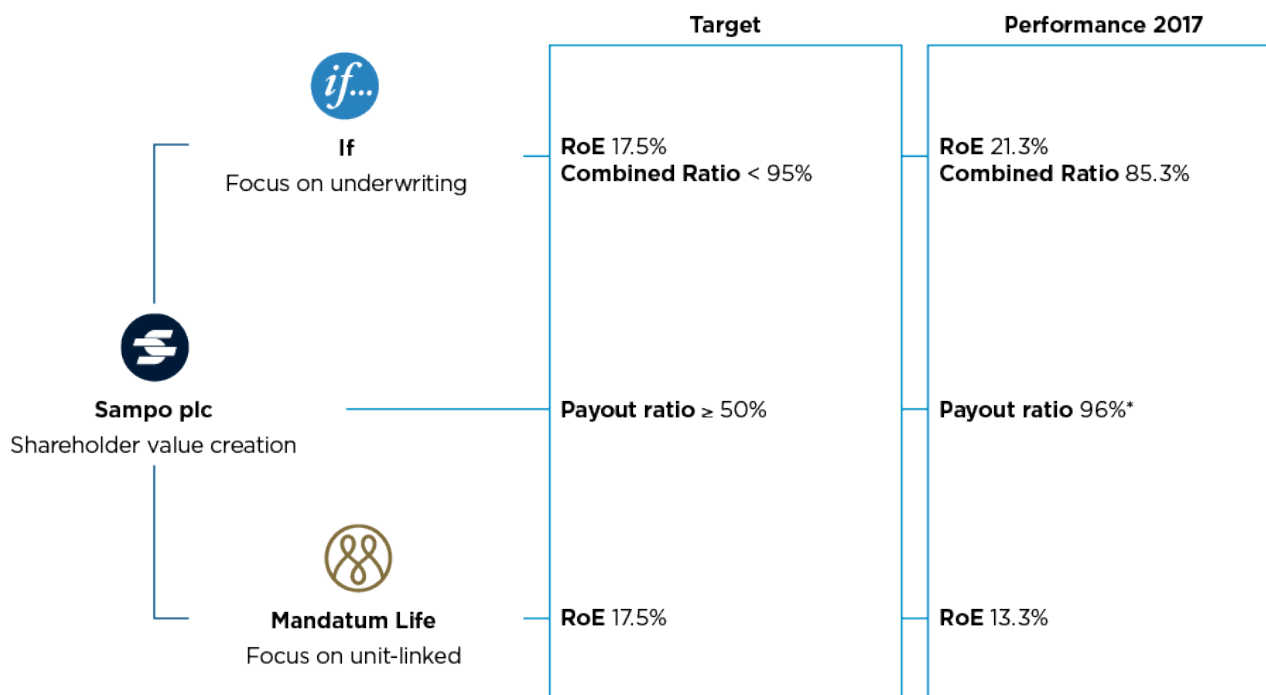# Strategy

Sampo Group creates value for its shareholders through efficient and highly profitable operating units and by investments in situations offering significant upside potential with manageable downside risk. Shareholders benefit from the value creation through a high and stable dividend yield as Sampo plc upstreams the dividends it receives from its subsidiaries and associates to its shareholders. Sampo plc and the whole Sampo Group is aware of its corporate responsibility and all group companies are dedicated to being responsible corporate citizens.

Sampo Group practices P&C insurance and life insurance under If, Topdanmark and Mandatum Life brands. The Group is also the largest shareholder in Nordea Bank, the leading Nordic banking franchise. On a Group level Sampo has no stated strategy but its fully-owned businesses have well-defined strategies based on return on equity targets.

The parent company Sampo plc's A shares are listed on the Nasdaq Helsinki. The parent company sets financial targets for the subsidiaries. For both If and Mandatum Life the return on equity target is to exceed 17.5 per cent. In addition a separate target has been set for the combined ratio in the P&C insurance operation, i.e. the annual combined ratio to be below 95 per cent each and every year.

Financial Targets 2017

	Target	Performance 2017
If — Focus on underwriting	**RoE** 17.5% **Combined Ratio** < 95%	**RoE** 21.3% **Combined Ratio** 85.3%
Sampo plc — Shareholder value creation	**Payout ratio** ≥ 50%	**Payout ratio** 96%*
Mandatum Life — Focus on unit-linked	**RoE** 17.5%	**RoE** 13.3%

* Based on Board's proposal on 7 February 2018, calculated from Group's net profit excl. non-controlling interest and the non-recurring profit item of EUR 706 Million

Dividend Policy

Sampo plc, the listed parent company of Sampo Group, is a good dividend payer. Sampo aims to pay at least 50 per cent of Group's net profit as dividend. Share buy-backs can be used to complement the dividend. The Board proposes to the AGM a dividend of EUR 2.60 per share for the year 2017. The proposed dividend corresponds to a pay-out ratio of 96 per cent, calculated from Group's net profit excluding non-controlling interest and the non-recurring profit item of EUR 706 milloin.