

Remuneration

Remuneration in Sampo Group is based on the Remuneration Principles that apply to all companies within Sampo Group. Sampo plc's Board of Directors approved the updated Sampo Group Remuneration Principles on 17 September 2014.

The core of the Remuneration Principles is that all remuneration systems in Sampo Group shall safeguard the financial stability of the Group and comply with regulatory and ethical standards. They shall also be designed to balance the interests of different stakeholder groups such as shareholders, employees, customers and supervisory authorities. Furthermore, all compensation mechanisms shall be designed in parallel with the Risk Management Principles.

The starting point of any compensation mechanism shall be to encourage and stimulate employees at all levels to do their best and surpass their targets. Remuneration packages shall be designed to reward employees on all levels, compensating them fairly for prudent and successful performance. At the same time, however, in order to safeguard the interest of other stakeholders, compensation mechanisms shall neither entice nor encourage employees to excessive or unwanted risk taking.

To ensure the achievement of the wanted steering effects and to make them risk sensitive, each compensation component, as more specifically defined in company-specific Remuneration Policies, shall be designed in parallel both with the Group's general and each company's own, more specific risk management framework. Thus, the leading idea of Sampo's Remuneration Principles is that all compensation shall be linked to different risks and responsibilities inherent with various business processes.

The different forms of remuneration used in Sampo Group are the following:

- (a) Fixed Compensation
- (b) Variable Compensation
- (c) Pension
- (d) Other Benefits

The payment of a certain portion of the variable compensation payable to senior executive management and to certain key persons shall be deferred for a defined period of time as required in the regulatory framework applicable to each Group

company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board shall decide whether the deferred variable compensation shall be paid out in full, partly or cancelled in whole. For the year 2014, parts of both short-term and long-term incentives have been deferred. For the operative year 2014, altogether EUR 9.3 million has been deferred.

The different forms of remuneration used in Sampo Group are described in more detail at www.sampo.com/remuneration.

In 2014 EUR 26 million (27), including social costs, was paid on the basis of the long-term incentive scheme 2011:1. EUR 33 million (34), including social costs, was paid as short-term incentives during the same period. The outcome of the long-term incentive schemes is determined by Sampo's share price development over a period of approximately three years starting from the issue of the respective program. The programs are subject to thresholds on share price development and company profitability, as well as ceilings for maximum payout. Furthermore, the programs are subject to rules requiring part of the paid incentive reward to be used to acquire Sampo shares, which must in turn be held for a specified period of time. The result impact of the long-term incentive schemes in force in 2014 was EUR 34 million (42).

Sampo plc's Board of Directors decided on 17 September 2014 to adopt a new long-term incentive scheme 2014:1 for the management of Sampo Group (including the Managing Director of Sampo plc) and other separately named key employees of Sampo Group. The total number of participants in the scheme is approximately 120. The scheme complies with the updated Sampo Remuneration Principles, which the Board of Directors approved on the same day and the remuneration policies of the different Sampo Group companies in force at the launch of the scheme.

The terms of the long-term incentive schemes are available at www.sampo.com/incentiveterms.

Sampo Group will also publish a Remuneration Report in March 2015. The report is drawn up in accordance with section 7 (Remuneration) of the Corporate Governance Code. The report will be available at www.sampo.com/remuneration.