

Parent Company's Guidance

The Board of Directors of the parent company decides on the subsidiaries' return on equity targets which are currently 17.5 per cent for both If P&C and Mandatum Life. In addition, If P&C has a long-term target of maintaining the combined ratio below 95 per cent.

The basis for capitalization is the internally estimated amount of economic capital which reflects the capital employed in the company's measurable risks. In addition, the perceived riskiness of the company's business environment is taken into account in assessing capitalization. Capitalization may also be affected by rating targets. Currently the only target is If P&C's A rating.

These three aspects, together with the regulatory capital requirement, are the main aspects when parent company is assessing the adequate level of capitalization for each subsidiary and the amount of dividends distributed by the subsidiaries to the parent company. In Sampo Group, the excess capital from an operational point of view is held by the parent

company Sampo plc, which capitalizes the subsidiaries, if needed.

The Board of Directors of the parent company decides on the main guidelines governing the subsidiaries' business activities and risk management. Of these guidelines the most significant are Code of Conduct, Risk Management Principles, Remuneration Principles and Compliance Principles. In addition, for example Disclosure Policy is followed in order to prevent reputational and compliance risks.

In addition to these guidelines, the external regulatory environment and expectations of different stakeholders on Sampo Group's operations impact Sampo plc's Board of Directors' decisions in general and thereby also the guidance given by the parent company. Further information on Sampo Group's stakeholders is available at Code of Conduct at www.sampo.com/corporate-governance/code-of-conduct.