incentive (STI) target setting in 2023, thereby ensuring the pay for performance principle. The performance of the Group CEO in 2023 has been evaluated against key financial and non-financial performance criteria related to Sampo Group and the subsidiaries including sustainability criteria.

The targets for 2024 have been set based on the updated financial plan and contain targets 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. In 2023, all the Sampo Group Executive Committee members had relevant sustainability metrics related to the respective area of responsibility amongst their STI targets. These have included for example 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 current 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 pay-out of the schemes to key performance criteria and the positive development of the company's share price and dividends paid.

## Going forward

The updated strategic plan launched at the capital market day on 6 March 2024 sets out the path for the coming years. The Nomination and Remuneration Committee remains committed to following market practices and applying them in a manner deemed fit for Sampo. Sampo regards attractive pay, including variable compensation where appropriate, as an integral part of attracting, retaining, and motivating

the highest performing employees, which continues to be essential to shareholder value creation in a skills-based industry such as ours.

## 2023 AGM

The Remuneration Report for Governing Bodies 2022 was presented to the Annual General Meeting in 2023. The AGM resolved to adopt the presented Remuneration Report and the resolution was made without being voted on, which is considered unanimous acceptance based on Finnish law. However, taking into account the advance voting instructions of the owners of nominee-registered shares and holders of SDRs, which were delivered to Sampo before the AGM, the proposal was supported in total by 95.58 per cent of votes represented at the meeting. During 2023, we have, based on the feedback received, enhanced the content and layout of the Remuneration Report 2023, as described in further detail in the Remuneration Report itself.

## Year of the Nomination and Remuneration Committee

The NRC convened eight times during 2023. The ordinary work schedule of the NRC is to discuss and prepare STI topics in the meeting(s) taking place in the beginning of the year, LTI topics during the fall and compensation reviews and Board composition during the end of the financial year.

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After the annual executive salary review 2022, a more in-depth review was made of the Group CEO's remuneration package. The current Group CEO entered his position in 2019 at a substantially lower remuneration level than his predecessor. Although increases over recent years have been at or slightly above market forecast rates, the base salary still lagged peers and relevant market position. The Sampo Board of Directors reviewed possible options to compensate the Group CEO, and concluded to offer an additional supplementary pension scheme. The Board is conscious of the cumulative effect a base salary increase would have on other elements of the remuneration package. The new supplementary pension is a defined contribution plan with a fixed annual premium of SEK 2,300,000 until the Group CEO turns 65.

The Annual General Meeting 2023 accepted the proposal to increase the annual fees of the Board members by approximately 3 per cent and the fee to the Chair of the Board by 20 per cent. In determining the Board fees, the Committee performs regular benchmarking against the fees paid to boards of companies similar to Sampo Group. The Committee also considers the effect of regulations applicable to Sampo Group on the demands of the Board's work.

Following Sampo Group's strong results during the performance period 2020–2023, there was a pay-out from the first instalment of the LTI 2020:1 scheme in September 2023. The pay-out to the Group CEO is presented in the Remuneration Report.

Given the new Group structure, the Board of Directors initiated a review of the structure of current LTI schemes design which has been more or less unchanged for the past 20 years, and its possible implications on the remuneration package of the Group CEO. The Board of Directors concluded that an updated LTI scheme structure is in the best interest of the company and its stakeholders and a new LTI scheme was launched in March 2024.

In the annual executive salary review that was conducted in December 2023, effective January 2024, the Group CEO received a salary adjustment of 5 per cent. This is expected to be on par with general salary increase levels in the market. Furthermore, the Board has approved to increase the Group CEO's 2024 maximum STI opportunity level from 75 per cent to 100 per cent of annual base salary, subject to the AGM resolving in favour of the updated Remuneration Policy for Governing Bodies. This as an effect of the rebalancing of the remuneration packages for executives and key employees coming from the new LTI scheme.

The Remuneration Policy for Governing Bodies must be presented to the AGM at least every four years and we will present our updated policy at this year's AGM. The policy has been updated specifically to give a more comprehensive view of how Sampo thinks about remuneration. Furthermore, a cap for the LTI maximum opportunity has been introduced in the policy as well as a shareholding requirement.

In conclusion, I look forward to my first AGM as Chair of the Board and respectfully ask for your support for the Remuneration Report for Governing Bodies 2023 and the Remuneration Policy for Governing Bodies, and, of course, welcome your feedback on remuneration topics.

**Antti Mäkinen**  
Chair of the Board