

Remuneration

Remuneration in Sampo Group is based on the Remuneration Principles that apply to all companies within Sampo Group. Remuneration Principles, approved on 17 September 2014, describe the remuneration structure and the principles used in setting up remuneration systems within the general governance framework and according to the Sampo Group Risk Management Principles. The Remuneration Principles are available at www.sampo.com/remuneration.

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. Thus, compensation mechanisms cannot be separated from risk management practices.

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 2015, parts of both short-term and long-term incentives have been deferred. For the operative year 2015, altogether EUR 10.6 million has been deferred.

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

In 2015 EUR 34 million (26), including social costs, was paid on the basis of the long-term incentive schemes. EUR 33 million (33), 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 2015 was EUR 33 million (34). 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 2016. The report has been prepared in accordance with section 7 of the Corporate Governance Code published by the Securities Market Association in October 2010 as permitted by the new Finnish Corporate Governance Code 2015. The report will be available at www.sampo.com/remuneration.