

# Corporate Governance Statement

Sampo complies in full with the Corporate Governance Code published by the Securities Market Association on 20 October 2008 and effective from 1 January 2009.

This Corporate Governance Statement has been prepared in accordance with Recommendation 51 of the above-mentioned Code.

The Code can be viewed in full on the website of the Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi).

To ensure the proper running of operations, Sampo's Board of Directors has also approved internal policies and guidelines con-

cerning corporate governance, risk management, internal control and reporting in the Sampo Group.

The general structure of Sampo's corporate governance system is presented in Figure 1.

Sampo's corporate governance structure includes not only the internal control and risk management systems related to the financial reporting process, as described below, but also the Group compliance function and insider administration.

Figure 1.

## *Sampo's Corporate Governance Structure*

ORDER OF ELECTION 

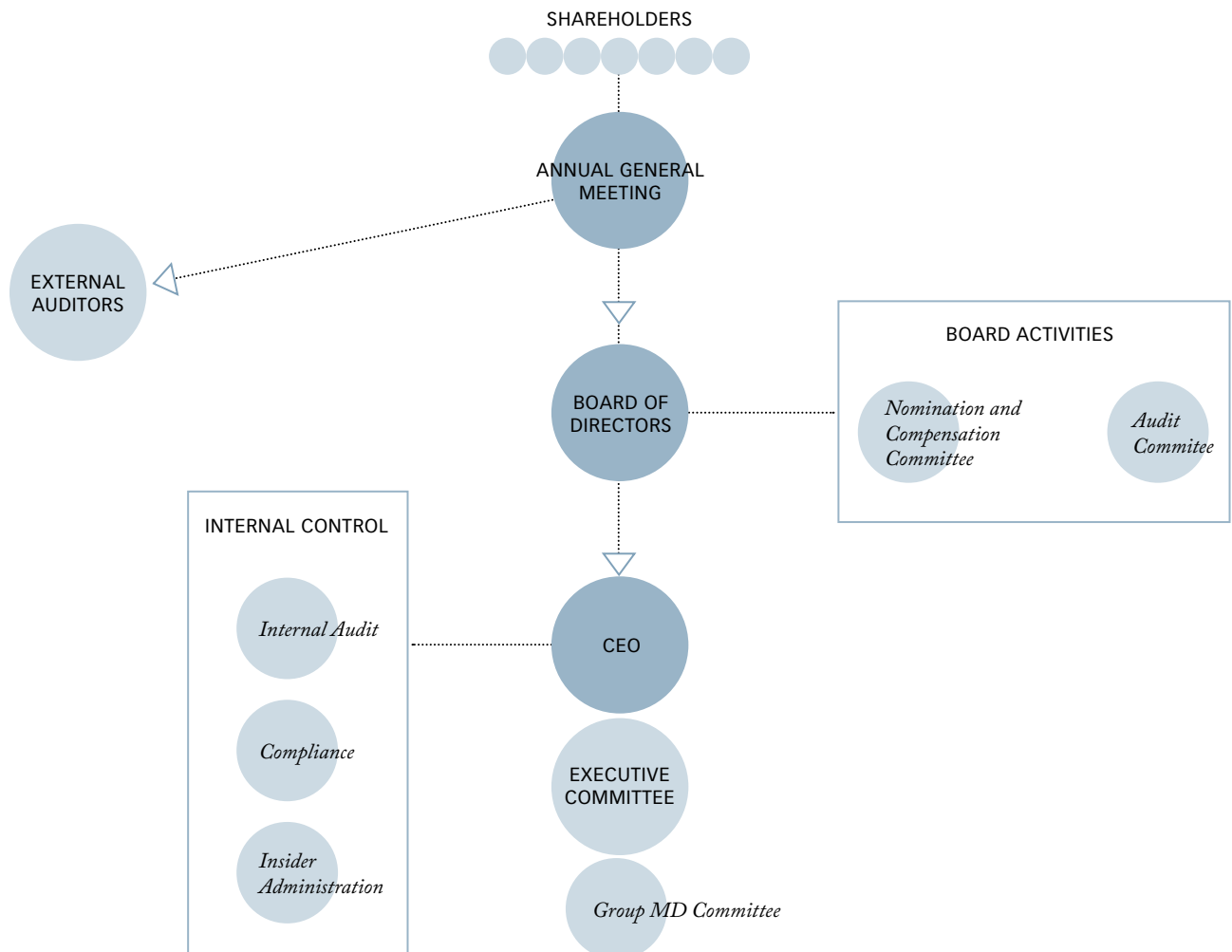
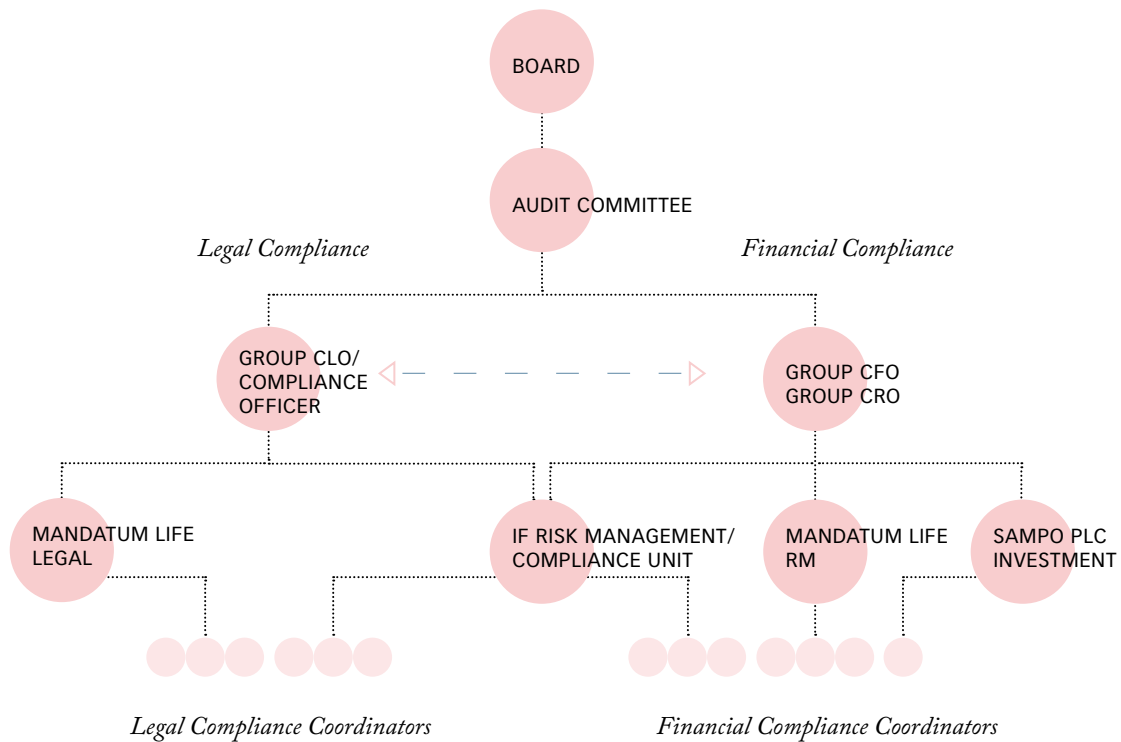


Figure 2.

*Sampo Group's compliance organisation***Compliance Function**

Sampo's Board of Directors has approved a 'Compliance Policy' for the Group. According to the policy, the purpose of the Group's compliance function is to ensure that all activities carried out in Group companies and the reporting of the financial results of these activities comply with laws and official regulations, and with the Group's internal guidelines and orders. The compliance function also ensures that any applicable new legislation and regulation is fully enforced in Group companies' activities and guidelines.

Operationally and organisationally, the compliance function is divided into legal and financial sectors which, as their names suggest, are responsible for legal compliance on the one hand and financial compliance on the other.

Sampo Group's CEO is responsible for the proper organisation of the compliance function in the holding company and in the Group as a whole. Each subsidiary's Board of Directors ensures that the subsidiary has sufficient resources to organise effective internal control and compliance, while each subsidiary's Managing Director is responsible for organising the subsidiary's compliance function. The general structure of the Sampo Group's compliance organisation is presented in Figure 2.

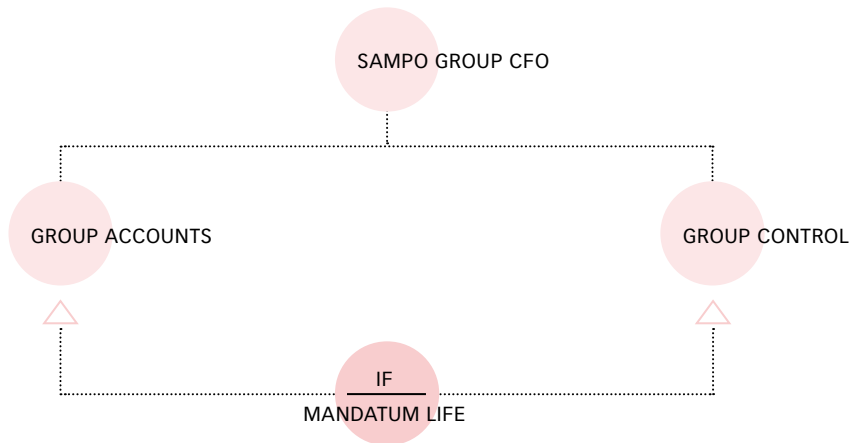
**Insider Administration**

Sampo's Board of Directors has approved a Group Guideline for Insiders. These comply, as required by the Corporate Governance Code, with the NASDAQ OMX Helsinki's Guidelines for Insiders and the Financial Supervision Authority's Standards. Sampo's Guidelines for Insiders are stricter than the above-mentioned guidelines with respect to the members of the Group Executive Committee, other corporate executives and other specifically-named persons, as these persons must ask for separate written permission in advance for each share-related securities transaction they make.

**Internal Control and Risk Management**

Sampo Group's internal control system includes not only the above-described compliance function, but also the Group financial administration that is responsible for the Group's financial reporting and supplements the subsidiaries' internal control, and the Group's risk management function that co-ordinates the subsidiaries' risk management and is responsible for risk management at the holding company and Group level.

Figure 3.

*Sampo's financial reporting process***Financial Reporting**

In Sampo Group special attention is paid to the process of reporting the financial results of business activities. A sufficient level of internal control aims at ensuring the authenticity of all financial reporting.

The main features Sampo's Group-scale financial reporting process are presented in Figure 3.

Various parts of the financial administration operating under the Group CFO are responsible not only for preparing the Sampo holding company and consolidated interim and annual financial statements required for external accounting, but also for producing internal accounts that act as management tools, such as monthly reports regarding the profitability of business activities. The Group's control function also produces profit forecasts, analyses actual performance compared with the forecasts, and reports on deviations.

Moreover, the financial administration provides the Group's operating management and the holding company's Board of Directors with reports, based on publicly available information, comparing Sampo's performance with that of its competitors, and also produces different types of market analyses and reviews.

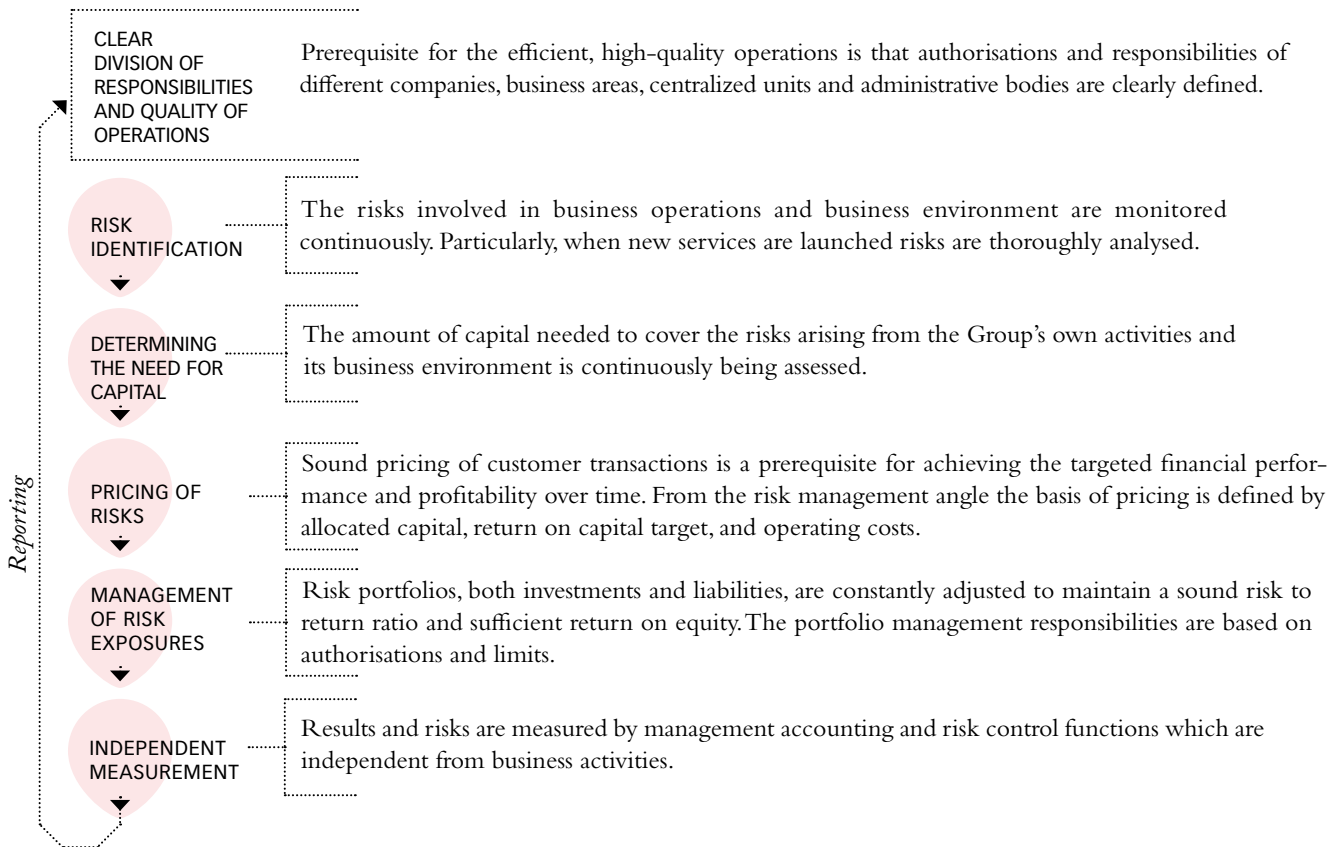
**Risk Management**

Risk is an essential and inherent element of Sampo Group's business activities and operating environment. Clearly defined strategies and responsibilities, together with a strong commitment to the risk management process, are Sampo's tools to manage and mitigate risks.

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board sets the risk management policies and provides guidance on the organisation of risk management and internal control in the business areas. Working within the framework of these policies and guidelines, the subsidiaries tailor their risk management to take account of the special features of their respective business activities. The Board makes decisions on strategy, the risk-taking of subsidiaries, and policies related to capital allocation and return targets. The Board is also responsible for decisions on risk appetite and capital management.

The Board's Audit Committee is responsible, on behalf of the Board of Directors, for preparing Sampo Group's risk management policies and related guidelines.

Figure 4.

*Sampo's risk management process***Risk Management Process**

High-quality, comprehensive risk management ensures that Sampo's corporate executives and Board of Directors are constantly aware of the Group companies' business-related risks and their ability to carry the financial and other risks related to business activities.

Sampo's risk management process is divided between risk control and risk management. Risk control consists of formulating risk management principles, setting risk limits, granting authorisations and monitoring the realisation of risks in relation to the limits. It also includes risk measurement and reporting, and calculating the economic capital needed to carry out the business and bear the related risks. Moreover, risk control involves monitoring the functioning of the whole risk management process.

Risk management, on the other hand, consists of all those actions by which the risk position of Group companies is altered, either by redirecting business activity or by adjusting the companies' investment portfolios. Risk management also includes all those actions by which the capitalisation position of Group companies is altered.

The main elements of Sampo's risk management process are presented in Figure 4.

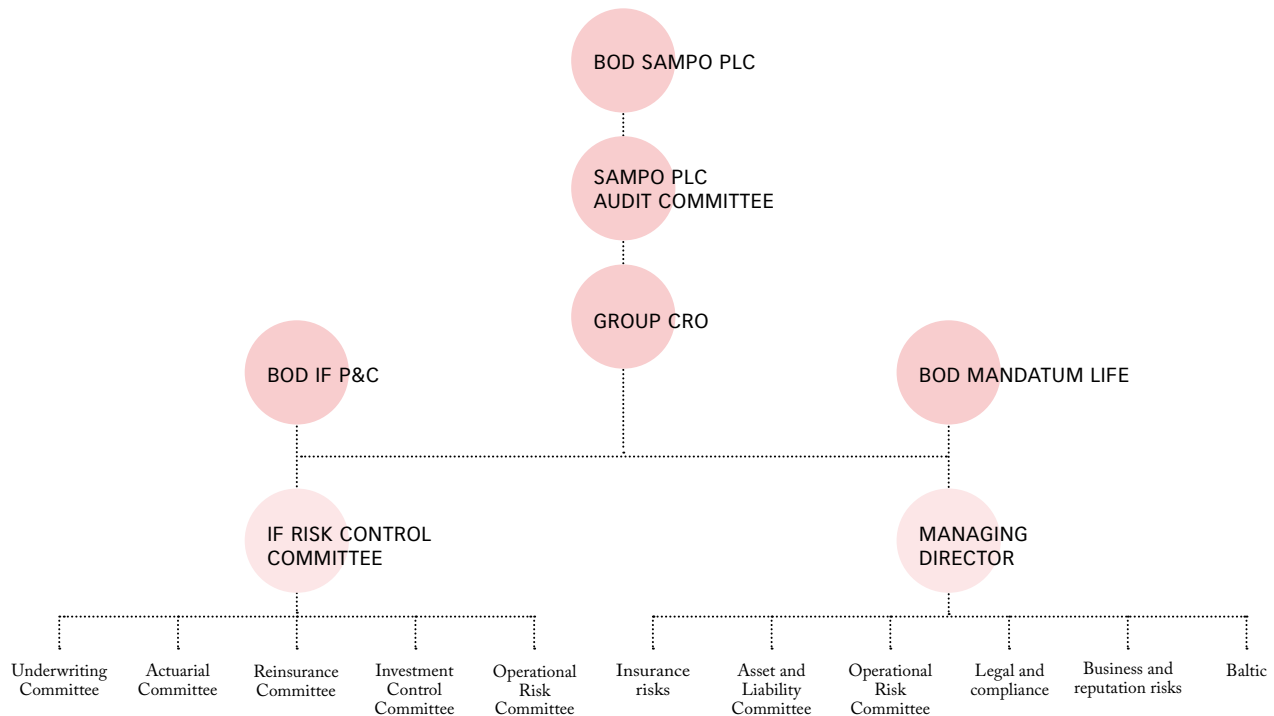
**Risk Management Reporting**

Sampo Group's risk management reporting is divided into three segments, which are P&C Insurance (If P&C), Life Insurance (Mandatum Life), and the Holding Company (Sampo plc). Sampo plc's Board of Directors and the Audit Committee, together with the Boards of Directors of the subsidiaries, share the overall responsibility for the risk management process. The business units are responsible for day-to-day risk management decisions within the framework of the provided principles, guidelines and authorisations (limits). The risks of If P&C are managed by separate committees such as the Underwriting Committee and the Re-insurance Committee. In Mandatum Life, the Asset & Liability Committee manages investment risks within the framework of the provided limits and authorisations, while the management team members take care of business-related risks, each in his/her own business area and/or function.

Sampo Group's risk management reporting structure is presented in Figure 5.

More detailed information on Sampo's risk management is available in the Annual Report.

Figure 5.

*Risk management reporting***Internal Audit**

Sampo's Internal Audit is a function under the Group CEO and independent of business operations, which evaluates the sufficiency and effectiveness of the internal control system and the quality of performance in the Sampo Group. The Internal Audit has been organised to correspond with the business organisation.

The Audit Committee of Sampo's Board of Directors annually approves an operating plan for Internal Audit. The Internal Audit reports on the audits performed to the CEO and the Audit Committee. Company-specific audit observations are reported to the respective companies' governing bodies and management.

In its auditing work, the Internal Audit complies with the international professional standards approved by the IIA (the Institute of Internal Auditors).

**Board of Directors****Board of Directors' Duties**

Sampo's Board of Directors is responsible for the management of the company in compliance with the law, the regulations of the authorities, the Articles of Association and the decisions of Shareholders' Meetings. The operating procedures and main duties of the Board of Directors have been defined in the Board's Charter.

The Board of Directors decides on the Sampo Group's business strategy, approves the budget and the principles governing the Group's risk management and internal control, is responsible for the proper organisation of the Group's operations, and decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of the Sampo Group.

In addition, the Board regularly evaluates its own activities and cooperation with the management.

The Board elects the Group CEO, the members of the Group Executive Committee, and the Group Chief Audit Executive, and releases them from their duties. The Board also decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's staff planning targets and monitors their fulfilment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

**Election and Terms of Office of Board Members**

According to Sampo's Articles of Association, the company's Board of Directors comprises no fewer than three and no more than ten members elected by shareholders at the Annual General Meeting. The Annual General Meeting of 2009 decided that the Board would consist of eight members until the close of the Annual General Meeting to be held in 2010. The term of office of the Board members ends at the close of the Annual General Meeting

that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among their members at their first meeting following the Annual General Meeting.

The following persons served on Sampo plc's Board of Directors in 2009:

Georg Ehrnrooth, *Chairman (until 7 April, 2009)*

Björn Wahlroos, *member (until 7 April, 2009),*

*Chairman (from 7 April, 2009)*

Matti Vuoria, *Vice Chairman*

Tom Berglund, *member*

Anne Brunila, *member*

Lýður Gudmundsson, *member (until 7 April, 2009)*

Veli-Matti Mattila, *member (from 7 April, 2009)*

Eira Palin-Lehtinen, *member*

Jukka Pekkarinen, *member*

Christoffer Taxell, *member*

The following Board members are independent of the company and its major shareholders: Tom Berglund, Anne Brunila, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen and Christoffer Taxell.

The Board of Directors of Sampo plc convened 11 times in 2009. The average attendance of Board members at meetings was 95.6 per cent.

## Board-appointed Committees and Executive Committee

The Board may appoint committees, executive committees and other permanent or fixed-term bodies for duties assigned by the Board. The Board confirms the Charter of Sampo's committees and Executive Committee, and also the guidelines and authorisations given to other bodies appointed by the Board.

The Board has an Audit Committee and a Nomination and Compensation Committee, whose members it appoints from its midst in accordance with the charters of the respective committees.

### Audit Committee

The Audit Committee is responsible for monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements, and for overseeing the veracity of the Sampo Group's financial statements and financial reporting process.

Furthermore, the Audit Committee is responsible for evaluating the auditors' and auditing firm's professional competence and independence and particularly their provision of related services to the Sampo Group, and for preparing proposals to the Annual General Meeting concerning the auditors' election and their fees.

The Committee also oversees the Sampo Group's internal audit and the actions of the auditors under the laws of Finland,

monitors the auditors' invoicing for audit and non-audit services as deemed appropriate, monitors the efficiency of the company's internal control, internal audit and risk management systems, and monitors the Group's risks and the quality and scope of risk management.

In addition, the Committee approves the internal audit action plan, monitors the internal audit's reporting, monitors the fulfilment of risk policies, the use of limits and profit performance in the various business areas, oversees the preparation of and compliance with risk management policies and other related guidelines, and reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's Corporate Governance Statement.

The Committee also evaluates the compliance with laws and regulations in the Sampo Group, and executes any other duties that may be bestowed upon it by the Board.

The Audit Committee meets at least once every quarter-year.

The Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company. In addition, the Responsible Auditor, Group CEO, Group CFO, Group Chief Counsel, Group Chief Audit Executive, the member of the Group Executive Committee responsible for risk control and the Group Chief Risk Officer are invited to participate in the meetings of the Committee, as well as any other person nominated by the Board at its discretion.

In 2009, the Chairman of the Audit Committee was Christoffer Taxell, and the other members were Tom Berglund, Veli-Matti Mattila and Jukka Pekkarinen. Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, Group Chief Risk Officer, Group Chief Audit Executive and Group Chief Counsel who also served as secretary to the Committee.

The Audit Committee convened four times in 2009 and the members were present at all the meetings.

### Nomination and Compensation Committee

The Nomination and Compensation Committee is entrusted to prepare proposals for Sampo's Annual General Meeting on the composition of the Board, the compensation of Board members and the principles on which this compensation is determined. The Committee consults the largest shareholders in these matters. The Committee is also responsible for preparing proposals for Sampo's Board on the composition and chairmen of the Board's committees and the composition of the Group MD Committee, on the appointment of Sampo Group's CEO and the composition of the Group's Executive Committee, and on the principles by which the members of the Executive Committee are to be compensated and their compensation. As authorised by the Board of Directors,

the Committee also decides on the compensation of the members of the Executive Committee, excluding the Group CEO and Deputy CEO. Furthermore, the Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of the Sampo Group's Chief Audit Executive, and on the principles by which the Sampo Group's staff are to be compensated. In addition, the Committee is responsible for preparing proposals for the Board on issues relating to the development of good corporate governance and confirming the criteria and processes used for the Board's self-evaluation.

The Nomination and Compensation Committee comprises the Chairman of the Board, who acts as the Committee's Chairman, the Vice Chairman of the Board and one to three members elected from among the members of the Board.

In 2009, the Chairman of the Nomination and Compensation Committee was Georg Ehrnrooth (until 7 April, 2009), Björn Wahlroos (from 7 April, 2009) and the other members were Matti Vuoria, Anne Brunila, Eira Palin-Lehtinen and Christoffer Taxell. The Committee convened seven times in 2009, and, with the exception of one absence, all the members were present.

#### Sampo Group Executive Committee

The Board of Directors has appointed the Sampo Group Executive Committee and a Group MD Committee to the Group Executive Committee, which supports the CEO in preparing matters to be handled by the Executive Committee.

Sampo Group Executive Committee supports the CEO in the preparation of strategic issues relating to the Group, in the handling of operating matters that are significant or involve questions of principle, and in ensuring a good internal flow of information.

The Executive Committee addresses especially the following: Sampo Group's strategy, budget, large purchases and projects, the Group's structure and organisation, as well as key strategic issues pertaining to administration and personnel.

Following persons served on the Sampo Group Executive Committee in 2009:

Björn Wahlroos, *Group CEO (until 7 April, 2009)*  
 Kari Stadigh, *Group CEO (from 8 April, 2009)*  
 Ilona Ervasti-Vaintola, *Group Chief Counsel, Principal Attorney*  
 Line Hestvik, *Group Executive Vice President, Head of BA Private, If P&C*  
 Peter Johansson, *Group CFO*  
 Patrick Lapveteläinen, *Group CIO*  
 Torbjörn Magnusson, *President and CEO of If P&C Insurance Holding Ltd (publ)*  
 Ivar Martinsen, *Group Executive Vice President, Head of BA Commercial, If P&C*  
 Petri Niemisvirta, *Managing Director, Mandatum Life Insurance Company Limited*

Morten Thorsrud, *Group Executive Vice President, Head of BA Industrial, If P&C*

Timo Vuorinen, *Group Executive Vice President, Baltic and Russian operations, If P&C (from 1 September, 2009)*

Ricard Wennerklint, *Executive Vice President, If Skadeförsäkring Holding AB (publ.)*

The Group MD Committee comprised Björn Wahlroos (until 7 April, 2009), Kari Stadigh, Ilona Ervasti-Vaintola (from 8 April, 2009), Peter Johansson (from 8 April, 2009), Patrick Lapveteläinen, Torbjörn Magnusson, Petri Niemisvirta (from 8 April, 2009) and Ricard Wennerklint (from 8 April, 2009).

In 2009, the Executive Committee convened four times at the request of the CEO, and the Group MD Committee, which assists the Executive Committee, met 15 times.

#### Chief Executive Officer

The company has a Managing Director who is simultaneously the CEO of the Sampo Group. The Board of Directors elects and releases the CEO, and decides on the terms of employment and other compensation. Björn Wahlroos was the Managing Director of the company and the CEO of the Sampo Group until 7 April, 2009, and Kari Stadigh from 8 April, 2009 onwards.

The CEO of the Sampo Group is in charge of the daily management of Sampo, subject to the instructions and control of the Board of Directors. The Group CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Sampo's operations, only upon authorisation by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organisation of asset management.

The period of notice for terminating the service contract of the CEO of the Sampo Group is six months. In addition to receiving salary for the period of notice, the CEO is entitled to severance compensation of 18 months' full salary (excluding bonuses), provided the service contract has been terminated by Sampo.

The Group CEO's retirement age is 60, at which time the retirement benefit is 60 per cent of the salary that gives entitlement to a pension.