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# Sampo Group Responsible Investment Policy

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## 1. Goals and principles

The purpose of this group-level policy is to present the principles of responsible investment applied to the investment activities of Sampo plc and its subsidiaries holding investment assets. This policy serves as a minimum guideline, while each subsidiary also maintains its own responsible investment policies tailored to their specific operations.

This policy is mandatory for all portfolio managers and for those participating in investment operations and describes how to take sustainability considerations and risks into account in their day-to-day activities. It is reviewed and approved by the Board of Directors of Sampo plc at least annually. The policy covers direct listed equity investments and fixed income investments and applies to all markets Sampo Group invests in. The policy is also used as guidance when making investments in other asset classes. New investments as well as current investments are covered by the processes. The policy is available in English.

At Sampo Group, responsible investment is an approach to managing assets so that environmental (e.g. climate change, biodiversity), social (e.g. human and labour rights, employment practices), and governance (e.g. anti-corruption, anti-bribery) (ESG) issues are included in investment analysis, decision-making, and reporting. Responsible investment also includes active ownership, which combines better risk management with improved portfolio returns, reflects investor values, and complements traditional financial analysis. Sampo Group integrates these considerations in line with the evolving EU sustainability framework, including the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

Sampo Group aims to recognise and mitigate the adverse impacts of its investment operations to ESG issues, taking into account the expectations and interests of the Group's internal and external stakeholders, including investors and policyholders. Therefore, Sampo Group has incorporated sustainability into its investment operations, and the Group's investment decisions take into account not only financial aspects, but also sustainability considerations, as well as the related risks (hereinafter sustainability risks). In line with CSRD and ESRS the Group considers both financial materiality and impact materiality when assessing sustainability risks and opportunities relevant to investments.

## 2. Commitment to responsible investment

Sampo Group commits to promoting sustainability considerations when developing its business operations. In relation to investments, it means that the Group wants to be an active owner and to incorporate ESG issues into its investment analysis and decision-making processes, and ownership policies and practices. ESG issues have an impact on the long-term performance, risks, and value of all companies. Hence, taking these issues into consideration in the investment process is an important means to improve the risk-return profile of investments and it is a critical success factor of investment activities.

Sampo Group is a participant of the UN Global Compact and is committed to the UN Global Compact principles on human rights, labour, the environment, and anti-corruption, and works to make the principles part of its strategy, culture, and day-to-day operations. These principles are also incorporated into investment processes.

Sampo Group is a signatory of the UN Principles for Responsible Investment (UN PRI). According to the UN PRI's six principles, the Group is required to:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Be an active owner and incorporate ESG issues into ownership policies and practices.
- Seek appropriate disclosure on ESG issues by the entities in which it invests.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance effectiveness in implementing the Principles.
- Report on activities and progress towards implementing the Principles.

Sampo Group aims to continually reduce its own greenhouse gas (GHG) emissions and to encourage its investee companies, suppliers, and customers to reduce theirs. Sampo Group has joined the Science-Based Targets initiative (SBTi) and is committed to ambitious and science-based climate targets. Targets are considered science-based when they align with the level of decarbonisation required to limit global warming to 1.5°C in line with the Paris Agreement and the latest climate science. Sampo Group follows the SBTi's sector-specific guidelines for the financial sector and has, inter alia, developed climate targets for the investment operations.

Sampo Group supports the Climate Action 100+ initiative, an investor-led initiative to ensure that the world's largest corporate GHG emitters take necessary action on climate change.

Sampo Group reports the Taxonomy eligibility and alignment of its investment portfolio according to the EU Taxonomy Regulation (Taxonomy). The Taxonomy is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities. The Taxonomy is part of EU's efforts to achieve ambitious development goals in line with Agenda 2030 and the Paris Climate Agreement. The aim is to provide a common language to help investors and companies navigate the transition to a low-carbon, resilient and resource-efficient economy. The Taxonomy requires large financial and non-financial companies to disclose to what extent the activities which they carry out meet the criteria set out in the Taxonomy. Insurance companies are, inter alia, required to report key performance indicators (KPIs) on sustainable investments. Sampo Group reports this information annually in its Sustainability Statement, which is part of the Board of Directors' Report and Financial Statements. The statement includes the calculation methodologies in more detail.

## 3. Implementation

Sampo Group has incorporated sustainability analysis into its investment processes as described below.

### 3.1 Norm-based research

A part of responsible investment is assessing investee companies' impact on stakeholders and the extent to which an investee causes, contributes, or is linked to violations of international norms and standards. When new investments are planned, Sampo Group considers potential investee companies' possible violations against the international norms and standards laid down in international conventions, such as the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the Guiding Principles on Business and Human Rights, and the Paris Climate Agreement. Norm-based research, i.e. research that assists Sampo Group in making decisions regarding investee companies' adherence to environmental protection, human rights, labour standards, and anti-corruption, is used to assess whether investees are respecting these norms and standards. The data is provided by external service providers which may differ across the Sampo Group companies.

Should abuses or breaches related to these standards be observed in an investee company or potential investee company, the incident is investigated, and measures are taken on a case-by-case basis. Depending on the severity, nature, and extent of the breach, Sampo Group's portfolio management measures may consist of direct dialogue with the investee company's executive management, a collaborative action or, as a last resort, divestment if the investee company does not respond to the engagement efforts and does not take measures to prevent the abuse or breach within a reasonable time frame.

### 3.2 Sanction screening

Sampo Group is committed to compliance with relevant sanctions laws in the jurisdictions in which it operates. To ensure compliance with the requirements under sanctions laws, the Group screens its investment portfolio and investment counterparties against applicable sanctions lists. Sampo Group does not invest in companies or sovereign bonds which are subject to these types of sanctions.

### 3.3 ESG ratings

When analysing investee companies and making investment decisions, ESG ratings from external service providers can be used to quantify the extent to which a risk related to sustainability considerations can affect an investee company’s value. The ESG ratings typically evaluate an investee company’s performance in various metrics, such as exposure to sustainability risks related to the sector(s) it operates in and how well it manages those risks (i.e. ensuring that there are policies and programmes in place to mitigate risks) as well as whether the investee has been involved in any controversies. The ESG ratings and the external service providers utilised may differ across the Sampo Group companies.

### 3.4 Sector screening

Certain industries are considered to carry more sustainability risks and cause more adverse sustainability impacts than others. Such risks include, for example, reputational risks, climate risks, and regulatory risks. Investments in industry sectors identified as sensitive are monitored regularly to identify potential sustainability risks and quantify them.

This policy defines the minimum level of sensitive sector screening for the Sampo Group investments. In addition, each Sampo Group company maintains its own list of sensitive sectors, which may be longer and stricter than the Group’s minimum standards. Industries identified as sensitive include prohibited weapons, controversial weapons, coal, and tobacco.

Industry/Product group	Percentage of sales	Description
Prohibited weapons	0%	Investments are not made in companies that derive any revenue from prohibited weapons. Prohibited weapons include anti-personnel mines, cluster munitions, biological and chemical weapons. Exemptions are not allowed except in the specific case of anti-personnel mines, where national legislation permits their use for defensive purposes and where a strict set of criteria <sup>1</sup> must be met.
Controversial weapons	10% <sup>2</sup>	Investments are not made in companies that derive more than 10% of their revenue from controversial weapons. Controversial weapons include, for example, nuclear weapons, depleted uranium and incendiary weapons, and similar weapons not classified as prohibited weapons.
Coal	5% <sup>3</sup>	Investments are not made in companies that derive more than 5% of their revenue from coal extraction or coal-fired power generation.
Tobacco	5% <sup>4</sup>	Investments are not made in companies that derive more than 5% of their revenue from tobacco production.

1 Criteria for anti-personnel mines: the investee company’s production is state-mandated and strictly limited to domestic defense requirements, and the company is headquartered in Finland or another NATO or EU member state operating under national legislation and parliamentary oversight. The state is classified as a democracy meeting minimum rule-of-law standards according to an internationally recognised index (e.g., Freedom House, “Free”). Exemptions are assessed on a case-by-case basis and are subject to enhanced internal review and senior-level consideration.

2 Investments are screened for any verified involvement in controversial weapons using an external service provider. The screening is conducted on a controversy- and involvement-based approach. The revenue share is estimated using the external service provider’s data, company reports or other publicly available data.

3 Exemptions can be granted if the company has a credible strategy to transition to a more sustainable business model. A credible strategy can, for example, include science-based climate targets or other types of ambitious climate targets, which are in line with the Paris Climate Agreement.

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### 3.5 Science-based targets (SBTs)

Sampo Group’s near-term science-based climate targets<sup>1</sup> were approved by the SBTi in November 2024. These targets provide the foundation for the Group’s investments’ long-term climate-transition alignment. The SBTi offers different target-setting methodologies for investment operations. Sampo Group has decided to mainly use the Temperature Rating approach (TR) for target setting. Financial institutions may use the TR approach to address and cover corporate instruments, including corporate debt, listed equity and bonds, and private equity and debt. Financial institutions can use this approach to determine the current temperature rating of their portfolios, based on the public GHG emissions reduction targets (including SBTs and any other valid public GHG targets that meet the method criteria) of their investees, and take actions to align their portfolios to ambitious long-term temperature goals by engaging with investee companies to set ambitious targets. This approach takes an engagement-oriented approach focused on investee companies’ actions to measure and reduce emissions. Sampo Group uses the TR approach for corporate loans, listed equity, corporate bonds, funds, and Exchange Traded Funds (ETFs). The Sectoral Decarbonisation Approach (SDA), which involves the use of emissions-based physical intensity targets, is used for commercial real estate loans and direct real estate investments, as the TR approach cannot be used for these asset classes.

#### Science-based targets, Sampo Group

Asset class	Target setting method	Target
Corporate instruments: Listed equity, corporate bonds, funds, ETFs, and corporate loans	Temperature Rating Approach (TR)	Sampo Group commits to align its Scope 1 and 2 portfolio temperature score by invested value of its listed equity, corporate bond, fund, ETF and corporate loan portfolio from 2.78°C in 2022 to 2.09°C by 2029.  Sampo Group commits to align its Scope 1, 2 and 3 portfolio temperature score by invested value of its listed equity, corporate bond, fund, ETF and corporate loan portfolio from 2.91°C in 2022 to 2.29°C by 2029
Real Estate	Sector Decarbonisation Approach (SDA)	Sampo Group commits to reduce its real estate direct investment and corporate loan portfolio GHG emissions by 57.7% per square meter by 2029 from a 2022 base year.

*Sampo Group’s portfolio targets cover 58 per cent of its total investment and lending by total assets as of 2022. As of that year, required activities made up 58 per cent of Sampo Group’s total investment and lending by total assets, while optional activities made up 6 per cent and out-of-scope activities made up 36 per cent.*

### 3.6 Active ownership and engagement principles

Active ownership refers to measures taken to guide and control the management of investee companies with the aim of achieving the best possible profitability and long-term return for shareholders and to ensure that the legitimate interests of other stakeholders are taken into account. As an active owner, Sampo Group strives to ensure that its investee companies operate responsibly. Key engagement issues include, for example, international norms and standards which the Group expects investee companies to comply with, governance and

<sup>1</sup> Target language and summary\_Sampo Group

compliance related matters, as well as environmental aspects and climate change. In general, Sampo Group only engages with companies that it has invested in and can decide not to engage with a company, for example, to avoid conflicts of interest. Additional criteria to consider before engaging can be, for example, materiality of the ESG issue, size of the investment, actions already taken by the investee company, and geographical location. Active ownership also applies to fixed income investments, where applicable.

Sampo Group pays attention to possible conflicts of interest when conducting active ownership and engagement activities. The aim is to exercise the engagement processes in line with the best interest of customers and other stakeholders of the Group. To avoid conflicts of interest, internal approval and mapping processes are conducted before any active ownership and engagement actions.

### **3.6.1 Monitoring of investee companies' operations**

Sampo Group monitors the operations of investee companies in various ways by following news, stock exchange releases, information provided by external service providers, and the investee companies' reporting. The Group expects the investee companies to be transparent in their operations and provide information on their financial performance, strategy, risk management, capital structure, and governance. In addition, Sampo Group pays attention to the scope and quality of investee companies' reporting on their sustainability principles and climate impact, as well as how they are applied and any related goals.

Besides monitoring news and statutory and voluntary reporting, Sampo Group's portfolio managers engage regularly with investee companies, for example, through participation in the companies' investor events and annual general meetings (AGMs). The Group also meets directly with the management or other representatives of the investees. The purpose of the meetings is to discuss matters that are important in terms of the investee company's success, for example, the company's goals, possible challenges, sustainability in business operations, and capacity to rectify possible discrepancies. Internal staff engagement is used both in a proactive and reactive manner.

### **3.6.2 Participation and exercising the right to vote in general meetings**

Voting at AGMs is a tool for shareholders to express their views and can be used in conjunction with other engagement activities. Participating in AGMs is part of the portfolio managers' responsibilities. The portfolio managers keep records of the AGMs they have attended and the votes they have cast at the meetings. The number of AGMs attended and voting behaviour is reported quarterly in Sampo Group's Sustainability Factbook.

Sampo Group may authorise an employee to participate and vote at the AGM or use an external service provider to whom the Group gives voting instructions on exercising the right to vote. Voting in person or by proxy depends primarily on the geographical location of the investee company.

Voting decisions are made by the portfolio manager. Should any proposals submitted to the general meeting by an investee company's Board of Directors deviate from Sampo Group's responsible investment policies, the Group may initiate discussions with the company before the AGM to reconcile the opinions. If a discussion is not possible or if it does not lead to a mutual understanding, ownership rights may be exercised in possible voting situations. Sampo Group strives to ensure that the investee company knows the grounds for its voting behaviour in cases where Sampo Group does not support the Board's proposal.

If necessary, Sampo Group may, as a shareholder, make proposals that promote good governance and sustainability as well as support similar proposals by other shareholders and take part in preparing such proposals.

### **3.6.3 Collaborative engagement**

Sampo Group may exercise ownership together with other investors through collaborative engagement if it is believed to be an effective means of achieving a desired change in the investee company. Through collaborative engagement, the Group can voice concerns with investees that fail to respect established norms and investees that face credible allegations as identified by the service provider's teams of analysts, and request transparency regarding risk mitigation. Collaborative engagement is used mainly in a reactive manner to address issues that have already occurred.

Sampo Group uses an external service provider for screening investments, initiating engagements, and coordinating engagement action. Methods of engagement include, for example, letters, emails, and meetings. The service provider provides quarterly reporting on all engagement activities and access to continuous monitoring of ongoing engagements. In addition, every engagement action is assessed internally on a case-by-case basis by the portfolio manager with the assistance of Sampo Group's sustainability units.

Engagement processes may take years depending on the severity of the case. Engagement progress and outcomes are monitored internally and through the service provider while the engagement is ongoing. In unsuccessful engagements, the escalation strategy depends on the size and type of investment. If the investee company is unresponsive to engagement activities, the investment may be sold, or the exposure reduced.

## **3.7 Implementation with respect to fund managers and outsourced asset management**

Prior to selecting a new external fund manager or asset manager, Sampo Group establishes relevant ESG aspects and analyses the prospective partner's commitment to responsible investment. Examples of issues to raise when conducting due diligence during partner selection include if the partner is a signatory to the PRI and/or the UN Global Compact, if the partner has a responsible investment policy or framework and how well it is aligned to Sampo Group's policies, what responsible investment processes the partner has, the extent of the partner's ESG reporting, and identified ESG risks and opportunities.

## **4. Responsibilities**

Sampo plc's Board of Directors approves the Sampo Group Responsible Investment Policy, which also outlines the minimum level each subsidiary's own Responsible Investment Policy should adhere to. The subsidiaries manage their investments according to their policies and processes, including, for example, internal committees and reporting. More detailed governance structures and operational responsibilities are defined in each subsidiary's respective responsible investment policy.

## 5. Communication and reporting

Sampo Group reports on responsible investments (e.g. ESG ratings, sector screening, norm-based research, active ownership and engagement actions, SBTs, EU Taxonomy) as part of its quarterly and/or annual sustainability reporting. Moreover, the Group's annual Sustainability Statement is externally assured in accordance with applicable CSRD requirements.


## 6. Compliance


All Sampo Group employees are responsible for following the Group's internal policies and guidelines. Breach of internal policies and guidelines could result in disciplinary action and/or reduced variable compensation.


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