

Sampo plc Remuneration Policy for Governing Bodies



1. Introduction

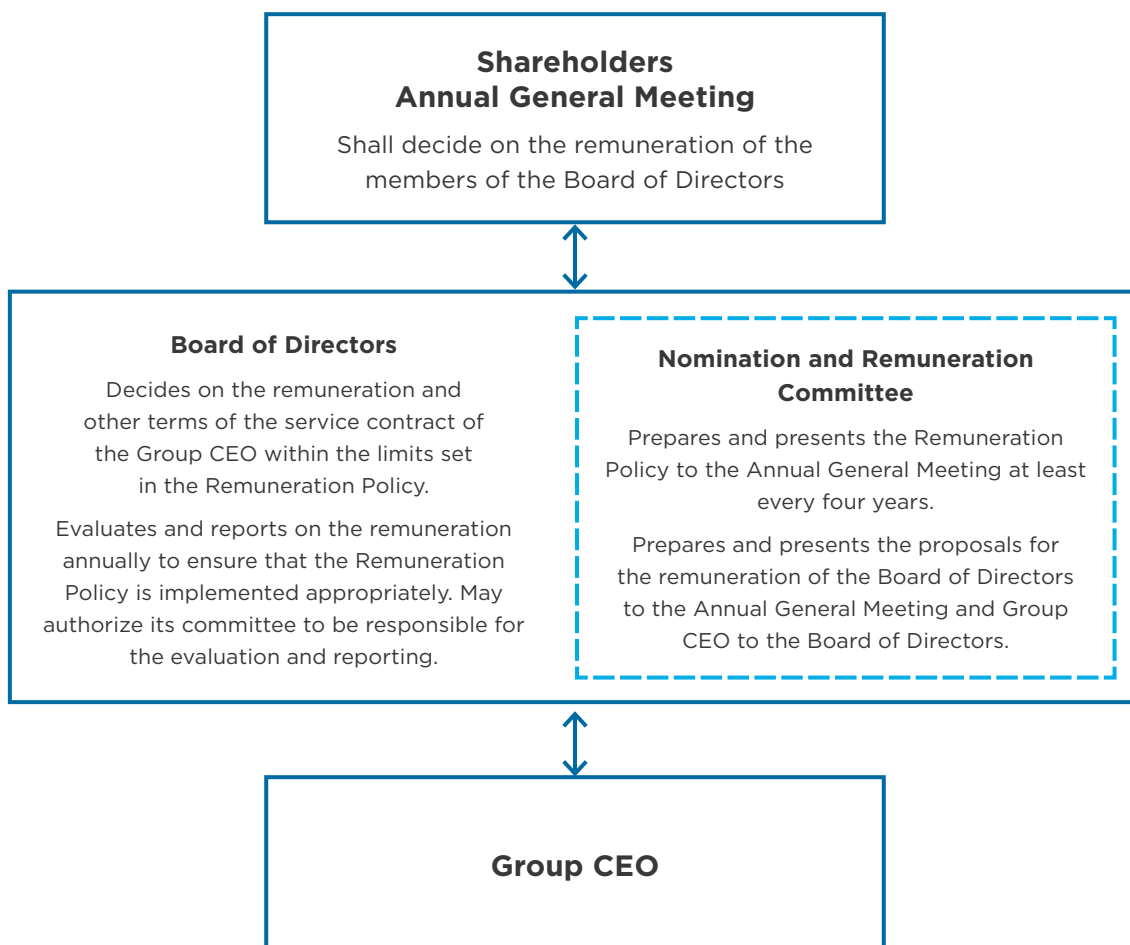
Sampo plc's ("Sampo") remuneration policy for governing bodies ("Remuneration Policy") is a part of Sampo's internal governance structure and is presented to Sampo's general meeting. The Remuneration Policy defines how the remuneration of Sampo's Group CEO and President ("Group CEO"), the Group CEO's possible deputy and members of the company's Board of Directors has been arranged. What is said of the Group CEO's remuneration in the Remuneration Policy applies equally to the Group CEO's possible deputy.

Sampo's Board of Directors approves the Group's remuneration principles that apply to all Sampo Group employees. The remuneration principles and any other possible guidelines concerning the remuneration of Sampo's employees may apply to the Group CEO, insofar as they do not conflict with this Remuneration Policy.

Remuneration at Sampo has been designed to enhance the company's long-term financial stability and value creation to shareholders and other stakeholders.

Should there be any discrepancies between different language versions of the Remuneration Policy, the Finnish version shall prevail.

2. Decision-making process for remuneration



3. Remuneration of the members of the Board of Directors

The Nomination and Remuneration Committee of Sampo’s Board of Directors prepares and presents the proposal for the remuneration of the Board of Directors to the general meeting. When preparing the proposal, the committee may consult the company’s largest shareholders and shall, in addition to this Remuneration Policy, consider the developments in remuneration in the relevant markets and benchmark companies. The general meeting shall decide on the remuneration of the members of the Board of Directors on the basis of the proposal by the Nomination and Remuneration Committee.

Additionally, the members of the Board of Directors can be offered reasonable other than monetary benefits to facilitate their work. Such benefits may include for example use of a car and a chauffeur as necessary, directors’ liability insurance or personal tax advisory services for the members of the Board of Directors not resident in Finland.

The members of the Board of Directors are not in an employment or service relationship with Sampo or any other Sampo Group company and are not covered by any employment-related remuneration systems.

4. Remuneration of the Group CEO

The Nomination and Remuneration Committee of Sampo’s Board of Directors prepares the proposal for the remuneration and other terms of the Group CEO’s service contract, in accordance with this Remuneration Policy. The Board of Directors shall decide on the remuneration and other terms of the Group CEO’s service contract on the basis of the proposal by the Nomination and Remuneration Committee.

Main principles for the remuneration of the Group CEO	
Pay for performance	Ethical and risk sensitive
<p>Remuneration mechanisms that are supportive and pay based on the achievement of targets will create a link between the performance of the Group CEO and the company’s success. When targets are met and surpassed, remuneration mechanism will provide competitive remuneration.</p> <p>Variable compensation is used to ensure the competitiveness of the remuneration packages. To emphasize the importance of the pay-for-performance principle, a significant part of the Group CEO’s total remuneration is based on the performance linked variable compensation.</p>	<p>The basic principle of the Remuneration Policy is that remuneration shall comply with ethical principles and legislation. They must also be aligned with risk management and thus be planned in parallel with risk management principles and practices. Compensation mechanisms shall not generate conflicts of interest and shall not entice or encourage employees to take excessive or unwanted risks.</p> <p>The payment of the variable compensation shall include triggers, restrictions and upper limits. Decisions regarding the payout of variable compensation shall be based on an assessment of the incurred risk exposure and a liquidity and capital analysis. Prior to payout under any variable compensation program, the external or internal auditor, or other independent internal function, shall verify the fulfilment of the conditions for the payment. Furthermore, the risk management function shall perform a liquidity and capital analysis and confirm that the payout does not threaten the company’s ability to maintain an adequate capital base.</p>

4.1. Main elements of the remuneration of the Group CEO

Remuneration Element	Objective	Description
Fixed Compensation	To attract and commit the best CEO for the company.	The basis of the remuneration package. It shall ensure financial stability by representing a sufficiently high share of the total remuneration, in order to avoid over-dependency on variable compensation and enable Sampo to uphold a flexible remuneration system and maintain the possibility of paying no variable compensation. Competitive but not leading in the market. The fixed compensation shall be reviewed annually. The fixed salary may include an allowance intended to cover the Group CEO's miscellaneous expenses.
Short-term Incentives	To reward and encourage to surpass the quantitative and qualitative performance criteria.	<p>The Board of Directors annually decides on one-year short-term incentive programs and their performance criteria.</p> <p>The rewards shall be paid in cash, based on the outcome of the performance criteria after the performance period. The reward shall not be paid, if the minimum level of performance criteria is not met.</p> <p>The maximum amount that can be paid to the Group CEO from the program is equivalent to nine months' fixed salary. Part of the payout shall be deferred as required in the regulatory framework applicable to Sampo.</p> <p>The quantitative and qualitative performance criteria along with their proportional weightings shall be determined beforehand. Performance criteria may include for example shareholder value creation, financial or operative key figures, corporate responsibility, compliance with regulations or personal performance.</p>
Long-term Incentives	To align the Group CEO's interests with those of the shareholders and commit the Group CEO to the company.	The Board of Directors decides on multiannual long-term incentive schemes and on cash payouts from said schemes. The payout of the long-term incentive schemes may be linked to certain performance criteria and to the development of the company's share price. The payout from the schemes is always capped i.e. the size of the payment is limited to a maximum amount. Part of the payout shall be deferred as required in the regulatory framework applicable to Sampo.
Pension	To provide a competitive pension.	In addition to a statutory pension, the Group CEO is entitled to a supplementary defined contribution pension plan.
Other Benefits	To support the commitment.	Benefits will be provided in accordance with the applicable local market practice and they may change from time to time. Other benefits may include, among others, phone benefit, car benefit, health insurance and other relevant insurances, directors' liability insurance and personal tax advisory services for a Group CEO not resident in Finland.

4.2. Notice period and severance compensation

The notice period for terminating the service contract of the Group CEO is 12 months, from which period the Group CEO is entitled to receive a salary. The Group CEO can also be entitled to a severance compensation corresponding to a maximum of 12 months' fixed salary should Sampo terminate the service contract without a specific reason. However, due to the terms applied in his previous position in Sampo Group that were agreed before his current service contract, the severance compensation of the current Group CEO amounts to a maximum of 24 months' fixed salary.

4.3. Terms for deferral and possible clawback of remuneration

Regardless of how carefully the risk management framework and different compensation mechanisms are designed, there is a risk that the granted variable compensation proves in retrospect to have been erroneous due to non-acceptable risk-taking or breach of internal or external rules. Part of the payout shall be deferred as required by the regulatory framework applicable to Sampo. The remaining part of the variable compensation shall be paid in accordance with the normal payment schedule defined by the Board of Directors.

After the deferral period, the Board of Directors of each Sampo Group company shall decide whether the deferred variable compensation shall be paid/released in full, partly or cancelled in whole. The Board of Directors of Sampo may decide to cancel in whole or in part the payment/release of the deferred variable compensation if material non-acceptable risk-taking or breaches against internal or external rules for the business have materialized. In the retrospective risk adjustment review, the Board of Directors shall consult external or internal auditors, or other independent function, as well as internal risk management.

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

5. Requirements for temporary deviation

The Board of Directors may decide to temporarily deviate from any part of the Remuneration Policy in exceptional circumstances in order to secure the company's long-term interests. Exceptional circumstances may include a change of Group CEO, the appointment of a deputy Group CEO, a corporate reorganization, changes in financial targets or strategy, changes to the regulatory framework or its interpretation as they apply to the Group or its governing bodies, fulfilment of a contractual obligation agreed before this Remuneration Policy, or any other compelling reason to secure Sampo's or Sampo Group's interests.

A temporary deviation must in any case be reported in the annual remuneration report to be discussed at the next general meeting.



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