

36 Incentive schemes

Long-term incentive schemes 2009 I - 2011 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2009 I - 2011 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Over 110 persons were included in the schemes at the end of year 2013.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and, regarding the 2011 I scheme, also on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 16.49 - 24.07. The maximum value of one incentive unit varies between eur 28.49 - 39.07, reduced by the dividend-adjusted starting price. In the 2011 I scheme, the incentive reward depends on two benchmarks. The payout is 70 per cent, if the IM is 6 per cent or more, and 35 per cent, if the IM is between 4 - 5.99 per cent. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account so that an incentive reward of 30 per cent is paid out, if the return is at least risk free return + 4 per cent. If the return is risk free return + 2 per cent, but less than risk free return + 4 per cent, the payout is 15 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

Each plan has three performance periods and incentive rewards are settled in cash in three installments. In the scheme 2009 I when the reward is paid, the employee shall buy Sampo's A-shares at the first possible opportunity, taking into account the provisions on insiders, with 30 per cent of the amount of the reward after taxes and other comparable charges, and to keep the shares in his/her possession for 2 years. In the 2011 I scheme, the employee shall buy Sampo A shares with 60 per cent of the net amount of reward received. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

The long-term incentive scheme 2009 I ended in September 2013, when the last reward was paid out.

	2009 I	2011 I	2011 I/2
Terms approved *)	08/27/09	09/14/11	09/14/11
Granted (1,000) 31 Dec. 2010	4,369	-	-
Granted (1,000) 31 Dec. 2011	3,002	4,359	-
Granted (1,000) 31 Dec. 2012	1,444	4,199	130
Granted (1,000) 31 Dec. 2013	-	4,134	100
End of performance period I 30%	Q2-2011	Q2-2014	Q2-2015
End of performance period II 35%	Q2-2012	Q2-2015	Q2-2016
End of performance period III 35%	Q2-2013	Q2-2016	Q2-2017
Payment I 30%	9-2011	9-2014	9-2015
Payment II 35%	9-2012	9-2015	9-2016
Payment III 35%	9-2013	9-2016	9-2017
Price of Sampo A at terms approval date *)	16.74	18.10	18.10
Starting price **)	16.49	18.37	24.07
Dividend-adjusted starting price at 31 Dec. 2013	13.14	15.82	22.72
Sampo A - closing price 31 Dec. 2012	35.72		
Total intrinsic value, EURm	-	37	0
Total debt	38		
Total cost for the financial period, meur (incl. social costs)	42		

**) Grant dates vary*

****) Trade-weighted average for ten trading days from the approval of terms*