

March 2012

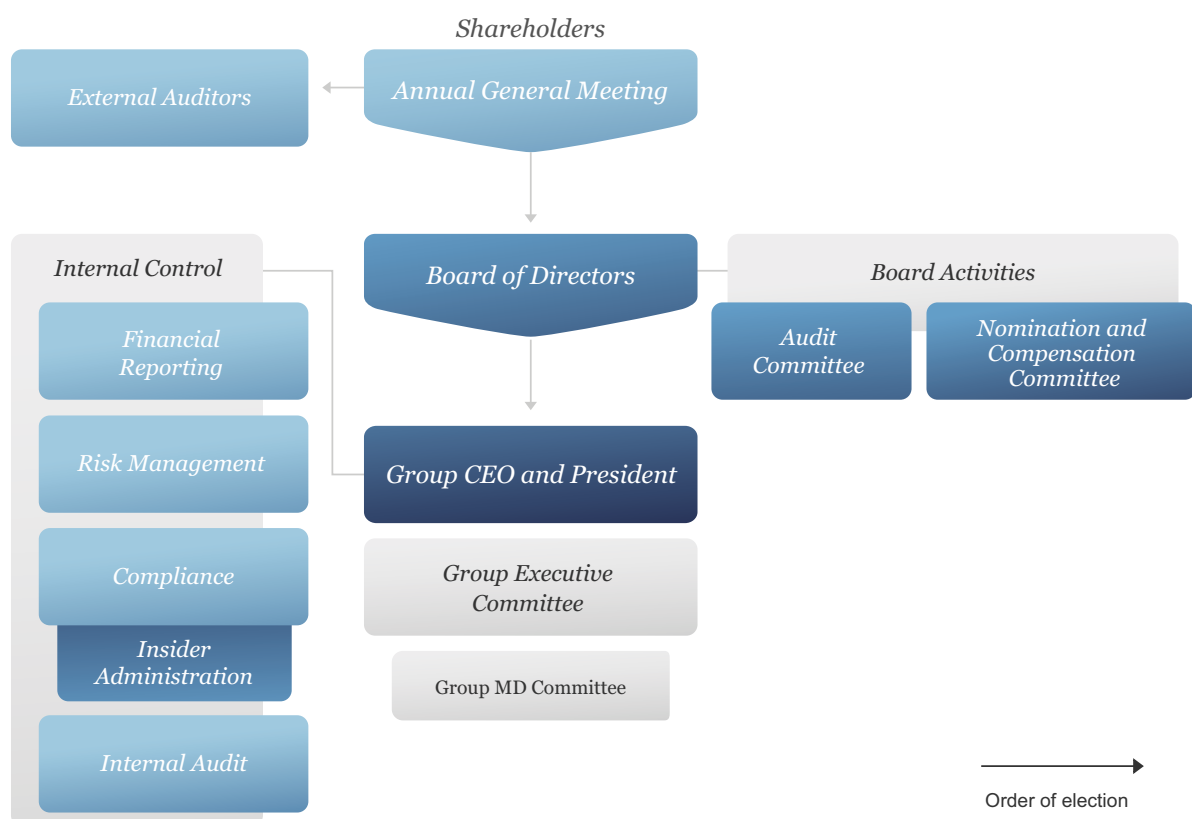
# Corporate Governance Statement

Sampo complies in full with the Corporate Governance Code published by the Securities Market Association, effective from 1 October 2010.

This Corporate Governance Statement has been prepared in accordance with Recommendation 54 of the above-mentioned Code. This statement is presented as a separate report from the Board of Directors' Report.

The Code can be viewed in full on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

The general structure of Sampo's Corporate Governance System



## General Meetings

The Finnish Companies Act and Sampo plc's Articles of Association determine the issues that have to be dealt with at a General Meeting of Shareholders (jurisdiction of a general meeting). Customarily, a General Meeting deals with, in addition to issues determined by the law and Articles of Association, the issues presented by the Board of Directors. Furthermore, according to the Companies Act, a shareholder has the right to require a certain issue to be dealt with at the General Meeting, providing the issue falls within the scope of competence of the General Meeting.

The Board of Directors convenes a shareholder meeting by publishing notice of the meeting in at least one newspaper published in Helsinki at least three weeks before the General Meeting and no later than nine days before the record date of the General Meeting. The notice to a General Meeting shall also be made public via a stock exchange release, as well as being published on Sampo plc's internet site.

The notice and other documents of the General Meeting, including the proposals of the Board of Directors and its committees, as well as the Annual Report, are available on Sampo plc's internet site at least three weeks before the General Meeting.

## Annual General Meetings

The Annual General Meeting (AGM) is held annually to present information regarding the company's performance and to deal with such matters as adopting the previous year's income statement and balance sheet, setting the dividend and its payment, appointing members of the Board of Directors and the Auditor and resolving their fees.

## Extraordinary General Meetings

An Extraordinary General Meeting (EGM) is convened when considered necessary by the Board of Directors. It is also possible that an Auditor or shareholder(s) together holding a minimum of one tenth of all the shares in the company request in writing that an EGM shall be convened to discuss a specified matter which they have raised.

## Attending a Shareholders' Meeting

By attending shareholders' meetings, shareholders may, either personally or through representatives, exercise their voting rights, right to request information and participate in the decision-making process of Sampo plc.

At a shareholders' meeting, each Sampo plc A share carries one vote, while each Sampo plc B share carries five votes.

## Board of Directors

The Board of Directors, elected annually by the AGM, uses the highest decision making power in Sampo Group between the AGMs. Sampo's Board of Directors is responsible for the management of the company in compliance with the law, the regulations of the authorities, Sampo's Articles of Association and the decisions of Shareholders' Meetings.

## Board of Directors' Duties

The operating procedures and main duties of the Board of Directors have been defined in the Board's Charter.

The Board of Directors decides on Sampo Group's business strategy, approves the budget and the principles governing the Group's risk management, compensation and internal control, is responsible for the proper organisation of the Group's operations. The Board also decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of the Sampo Group.

The Board regularly evaluates its own activities and cooperation with the management.

The Board elects the Group CEO, the members of the Group Executive Committee, and the Group Chief Audit Executive, and releases them from their duties. The Board also decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's staff planning targets and monitors their fulfillment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

To ensure the proper running of operations, Sampo's Board of Directors has approved internal policies and guidelines concerning corporate governance, risk management, internal control and reporting in the Sampo Group.

## Election and Terms of Office of Board Members

According to Sampo's Articles of Association, the company's Board of Directors comprises no fewer than three and no more than ten members elected by shareholders at the Annual General Meeting. The Annual General Meeting of 2011 decided that the Board would consist of eight members until the close of the Annual General Meeting to be held in 2012. The term of office of the Board members ends at the close of the Annual General Meeting that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among its members at their first meeting following the Annual General Meeting.

The following persons served on Sampo plc's Board of Directors in 2011:

- Mr. Björn Wahlroos, Chairman, born 1952, Ph.D. (Econ.)
- Mr. Matti Vuoria, Vice Chairman, born 1951, LL.M, B.A., CEO, President, Varma Mutual Pension Insurance Company
- Mr. Tom Berglund, member until 14 April, 2011, born 1951, Dr. Sc. (Econ.), M.Sc. (Pol.Sc), professor, Swedish School of Economics and Business Administration
- Ms. Anne Brunila, member, born 1957, D.Sc. (Econ. and Business Adm.), Executive Vice President, Fortum Corporation
- Ms. Adine Grate Axén, member as of 14 April, 2011, born 1961, M.Sc. (Finance & International business), Executive MBA
- Mr. Veli-Matti Mattila, member, born 1961, M.Sc. (E.E.), MBA President & CEO, Elisa Corporation
- Ms. Eira Palin-Lehtinen, member, born 1950, Master of Laws (trained on the bench)
- Mr. Jukka Pekkarinen, member, born 1947, Dr. (Pol. Sc.), Director, General Ministry of Finance
- Mr. Christoffer Taxell, member, born 1948, Master of Laws

The following Board members are independent of the company and its major shareholders: Tom Berglund, Anne Brunila, Adine Grate Axén, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen and Christoffer Taxell.

The Board of Directors of Sampo plc convened 10 times in 2011. The average attendance of Board members at meetings was 93.8 per cent.

The Board may appoint committees, executive committees and other permanent or fixed-term bodies for duties assigned by the Board. The Board confirms the Charters of Sampo's committees and Executive Committee, and also the guidelines and authorisations given to other bodies appointed by the Board.

## Board-appointed Committees

The Board has an Audit Committee and a Nomination and Compensation Committee, whose members it appoints from among its members in accordance with the charters of the respective committees.

### Audit Committee

The Audit Committee is responsible for monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements, and for overseeing the veracity of the Sampo Group's financial statements and financial reporting process.

Furthermore, the Audit Committee is responsible for evaluating the auditors' and auditing firm's professional competence and independence and particularly their provision of related services to the Sampo Group, and for preparing proposals to the Annual General Meeting concerning the auditors' election and their fees.

The Committee also oversees the Sampo Group's internal audit and the actions of the auditors under the laws of Finland, monitors the auditors' invoicing for audit and non-audit services as deemed appropriate, monitors the efficiency of the company's internal control, internal audit and risk management process, and monitors the Group's risks and the quality and scope of risk management.

In addition, the Committee approves the internal audit action plan, monitors the internal audit's reporting, monitors the fulfillment of risk policies, the adequacy of capitalisation and profit performance in the various business areas, oversees the preparation of and compliance with risk management policies and other related guidelines, and reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's Corporate Governance Statement.

The Committee also evaluates the compliance with laws and regulations in the Sampo Group, and executes any other duties that may be bestowed upon it by the Board.

The Audit Committee meets at least once in every quarter.

The Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company. In addition, the Responsible Auditor, Group CEO, Group CFO, Group Chief Audit Executive, the member of the Group Executive Committee responsible for risk control and the Group Chief Risk Officer are invited to participate in the meetings of the Committee, as well as any other person nominated by the Board at its discretion.

In 2011, the Chairman of the Audit Committee was Christoffer Taxell, and the other members were Tom Berglund (until 14 April, 2011), Adine Grate Axén (as of 14 April, 2011) and Jukka Pekkarinen. Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, Group Chief Risk Officer and Group Chief Audit Executive and Group Chief Counsel who also served as secretary to the Committee (until 31 October, 2011).

The Audit Committee convened five times in 2011 with one member absenting from one meeting.

### Nomination and Compensation Committee

The Nomination and Compensation Committee is entrusted to prepare proposals for Sampo's Annual General Meeting on the composition of the Board, the fees of the Board members and the principles on which these fees are determined. The Committee consults the largest shareholders in these matters. The Committee is also responsible for preparing proposals for Sampo's Board on the composition and chairmen of the Board's committees, on the appointment of Sampo Group's CEO and the composition of the Group's Executive Committee and Group MD Committee, and on the principles by which the members of the Executive Committee are to be compensated and their compensation. As authorised by the Board of Directors, the Committee also decides on the salaries of the members of the Executive Committee, excluding the Group CEO and Deputy CEO.

Furthermore, the Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of the Sampo Group's Chief Audit Executive, and on the principles by which Sampo Group's staff are to be compensated. In addition, the Committee is responsible for preparing proposals for the Board on issues relating to the development of good corporate governance and confirming the criteria and processes used for the Board's self-evaluation.

The Nomination and Compensation Committee comprises the Chairman of the Board, who acts as the Committee's Chairman, the Vice Chairman of the Board and one to three members elected from among the members of the Board.

In 2011, the Chairman of the Committee was Björn Wahlroos, Vice Chairman was Matti Vuoria and the other members were Veli-Matti Mattila, Eira Palin-Lehtinen and Christoffer Taxell.

The Committee convened seven times in 2011. The average attendance of members at meetings was 91.4 per cent.

### Sampo Group Executive Committee

The Board of Directors has appointed the Sampo Group Executive Committee and a Group MD Committee to the Group Executive Committee, which supports the CEO in preparing matters to be handled by the Executive Committee.

Sampo Group Executive Committee supports the CEO in the preparation of strategic issues relating to the Group, in the handling of operating matters that are significant or involve questions of principle, and in ensuring a good internal flow of information.

The Executive Committee addresses especially the following: Sampo Group's strategy, profit development, large purchases and projects, the Group's structure and organisation, as well as key strategic issues pertaining to administration and personnel.

Following persons served on the Sampo Group Executive Committee in 2011:

- Mr. Kari Stadigh, Group CEO
- Ms. Ilona Ervasti-Vaintola, Group Chief Counsel, Principal Attorney (until 31 October, 2011)
- Ms. Line Hestvik, Group Executive Vice President, Head of BA Private, If P&C
- Mr. Peter Johansson, Group CFO
- Mr. Patrick Lapveteläinen, Group CIO
- Mr. Torbjörn Magnusson, President and CEO of If P&C Insurance Holding Ltd (publ)
- Mr. Ivar Martinsen, Group Executive Vice President, Head of BA Commercial, If P&C
- Mr. Petri Niemisvirta, Managing Director, Mandatum Life Insurance Company Limited
- Mr. Morten Thorsrud, Group Executive Vice President, Head of BA Industrial, If P&C
- Mr. Timo Vuorinen, Group Executive Vice President, Baltic and Russian operations, If P&C
- Mr. Ricard Wennerklint, Executive Vice President, If Skadeförsäkring Holding AB (publ.)

The Group MD Committee comprised Kari Stadigh, Ilona Ervasti-Vaintola (until 31 October, 2011), Peter Johansson, Patrick Lapveteläinen, Torbjörn Magnusson, Petri Niemisvirta and Ricard Wennerklint.

In 2011, the Executive Committee convened four times at the request of the CEO, and the Group MD Committee, which assists the Executive Committee, met nine times.

## Group CEO and President

The company has a Managing Director who is simultaneously the Group CEO and President of Sampo Group. The Board of Directors elects and releases the Group CEO, and decides on the terms of employment and other compensation. Mr. Kari Stadigh, M.Sc. (Eng.), BBA (Econ.), is the Managing Director of the company and the Group CEO of Sampo Group.

The Group CEO of Sampo Group is in charge of the daily management of Sampo, subject to the instructions and control of the Board of Directors. The Group CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Sampo's operations, only upon authorisation by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organisation of asset management.

The period of notice for terminating the service contract of the Group CEO of the Sampo Group is six months. In addition to receiving salary for the period of notice, the Group CEO is entitled to severance compensation of 18 months' full salary (excluding bonuses), provided the service contract has been terminated by Sampo.

The Group CEO's retirement age is 60, at which time the retirement benefit is 60 per cent of the salary that gives entitlement to a pension.

## Internal Control in Sampo Group

The different sectors of Sampo Group's internal control system play a crucial role in ensuring the proper functioning of the Group's corporate governance system.

*Internal control* means all activity which ensures that Sampo Group's businesses are carried out toward desired targets in accordance with desired practices. Accordingly, the tasks of internal control are performed by different actors starting from the top of the organization.

The organization of internal control and safeguarding its functioning and viability plays a key role in Sampo plc's Board of Directors' activities. In order to ensure the proper running of operations, Sampo's Board has approved internal policies and guidelines concerning corporate governance, financial target setting, risk management, reporting and internal audit, supplementing the existing legal and regulatory framework. With the policies and guidelines Sampo's Board directs Group's activities toward desired practices and, with appropriate control mechanisms within the policies, ensures that potential deviations are discovered without undue delay.

Thus, successful internal control system presumes not only controlled steering processes for business management, but also appropriate control mechanisms. In Sampo Group, internal control system includes functions supporting the businesses, as well as control and steering functions, which are organized as independent from the businesses.

In addition to internal control activities within the *financial reporting* process and separate risk management, Sampo's *compliance* function, with *insider administration* supplementing it, together with fully independent *internal audit* form core parts of Sampo's internal control system.

## Financial Reporting

The internal control linked with financial reporting process purports to ensure that Sampo's Board of Directors and executive management has timely and reliable information supporting their decision making, and that external interest groups can also rely on the financial information provided for them.

To ensure the correctness of all reporting, the used data bases are reconciled on a monthly basis. Several system and analytical control tools are also applied to support the reliable functioning of the reporting process.

Group level financial reporting is mainly based on information provided by the subsidiary companies in form and timetable as defined by the group's financial administration. Each subsidiary is responsible for its respective financial reporting and internal controls therein. Consequently, the process ensures the correctness of the information regarding different business segments prior to reporting.

Sampo Group's financial reporting is organized under Group Control and Planning and Group Accounting units and it operates under Group Chief Financial Officer. Group Control and Planning prepares and follows group level and parent company's financial

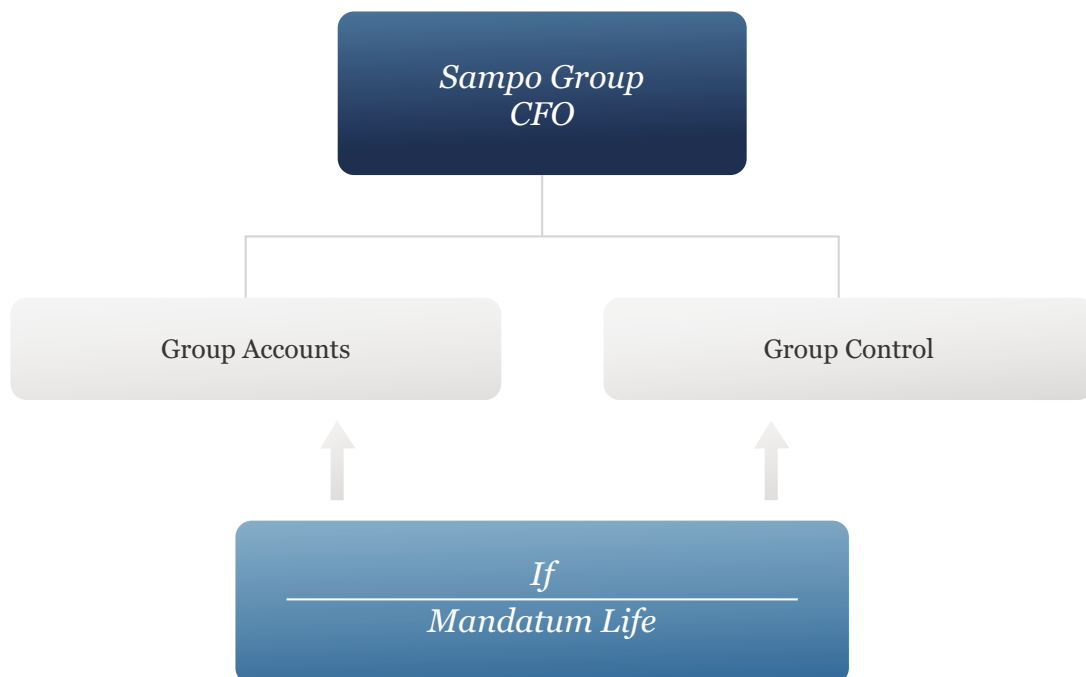
targets and forecasts, takes care of monthly reporting of profit development as well as solvency calculations. It also provides the Group's operating management and the holding company's Board of Directors with reports, based on publicly available information, comparing Sampo's performance with that of its competitors, and also produces different types of market analyses and reviews.

Group Accounting prepares Sampo Group's quarterly and annual financial reports in accordance with International Financial Reporting Standards (IFRS). The financial reports of the parent company, Sampo plc, are prepared in accordance with Finnish accounting standards (the Finnish GAAP). Quarterly and annual reports are dealt with in group administrative bodies in accordance with applicable procedural rules.

The report which is used to steer and manage Group's different businesses (the Management Report) is distributed on a monthly basis to the members of the Group Executive Committee and a summary of it is delivered to the members of Sampo's Board of Directors.

Profit forecasts are reported quarterly to the Board and the Group Executive Committee. Group solvency calculations are also delivered on a quarterly basis to the Audit Committee, as well as to the Group Executive Committee.

Sampo Group's Financial Reporting Process



## Risk Management

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board sets the risk management and with them closely connected compensation principles and provides guidance on the organisation of risk management and internal control in the business areas. Working within the framework of these principles and guidelines, the subsidiaries tailor their risk management to take account of the special features of their respective business activities. The Board makes decisions on strategy, the risk levels of subsidiaries, and policies related to capital allocation and return targets.

The Board's Audit Committee is responsible, on behalf of the Board of Directors, for preparing Sampo Group's risk management principles and related guidelines and, in turn, the Nomination and Compensation Committee is responsible for preparing Group's compensation principles, which are closely connected with risk management principles.

The duty of Sampo Group's Risk Management function is to co-ordinate the risk management within the subsidiaries and to take care of group level risk management as well as that of the parent company.

## Risk Management Process

High-quality, comprehensive risk management ensures that Sampo's corporate executives and Board of Directors are constantly aware of the Group companies' business-related risks and their ability to carry the financial and other risks related to business activities.

Sampo's risk management process is divided between risk management and risk control.

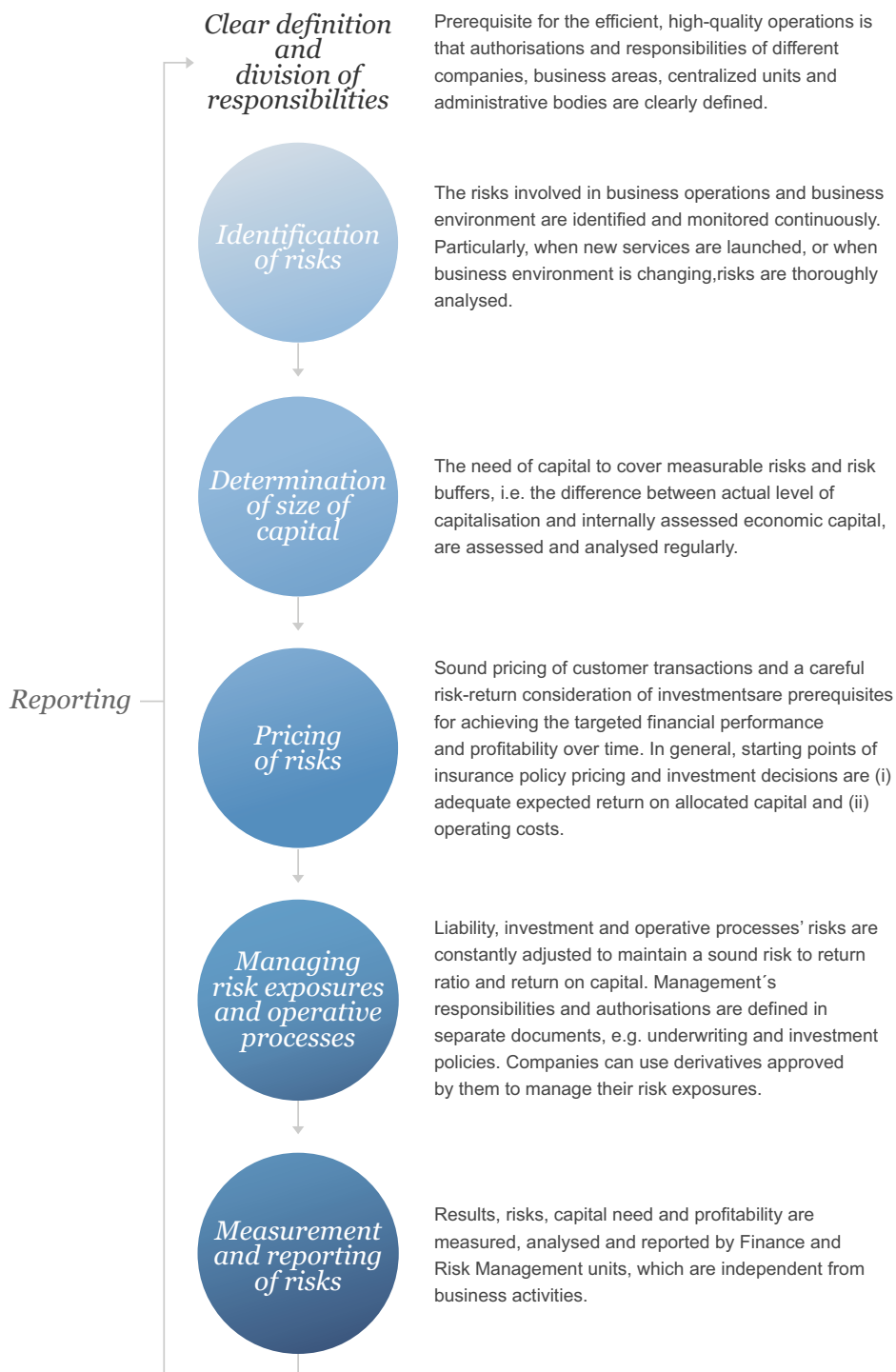
Risk management activities consist of all those actions by which the risk position of Group companies is evaluated and, if needed, altered, either by redirecting insurance activities or by adjusting the companies' investment portfolios. Thus, business units and the supporting financial reporting units have the main responsibility in the risk management process.

Risk management also includes all actions by which the capital and liquidity positions of Group companies is altered. These decisions are the responsibility of Sampo plc's Board of Directors.

Risk control activities, on the other hand, consist of formulating risk management principles, setting risk limits, developing authorisation structures and monitoring risk exposures in relation to the limits. Risk control also includes the evaluation and reporting of risks independently from the business operations, and the evaluation of the economic capital needed to carry out the business and bear the related risks. Moreover, risk control involves monitoring the functioning of the whole risk management process.

Risk control is the responsibility of risk management and internal audit functions, which are independent of the business operations.

Risk Management Process





### Risk Management Reporting

Sampo Group's risk management reporting is divided into three separate business areas, which are P&C Insurance (If P&C), Life Insurance (Mandatum Life), and the Holding Company (Sampo plc). Additionally, Sampo's associate company, Nordea Bank AB (publ.) forms a separate reporting entity, but the risks related to Nordea are only followed on the basis of information reported by Nordea itself.

Sampo plc's Board of Directors and the Audit Committee, together with the Boards of Directors of the subsidiaries, share the overall responsibility for the risk management process. The

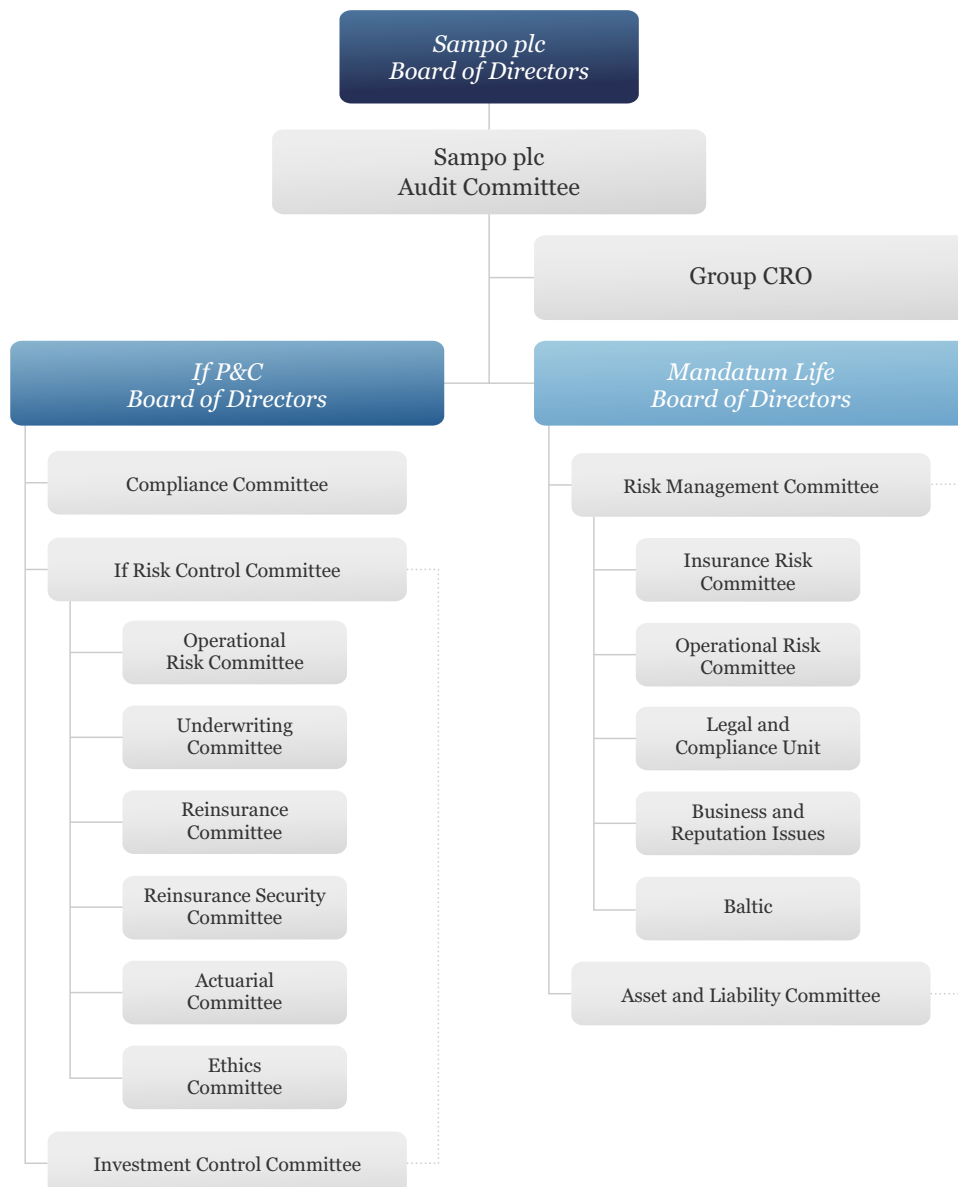
business units are responsible for day-to-day risk management decisions within the framework of the provided principles, guidelines and authorisations (limits).

The risks of If P&C are managed by separate committees such as the Underwriting Committee and the Reinsurance Committee.

In Mandatum Life, the Asset & Liability Committee (ALCO) manages investment risks within the framework of the provided limits and authorisations, while the management team members take care of business-related risks, each in his/her own business area and/or function.

More detailed information on Sampo's risk management is available at [www.sampo.com/annualreport](http://www.sampo.com/annualreport).

#### Risk Management Governance Framework in Sampo Group



## Compliance Function

In Sampo Group, compliance is an activity supporting business activities while being independent of them, and it aims at securing the compatibility with applicable norms of all Group activities.

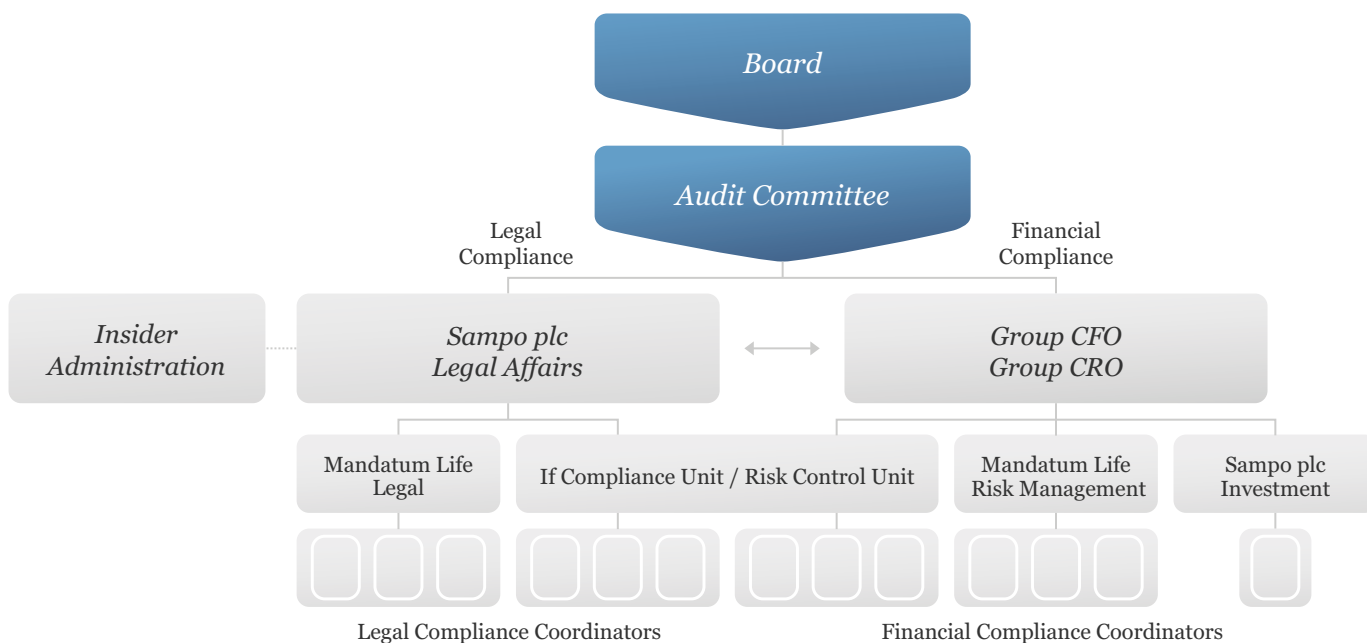
Sampo's Board of Directors has approved a 'Compliance Policy' for the Group. According to the policy, the purpose of the Group's compliance function is to ensure that all activities carried out in Group companies and the reporting of the financial results of these activities comply with laws and official regulations, and with the Group's internal guidelines and orders. The compliance function also ensures that any applicable new legislation and regulation is

fully enforced in Group companies' activities and guidelines.

Operationally and organisationally, the compliance function is divided into legal and financial sectors which are responsible for legal compliance on the one hand and financial compliance on the other.

Sampo Group's CEO is responsible for the proper organisation of the compliance function in the holding company and in the Group as a whole. Each subsidiary's Board of Directors ensures that the subsidiary has sufficient resources to organise effective internal control and compliance, while each subsidiary's Managing Director is responsible for organising the subsidiary's compliance function.

Sampo Group's Compliance Organisation



## Insider Administration

Given the nature of Sampo's business areas, especially bearing in mind their extensive investment activities, Sampo's Board of Directors has approved a separate Group Guideline for Insiders. These comply, as required by the Corporate Governance Code, with the NASDAQ OMX Helsinki's Guidelines for Insiders and the Financial Supervisory Authority's Standards. Sampo's Guidelines for Insiders are stricter than the above-mentioned guidelines with respect to the members of the Group Executive Committee, other corporate executives and other specifically named persons, as these persons must obtain a separate written permission in advance for each share related securities transaction they make with the securities of Sampo plc or any of Sampo's publicly listed subsidiary or affiliate company (currently Nordea AB (publ.) and Topdanmark A/S).

## Internal Audit

Sampo's Internal Audit is a function under the Group CEO and independent of business operations, which evaluates the sufficiency and effectiveness of the internal control system and the quality of performance in the Sampo Group. The Internal Audit has been organised to correspond with the business organisation.

The Audit Committee of Sampo's Board of Directors annually approves an operating plan for Internal Audit. The Internal Audit reports on the audits performed to the CEO and the Audit Committee. Company specific audit observations are reported to the respective companies' governing bodies and management.

In its auditing work, the Internal Audit complies with, in addition to the Internal Audit Charter approved by Sampo's Board of Directors, the international professional standards approved by the IIA (the Institute of Internal Auditors).