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Corporate Social Responsibility Report 2016



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Business with a clear purpose



Sanoma's mission is to offer engaging content and services that inspire, inform, educate and entertain. We help millions of people every day to access and understand the world around them. We increase knowledge, raise awareness, support teachers to get the maximum potential out of their pupils and help create economic growth through advertising. We also have a higher purpose: We want to contribute to the functioning of our democratic society with quality journalism.

Our corporate social responsibility efforts focus on creating positive impact. Responsible business practices and rigorous journalistic ethics are fundamental in creating that. We strive to conduct our day-to-day activities in a responsible way. In 2016, we supported this by launching a Supplier Code of Conduct and introduced a number of internal trainings on sustainable practices.

In the continuously changing world we live in, the need for independent, high-quality media and education is growing. The role of companies such as ours in society is therefore more relevant than ever.

Pekka Ala-Pietilä
Chairman of the Board
Sanoma

Susan Duinhoven
President and CEO
Sanoma



Creating positive impact

Sanoma is a European front-running media and learning company. We provide consumers with engaging content, offer unique marketing solutions to business partners and enable teachers to excel at developing the talents of every child. Our goal is to create a positive impact on the individual and society through our day-to-day business – every day.

We impact individuals and society through our **content**, our **data-enabled tailoring and targeting** as well as our **learning methods**. We raise awareness with our content, ramp up education with our learning solutions and have a vital role in promoting democracy and free speech. Through optimal use of data-enabled tailoring and targeting, we can provide even more compelling content and individualised learning paths. Our other impacts include economic, environmental and social factors.

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With companies operating in Finland, the Netherlands, Belgium, Poland and Sweden, our net sales totalled EUR 1.6 billion and we employed more than 5,000 professionals in 2016. Sanoma shares are listed on Nasdaq Helsinki and at the end of

2016, we had some 21,800 shareholders, the largest being the Jane and Aatos Erkko Foundation, Antti Herlin, Robin Langenskiöld, Rafaela Seppälä, and the Helsingin Sanomat Foundation, who altogether held 53.3 per cent of Sanoma shares.

Responsible business practices

Responsible business practices are fundamental in creating a positive impact. We reinforce responsible behaviour in Sanoma by enforcing a common set of rules and values and making sure that all of our employees have a fair understanding of these and commit to them.

The Sanoma Code of Conduct guides our day-to-day activities. In 2015, we began to roll out these principles to all personnel using an e-learning tool. At the end of 2016, 89 per cent of Sanoma employees (2015: 82 per cent) had completed the training. We constantly review and develop our policies and the associated trainings. In 2016, we introduced the Sanoma Supplier Code of Conduct and launched e-learning tools for Information Security, Privacy and Travel practices.

[+ Read our Code of Conduct at *Sanoma.com*.](#)

We have in place reporting processes for misconduct, including a web-based whistle blowing system, which can be used to report suspicion of serious

misconduct at Sanoma. It is hosted by an independent third party, can be used anonymously and is available to employees or any other stakeholder.

Related party transactions by senior management and board members are governed by Sanoma's Related Party Policy in accordance with the Finnish Corporate Governance Code. Conflicts of interest are also addressed in our Code of Conduct. We have compliance protocols and guidelines in place to detect any risks regarding bribery and corruption.

We have implemented a Know-your-Counterparty process, which identifies the risk of doing business with third parties by looking at their ownership, activity and role. It includes anti-bribery, sanctions and other due diligence checks, according to the level of risk identified.

We are committed to publishing an annual corporate social responsibility report to support our transparency and strive to further develop our tax reporting.



Consumer Media

6 In the Netherlands, we have a leading cross-media portfolio with over 50 strong brands and strong market positions in every part of the media industry: magazines, events, custom media, e-commerce, websites and apps as well as four free-to-air TV channels and an online video platform. In Belgium, Sanoma is a prominent multi-media company, with quality magazines and digital media

focusing around Women and Home & Deco. Through combining content and customer data, we develop successful marketing solutions for our clients. In total, Sanoma Media BeNe reaches over 15 million consumers every week.

In Finland, we are the leading media company, providing information, experiences, inspiration and entertainment through multiple media

platforms: newspapers, TV, radio, magazines, online and mobile channels. Together our brands reach nearly every Finn each day. For advertisers Sanoma Media Finland is a trusted partner with insight, impact and reach.

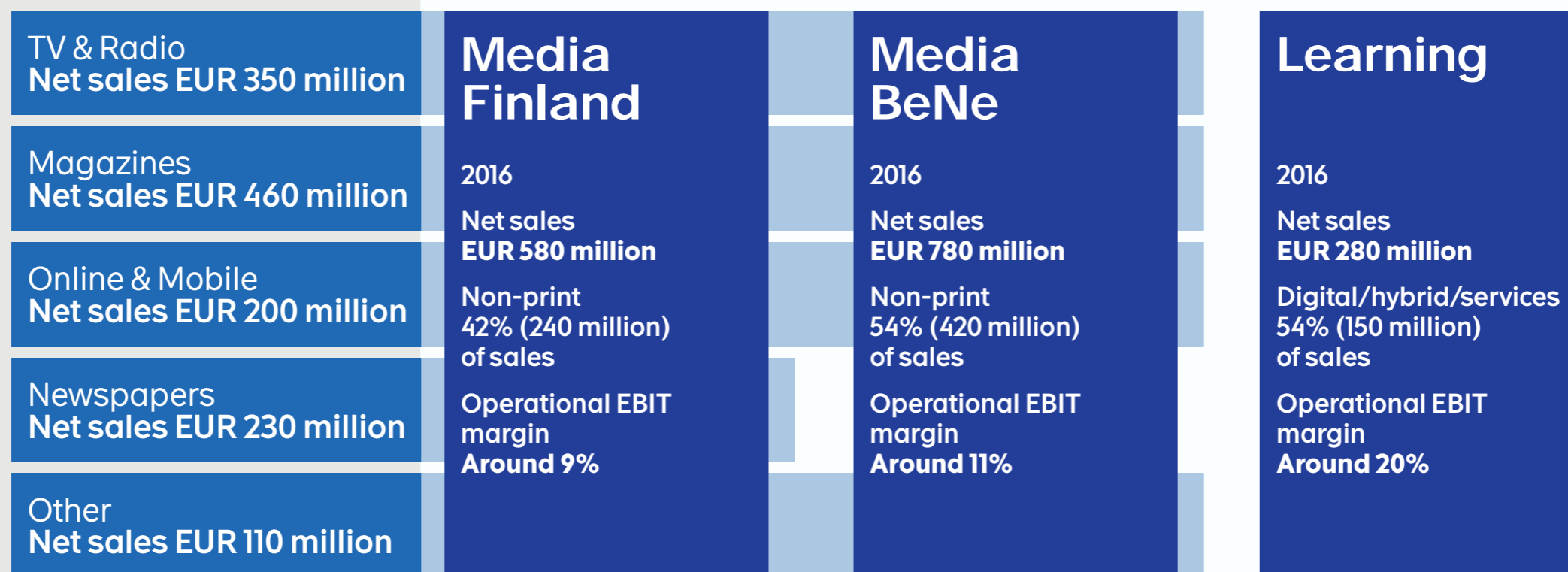
Learning

We are one of Europe's leading learning companies, serving some ten million pupils and one million teach-

ers. Through our multi-channel learning solutions we help to engage pupils in achieving good learning outcomes, and support the effective work of professional teachers in primary, secondary and vocational education. Through our local companies, we contribute to some of the world's best performing education systems in Finland, the Netherlands, Belgium, Poland and Sweden.

Sanoma

Three Strategic Business Units



* Figures rounded to closest EUR10 million.



Content impact

Our content increases knowledge, entertains, inspires, affects attitudes and can lead to actions.

Our content both in media and learning plays a vital role in promoting democracy and contributing to freedom of speech in society. Through the content in its media and learning solutions, Sanoma participates in producing and disseminating information and knowledge. The ability to think critically, as well as being able to read and write, is a fundamental skill needed to maintain a fair, open,

democratic society. In addition to securing literacy and critical thinking, education also prepares individuals to take an active role and to participate in society.

Increasing knowledge and raising awareness are also important elements in the quest to create a sustainable world. In our media products and services, as well as our learning solutions, we communicate on issues such as environmental matters, human rights, economic and social justice, and wellbeing. We raise discussions, create opportunities, connect people and encourage them to form their own educated opinion through our content.

The advertising content in our media products also plays an important role for society – advertising contributes to its growth and wellbeing.

[**+** *Read more about the impact of advertising in our Economic impact section, p. 15.*](#)

Don't look away – IS wants readers to take action

For one week in October 2016, Ilta-Sanomat ran feature stories about tragedies experienced in Syria.

On 24 October 2016, the week dedicated to Aleppo began with front page news on the IS website that urged readers to sincerely look at the people living amid war in Syria. In addition, Aleppo was the main headline on newspaper billboards.



Every day throughout the week, the topic was front page news in the tabloid and on the billboard. On the website, it was the cover story on the first day and one of three main stories for the rest of the week. Over the course of the week, several spreads each day were dedicated to Aleppo and more than 50 stories were published online about the topic. ISTV aired studio discussions, infographic videos and news videos, and the topic was highly visible on its social media channels.

“The purpose was to communicate that closing our eyes is the worst response to the situation,” says News Editor **Valtteri Varpela**. “Through the news stories, we wanted people to realise what the crisis is about and what is going on in Syria, as well as to provide information about how they



can help the people in Syria, particularly the children living amid the war.”

Reader response was very positive and the high visibility also translated into actual support. Throughout the week, IS listed humanitarian organisations present in Aleppo. The level of support for these organisations increased considerably and was 35 times higher than normal in some cases. Even though Syria had been discussed for several weeks during the autumn, support for the organisations peaked during the week dedicated to Aleppo.

The campaign was a natural way for IS to take responsibility. “IS has more than one million readers. We wanted to provide background information and inspire action. It is important for us to tell people how they can support or help,” says Editor-in-Chief **Ulla Appelsin**.

IS runs extensive campaigns on two or three topics per year, with a large number of stories. The week dedicated to Aleppo was nominated as a Journalistic action of 2016 in Finland.

Children's News explains the world

In March 2016, Helsingin Sanomat introduced a news section for children ages 6–12. The multi-channel news quickly found its readers and viewers: the weekly television news broadcast on Channel Four Finland had an average audience of 33,000.

“There was a clear demand and a gap in the market for children’s news. Children live in the same world as adults. They are interested and they have the right to know,” says **Päivi Anttikoski**, one of the founders of Children’s News. “We want to support media literacy among children. Media literacy significantly shapes their world views and civic skills. The ability to tell what is real is increasingly important.”

The topics are selected with children in mind, often based on feedback and suggestions. “Children actively contact us and we have also received positive feedback from parents as well as teachers, many of whom have already included our material in their teaching work,” says Children’s News Producer **Fanny Fröman**. Children participate as experts in producing news stories. Nearly 20 children took part during the first year of Children’s News.

The purpose is to report clearly and comprehensibly on world events, without excluding difficult issues. In addition to providing background

information, the news also explains words that are related to the story and that may be difficult for children to understand. “For example, our story on Brexit received positive feedback on clarity, even from adults,” says Fröman.

Children’s News is published as a separate section in the newspaper on Fridays and the television broadcast can be viewed on HSTV on Fridays and on Channel Four Finland on Sunday mornings. In addition, news stories are published daily at [HS.fi/lastenuutiset](https://www.hs.fi/lastenuutiset). The radio broadcasts are aired on Radio Aalto and Supla. Children’s News is also on Facebook, Instagram and Snapchat. In 2016, Children’s News was shortlisted for a Golden Venla award for the best programme for children and young people. In 2017, Children’s News will get a third page in the daily newspaper and will also be included in the HS Viikko magazine.



We have a close relationship with our readers and viewers. This enables us to identify and cover topics that matter the most to individuals and society and can more likely lead to action. However, when speaking of our impact through our content in media and learning, our control over the final impact is limited. It is crucial that media companies are objective and impartial and editorial decisions are made independently. Rigorous journalistic ethics and quality learning materials ensure non-biased opinion formation for individuals.

OUR GOAL is to enhance the positive impact of our content, in particular through freedom of the press and quality journalism. Since establishing the first newspaper in 1889, our editorial principles are held to a high standard. To support this, we have editorial principles and guidelines in place for advertisements. We monitor

our performance by analysing feedback about the quality of journalism and press council decisions, among other things. Sanoma's relationship to press councils is professional and we respect their decisions. We measure quarterly how Sanoma and its most important brands are perceived as a source for information by Finnish consumers.

Our management approach for content impact

- Article 3 of Sanoma's Articles of Association state that in all of its businesses, the company focuses on promoting democracy, social justice and freedom of speech. In its media operations, the company focuses on good journalistic practices, independence and equality.
- The Sanoma Code of Conduct also sets principles on journalistic ethics (advertisement vs. journalistic content).
- In our products and services, we highlight the difference between advertorial, journalistic and crowdsourced content.
- We follow the principles set by the Finnish Ethics Committee of Advertising and those of local press councils.
- Our largest newspaper Helsingin Sanomat has published general editorial principles, available in Finnish. At the beginning of 2017, Guidelines for publishing advertisements will be renewed.
- There are also several internal guidelines for journalists including "Decision making about journalistic content" and "Journalistic guidelines about securities trading".

our customers' privacy, being transparent and offering consumers choices regarding the use of their data help us to foster a relationship of trust and secure data as an asset to continue to develop our offering.

We have been running a Privacy programme since 2013 to prepare for the EU General Data Protection Regulation (GDPR; approved in 2016, applicable in 2018).

OUR GOAL is to enhance the positive impact of data while respecting privacy as a default by implementing privacy and security by design in our products. To track our performance in this implementation, we regularly conduct privacy reviews for existing products and new features that use data. We also monitor periodically the completion rate for the group-wide privacy e-learning, launched in March 2016. At the end of 2016, 78 per cent of Sanoma employees had completed the training. In addition, we monitor feedback received related to data privacy and security.

Our management approach for data impact

- We have a Board approved Privacy and Data Protection Policy. We monitor and report on compliance with the policy.
- We have dedicated local resources, privacy champions and regularly report on the implementation of the programme to the Audit Committee.
- We implement Privacy & Security by design in our products and operations meaning that privacy and security are taken into account from the planning phases of product development and continually reviewed throughout the development and product lifecycle.
- We continuously develop guidelines to assist our business units in privacy matters. In 2016, we launched guidelines on child online safety and privacy matters in M&A situations. Previously we have created guidelines and processes in areas of electronic direct marketing, online data collection, mobile application development and personal data breaches, among other areas.
- We began a detailed review of our agreements with our suppliers in 2016 to ensure compliance with the new Privacy Shield framework, as well as prepare for the GDPR.
- We raise employee awareness with classroom trainings and a privacy e-learning training that is available to all employees in six different languages. We periodically measure the completion rate of e-learning and communicate about it.
- We actively participate in dialogue with regulators, universities and industry groups to increase awareness about how technological developments and data impact individuals' rights.

Learning impact

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We want to help teachers to develop the talents of every pupil.



We believe that the target of modern education is to develop the full potential of every pupil. By better preparing pupils for the future, we can contribute to productive and prosperous societies. The best learning results are obtained when children are engaged to learn and teachers can work efficiently.

Our learning methods are designed to help teachers to boost learning outcomes of pupils. We have decades of experience and our roots run deep in some of the best educational systems in the world. Our methodologies are based on a profound understanding of teachers and pupils as well as unrivalled expertise in instructional design. Our learning methodologies – multichannel, print and digital – help to maximise teachers' time and attention for individual pupils. By automating workflows and creating dashboards we give them more time to teach. By integrating digital and data technology into our methodologies, we offer pupils an effective

14 personalised learning path. This, in turn, empowers the teacher to achieve the full learning potential of each pupil.

We have proof that our methods have an impact: in 2015, we conducted an online survey with 4,700 teachers from primary and secondary schools in Finland, Sweden, Poland, the Netherlands and Belgium. Participating teachers were very experienced, with 76 per cent having 11 years or more of teaching experience.

The core finding was that using professional learning methodologies really saves time for other tasks; on average, teachers claimed 7.7 hours saved on lesson preparation and creating and correcting assignments and tests. Ninety-five per cent of teachers reported that Sanoma Learning materials help them in enabling pupils to realise their learning objectives; eighty-five per cent reported that these methods help to engage pupils with their learning.

OUR GOAL is to enhance the positive impact of learning methods. We will continuously develop our methods and materials to be at the forefront of education as well as to look for new opportunities to offer tailored learning solutions. We have started to measure our success in improving learning impact through the number of digital users in our learning platforms and by targeted surveys to teachers. At the end of 2016, we had 31 per cent more users in our learning platforms than at the end of 2015.

Integration through education

In 2016, Sanoma Utbildning in Sweden widened its portfolio to include learning solutions for new Swedes. Sweden is experiencing a rapidly growing immigration, doubling from 83,000 asylum applications in 2014 to 163,000 in 2015. This influx of new Swedes poses challenges for the Swedish schooling system. Sanoma Utbildning has developed methods specifically for this group, which enables the immigrants to learn the Swedish language. The supporting digital components enable the immigrants to listen and practise in their own time and place. Many pupils in Sweden are now using our methodologies and tailored learning solutions, which enable these new Swedes to integrate into the Swedish school system and to start building a better future for themselves.

Our management approach for learning impact

- We have embedded learning impact into the design of our learning solutions and monitor the impact throughout the lifecycle of the solution.
- We continuously improve our methodologies and user experience by collaborating closely with pupils and teachers across Europe.
- We collect the requirements of our customers to ensure that we provide the most suitable learning method, including both digital and print elements, to suit the needs of each educational system and individual classroom. We take the best performing learning solutions from our portfolio and introduce them to all of our markets.
- We have close partnerships and dialogue with governments and key educational stakeholders so that we can optimise our learning solutions to the societal needs and co-develop the methodologies to measure learning impact.

Economic impact

We strive to run our business in a profitable way, protecting investments and shareholder value responsibly with a long-term perspective. Our economic impact to societies in our operating countries is through boosting the local economy as a local employer, provider and buyer of services and goods, and by being a significant tax contributor, both as a taxpayer and collector of VAT and other similar payments.

Advertising creates growth

An important economic impact from being in the media business comes through the advertising opportunities we offer. Advertising creates growth for the economy. According to the “Value of Advertising” study made by Deloitte (2017), each euro invested in advertising increased the GDP by 6–7 euros. In addition to a positive contribution to GDP, advertising promotes competition which can benefit consumers by increasing the choice of goods and services available to them.



We create shareholder value with a long-term perspective.

We have responded to fundamental changes in consumer behaviour by transforming ourselves into a smaller but more focused company, active in five core countries where we enjoy market-leading positions. Through cost innovations and focusing on serving the needs of customers, we were able to considerably improve our profits in 2016, growing our operational EBIT to EUR 168 million (2015: 84) and are now back on solid financial ground. To safeguard our future, we will continuously look for cost innovations while developing our offering and processes. Deleveraging continues to be a management focus also in 2017.

Sanoma's economic impact reaches many stakeholder groups. Operating expenses, employees' salaries and benefits, and national taxes account for most of the economic value. For the 2016 financial year, the Board is proposing a dividend of EUR 0.20 (2015: 0.10) per share.

According to the new dividend policy from 2017 onwards, Sanoma aims to pay an increasing dividend, equal to 40–60% of annual cash flow from operations less capital expenditure.

When proposing a dividend to the AGM, the Board of Directors will look at the general macro-economic environment, Sanoma's current and target capital structure, Sanoma's future business plans and investment needs as well as both previous year's cash flows and expected future cash flows affecting capital structure.

Key figures, EUR million	2016	2015	2014
Net sales	1,639.1	1,716.7	1,901.6
Operational EBIT	167.9	83.7	118.8
Cash flow from operations	153.5	25.5	73.7
Capital expenditure	34.8	54.7	50.7

Economic value distributed, EUR million	2016	2015	2014
Operating expenses	857.2	981.5	1,049.9
Employee wages and benefits	325.5	472.3	540.8
Capital expenditure	34.8	54.7	50.7
Dividends to shareholders	32.5 *	16.2	32.6
Payments to providers of capital	25.3	27.9	36.1
Payments to government	27.2	19.9	42.4
Direct donations and community investments	0.3	0.7	0.7

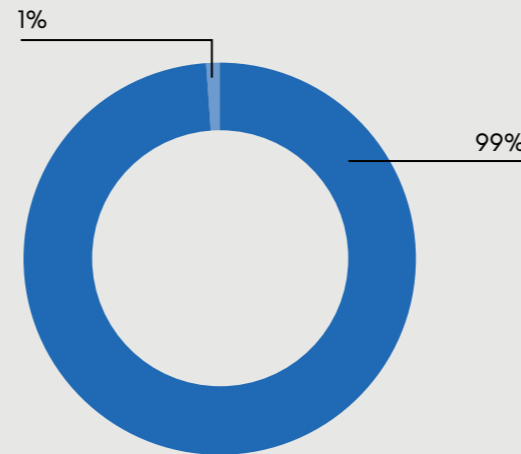
* Board's proposal to the Annual General Meeting to be held on 21 March 2017.

Tax footprint

Sanoma complies with all applicable tax laws and regulations of its operating countries. We pay direct taxes on our earnings and property. We also influence the economies of our operating countries through indirect taxes, such as VAT, as well as other similar charges such as the employer's charges and social security premiums that we collect on behalf of governments. All these taxes and tax-like payments contribute to societies around us on local, regional and national levels.

Sanoma's tax strategy aims to serve the goals of the Group. We seek to ensure the tax treatment in advance and apply filing and payment obligations correctly. Tax facilities are used if appropriate and in accordance with the law. Choices in taxation matters are made following the Group's Corporate Governance Policy.

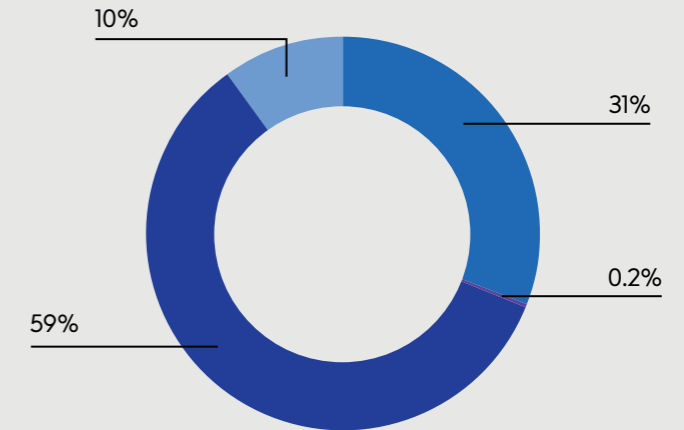
**Taxes borne 2016:
EUR 27 million**



In addition, Sanoma paid EUR 52 million of various employer's charges.

- Corporate income tax
- Real estate tax

**Taxes collected 2016:
EUR 183 million**



- VAT/GST, remitted
- Excise taxes
- Withheld taxes
- Employees' social security

Promoting sustainable business practices

A large part of our direct economic impact goes to our suppliers. In 2016, our operating expenses totalled EUR 857 million. We expect our suppliers to embrace our values and promote sustainable business practices by acting in compliance with all local laws and regulations, upholding human rights and applying privacy

and security regulations in regard to consumers, customers and regulators.

In spring 2016, we launched the Sanoma Supplier Code of Conduct, a document that sets out the ethical standards and responsible business principles, which suppliers are required to comply with in their dealings with Sanoma business units.

OUR GOAL is to ensure that our suppliers implement our guidelines in their operations, to their employees, affiliates and their own suppliers. We will measure our success by the number of suppliers who have adopted our code. The data will be collected through our new supplier management system, launched in 2016. For existing suppliers, the Sanoma Supplier Code of Conduct is imple-

mented through an amendment to our frame agreement and will in most cases be triggered when any contractual aspect of the relationship is up for renewal. For new suppliers, it is an important part of the supplier selection criterion and an essential part of our agreement.

Responsible paper use

Even with the growth of our digital businesses, Sanoma remains an important paper buyer. Paper manufacturing impacts the environment in several ways, and hence already in 2009 we created sustainable paper procurement principles. All paper supplied to us must be made from wood of legal sources, with traceable and verified origin. In 2016, we used 110,200 tonnes of paper, 90 per cent of which was made from certified fibre. Both primary and recycled fibre in the paper grades we use is certified by the main certification systems, FSC and PEFC, a guarantee that the raw material is responsibly sourced. Due to printing requirements, primary fibre is a pre-requisite for many paper grades and for quality reasons many paper grades do not contain any recycled fibre at all. Of all the paper used in 2016, about 27 per cent was made from recycled fibre. Recycled fibre is most commonly used in newsprint. In 2016, 68 per cent of the produced newsprint was made of recycled fibre.

Sanoma paper usage, tonnes *	2016	2015	2014
Newsprint paper	42,000	50,200	61,400
Magazine paper	68,200	90,900	109,200
Bookbinding board	n/a	500	700
Total	110,200	141,600	171,300

* Includes both the paper used in Sanoma's own printing plants and the paper acquired for products printed elsewhere.

Our management approach for economic impact

- We have a Supplier Code of Conduct, which sets the ethical standards and responsible business principles that suppliers are required to comply with.
- We have detailed guidelines for some important purchase categories, such as paper and electricity. For electricity, we already only use energy from renewable sources in our Dutch media operations.
- We have a category management procurement model in use where we maximise the benefits across Sanoma to secure profitability and have firm requirements for our suppliers. In 2017, we will launch group-wide e-learning on procurement to implement this model.
- In competitive bidding rounds we treat our suppliers equally and fairly.
- We periodically check how our suppliers have applied the principles we have set for them. In 2016, we conducted a survey among our printers for the third time. Our major printers have either the ISO 14001 environmental certificate or the Nordic Eco Label in use or they are working towards it. They also have policies in place to ensure socially responsible working conditions.
- We have a process to deal with possible non-compliance.
- We have compliance protocols and guidelines to detect any risks regarding bribery and corruption. We have implemented a Know-your-Counterparty process, which identifies the risk of doing business with third parties by looking at their ownership, activity and role. It includes anti-bribery, sanctions and other due diligence checks, according to the level of risk identified.

+ *Read our Supplier Code of Conduct and Paper Procurement Guidelines at Sanoma.com.*

Environmental impact

We focus on efficiency in the use of materials and energy to mitigate our environmental impact.

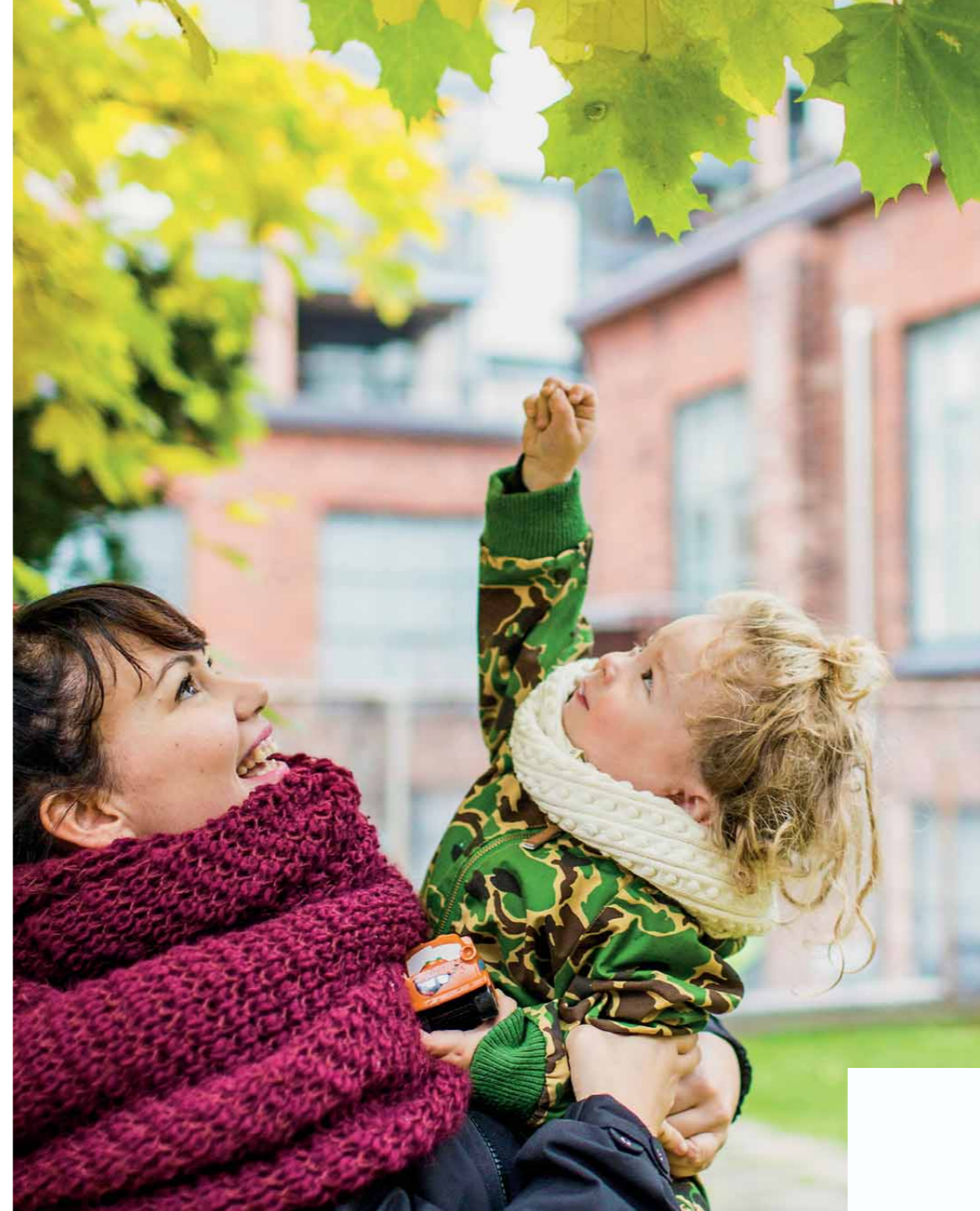
The day-to-day management of our environmental impact is driven by principles in our Code of Conduct and our responsible business practices.

The most significant environmental impact of our operations results from our use of energy (digital services, print production, office space), use of printing materials, distribution of products and transportation. We carefully assess all suppliers we use as the supply chain plays an important role in managing our environmental impact.



20 In our production sites, we apply the precautionary principle in order to protect the environment. We evaluate environmental risks that may cause harm or damage the environment and mitigate them by using the precautionary principle to prevent environmental degradation. We focus on efficiency in the use of materials and energy.

We pay special attention to the use of efficient logistics and packaging and minimising waste as well as recycling. Most of our printers are located in Europe, close to our home markets, thus limiting transport distances and therefore emissions. In 2016, we moved the printing of the daily newspaper Helsingin Sanomat in northern Finland from Varkaus to Oulu, which among other savings significantly reduced the need for transport in the region. We also look at the use of company cars and transportation in general in order to reduce the environmental impact of our operations. Video conferencing and online meetings have reduced the need for travel between offices. Sanoma offices are conveniently



located for commuting. As part of our on-going cost innovations, we have managed to shift from cars to public transport and overall reduce travelling significantly in 2016 resulting in also 28 per cent savings in our travel costs.

The demand for digital content is increasing and consequently the environmental impact of digital media is only likely to get bigger. The environmental impact of the use of digital media is mainly related to the energy

source and energy properties of the device used, as well as the browsing time and number of downloads. We are considering ways to transmit content as efficiently as possible to cut down on energy used.

Energy

Our real estate management team in Finland and the Group procurement team regularly monitor our energy consumption. The improvement in energy efficiency is best reached through modernisation. We manage our real estate by investing in high-tech automation and efficient use of space. In 2016, our total energy consumption was about 32,100 MWh (2015: 44,230), which is approximately 115 terajoules (2015: 160). Our energy consumption decreased 27 per cent in 2016, mainly due to the reduction of production sites and office space. Production sites continue to be the main energy users. We have continued to centralise our operations, consolidate our operations to main locations and increase the use of leased space.

Emissions

The media industry produces greenhouse gases directly through, for example, energy use and transportation and indirectly through the use of digital media. We aim to reduce emissions by increasing energy efficiency that leads to lower consumption levels.

Climate change is generally seen as an economic risk because of the increased probability of major disruptions globally. For instance, there is a possible financial risk to our operation in relation to the possible increase of energy prices and an indirect physical and regulatory risk that can affect sourcing and costs.

Media sources play an important role in informing the public about climate change. Our newspapers, magazines and TV can raise awareness about climate change and report on the opportunities and possible failures.

We have been active in the field of environmental management for a long time, ensuring environmental aspects are considered, for instance, in printing. The rise of digital media and learning solutions has also brought new challenges. The more the business

moves towards digital, the more we need to think of ways to increase energy efficiency. We as a company share the Global Climate commitment made in Paris in the United Nations Climate Change Conference in December 2015 to pursue efforts to limit the temperature increase. We will continue to manage our impact and develop our products and services to contribute to this effort.

OUR GOAL is to mitigate our environmental impact. We are minimising our environmental impact by focusing on efficient operations and materials use and engaging our supply chain. We will measure our success through our carbon dioxide footprint. Our scope 1 GHG emissions are calculated from our own energy use. We have estimated that in 2016 our direct electricity use produced 8,400 tonnes (2015: 10,980) of carbon dioxide equivalent. We also monitor emissions from company cars and print product deliveries in Finland and in the Netherlands. In 2016, we renewed our guidelines for company cars in Finland. As a result, we have managed to cut down CO₂ emissions of our own cars by 15 per cent compared to the 2012 level.

Our management approach for environmental impact

- We use materials, water and energy efficiently. We pay attention to the use of efficient logistics and packaging as well as minimising waste and improving recycling as much as possible. We have very advanced waste management methods in our printing plants – nearly all waste goes to utilisation or recycling. E.g., all paper as well as printing plates used are 100 per cent recyclable.
- Our end products are also recyclable.
- All of our newspaper printing plants have had an ISO 14001 environmental management system in place since 2009, which requires continuous development and annual targets.
- VOC emissions (volatile organic compounds) from printing operations continue to decrease. The chemicals used for cleaning the printing machines have been VOC-free for some time.
- In 2016, we introduced the Sanoma Supplier Code of Conduct, which guides our suppliers to mitigate their environmental impact. We have responsible sourcing practices related to e.g., procuring responsible paper, favouring non-hazardous chemicals, reducing packaging, among other practices.



Social impact

We want to create an inspiring working environment and support innovation.

Attracting and retaining talent

Talent and diversity are crucial elements in the media and learning industry. We employ approximately 5,900 people in addition to a large number of independent professionals. Embracing diversity as well as equality and career development possibilities are key factors in attracting the best talent. We facilitate the recruitment and retention of motivated

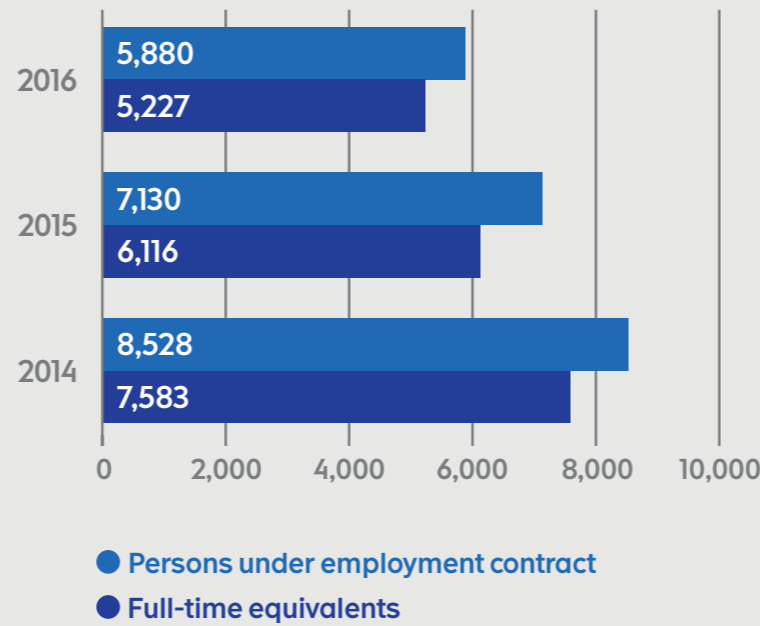
professionals by creating a working environment that inspires our employees, supports creativity, values diversity, embraces various points of view and respects individual rights. We want to reinforce a culture that supports innovation, facilitates change and renewal, and encourages balanced risk taking.

In our daily operations, we emphasise visible and transparent leadership, provide clarity regarding the direction of the company and focus on open communication and learning opportunities. This helps us to attract and retain employees who share the right mindset. We encourage managers to empower their employees and provide them feedback on an on-going basis.

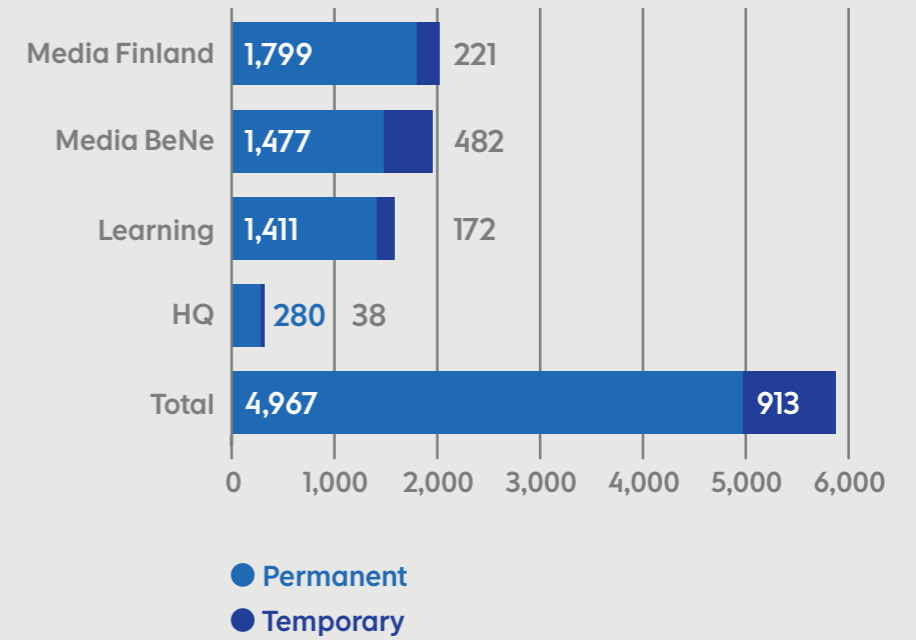
The learning opportunities, offered via an online learning management system and in-house training programmes, focus mainly on transforming employees' current skills to skills that are required in the digital world. When possible, training sessions are given internally by employees. This stimulates internal knowledge sharing.

In 2016, the training programmes focused on developing management skills, new media know how and commercial excellence. In our Dutch operations, we continued the New Media Know How programme that started in 2015. This programme offers all Sanoma Media BeNe employees the opportunity to participate in lectures, workshops, presentations and online learning modules within different areas such as mobile advertising, big data, gaming and video editing. In 2017, we will implement the New Media Know How methodology to other local business units.

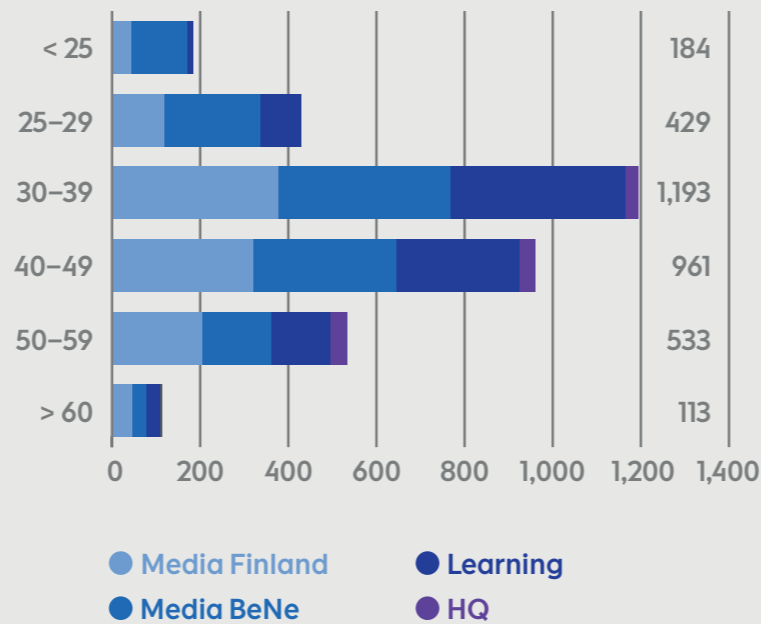
Number of employees



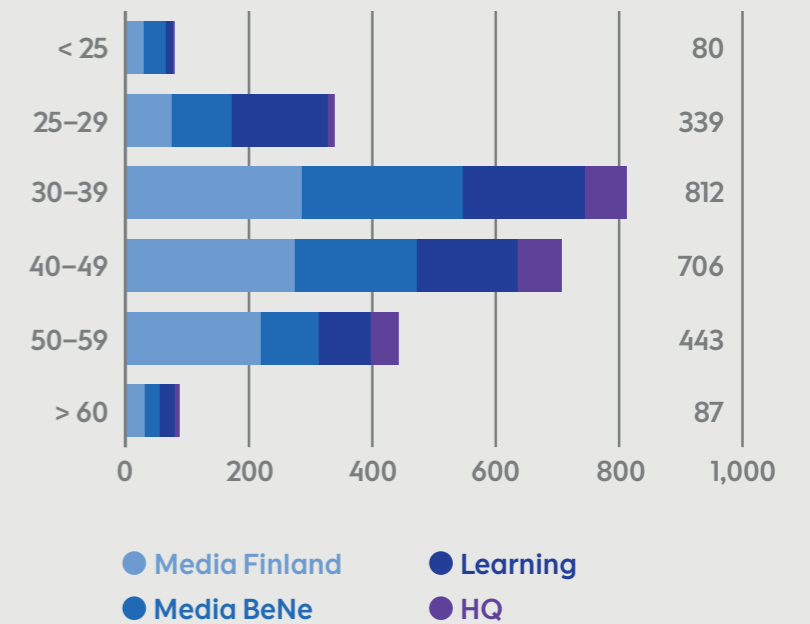
Personnel at Sanoma



Personnel by age, women



Personnel by age, men

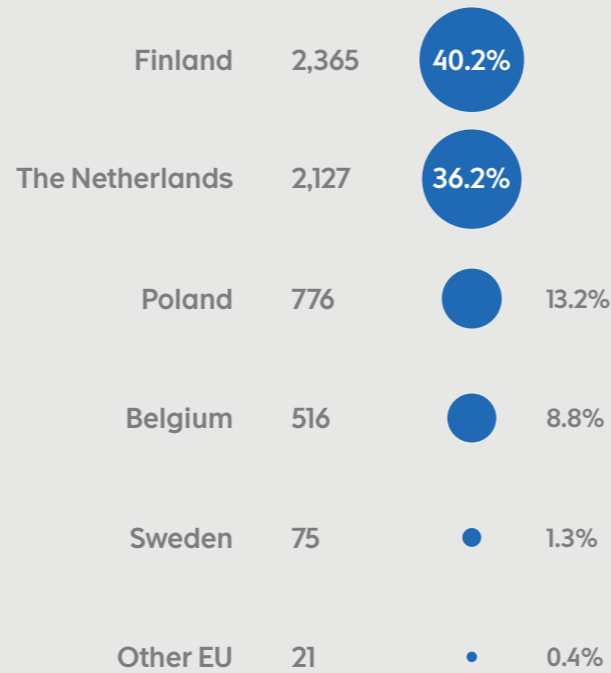


All personnel figures are end-of-year.

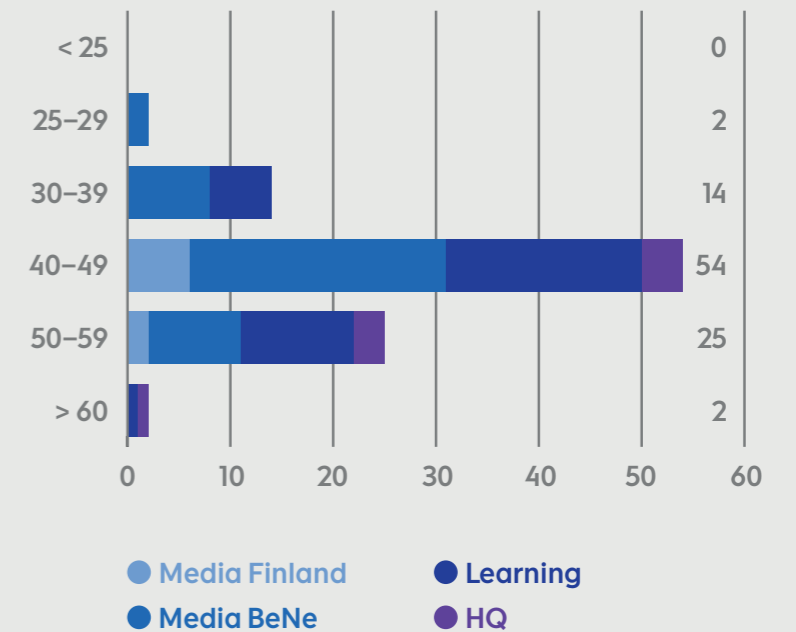
We are committed to ensuring equal opportunities for all, promoting the principle of non-discrimination and valuing diversity. We ensure fair treatment and equal opportunities for all in training and career building, recruitment, rewards and working conditions. Equitable treatment of all individuals and the promotion of equality in working life is an integral part of our responsibility and living up to our values. Our Code of Conduct sets out general principles of ethical conduct and our responsibilities as an employer.

OUR GOAL is to create a diverse work environment and a culture that inspires everyone. We currently measure our success in these aspects as well as engagement with an annual employee engagement survey (EES). Based on the latest survey results, our employees feel that they have career development opportunities within Sanoma and that their managers support their growth and development. Compared to similar surveys in 2015 and 2016, all units reported improved results on employee engagement. Other KPIs used include e.g., absence due to illness.

Personnel by country



Age distribution of directors & senior management



Days lost due to sick absence, %	2016	2015
Media Finland	2.8%	2.1%
Media BeNe	2.3%	1.6%
Learning	2.4%	2.0%
HQ	1.1%	3.1%
Total	2.4%	1.8%

All personnel figures are end-of-year.

The performance cycle for employees at Sanoma is a continual and cyclical process, which includes setting Big Rocks (agreed areas of responsibility) with associated Key Performance Indicators at the beginning of the year, an annual Development Dialogue and an annual Performance Review. The Performance Management Cycle provides insight to our employees about their individual performance and enhances the dialogue for employee development and opportunities for learning. In 2016, 90 per cent of Sanoma employees (2015: 86 per cent) completed a performance review.

Management's gender balance 2016



Our management approach for social impact

- Our Diversity Policy ensures equal opportunities for all employees. The Diversity Policy was revised in 2016 to also include our principles for diversity within the Board of Directors.
- We have zero tolerance for harassment and discrimination and procedures to report possible misconduct also anonymously.
- Talent and diversity aspects are implemented in our basic HR procedures.
- We measure engagement levels by conducting an annual employee engagement survey. The survey is an effective tool for local management teams to steer their organisation and to intervene where necessary. It is also used as a target in short-term incentives of top management.
- We have a long-term incentive plan consisting of a Performance Share Plan and a Restricted Share Plan. Both are designed to reward good performance and to support talent development and retention. Some 300 Sanoma employees take part in the long-term incentive programme.

[+ Read more about our remuneration principles for management at Sanoma.com.](#)

Partnerships, sponsorships and donations

Our social impact to other stakeholders comes largely through partnerships, sponsorships and donations. Every year, and with the approval of the Annual General Meeting, Sanoma elects to donate a certain sum directly to charity, either in cash or as free media space for the initiatives we support.

In 2016, we continued our long-term co-operation with the John Nurminen Foundation's Clean Baltic Sea. Through direct financial support and by offering media space in our Finnish media, both print and TV, we have been able to contribute to the decontamination of the Baltic Sea. The most significant accomplishments of the Clean Baltic Sea initiative in 2016 were the launch of a more effective phosphorous removal at the Kingisepp water treatment plant and an improvement in equipment in Vyborg, which will considerably reduce the phosphorus load to the Baltic Sea.



Engaging readers to help the Baltic Sea

For years, Helsingin Sanomat journalists have brought the situation of the Baltic Sea to the attention of their readers. In February 2017, the newspaper launched the Baltic Sea calculator, a service for readers to check the effects of their lifestyle on the Baltic Sea. The calculator was created as a unique collaboration between Helsingin Sanomat, the John Nurminen Foundation, the Finnish Environment Institute, the Natural Resource Institute Finland, the Ministry of Environment and the Ministry of Agriculture and Forestry.

Our businesses also participate in a number of local initiatives. The ways in which we contribute varies: we can offer media exposure, do volunteer work, use our media products to raise awareness, or offer our products and services. Media exposure, either for journalistic or advertising content, is important to charities because it increases their fundraising opportunities. Initiatives are selected by the local business units with an objective to benefit their local society or part of a larger global initiative.

Margriet and her charities

Margriet, the nearly 80-year-old strong women's magazine brand has always had a social aspect: what can we all do together to our society? This is well in line with the aspirations of Margriet readers, who are socially conscious and often active as volunteers.

Every year, four of the charities that have approached the editorial offices are highlighted in the magazine. The organisations propose possible projects and Margriet editors select the final mix of charities, keeping in mind a balanced presence. The chosen projects receive a 2–3 page advertorial created by the editors, which presents the charity and provides examples on how readers can participate. In addition, part of the revenue from the magazine's popular puzzle pages is directed to the same charity.

In 2016, Margriet helped to raise awareness and collect funds for WWF, Plan Netherlands, SOS Children's Villages and Happy Watoto Foundation, an organisation providing orphans and children from deprived families in Tanzania with both basic needs and education.

Equal educational opportunities and high-quality education for all

Nowa Era has for years supported initiatives that enable equal opportunity in education and high-quality education for all.

In 2016, Nowa Era and its subsidiary VULCAN participated in ten different charity projects in Poland and abroad. One such project is "Schoolbag full of smiles". The aim of this project is to increase the educational opportunities of the poorest pupils in Poland by supplying them with a complete set of textbooks for the school year. In 2016, Nowa Era participated for the fourth time and delivered more than 3,000 textbooks. The initiative is complemented by another nationwide project, the "Large Family Card" programme, which offers discounts from its online bookstore to families with at least three children.

In 2016, employees from the Nowa Era Group also collected books to establish small libraries in children's hospital wards across the country as part of a campaign organised by the



zaczytani.org foundation. In just a few weeks, the families of Nowa Era employees gathered more than 800 books to make the stay easier for the young patients.

"We have been engaging in actions to help those in need for years. These joint efforts show the great sensitivity of our employees, especially when it comes to helping children," says **Magdalena Duszyńska-Walczak**, Managing Director of Nova Era Group.

Stakeholder dialogue and measuring performance

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We have defined our key corporate social responsibility themes discussed in this report by conducting a materiality assessment, where through a series of discussions, surveys and/or workshops with different stakeholders, we identify relevant sustainability issues for Sanoma and plan our activities accordingly.

Our main stakeholders are consumers, customers, the investment community and employees. We define readers, listeners, viewers as well as pupils as consumers. Customers are defined as business partners (advertisers), teachers, educational establishments and governmental stakeholders. The investment community includes our current and potential shareholders as well as credit investors and analysts.

We engage with:

- Our employees through internal communications (email, intranet), an annual employee engagement survey (EES), employee road shows, internal team meetings as well as trainings and development.
- Consumers through products and services, customer service and surveys.
- Customers through individual and group meetings, seminars and surveys.
- Shareholders and investors through quarterly reporting, investor briefings, annual general meetings, the annual report and sustainability reporting.
- Governments and regulators through participating in consultation processes and advisory groups.
- The broader community through our content and by providing platforms for the public to participate and share views.
- Suppliers through procurement, supplier assessments and negotiations as well as contract management.

Key topics and concerns raised by our stakeholders include environmental management, supply chain management, promoting democracy, impact of data privacy, learning and content impact, ethical journalism as well as talent and diversity management. These topics have been discussed in this report under the six impact areas:

- Content impact (including ethical journalism, promoting freedom of speech)
- Learning impact
- Data impact (including privacy)
- Economic impact (including supply chain management)
- Environmental impact
- Social impact (including talent and diversity management)

We have reviewed and acknowledged that we have reasonable management processes in place for managing these six material aspects, but we are still in the process of creating detailed action plans and defining key performance indicators for some of these key areas. We aim to improve our performance by setting clear targets and measurements. One of our key development areas is to increase the amount of performance indicator data in the future.

Governance model

Our actions are guided by our common values, our Corporate Governance Framework and our Code of Conduct. The Code of Conduct guides our everyday activities by explaining our internal standards and ethical values as well as our legal obligations. Our business activities are subject to government regulations in the countries in which we operate. Clear roles, responsibilities and competences are crucial prerequisites for compliance and accountability. The implementation of good practices is ensured by group-wide guidelines for reporting, appropriate approval procedures and internal control.

[**+** Read more on Corporate Governance at *Sanoma.com*.](#)

Our values:

We always look ahead.

We are eager to know what is around the corner.

We share views and we urge everyone to share views, opinions and experiences.

We engage people, we involve and activate people with the things that matter to them.

We make it happen, we aim to create an impact every day.



Governance roles and responsibilities in CSR:

- Sanoma has an Ethics & Compliance Committee, chaired by our CEO, that addresses ethical and compliance issues as well as an Ethics & Compliance Working Group that prepares matters for the Committee and oversees day-to-day compliance activities. The Working Group comprises members from Audit & Assurance, CSR and HR and is chaired by the Group Compliance Officer.
- Our Group Audit & Assurance function evaluates the overall effectiveness of risk management processes.
- Sustainability issues are the responsibility of the head of Investor Relations and CSR who reports to the CFO & COO, a member of the Sanoma Executive Management Group.
- Sanoma has a category management procurement model in use where we maximise the benefits across the Group to secure profitability and set clear requirements for our suppliers. In 2016, we launched our Supplier Code of Conduct to set out the ethical standards and responsible business principles, which suppliers are required to comply with in their dealings with Sanoma business units.
- Our certified newspaper printing plants have a co-ordinating team responsible for day-to-day improvements in health and safety and decreasing the environmental impact of production.
- Our privacy programme includes privacy champions located in businesses who make sure that privacy is included in all products and operations.

Managing business risks is a core element in the daily responsibilities of Sanoma's management. We have an annual Strategic Risk Management cycle co-ordinated by the Audit & Assurance function, which reviews internal and external risks, reports on them and monitors progress in order to reduce vulnerability and threats.

Corporate social responsibility is related to corporate risk management in two ways: by providing intelligence about what those risks are and by offering effective means to respond to them. Our CSR risks have been assessed and no material CSR risks have been detected.

Any material risks identified are reported to our Audit Committee and Board bi-annually and risk-mitigating actions are implemented to manage them.

+ *More detailed descriptions of our risks can be found at Sanoma.com*

Reporting principles and data collection

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This report has been compiled in accordance with GRI G4 Guidelines (Core) and the additional media sector guidelines (GRI Media Sector Supplement). We also applied the Reporting Principles in this report. We focused on our two segments: Consumer Media and Learning, as well as Group support functions. Unless otherwise stated, the report covers Sanoma's operations in all its operating countries. The corporate social responsibility report is an integral part of the annual report and financial statements. The reporting period for this CSR report is Sanoma's financial reporting period 1 January to 31 December 2016. Sanoma intends to publish its next CSR report in 2018.

The materiality has been determined by conducting a G4 materiality assessment, engaging with key stakeholders and addressing the company's management. We have reported all entities inside the organisation that have had significant impact on the material

aspects. The reported scope covers all of our major economic, environmental and social impacts. We executed a group-wide assessment of our targets and defined our CSR strategy in the last quarter of 2015. In 2016, we have refined our framework and selected most of the KPIs. In this report, we have described our core impacts and how we manage them. We will continue to work on our impact assessment and building processes to reliably measure our impact. The quality of reporting will be developed and specified, for example, by defining targets related to our KPIs.

A list of key reported items can be found in the GRI Index Table. The reported disclosures and indicators are seen to give appropriate information about our performance. The calculation principles are compliant with the GRI G4 Guidelines and information is reported if available and relevant. The economic responsibility section and figures are consist-

ent with the financial statement. The numbers concerning environmental responsibility have primarily been collected from business units and data systems. Statistics from the Finnish energy organisation Motiva have been used in the calculations of carbon dioxide emissions. Information pertaining to social responsibility has been collected from HR systems, business units and representatives. Certain figures are not comparable to earlier years due to change of reporting systems and reporting methods.

GRI Index 2016

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In accordance with Core GRI G4 guidelines

GRI ref.	GRI Content	Page/link	Comments
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker	p. 3	
G4-2	Description of key impacts, risks, and opportunities	Key impacts, p. 28 Risks, p. 30 and + http://sanoma.com/en/investors/corporate-governance/risk-management	
Organisational Profile			
G4-3	Name of the organisation	+ http://www.sanoma.com/en/connect	
G4-4	Primary brands, products, and services	+ http://www.sanoma.com/en/who-we-are/portfolio + http://www.sanoma.com/en/who-we-are/areas-expertise	
G4-5	Location of the organisation's headquarters	+ http://www.sanoma.com/en/connect	Headquarters: Sanoma Corporation Töölönlahdenkatu 2 00100 Helsinki, Finland
G4-6	Number of countries where the organisation operates	p. 24 + http://www.sanoma.com/en	Five countries: Finland, Sweden, the Netherlands, Belgium and Poland.
G4-7	Nature of ownership and legal form	+ http://www.sanoma.com/en + http://www.sanoma.com/en/investors/share/major-shareholders	Legal Form: Publicly Listed Company Ownership information updated monthly
G4-8	Markets served	p. 6 + http://www.sanoma.com/en	Consumer media and learning markets
G4-9	Scale of the organisation	p. 6 + http://www.sanoma.com/en/news/sanomas-2016-full-year-result-back-track-faster-expected + http://www.sanoma.com/en/who-we-are/portfolio#list	Number of personnel: 5,880 (or 5,227 FTE) Three Strategic Business Units Net sales 2016: EUR 1,639.1 million
G4-10	Employees – breakdown	p. 23–25	
G4-11	Percentage of total employees covered by collective bargaining agreements		67%
G4-12	Describe the organisation's supply chain	p. 17	
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain		No major changes. Minor changes in structure presented here: + http://www.sanoma.com/en/investors/financials/divestments-and-acquisitions

GRI ref.	GRI Content	Page/link	Comments
G4-14	Precautionary approach or principle	p. 20	We apply the precautionary principle in our own production sites.
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives which the organisation endorses		ISO 14001 Our actions are guided by the United Nations Global Compact (not a signatory member)
G4-16	List memberships of associations		EPC, ACT, EMMA, FEP, EGTA, ENPA, INP/EPF
Identified material aspects and boundaries			
G4-17	Identified material aspects and boundaries	Note 30 of the Financial Statements 2016	This report covers all entities included in the Financial Statements
G4-18	Process for defining the report content and the Aspect Boundaries.	p. 28	We analysed the aspects that are the most strategic for our responsibility efforts, and based on that assessment we defined our material aspects ('Key impacts'), that form the essence for our action plan and therefore also the framework for our CSR report.
G4-19	List all the material aspects identified in the process for defining report content	p. 28	We summarized a large matrix of relevant topics from our stakeholder dialogues into six subcategories, the relevant material aspects ('Key impacts') are reported in this report.
G4-20	For each material aspect, report the Aspect Boundary within the organisation		Learning impact is relevant mainly in the Learning segment.
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation		We are guided by the principles of local press councils and local Ethic committee of Advertising Press Freedom Index + http://www.rsf.org/en/ranking
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		Minor restatements to CSR Report 2015 when more information has come available.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		No significant changes
Stakeholder engagement			
G4-24	Stakeholder groups engaged by the organization	p. 28	
G4-25	Basis for identification and selection of stakeholders with whom to engage	p. 28	
G4-26	Organization's approach to stakeholder engagement	p. 28	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	p. 28	

GRI ref.	GRI Content	Page/link	Comments
Report profile			
G4-28	Reporting period for information provided	p. 31	The reporting period is Sanoma's financial reporting period 1 January to 31 December 2016.
G4-29	Date of most recent previous report (if any)		14.3.2016
G4-30	Reporting cycle	p. 31	Annual
G4-31	Provide the contact point for questions regarding the report or its contents	Back cover	Contact details cr@sanoma.com For more information visit + http://www.sanoma.com/en/who-we-are/corporate-responsibility
G4-32	Report the 'in accordance' option the organization has chosen.		Core
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report		The CSR report has not been assured, but the Financial statements has been assured by KPMG in full scope
Governance			
G4-34	Governance structure of the organisation	+ http://www.sanoma.com/en/investors/corporate-governance	
Ethics and integrity			
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	p. 5, 29 + http://www.sanoma.com/en/who-we-are/corporate-responsibility/code-of-conduct	
G4-57	Advice mechanisms	p. 5, 29 + http://www.sanoma.com/en/who-we-are/corporate-responsibility/code-of-conduct	
G4-58	Reporting mechanisms	p. 5, 29 + http://www.sanoma.com/en/who-we-are/corporate-responsibility/code-of-conduct	
Economic Performance Indicators			
G4-EC1	Direct economic value generated and distributed	p. 16-17	More country based figures available in the Financial statements
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	p. 21	
G4-EC3	Coverage of the organisation's defined benefit plan obligations	Note 8 of the Financial statements 2016	
G4-EC4	Financial assistance received from government		Received financial assistance for training (Sanoma Academy).

GRI ref.	GRI Content	Page/link	Comments
Environmental performance indicators			
G4-EN1	Materials used by weight or volume	Paper, p. 18	
G4-EN3	Energy consumption within the organization	p. 20	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	p. 21 Emission factors, source: + http://www.eumayors.eu/IMG/pdf/technical_annex_en.pdf	(Scope 1) GHG emissions reported in metric tons of CO ₂ equivalent from direct electricity use. We calculated the estimated CO ₂ -emissions by multiplying the energy usage by the CO ₂ -factor.
Social performance indicators			
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	p. 25	90%
G4-LA12	Composition of governance bodies and breakdown of employees	p. 25 + http://www.sanoma.com/en/investors/corporate-governance	
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	+ http://www.transparency.org/news/feature/corruption_perceptions_index_2016	We have procedures for looking at risk (e.g. KYC process, anti-bribery questionnaires) and more due diligence in larger deals, but we are unable to assess the total number and percentage of operations assessed for corruption risks. The Transparency International's Corruption Perception Index is used for risk assessment, our internal control framework and for planning purposes. We have operations in only countries that score over 62 on the Index. (Scale being 0-100, with 0 = high corrupt, 100 = very clean).
Information on training related to content values, content creation and content dissemination (Sector disclosures)			
G4-2	Aligning content creation activities with the content values and policies defined by the organization.	p. 10	Creating content with high journalistic ethics was addressed in the Code of Conduct training. Business units have their own policies and guidelines on ethical journalism.

Corporate Social Responsibility Report 2016

For inquiries and feedback, please contact:

Head of Investor relations and CSR Anna Tuominen

tel. +358 40 584 6944

cr@sanoma.com

Sanoma Group

Töölölahdenkatu 2, Helsinki, Finland

P.O. Box 60, 00089 SANOMA, Finland

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