

Long-term incentive scheme 2017:1
for key employees of Sampo Group

Terms and conditions

2 October 2017



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Long-term incentive scheme 2017:1 for key employees of Sampo Group

Terms and conditions

1. Incentive scheme for Sampo Group

On 14 September 2017, the Board of Directors of Sampo plc decided on the long-term incentive scheme for the management and other key employees of Sampo Group (hereinafter jointly the “key employee(s)”) in accordance with these terms and conditions (updated on 12 September 2019). The incentive scheme shall be applied to those Sampo Group companies, which are employer companies of the key employees (hereinafter the “employer company(ies)”). The adoption of this incentive scheme shall be separately approved by the relevant Sampo Group companies.

The incentive scheme complies with the Sampo Group Remuneration Principles and the remuneration policies of the relevant Sampo Group companies in force at the launch of this incentive scheme. In the event of conflicts or discrepancies between the above-mentioned Remuneration Principles or remuneration policies and mandatory regulation, mandatory regulation shall prevail.

2. Size of the incentive scheme and allocations to the key employees

The Board of Directors of Sampo plc has authorized the Group CEO and President of Sampo Group (hereinafter the “Group CEO”) to decide on the allocation of incentive units (an incentive unit is a theoretical calculation unit that will be used to determine the incentive reward as specified in section 5) and on the exact date when the incentive units will be granted to the key employees. Such decisions concerning the Group CEO and the Group Executive Committee members shall, however, be made by the Board of Directors of Sampo plc. The boards of directors of the relevant Sampo Group companies shall approve the allocations to the key employees, in accordance with the remuneration policies in force at the launch of this incentive scheme.

The maximum number of the incentive units shall be 4 500 000 in total for Sampo Group. A maximum of 95% of the incentive units may be allocated during September to October 2017 and the remaining incentive units may be allocated during September to October 2018. Allocations in September and October 2018 may be directed to new recruits or to current Sampo Group employees with materially changed circumstances.

Appendix 1 to these terms and conditions specifies the exceptions that apply to the incentive units allocated under the incentive scheme in September and October 2018. Except as otherwise stated in Appendix 1, these terms and conditions shall also apply to the incentive units allocated in September and October 2018. In case of conflicts between these terms and conditions and Appendix 1, Appendix 1 shall prevail with regard to the incentive units allocated in September and October 2018.

The allocation of incentive units shall be based on a combination of the assessment of the performance of the individual, of the business unit and/or business area concerned and of the overall results of the relevant Sampo Group company, the division and/or Sampo Group. In addition to quantitative criteria, qualitative criteria shall also be taken into account in the assessment, such as the compliance with internal and external rules for the business.

All key employees will be sent a notice notifying them of their right, but not the obligation, to participate in the incentive scheme and of the number of incentive units granted to them that will be used to determine their incentive reward.

3. Payment of the incentive reward on incentive units allocated in 2017

The potential incentive reward will be paid in three installments. The first installment, based on 30% of the granted incentive units, will be paid by the end of September 2020, the second installment, based on 35% of the granted incentive units, will be paid by the end of September 2021 and the third installment, based on 35% of the granted incentive units, will be paid by the end of September 2022 (all three installments together referred to as the “incentive reward” and each separately as the “installment”).

The boards of directors of the relevant Sampo Group companies shall approve the payments to the key employees, in accordance with the remuneration policies in force at the launch of this incentive scheme.

3.1. Employment or service relationship in Sampo Group

The payment of each installment requires that:

- the key employee has an employment or service relationship with any of the Sampo Group companies at the time of payment of the installment; and
- the key employee has not given a notice of termination of employment or service relationship prior to the payment of the installment, unless otherwise stipulated in section 6.1.

The Group CEO may, taking into account the provisions of section 6.1, decide to give an exception in writing from the above-mentioned requirements in which case all other terms and conditions of this incentive scheme shall still apply. Such decisions concerning the Group CEO and the Group Executive Committee members shall, however, be made by the Board of Directors of Sampo plc.

Within Sampo Group, the employer company of a key employee shall pay the incentive reward to the key employee. If the employer company of the key employee changes within Sampo Group, the new employer company shall be responsible for the payment of the incentive reward, unless otherwise agreed between the new employer company and the former employer company.

The granting of incentive units or the payment of incentive reward under this long-term incentive scheme does not constitute a term or condition of the key employee's employment or service relationship, nor does it form a part of the key employee's employment or service contract. The incentive reward does not form a part of the key employee's salary or benefit of any kind. The incentive reward is not included in the basis for calculation of pensions unless otherwise required by law or other mandatory regulation.

3.2. Individual performance evaluation

Prior to the payment of each installment, an assessment of the performance of the individual key employee shall be conducted. The employer company shall, at its sole discretion, have the right to cancel in whole or in part the payment of the installment if material non-acceptable risk-taking or breaches against internal or external rules for the business by the key employee have materialized.

3.3. Restriction on payment of the incentive reward

The Board of Directors of Sampo plc shall, at its sole discretion, have the right to cancel in whole or in part or to postpone the payment of the incentive rewards if the payment would threaten any of the Sampo Group companies' and/or Sampo Group's ability to maintain an adequate capital base.

3.4. Pension costs

Pursuant to laws or regulations applicable from time to time, the employer companies may be required to withhold also other than statutory pension premiums, i.e. supplementary pension premiums (such as pension premiums based on collective agreements) upon paying the incentive reward to the key employees. The key employees are personally responsible for any supplementary pension premiums associated with the incentive reward paid to the key employee. In any case (unless otherwise stipulated by applicable laws) the incentive reward shall be reduced by any supplementary pension premiums and associated taxes paid by the employer companies on behalf of any key employee due to the payment of the incentive reward.

3.5. Taxation

The key employees are personally liable for any tax associated with the incentive reward paid to the key employee (e.g. transfer tax, dividend tax, tax on capital gain). The employer company shall withhold income tax from the gross amount of each installment.

4. Deferral of part of the incentive reward

4.1. Identified staff

The deferral rule set out in section 4 applies to incentive rewards paid to the key employees who are subject to the deferral rule in accordance with the remuneration policies of the relevant Sampo Group companies in force at the launch of this incentive scheme (hereinafter the "identified staff").

4.2. Restricted shares and restriction period

The identified staff shall, when each installment is paid or at the first possible opportunity, taking into account the insider regulations, purchase Sampo A shares on a regulated market or a multilateral trading facility in which the Sampo A share is publicly traded with 50% of the installment after deducting income tax and other comparable charges (hereinafter the "restricted shares"). If a member of the identified staff is subject to a higher deferral percentage in accordance with mandatory regulation or the remuneration policy of the

relevant Sampo Group company in force at the time of payment of the installment, the higher percentage shall be applied to the purchase of the Sampo A shares. The Sampo A share purchases shall be made through a financial institution determined by Sampo Group.

The restricted shares shall be subject to disposal restrictions for three years from the date when the installment was paid to the identified staff (hereinafter the “restriction period”). Therefore, the restricted shares shall be placed in a book-entry account in a financial institution determined by Sampo Group in the name of the identified staff with a formal restriction on the right of disposal i.e. the identified staff may not sell, pledge or otherwise dispose the restricted shares during the restriction period (hereinafter the “disposal restriction”). The identified staff hold other shareholder rights during the restriction period, e.g. the right to vote and to receive dividends.

If the number of the restricted shares changes due to the issue of new shares, share split, bonus issue or other such arrangement, the disposal restriction shall apply also to such securities potentially received on the basis of the restricted shares’ ownership.

4.3. Ban on using hedging instruments

The identified staff is not allowed to enter into any financial market hedging transactions or use any remuneration and liability-related insurance, which would undermine the risk alignment effects embedded in the deferral mechanism set out in section 4. Hence, it is forbidden to enter into transactions that are specifically hedging against the decline of the share price of the restricted shares.

4.4. Release of the restricted shares

The Board of Directors of Sampo plc is entitled to decide on removing the disposal restriction on the restricted shares at the end of each restriction period.

The Board of Directors of Sampo plc shall, at the end of each restriction period, decide on the possible release of the restricted shares. The Board of Directors of Sampo plc shall have the right to:

- postpone the release of the restricted shares; or
- adjust downwards the amount of the restricted shares; or
- entirely cancel the release of the restricted shares

(i) if material non-acceptable risk-taking or breaches against internal or external rules for the business by the member(s) of the identified staff have materialized or (ii) if the release would threaten the relevant Sampo Group company’s and/or Sampo Group’s ability to maintain an adequate capital base (hereinafter the “conditions for non-release”).

In case one or more of the conditions for non-release of the restricted shares prevail and the Board of Directors of Sampo plc decides to adjust downwards the amount of the restricted shares or entirely cancel the release of the restricted shares, the member(s) of the identified staff shall be obliged to, at the sole discretion of the employer company, either (i) return an amount corresponding to the value of the non-released restricted shares at the end of the restriction period or (ii) return the non-released restricted shares to the employer company.

If the conditions for non-release do not apply, the restricted shares will be released to the identified staff within one month after the expiry of each restriction period, unless otherwise stipulated in sections 6.2 and 11.

The identified staff shall have the obligation to provide to Sampo Group all required information and consents for the (i) payment of the incentive reward, (ii) purchase of the Sampo A shares, (iii) administration of the restricted shares, (iv) release of the restricted shares and (v) downwards adjustment or cancellation of the release of the restricted shares, including actions enabling the employer company to repossess the non-released restricted shares and/or the amount corresponding to their value. Sampo Group shall not be responsible for any difficulties or losses caused by inaccurate information given by the identified staff.

5. The amount of the incentive reward for incentive units allocated in 2017

The incentive reward shall be based on:

- The share price development of the Sampo A share;
- The insurance margin in If P&C (hereinafter "IM");
- The return on capital at risk (hereinafter "RoCaR"); and
- The number of theoretical incentive units granted.

5.1. Share price development

The installment to be paid in September 2020 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2020, but not more than EUR 62.24 ¹⁾ (hereinafter the "maximum value"), reduced by the starting price. The starting price shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd during ten (10) trading days as of 15 September 2017, reduced by the combined dividends per share decided up to the payment date (hereinafter the "starting price"). The trade-weighted average price for the period of 15-28 September 2017 is EUR 43.81 per share.

The installment to be paid in September 2021 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2021, but not more than the maximum value, reduced by the starting price.

The installment to be paid in September 2022 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2022, but not more than the maximum value, reduced by the starting price.

1) On 7 August 2019 the Board of Directors of Sampo plc resolved to adjust the maximum value by deducting the extra dividend per share (distributed on 12 August 2019) from the maximum value, in accordance with this section 5.1. The adjusted maximum value of the incentive units allocated in 2017 is EUR 62.24.

The part of the calculated trade-weighted average price of the Sampo A share that exceeds the maximum value, shall not be taken into account when calculating the value of one (1) incentive unit, and an increase in the trade-weighted average price of the Sampo A share over the maximum value shall not increase the incentive reward.

Should Sampo plc decide to distribute an extra dividend (the record date of which is prior to the payment date), the Board of Directors of Sampo plc may, at its sole discretion, decide to adjust the maximum value by deducting the aforementioned dividend from the maximum value.

5.2. Insurance margin

In addition to the above, the calculation of the incentive reward shall take the performance of the IM into account as follows:

$$IM = \frac{\text{Net premiums earned} - \text{Claims costs} - \text{Operating expenses} + \text{Allocated investment return transferred from the non-technical account}}{\text{Net premiums earned}}$$

- If the IM during Q3 2017 – Q2 2020 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2020
- If the IM during Q3 2017 – Q2 2020 is 6% or above, 60% of the installment due will be paid in September 2020
- If the IM during Q3 2017 – Q2 2021 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2021
- If the IM during Q3 2017 – Q2 2021 is 6% or above, 60% of the installment due will be paid in September 2021
- If the IM during Q3 2017 – Q2 2022 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2022
- If the IM during Q3 2017 – Q2 2022 is 6% or above, 60% of the installment due will be paid in September 2022
- If the IM is less than 4% during any of the above-specified periods, no incentive reward related to the IM will be paid for the specific period/s.

The fulfillment of the performance conditions referred to in this section 5.2 is independent from the performance conditions referred to in section 5.3, i.e. a maximum of 60% of the installment may be distributed based on section 5.2 irrespective of the fulfillment of the performance condition referred to in section 5.3.

5.3. Return on capital at risk

In addition to the above, the calculation of the incentive reward shall take into account the performance of Sampo Group in terms of the RoCaR as follows:

$$\text{RoCaR} = \frac{\text{Average Profit on Operations}^{2)} \text{ for the period}}{\text{Average Sampo Group Solvency Capital Requirement}}$$

- If the RoCaR during Q3 2017 – Q2 2020 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2020
- If the RoCaR during Q3 2017 – Q2 2020 is risk free return +4% or above, 40% of the installment due will be paid in September 2020
- If the RoCaR during Q3 2017 – Q2 2021 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2021
- If the RoCaR during Q3 2017 – Q2 2021 is risk free return +4% or above, 40% of the installment due will be paid in September 2021
- If the RoCaR during Q3 2017 – Q2 2022 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2022
- If the RoCaR during Q3 2017 – Q2 2022 is risk free return +4% or above, 40% of the installment due will be paid in September 2022
- If the RoCaR is less than risk free return +2% during any of the above-specified periods, no incentive reward related to the RoCaR will be paid for the specific period/s
- Risk free return is defined as Finnish Government 3 year average bond yield or zero, whichever is higher, for the above-specified periods.

The fulfillment of the performance conditions referred to in this section 5.3 is independent from the performance conditions referred to in section 5.2, i.e. a maximum of 40% of the installment may be distributed based on section 5.3 irrespective of the fulfillment of the performance condition referred to in section 5.2.

5.4. Accounting principles

If major changes in accounting principles occur during the term of this incentive scheme, the Board of Directors of Sampo plc may, at its sole discretion, amend the performance conditions as regards the IM and the RoCaR in a manner deemed appropriate.

2) Operations: If P&C, Mandatum Life and Sampo Group's share of Nordea Bank and Topdanmark

6. Termination of employment or service relationship

6.1. Implications on the payment of incentive reward

If, due to negligence of duties or other reasons attributable to the key employee himself/herself, prior to the payment of the incentive reward a key employee receives a notice of termination or instant cancellation of employment or service relationship from the employer company, the incentive reward shall not be paid.

If the employment or service relationship of a key employee in Sampo Group ceases as a consequence of a material and permanent decrease of work due to financial or production-related reasons or reorganization of the operations of the employer company, the potential incentive reward shall be paid. However, all terms and conditions of this incentive scheme shall still apply.

If a key employee retires, the potential incentive reward shall be paid. However, all terms and conditions of this incentive scheme shall still apply.

If a key employee deceases, the potential incentive reward shall be paid to the legal beneficiaries of the key employee. However, all terms and conditions of this incentive scheme shall still apply.

For the identified staff who is subject to the deferral rule as set out in section 4, the provisions of section 4 shall apply irrespective of any deviations from the employment or service relationship requirement referred to in section 3.1.

6.2. Implications on the release of restricted shares

If the employment or service relationship of a member of the identified staff in Sampo Group ceases, the right of the member of the identified staff to the restricted shares shall remain, but this section 6.2 as well as sections 4 and 11 shall still apply.

If, due to negligence of duties or other reasons attributable to the member of the identified staff himself/herself, prior to the release of the restricted shares a member of the identified staff receives a notice of termination or instant cancellation of employment or service relationship from the employer company, the restricted shares of the member of the identified staff shall not be released.

7. Mergers and demergers

If, during the period of validity of this incentive scheme and before the incentive reward is paid, Sampo plc decides to:

- merge with another company as the merging company; or
- merge with a company formed in a combination merger as the merging company; or
- demerge

so that Sampo plc is dissolved and its shares are delisted from Nasdaq Helsinki Ltd, the Board of Directors of Sampo plc may, at its sole discretion, decide to terminate this incentive scheme and pay out the incentive reward to the affected key employees. The incentive reward will be paid within two weeks of the time when it was possible to determine the incentive reward. In determining the incentive reward, the value of the incentive unit shall be calculated on the basis of the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd during ten (10) trading days commencing the day after the General Meeting of Shareholders and otherwise according to sections 3 and 5.

For the identified staff subject to the deferral rule, the provisions of section 4 shall apply, unless otherwise decided by the Board of Directors of Sampo plc.

8. Redemption of shares

If a shareholder is obliged to make a redemption offer or redeem the remaining Sampo plc's shares on the basis of the Finnish Securities Market Act, the Finnish Companies Act or Sampo plc's Articles of Association before the incentive reward is paid, the incentive reward will be paid within two weeks of the time when it was possible to determine the incentive reward. In determining the incentive reward, the value of the incentive unit shall be calculated on the basis of the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd during ten (10) trading days commencing the day after the emergence of the redemption obligation and otherwise according to sections 3 and 5.

For the identified staff subject to the deferral rule, the provisions of section 4 shall apply, unless otherwise decided by the Board of Directors of Sampo plc.

9. Changes in capitalization or corporate structure

If there are changes concerning Sampo plc's shares due to the issue of new shares, changes in shareholders' equity, reclassification or reorganisation of shares, share split or combination of shares, incentive scheme related issue or other such arrangement, the Board of Directors of Sampo plc may, at its sole discretion, inspect and, to the extent necessary, proportionally adjust the number of incentive units in such a manner that the incentive scheme remains unchanged despite of the change.

If a significant part of the business of Sampo plc or any other Sampo Group company is assigned during the term of this incentive scheme, the Board of Directors of Sampo plc may, at its sole discretion, amend the performance conditions as regards the IM and the RoCaR in a manner deemed appropriate.

10. Significant change of ownership

If at least 50% of the shares of Sampo plc are transferred to one shareholder(s) as stipulated in Chapter 2, section 4 and Chapter 9 (change of ownership) of the Finnish Securities Market Act before the incentive reward is paid, a key employee shall, for a period of three months from the transfer of ownership, have the right to demand that the incentive reward is paid without undue delay after the expiration of the said three-month period.

If, as a consequence of a transfer of shares in subsidiary companies of Sampo plc, or a sale of a business previously belonging to Sampo Group, a key employee no longer has an employment or service relationship within Sampo Group, the Board of Directors of Sampo plc may, at its sole discretion, decide to terminate the said key employee's participation in this incentive scheme and effect the payment of the key employee's incentive reward hereunder within a period of three months from the change of ownership that caused the termination of the key employee's employment or service relationship. For the identified staff subject to the deferral rule, the provisions of section 4 shall apply, unless otherwise decided by the Board of Directors of Sampo plc.

If, as a consequence of a significant change of ownership, Sampo plc's shares are delisted from Nasdaq Helsinki Ltd, the Board of Directors of Sampo plc may, at its sole discretion, decide to terminate this incentive scheme and pay out the incentive reward to the affected key employees within a period of three months from the change of ownership. For the identified staff subject to the deferral rule, the provisions of section 4 shall apply, unless otherwise decided by the Board of Directors of Sampo plc.

When applying the terms and conditions referred to in this section 10, the incentive reward shall be determined and the value of the incentive unit shall be calculated on the basis of the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd during ten (10) trading days commencing the day after the change of ownership.

11. Miscellaneous

The Board of Directors of Sampo plc may, at its sole discretion, make other than material amendments to these terms and conditions and resolve on practicalities relating to the long-term incentive scheme. Changes to the deferral mechanism referred to in section 4 are not considered as material amendments.

In case of materially changed circumstances beyond the control of any of the Sampo Group companies, including, but not limited to, regulation binding in nature affecting the payment of the incentive reward or the release of the restricted shares, the Board of Directors of Sampo plc may, at its sole discretion, amend the agreed arrangement or postpone the payment of the incentive reward or the release of the restricted shares if strict application of the incentive scheme would have exceptionally adverse implications for any of the Sampo Group companies, Sampo Group and/or the key employees. Such amendments may be limited to individual jurisdictions and differ depending on the countries. The Board of Directors of Sampo plc may also, at its sole discretion, give binding instructions for the key employees.

All notices related to the long-term incentive scheme shall be made to the key employees electronically, in writing or by other means decided by Sampo Group.

The key employees shall comply with the terms and conditions of the long-term incentive scheme in force from time to time, as well as any instructions given by the Board of Directors of Sampo plc on the basis of the terms and conditions. If a key employee breaches these terms and conditions or any instructions, the Board of Directors of Sampo plc and/or the employer company may, at its sole discretion, at any time prior to the payment of the incentive reward or the release of the restricted shares (i) cancel in whole or in part the payment of the incentive reward to that key employee and/or (ii) repossess in whole or in part the restricted shares of that key employee or (iii) demand as cash compensation an amount corresponding to the value of the repossessed restricted shares of that key employee, as the case may be.

A key employee shall be obliged to cooperate with the employer company and use reasonable endeavours to ensure the implementation of this incentive scheme and the rights and obligations hereunder.

In order to administer this incentive scheme, Sampo Group will establish a register containing the necessary information on the key employees. For further information, please contact Human Resources at Iti@if.fi.

In the event of conflicts or discrepancies between the English terms and conditions of the incentive scheme and the Finnish terms and conditions of the incentive scheme, the English terms and conditions shall prevail.

These terms and conditions shall be governed by the laws of Finland. Any dispute arising out of the terms and conditions shall be settled by arbitration in Helsinki in accordance with the Arbitration Rules of the Finland Chamber of Commerce and by one arbitrator appointed by the Finland Chamber of Commerce. The language of the arbitration shall be English.

The Board of Directors of Sampo plc has the sole power to interpret these terms and conditions.

Appendix 1

TO THE LONG-TERM INCENTIVE SCHEME 2017:1 FOR KEY EMPLOYEES OF SAMPO GROUP

This Appendix 1 specifies the exceptions that apply to sections 3 and 5 in the terms and conditions of the long-term incentive scheme 2017:1.

3. Payment of the incentive reward on incentive units allocated in 2018

The potential incentive reward will be paid in three installments. The first installment, based on 30% of the granted incentive units, will be paid by the end of September 2021, the second installment, based on 35% of the granted incentive units, will be paid by the end of September 2022 and the third installment, based on 35% of the granted incentive units, will be paid by the end of September 2023 (all three installments together referred to as the “incentive reward” and each separately as the “installment”).

The boards of directors of the relevant Sampo Group companies shall approve the payments to the key employees, in accordance with the remuneration policies in force at the launch of this incentive scheme.

5. The amount of the incentive reward for incentive units allocated in 2018

The incentive reward shall be based on:

- The share price development of the Sampo A share;
- The insurance margin in If P&C (hereinafter “IM”);
- The return on capital at risk (hereinafter “RoCaR”); and
- The number of theoretical incentive units granted.

5.1. Share price development

The installment to be paid in September 2021 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2021, but not more than EUR 62.53 ³⁾ (hereinafter the “maximum value”), reduced by the starting price. The starting price shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd during ten (10) trading days as of 14 September 2018, reduced by the combined dividends per share decided up to the payment date (hereinafter the “starting price”). The trade-weighted average price for the period of 14-27 September 2018 is EUR 44.10 per share.

3) On 7 August 2019 the Board of Directors of Sampo plc resolved to adjust the maximum value by deducting the extra dividend per share (distributed on 12 August 2019) from the maximum value, in accordance with this section 5.1. The adjusted maximum value of the incentive units allocated in 2018 is EUR 62,53.

The installment to be paid in September 2022 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2022, but not more than the maximum value, reduced by the starting price.

The installment to be paid in September 2023 shall be determined as follows:

The value of one (1) incentive unit shall be the trade-weighted average price of the Sampo A share on Nasdaq Helsinki Ltd for ten (10) trading days commencing the day after Sampo plc's publication of its Half-Year Financial Report in 2023, but not more than the maximum value, reduced by the starting price.

The part of the calculated trade-weighted average price of the Sampo A share that exceeds the maximum value shall not be taken into account when calculating the value of one (1) incentive unit, and an increase in the trade-weighted average price of the Sampo A share over the maximum value shall not increase the incentive reward.

Should Sampo plc decide to distribute an extra dividend (the record date of which is prior to the payment date), the Board of Directors of Sampo plc may, at its sole discretion, decide to adjust the maximum value by deducting the aforementioned dividend from the maximum value.

5.2. Insurance margin

In addition to the above, the calculation of the incentive reward shall take the performance of the IM into account as follows:

$$\text{IM} = \frac{\text{Net premiums earned} - \text{Claims costs} - \text{Operating expenses} + \text{Allocated investment return transferred from the non-technical account}}{\text{Net premiums earned}}$$

- If the IM during Q3 2018 – Q2 2021 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2021
- If the IM during Q3 2018 – Q2 2021 is 6% or above, 60% of the installment due will be paid in September 2021
- If the IM during Q3 2018 – Q2 2022 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2022
- If the IM during Q3 2018 – Q2 2022 is 6% or above, 60% of the installment due will be paid in September 2022
- If the IM during Q3 2018 – Q2 2023 is at least 4% but less than 6%, 30% of the installment due will be paid in September 2023
- If the IM during Q3 2018 – Q2 2023 is 6% or above, 60% of the installment due will be paid in September 2023
- If the IM is less than 4% during any of the above-specified periods, no incentive reward related to the IM will be paid for the specific period/s.

The fulfillment of the performance conditions referred to in this section 5.2 is independent from the performance conditions referred to in section 5.3, i.e. a maximum of 60% of the installment may be distributed based on section 5.2 irrespective of the fulfillment of the performance condition referred to in section 5.3.

5.3. Return on capital at risk

In addition to the above, the calculation of the incentive reward shall take into account the performance of Sampo Group in terms of the RoCaR as follows:

$$\text{RoCaR} = \frac{\text{Average Profit on Operations}^{4)} \text{ for the period}}{\text{Average Sampo Group Solvency Capital Requirement}}$$

- If the RoCaR during Q3 2018 – Q2 2021 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2021
- If the RoCaR during Q3 2018 – Q2 2021 is risk free return +4% or above, 40% of the installment due will be paid in September 2021
- If the RoCaR during Q3 2018 – Q2 2022 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2022
- If the RoCaR during Q3 2018 – Q2 2022 is risk free return +4% or above, 40% of the installment due will be paid in September 2022
- If the RoCaR during Q3 2018 – Q2 2023 is at least risk free return +2% but less than risk free return +4%, 20% of the installment due will be paid in September 2023
- If the RoCaR during Q3 2018 – Q2 2023 is risk free return +4% or above, 40% of the installment due will be paid in September 2023
- If the RoCaR is less than risk free return +2% during any of the above-specified periods, no incentive reward related to the RoCaR will be paid for the specific period/s
- Risk free return is defined as Finnish Government 3 year average bond yield or zero, whichever is higher, for the above-specified periods.

The fulfillment of the performance conditions referred to in this section 5.3 is independent from the performance conditions referred to in section 5.2, i.e. a maximum of 40% of the installment may be distributed based on section 5.3 irrespective of the fulfillment of the performance condition referred to in section 5.2.

5.4. Accounting principles

If major changes in accounting principles occur during the term of this incentive scheme, the Board of Directors of Sampo plc may, at its sole discretion, amend the performance conditions as regards the IM and the RoCaR in a manner deemed appropriate.

4) Operations: If P&C, Mandatum Life and Sampo Group's share of Nordea Bank and Topdanmark

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