



Remuneration Policy for Governing Bodies

Mandatum plc

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1 INTRODUCTION

1.1 Background and purpose

This Remuneration Policy for Governing Bodies ("**Remuneration Policy**" or "**Policy**") of Mandatum plc (hereafter referred to as "**Mandatum**" or "**company**") defines how the remuneration of the company's CEO (hereafter referred to as "**Group CEO**") and the members of the Board of Directors is arranged. What is said of the Group CEO's remuneration in this Policy applies equally to the Group CEO's deputy, if one is appointed.

The Remuneration Policy has been developed in accordance with the amended EU Shareholders' Rights Directive as it has been implemented in Finnish legislation and in the Corporate Governance Code 2020 approved by the Securities Market Association. This is the company's first Remuneration Policy, and it will be presented to Mandatum's Annual General Meeting on 15 May 2024. The Annual General Meeting's resolution is advisory. Going forward, the Remuneration Policy shall be presented to the General Meeting at least every four years. The application of the Remuneration Policy is reported annually in the Remuneration Report for Governing Bodies ("**Remuneration Report**"), which is presented to the General Meeting.

This Remuneration Policy is published in Finnish and English. In the event of a possible discrepancy between the two versions, the Finnish version shall prevail.

1.2 Our approach to remuneration

Mandatum's Board of Directors decides on the remuneration principles concerning the Group's personnel. The Remuneration Policy follows the remuneration principles and practices applied to the Group's personnel where applicable, and it is based on the main principles described hereinafter. The Group's remuneration principles and any other possible guidelines concerning the remuneration of Mandatum's employees may also apply to the Group CEO, insofar as they do not conflict with the Remuneration Policy.

Remuneration at Mandatum has been designed to promote the company's long-term financial performance and value creation for shareholders and other stakeholders. Remuneration schemes are aligned with the company's business strategy and risk management principles, and they promote sustainable business practices. The aim of remuneration is to attract and commit talented and motivated individuals and to encourage them to perform their best and surpass the targets set for them. Remuneration packages shall be designed to reward employees for a successful performance that is aligned with the company's practices, thereby promoting the company's long-term financial performance.

Variable remuneration is used at Mandatum to ensure the competitiveness of the total remuneration, to support the execution of the company's business strategy and to reinforce the link between remuneration and performance. For that reason, a significant part of the Group CEO's total remuneration is based on the earning potential of variable remuneration.

Remuneration complies with ethical principles as well as the requirements set by legislation and other regulatory framework applicable to Mandatum. The remuneration schemes shall be designed in accordance with risk management principles and practices. The remuneration schemes shall not generate conflicts of interest and shall not entice or encourage employees to take excessive or unwanted risks. Before variable remuneration is paid out, risk-taking is assessed and it is ensured that the payout does not threaten the company's solvency.

2 REMUNERATION GOVERNANCE AND DECISION-MAKING PROCESS

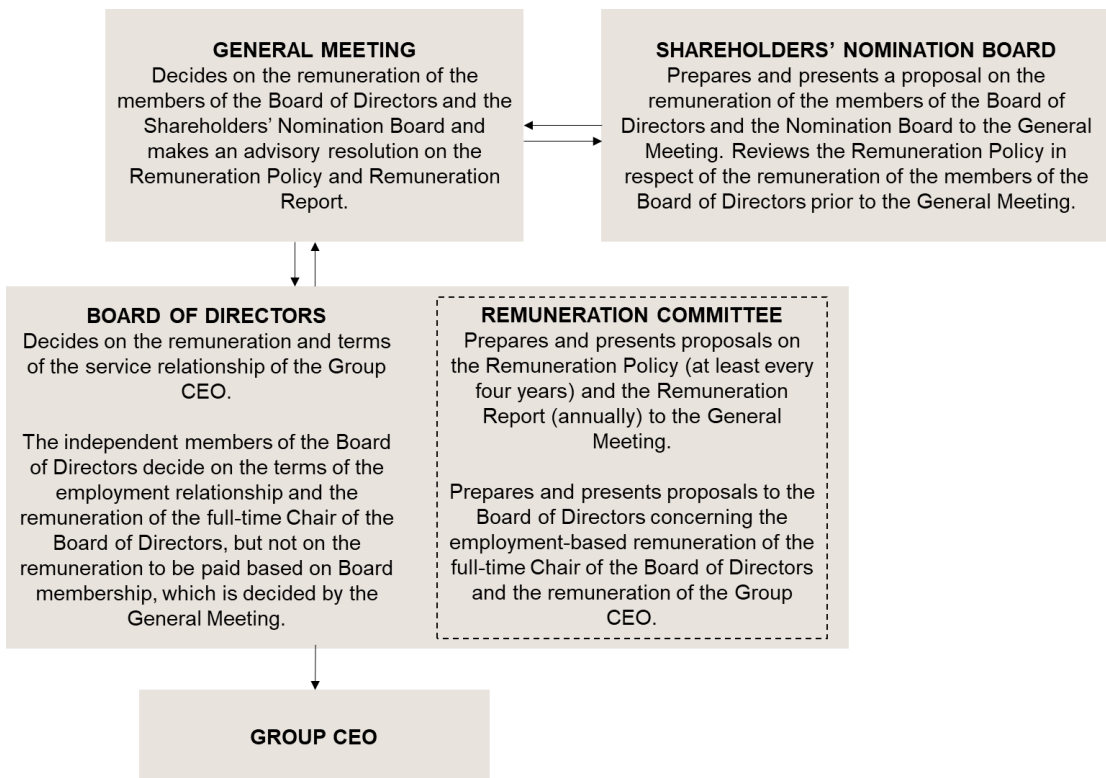
2.1 Decision-making process and roles

The General Meeting, the Shareholders’ Nomination Board, the company’s Board of Directors and the Board of Directors’ Remuneration Committee are all involved in the governance and decision-making regarding the remuneration of the governing bodies.

The General Meeting shall decide on the remuneration of the members of the Board of Directors and the Shareholders’ Nomination Board on the basis of a proposal by the Nomination Board. The employment-based remuneration of a possible full-time Chair of the Board of Directors shall be decided by the independent members of the Board of Directors on the basis of the proposal by the Remuneration Committee and within the limits of the Remuneration Policy. The majority of the Remuneration Committee’s members must be independent of the company.

The Board of Directors shall decide on the remuneration of the Group CEO based on a proposal prepared by the Remuneration Committee and within the limits of the Remuneration Policy.

The Remuneration Committee is additionally responsible for preparing and presenting proposals to the General Meeting on the Remuneration Policy and the Remuneration Report. The Shareholders’ Nomination Board shall review the Remuneration Policy in respect of the remuneration of the members of the Board of Directors prior to the General Meeting.



2.2 Decision-making procedure concerning remuneration paid as shares

Possible payment of remuneration as shares to the members of the Board of Directors shall be decided by the General Meeting on the basis of a proposal by the Shareholders' Nomination Board.

The Board of Directors shall decide on the Group CEO's share-based incentive schemes. The payment of a share-based incentive to the Group CEO must be based either on a resolution by the General Meeting or an authorisation granted to the Board of Directors by the General Meeting (on the basis of a proposal by the Board of Directors).

Similarly, granting special rights entitling to the company's shares, such as option rights, requires a resolution by the General Meeting or an authorisation granted to the Board of Directors by the General Meeting (on the basis of a proposal by the Board of Directors).

2.3 Measures to avoid and manage conflicts of interest

The governance principles applied by Mandatum aim to prevent conflicts of interest. A governing body or a person cannot participate in the preparation or decision-making concerning their own remuneration, with the exception of the Shareholders' Nomination Board, which prepares a proposal on its own remuneration to the General Meeting. In addition, a governing body or a person cannot participate in the preparation or decision-making regarding remuneration in a situation in which the interest of the governing body or the person is otherwise in conflict with Mandatum's interest. Mandatum takes into consideration the rules of the Finnish Limited Liability Companies Act and the Corporate Governance Code concerning good corporate governance, the avoidance of conflicts of interest and the independence of members of the Board of Directors.

2.4 Monitoring the implementation of the Policy

The Shareholders' Nomination Board, which prepares proposals on the remuneration of the Board of Directors to the General Meeting, reviews and assesses the implementation of the Policy with regard to the Board of Directors. On the basis of the Remuneration Committee's preparations, the Board of Directors regularly reviews the implementation of the Policy with regard to the Group CEO and possible full-time Chair of the Board of Directors. The implementation of the Remuneration Policy is reported in the Remuneration Report, which is presented to the General Meeting annually.

3 REMUNERATION OF THE BOARD OF DIRECTORS

3.1 Description of remuneration

The General Meeting shall annually decide on the remuneration of the members of the Board of Directors on the basis of a proposal by the Shareholders' Nomination Board. When preparing the proposal, the Nomination Board shall take into consideration the remuneration of board members in peer companies as well as the complexity of the Board's work and any changes that may have occurred in it, for example, as a consequence of regulatory developments or changes in the organisational structure. This ensures that the remuneration of the Board of Directors is competitive and that the company is able to attract and commit Board members who have the expertise and competence required for the role.

The remuneration of the members of the Board of Directors may include, among other things, fees based on the term of office, fees paid based on committee work, fees based on various

roles such as being a chair or vice chair of the Board or a committee, fees based on individual assignments, and meeting fees. The General Meeting may also decide that part of the remuneration to be paid to a member of the Board of Directors shall be paid as company shares or that part of the remuneration shall be used to acquire company shares. The General Meeting may also decide on possible requirements regarding the holding of the acquired shares. In addition, the travel and accommodation expenses of the members of the Board of Directors can be reimbursed in accordance with the company's general practice if the General Meeting so decides.

The members of the Board of Directors shall not be in an employment or service relationship with the company, with the exception of a possible full-time Chair of the Board of Directors. The members of the Board of Directors shall not be covered by the incentive schemes for the company's executive management or personnel.

The outcome of the remuneration of the members of the Board of Directors shall be presented in the Remuneration Report annually.

3.2 Remuneration of the full-time Chair of the Board of Directors

The employment-based remuneration and terms of the employment relationship of a possible full-time Chair of the Board of Directors shall be decided by the independent members of the Board of Directors within the limits of the Remuneration Policy. Employment-based remuneration shall be assessed annually.

In addition to fees to be paid on the basis of the Board membership, the remuneration of a full-time Chair of the Board of Directors shall consist of a fixed salary and other financial benefits. Other financial benefits may include insurance benefits, such as health, travel and accident insurance, as well as ordinary fringe benefits, such as phone and meal benefits. The full-time Chair of the Board of Directors may additionally be entitled to a supplementary defined contribution pension plan. The full-time Chair of the Board of Directors is entitled to compensation of travel expenses in accordance with the company's travel guidelines.

The full-time Chair of the Board of Directors shall not be entitled to participate in the company's short- or long-term incentive schemes.

When determining the Chair's total remuneration, the expertise, experience, responsibilities and performance of the full-time Chair of the Board of Directors, and when possible, the remuneration levels for similar positions in peer companies, shall be taken into consideration.

The employment contract of the full-time Chair of the Board of Directors is typically for a fixed term and always conditional on the person being elected to the Board of Directors by the General Meeting and as Chair by the Board of Directors. Possible compensation related to the termination of the employment relationship and the terms thereof can be agreed on in the employment contract, in which case they are decided by the independent members of the Board of Directors.

4 REMUNERATION OF THE GROUP CEO

4.1 Remuneration elements of the Group CEO

The remuneration of the Group CEO shall be assessed annually. The Group CEO's remuneration consists of a fixed salary, other financial benefits and a possible supplementary pension arrangement. The total remuneration may also include variable remuneration components, such as short- and long-term incentives. The Group CEO may also be entitled to a compensation related to the termination of the service relationship on the basis of the service contract.

The Group CEO's fixed and variable remuneration must be appropriately proportionate to each other, considering the company's business strategy, targets and long-term interests. A significant part of the Group CEO's total remuneration consists of the earning potential of variable remuneration, which is used to reinforce the link between performance and remuneration and to align the interests of the shareholders and the Group CEO.

| Remuneration element | Purpose and link to the strategy | Description |
|------------------------------|--|---|
| Fixed salary | The purpose is to provide a competitive fixed salary to enable the commitment of a competent and motivated Group CEO to the company. | Fixed salary is the basis of the remuneration package, and it shall form a sufficiently high share of the total remuneration in order to avoid over-dependency on variable remuneration. The fixed salary shall be reviewed annually. When preparing the proposal on the fixed salary level, the Remuneration Committee examines, among other things, the Group CEO's performance, as well as the responsibilities and complexity of the position, the remuneration levels for similar positions in peer companies, and the general pay raise levels/forecasts in the relevant markets. |
| Short-term incentives | The purpose is to encourage and reward the achievement of the short-term targets aligned with the company's strategy. | <p>The Group CEO is entitled to participate in the company's short-term incentive scheme. The Board of Directors decides on the short-term incentive schemes and the related performance indicators annually. The Board of Directors sets the qualitative and quantitative performance indicators as well as their relative weights and target levels at the beginning of the performance period. The performance indicators shall be based on the company's strategy, and they shall include both financial and non-financial indicators that support the execution of the business strategy and promote responsible business. The performance indicators and their relative weights shall be determined as required in the regulatory framework applicable to the company at any given time. The performance indicators may consist of individual, business area, company and/or Group level targets. A threshold value, which must be exceeded in order to any incentives to be paid, shall always be set for the incentive scheme. The performance period for incentives is the company's financial year.</p> <p>The payout of short-term incentives to the Group CEO may correspond to a maximum of 100% of the annual fixed salary during any given financial year.</p> <p>The Board of Directors decides on payouts from the short-term incentive schemes after the end of the performance period based on the outcome of the set targets. Possible rewards shall be paid in cash. Part of the payout shall be deferred as required in the regulatory framework applicable to Mandatum. In addition, short-term incentives are subject to malus and clawback terms, which are described in more detail in section 4.2.</p> |

| | | |
|---------------------------------|---|--|
| Long-term incentives | <p>The purpose is to reward for the company's long-term value creation, to reinforce the Group CEO's commitment to the company, and to align the interests of the shareholders and the Group CEO.</p> | <p>The Group CEO is entitled to participate in the company's long-term incentive schemes. The Board of Directors decides on the long-term incentive schemes and payouts from the said schemes. The performance indicators for the incentive schemes may include, e.g. financial indicators or other indicators related to the company's strategy, sustainability or share price. The Board of Directors determines the indicators and the relative weights thereof. A threshold value and upper limit shall be set for the payouts from the incentive schemes.</p> <p>The Group CEO's payout opportunity is set at a competitive market level. If the performance, measured based on the indicators set for the incentive scheme, is good or excellent, the long-term incentives may have substantial weight in the Group CEO's total remuneration.</p> <p>The performance period for incentives shall generally be at least three years. The reward may be paid in cash or as company shares, or as a combination thereof. In addition, the schemes may include conditions according to which part of the paid incentive must be used to purchase the company's shares. Part of the payout shall be deferred as required in the regulatory framework applicable to Mandatum. In addition, long-term incentives are subject to malus and clawback terms, as described in more detail in section 4.2.</p> |
| Other financial benefits | <p>The purpose is to support the commitment of the Group CEO to the company.</p> | <p>Other financial benefits shall be provided in accordance with the general market practice, and they may change from time to time. The other financial benefits may include fringe benefits, such as a phone, meal, and car benefit, as well as insurance benefits, such as health, accident, life and travel insurance and liability insurance for executive management.</p> |
| Pension benefits | <p>The purpose is to offer a competitive pension income level.</p> | <p>In addition to a statutory pension, the Group CEO may be entitled to a supplementary defined contribution pension plan. The specific terms of the possible supplementary pension, for instance the retirement age and the basis for determining the pension contributions, are defined in the service contract or the supplementary pension agreement.</p> |

4.2 Deferral, malus and clawback of remuneration

Part of the variable remuneration to be paid to the Group CEO shall be deferred for a defined period of time as required in the regulatory framework applicable to Mandatum. The remaining part of the variable remuneration shall be paid after the performance period and performance evaluation.

At the end of the deferral period, a retrospective risk adjustment review is carried out and the Board of Directors decides whether the deferred variable remuneration shall be paid/released. The Board of Directors may decide to cancel in full or in part the payment/release of the deferred variable remuneration if internal or external rules for the business have been breached or unacceptable risk-taking has materialised. In the risk adjustment review, the Board of Directors shall consult external or internal auditors or other independent internal function, as well as risk management function.

In addition, the Board of Directors shall also decide whether to further defer or cancel in full or in part the payment/release of the deferred variable remuneration if the payment/release would threaten the company's ability to maintain an adequate capital base.

The Board of Directors may decide not to pay variable remuneration in full or in part, or it can cancel variable remuneration in certain exceptional circumstances, for instance, due to an exceptional circumstance affecting the company or its business, market, operating conditions

or financial position. In addition, the Board of Directors may, at its discretion, decide to cancel in full or in part the payment of variable remuneration if internal or external rules have been breached, or if unacceptable risk-taking has materialised, or if an abuse related to the basis for measuring variable remuneration or otherwise related to the implementation of a remuneration scheme becomes apparent. The Board of Directors may also decide to clawback already paid variable remuneration in part or in full if the reward proves in retrospect to have been paid out on the basis of erroneous information or if internal or external rules or the law have been breached.

4.3 Shareholding recommendation

The Group CEO is recommended to accumulate and retain a holding in Mandatum shares corresponding to a value of at least the Group CEO's annual fixed salary. The Group CEO is recommended to retain half of the Mandatum shares received/acquired in accordance with the terms of the long-term incentive schemes until the shareholding requirement is met. Information about the Group CEO's shareholding shall be presented annually in the Remuneration Report.

4.4 Termination of the service contract

The terms of the Group CEO's service relationship shall be defined in a written service contract, which is approved by the Board of Directors. The service contract is typically valid until further notice. The notice period for the Group CEO's service contract shall be at least three (3) months if the Group CEO terminates the contract. When the company terminates the service contract, the notice period shall be at least six (6) months. Salary shall be paid to the Group CEO during the notice period. The service contract also lays down non-competition terms.

In addition to the salary for the notice period, the Group CEO can also be paid a severance pay equivalent to a maximum of 12 months' salary if the service contract is terminated by the company without a reason attributable to the Group CEO. In deviation from what is stated above, if a Group CEO is appointed from within Mandatum Group, the Board of Directors may decide to apply the severance pay terms that were agreed on in the person's previous position, to the maximum amount of the severance pay. The current Group CEO was appointed from within Mandatum Group on 1 October 2023, and his severance pay is equal to 18 months' fixed salary.

If the company has a weighty cause to cancel the service contract as stipulated in the Employment Contracts Act, the service contract can be terminated with immediate effect without a notice period. In this case, no salary for the notice period or other compensation for termination shall be paid.

When the service relationship ends, the Group CEO's entitlement to short- and long-term incentives is determined on the basis of the rules/terms of the relevant incentive schemes. The Board of Directors has, however, the right to decide, at its discretion, on the payment of variable remuneration in full or in part, or to cancel the payment variable remuneration when the service relationship ends.

4.5 Remuneration principles in recruitment

The Remuneration Committee shall prepare and present a proposal for the remuneration of a new Group CEO or the Group CEO's possible deputy to the Board of Directors. When preparing the proposal, the Remuneration Committee shall take into consideration the complexity of the position, the business needs, and the person's experience and competence. The Board of Directors shall essentially aim to align the remuneration package of the new Group CEO or the Group CEO's possible deputy with the Remuneration Policy.

If a new Group CEO or the Group CEO's possible deputy is recruited externally, the Board of Directors may, at its discretion, take the person's remuneration arrangements in their previous position into consideration. In connection with the appointment, the Board of Directors may decide on the payment of additional compensation, such as a sign-on bonus, if it deems such necessary in order to recruit the most suitable Group CEO for the company. The purpose of such compensation is to compensate remuneration arrangements, such as variable remuneration, that the newly appointed person forfeits when leaving their previous position. The compensation shall be limited to a value comparable to the forfeited arrangements. The grounds for granting such additional compensation and the details of the compensation shall be reported in the subsequent Remuneration Report.

If a new Group CEO or the Group CEO's possible deputy is appointed from within the company as a consequence of a promotion or a business transaction (e.g. after an M&A), the Board of Directors may decide to respect and abide by possible legally binding agreements that were concluded before the appointment. Moreover, the Board of Directors reserves the right to pay any such remuneration that has been agreed on before the person's appointment, even if the remuneration and its terms are not aligned with this Remuneration Policy.

4.6 Previously agreed remuneration

The Board of Directors reserves the right to pay any such remuneration, regardless of whether it is aligned with this Remuneration Policy, in the event that the remuneration or its terms have been agreed upon before this Remuneration Policy is presented to the General Meeting.¹

5 TEMPORARY DEVIATIONS FROM THE REMUNERATION POLICY

The Board of Directors may, on the Remuneration Committee's recommendation and after careful consideration, resolve to temporarily deviate from any part of the Remuneration Policy if the purpose is to ensure Mandatum's long-term interests. When assessing the long-term interests, the company may take into account, among other things, its long-term financial performance, competitiveness and shareholder value creation. A temporary deviation from the Remuneration Policy can be made in the following circumstances:

- a change of the Group CEO;
- appointment of the Group CEO's deputy;
- in connection with material changes in the company's structure, organisation, ownership or business (e.g. acquisition, demerger, merger, etc.);
- a material change in the company's strategy or financial targets;
- changes in the regulatory framework or legislation (incl. in taxation) applicable to Mandatum and its governing bodies or in the interpretation thereof;
- the fulfilment of a contractual obligation that arose prior to the entry into force of the Remuneration Policy; or

¹ Upon the entry into force of this Remuneration Policy, the Group CEO participates in Sampo Group's long-term incentive scheme 2020:1 for key employees, in which the terms and conditions of rewards, such as maximum amounts, are determined according to the terms of the scheme. The incentive units related to the scheme were allocated to the Group CEO in 2020, when the long-term incentive scheme 2020:1 was launched. The incentive units allocated to the Group CEO from the long-term incentive scheme 2020:1 are based on the Group CEO's previous role as a member of Sampo Group's Executive Committee. No new incentive units are allocated to the Group CEO from the said incentive scheme.

- other exceptional circumstances that require a deviation to safeguard Mandatum's long-term interests or to ensure Mandatum's operating capacity.

Any deviations from the Remuneration Policy shall follow the same procedure as described above in the section on the decision-making procedure concerning the implementation of this Remuneration Policy. A temporary deviation from the Remuneration Policy as well as the grounds for it shall be given in the subsequent Remuneration Report, which shall be presented to the General Meeting. If a deviation is estimated to continue such that it cannot be considered temporary, the company shall prepare a new Remuneration Policy, which shall be presented to the next possible General Meeting.



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