

Corporate Governance Statement

Sanoma Corporation (the 'Company' or 'Sanoma') complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2010, with the exception of recommendation 10 of the Code governing the term of Board members (see also Section Election and term of this Statement).

This Corporate Governance Statement has been prepared in accordance with recommendation 54 of the above-mentioned Code. The Statement has been reviewed by Sanoma's Audit Committee and the statutory auditors have checked that it has been issued and that its description of the main features of internal control and risk management systems related to the financial reporting process is in line with the financial statements. This Statement is presented as a separate report from the Board of Director's Report.

⊕ The Finnish Corporate Governance Code is available at www.cgcode.fi.

Organisational Structure and Statutory Governance Bodies

Sanoma consists of two segments, Consumer Media and Learning, and three Strategic Business Units: Sanoma Media Netherlands, Sanoma Media Finland and Sanoma Learning. The line item 'Other companies and eliminations' includes non-core operations, head office functions, real estate companies and Group. Sanoma Corporation is the Parent Company of the Sanoma Group (the 'Parent Company'). Sanoma's administrative bodies are the General Meeting, the Board of Directors and its committees and the President and CEO.

GENERAL MEETING

The General Meeting is Sanoma's highest decision-making body, convening at least once a year in accordance with the Sanoma Articles of Association.

The Annual General Meeting is held by the end of June each year and it handles the matters that fall under its authority according to the Finnish Companies Act as well as any matters proposed to a General Meeting. Extraordinary General Meetings are convened to handle specific matters proposed to a General Meeting.

Notices of General Meetings shall be published in at least one widely circulated newspaper determined by the Board of Directors no earlier than three (3) months prior to the record date of the General Meeting under Chapter 4, Section 2, Subsection 2 of the Finnish Companies Act and no later than three (3) weeks prior to the General Meeting, but in any case the notice must be published at least nine (9) days before the record date of the General Meeting.

The General Meeting handles the matters presented on the agenda by the Board of Directors. According to the Finnish Companies Act, a shareholder may also request that his or her proposal to be handled at the next General Meeting. Such a request shall be made in writing to the company's Board of Directors and the proposed matters shall fall within the competence of the General Meetings according to the Finnish Companies Act. Sanoma informs well in advance on its website the date by which a shareholder shall notify the Board of Directors of any proposals that he or she requests to be included on the agenda of the General Meeting. The request is always deemed to be on time if the Board of Directors has been notified of the request no later than four weeks before the delivery of the notice of the General Meeting.

Shareholders holding a minimum of ten (10) per cent of all shares and the Company's auditor may request the handling of a specified matter at a General Meeting, which the Board of Directors shall convene without a delay upon receipt of such request.

According to the Finnish Companies Act, e.g. the following matters are subject to the decision-making power of a General Meeting:

- amendments to the Articles of Association;
- increases or decreases in share capital;
- issues of shares or other rights entitling to shares;
- acquisition of own shares;
- decisions on the number, election and remuneration of Directors;
- adoption of the financial statements; and
- distribution of profits / allocation of losses.

BOARD OF DIRECTORS

Election and term

In accordance with the Articles of Association of Sanoma, the Board of Directors shall be composed of five to eleven members elected by the General Meeting. The General Meeting also elects the Chairman and the Vice Chairman of the Board of Directors.

The term of a member of the Board of Directors begins at the end of the Annual General Meeting and expires at the end of the third Annual General Meeting following the election. If the office of a member of the Board of Directors becomes vacant before the end of the three-year term, a new member shall be elected for the remaining term. In order to secure the continuity of operations, Sanoma has adopted a practice whereby approximately one third (1/3) of its Board members are elected every year.

According to the Finnish Corporate Governance Code, the term of a member of the Board of Directors is recommended to be one year. The Articles of Association of Sanoma, however, stipulates a three-year term, as the Company considers that the nature of its business makes it necessary for the members of the Board of Directors to be there for a longer term than one year in order to familiarise themselves with and commit themselves to the Group's operations.

The following persons served on Sanoma's Board of Directors at the end of 2014:

- Antti Herlin (Chairman), born 1956, Finnish citizen. Doctor h.c. (Econ.) (The State University of Economics and Finance of St. Petersburg), Doctor h.c. (Econ.) (Helsinki School of Economics), Doctor h.c. (Art and Design) (University of Art and Design Helsinki), Doctor h.c. (Tech.) (The Aalto University schools of technology). Chairman of KONE Corporation. Term ends at AGM 2016.
- Sakari Tamminen (Vice Chairman), born 1953, Finnish citizen. M.Sc. (Econ.). President of Rautaruukki Corporation. Term ends at AGM 2015.
- Pekka Ala-Pietilä, born 1957, Finnish citizen. M.Sc. (Econ.), D.Tech. h.c., D.Sc. h.c. Term ends at AGM 2017.
- Annet Aris, born 1958, Dutch citizen. M.Sc. (Land planning and operations research), MBA INSEAD. Term ends at AGM 2015.
- Anne Brunila, born 1957, Finnish citizen. D.Sc. (Econ.). Term ends at AGM 2016.
- Mika Ihamuotila, born 1964, Finnish citizen. Ph. D. (Econ.). Term ends at AGM 2016.
- Nils Ittonen, born 1954, Finnish citizen. B.Sc. (Econ.). Term ends at AGM 2017.
- Robin Langenskiöld, born 1946, Finnish citizen. B.Sc. (Econ.). Term ends at AGM 2015.
- Rafaela Seppälä, born 1954, Finnish citizen. M.Sc. (Journalism). Term ends at AGM 2017.
- Kai Öistämö, born 1964, Finnish citizen. M.Sc. (Eng.), D.Sc. (Tech.). Term ends at AGM 2017.

All members of the Board of Directors are non-executive directors and independent of the Company. Eight members (Pekka Ala-Pietilä, Annet Aris, Anne Brunila, Mika Ihamuotila, Robin Langenskiöld, Rafaela Seppälä, Sakari Tamminen and Kai Öistämö) are also independent of major shareholders as stipulated in the Finnish Corporate Governance Code.

The Board of Directors of Sanoma convened 12 times in 2014 with an average attendance rate of 93%.

In order to develop its performance, the Board of Directors employs an assessment process on a regular basis.

Duties of the Board of Directors

The duties of Sanoma's Board of Directors are set forth in the Finnish Companies Act and other applicable legislation. The Board of Directors is responsible for the management of the Company and its business operations. Additionally, the Board of Directors is responsible for the appropriate arrangement of bookkeeping and financial administration.

The operating principles and main duties of the Board of Directors have been defined in the charter of the Board of Directors.

The Board of Directors, for example:

- decides on the long-term goals and business strategy of the Group;
- approves the Group's reporting structure;
- decides on acquisitions and divestments, financial matters and investments which have a value exceeding EUR 3.0 million or otherwise are strategically significant or involve significant risks;
- ensures the adequacy of planning, internal control and risk management systems and reporting procedures;
- performs reviews and follow-ups of the operations and performance of the Group companies;
- approves the Interim Reports, the Financial Statements and the Board of Directors' Report as well as the Corporate Governance Statement of the Company;
- appoints and dismisses as well as decides on the remuneration of
 - the President and CEO,
 - his or her deputy,
 - the CEOs of Strategic Business Units,
 - the executives of Sanoma, who are Executive Management Group members,
 - certain executive positions ('Key Executives') as determined by the Board of Directors;
- confirms the Group's values; and
- approves the Group's key policies.

Committees appointed by the Board

The Board of Directors may appoint committees, executive committees and other permanent or fixed-term bodies for duties assigned by the Board of Directors. It also confirms the charter of the committees as well as provides the policies given to other bodies appointed by the Board of Directors.

Sanoma has an Executive Committee that prepares proposals for matters to be decided or noted by the Board of Directors.

In addition to the Executive Committee, Sanoma's Board committees include the Audit Committee and the Human Resources Committee. The respective charters have been approved by the Board of Directors. The committees report regularly to the Board of Directors.

The members of the committees, except for the members of the Executive Committee, are appointed among the members of the Board of Directors in accordance with the charter of the respective committee. The committees are neither decision-making nor executive bodies.

Executive Committee

The Executive Committee prepares matters to be considered at the Board of Directors' meetings. The Committee meets prior to each meeting of the Board of Directors if deemed necessary by the Chairman of the Board. The composition of the Committee comprises the Chairman and Vice Chairman of the Board of Directors as well as President and CEO of Sanoma.

In 2014, the Executive Committee comprised Antti Herlin (Chairman), Sakari Tamminen (Vice Chairman) and Harri-Pekka Kaukonen. The Executive Committee convened eight times.

Audit Committee

The Audit Committee is established by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management as well as to external auditing, and the internal audit activity in accordance with the charter approved by the Board of Directors, the Finnish Corporate Governance Code and applicable laws and regulations. The Audit committee shall review the Corporate Governance Statement.

During the financial year 2014 the Audit Committee:

- discussed the outlook for 2014 and recommended it for the approval of the Board;
- proposed to the 2014 AGM that KPMG Oy AB, Authorised Public Accountants, be re-elected as the auditor for the fiscal year 2014;
- reviewed the revised Board Charter and Corporate Governance Framework (formerly the Corporate Governance Policy);
- handled regular status reports regarding major divestments from the financials perspective;
- reviewed and approved the internal audit plan and followed up its progress with a special focus on pricing;
- reviewed the proposed changes to the monthly reporting format;
- reviewed quarterly claim overviews to assess litigation risks;
- followed the progress of the internal control roadmap;
- reviewed interim reports and quarterly investor presentations;
- reviewed quarterly reports on treasury matters and mid- and long-term funding plans;
- reviewed the risk management process, discussed the risk analyses, the biggest risks and related risk management measures;
- approved the proposal for the establishment of the business assurance steering group, a forum for sharing information on control and monitoring related topics;
- handled revised M&A Policy and recommended its approval to the Board;
- handled revised Code of Conduct from risk management perspective, including handling recommended establishment of whistleblowing system; and
- approved the new process for forecasting the funding requirements of subsidiaries.

The Audit Committee comprises three to five members, appointed annually by the Board of Directors. Members of the Committee shall be independent of the Company and at least one member shall also be independent of significant shareholders. The Committee meets at least four times a year.

In 2014 the Audit Committee comprised Sakari Tamminen (Chairman), Anne Brunila (Vice Chairman) and Robin Langenskiöld. All members of the Committee are independent of the Company and major shareholders. The Audit Committee convened seven times in 2014 with an average attendance rate of 95%.

Human Resources Committee

The Human Resources Committee is responsible for preparing human resources matters related to the compensation of the President and CEO, and Key Executives, evaluation of the performance of the President and CEO and Key Executives, Group compensation policies, Human Resources policies and practices, development and succession plans for the President and CEO as well as Key Executives, and other preparatory tasks as may be assigned to the Committee from time to time by the Board of Directors and/or Chairman of the Board of Directors. In addition, the Committee discusses the composition of the Board of Directors and succession in the Board of Directors.

During the financial year 2014 the HR Committee:

- reviewed total compensation levels for key executives compared to the external benchmark and prepared their base salary reviews for the approval of the Board;
- evaluated the overall 2013 and 2014 performance of key executives;
- discussed the performance management review process and 2013 performance rating distribution of the senior management;
- submitted the realization of 2013 short-term incentive targets for key executives to the Board for approval;
- discussed the 2014 and 2015 annual targets and KPIs for key executives and submitted them for the approval of the Board;
- prepared the proposal for 2014 long-term incentive grants for key executives for the approval of the Board;
- reviewed the proposed changes to the short- and long-term incentive principles and to the short-term incentive framework;
- discussed and submitted for the approval of the Board the performance targets for the Performance Share Plan 2015–2017;
- discussed with the management of the Human Resources strategy;
- reviewed the succession plans for key executives;
- discussed top-level leadership appointments with the management;
- discussed the revised Code of Conduct principles and a whistleblowing system;
- discussed the Pulse survey and employee engagement survey results with the management;
- discussed the planned pension scheme changes in Sanoma Netherlands with the management; and
- discussed the findings of the employer reputation survey with the management.

The Human Resources Committee comprises three to five members, appointed annually by the Board of Directors. A majority of the members shall be independent of the Company. The Committee meets at least twice a year.

In 2014 the Human Resources Committee comprised Kai Öistämö (Chairman), Annet Aris (Vice Chairman) and Rafaela Seppälä. All members of the Committee are independent of the Company and major shareholders. The Human Resources Committee convened three times with an average attendance rate of 89%.

PRESIDENT AND CEO

The duties of the President and CEO of Sanoma are governed primarily by the Finnish Companies Act. The President and CEO assumes independent responsibility for the Group's daily operations, in line with the following duties, e.g.:

- seeing that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner;
- managing the Group's daily operations in line with the long-term goals and business strategy of the Group approved by the Board of Directors and in accordance general policies adopted by the Board of Directors and other applicable guidelines and decisions;
- deciding on acquisitions and divestments, financial matters and investments which have a value below EUR 3.0 million;
- preparing decision proposals and matters for information for the Board of Directors meetings (together with the Chairman of the Board of Directors), and presenting these matters and the agenda to the Board of Directors and its Committees;
- approving Group level guidelines; and
- chairing Sanoma's Executive Management Group.

The President and CEO may take extraordinary or wide-ranging action only under a separate authorisation from the Board of Directors or when the time delay involved in waiting for a decision of the Board of Directors would cause substantial loss to Sanoma.

In 2014, Harri-Pekka Kaukonen, born 1963, M.Sc. (Tech.), D.Sc. (Tech.) served as the President and CEO of the Company.

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group supports the President and CEO in his or her duties in co-ordinating the Group's management and preparing matters to be discussed at Board meetings, such as:

- the long-term goals and business strategy of the Group for achieving the long-term goals;
- acquisitions and divestments;
- organisational and management issues;
- development projects;
- internal control; and
- risk management systems.

The Executive Management Group is chaired by the President and CEO of Sanoma and in 2014 comprised the CEOs of Sanoma Media Finland, Sanoma Media Netherlands, Sanoma Media Russia & CEE and Sanoma Learning, the CFO (Chief Financial Officer), the CHRO (Chief Human Resources Officer) as well as the CEO of new Sanoma Digital unit of the Sanoma Group.

➕ More information about the members of the EMG and their holdings in the Company is available at Sanoma.com.

Main Features of the Internal Control and Risk Management Systems Pertaining to the Financial Reporting Process

CONTROL ENVIRONMENT

Management of the Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning and reporting systems, and policies and guidelines.

The Sanoma Board of Directors approves all Group-level policies including governance-related policies such as Sanoma's Corporate Governance Principles, the Principles of Business Conduct, Group Risk Management Policy, Internal Control Policy and Treasury Policy. Sanoma's strategy and business objectives as well as Sanoma's Corporate Governance Principles set the foundation for the Internal Control processes.

The Audit Committee, in order to assist the Board of Directors in its responsibilities, deals with matters related to financial reporting procedures, the Group's risk management, the reliability of internal control systems, and compliance with Sanoma's Corporate Governance Principles, as well as matters related to statutory audit and internal audit work.

The Group Risk Management function, part of Group Finance & Control, coordinates the Risk Management and Internal Control process. Updated assessment results with related ongoing or planned mitigation actions are communicated to the Audit Committee and further to the Board of Directors periodically.

The Group Internal Audit function reports directly to Sanoma's President and CEO, and to the Audit Committee of the Board of Directors. It co-operates with the management of the Group and the SBUs as well as with the Group's statutory auditors. It is responsible for internal audits involving assessment of the adequacy and efficiency of risk management, internal control systems and governance policies and processes. The scope of the Group Internal Audit covers

all organisational levels and businesses. The operations of the function are steered by Sanoma's Corporate Governance Principles and the Group Policy on Internal Audit. The Audit Committee confirms the internal audit plan periodically.

Sanoma's SBUs operate within the approved scope of strategic goals and financial targets, Sanoma's Corporate Governance Principles as well as within Group policies and guidelines. In addition, Sanoma's shared values govern the daily operations of the personnel.

The Parent Company is responsible for carrying out Sanoma's statutory duties as a publicly listed company under, for example, the Finnish Securities Market Act, for managing communications with key stakeholders including investor relations, centralised treasury activities, as well as Group compliance with applicable laws and regulations. In addition, the Parent Company supports the President and CEO in driving the performance of the SBUs and in the management of the Group's daily operations. The Parent Company drives cross-business and cross-border co-operation projects and improvement initiatives and provides support and guidance to the SBUs in areas such as finance and control, human resources, communications, legal affairs, taxation, M&A, strategic planning, treasury, ICT/corporate systems, and real estate.

Each Group function in the Parent Company prepares policies for Board approval and general guidelines to be approved by the President and CEO regarding its area of responsibility. Group policies and operational guidelines are available on the Group intranet in full. In addition, Strategic Business Units and Business Units may have their own instructions within the set policies and operational guidelines. These instructions are available on the respective intranets.

There is a channel in place to report breaches of Principles of Business Conduct or thereto related policies or laws. Any person who notices breaches of the Principles of Business Conduct or thereto related policies or laws may confidentially report them as indicated in the Principles.

RISK MANAGEMENT

The main objective of Sanoma's Risk Management Policy is to identify and manage essential risks related to the execution of Sanoma Group's strategy and operations. The Risk Management Policy defines Group-wide risk management principles, objectives and responsibilities within the Sanoma Group.

The Board of Directors is responsible for approving and setting Sanoma's Risk Management Policy and for overseeing the effectiveness of risk management.

The Audit Committee regularly reviews and monitors the implementation of the Risk Management Policy and risk management process.

The President and CEO is responsible for defining risk management strategies and procedures, and setting risk management priorities.

Sanoma has a Group-wide risk reporting process for assessment of significant risks. Risk assessment is linked to the Group's strategic objectives and is part of the normal management, strategic planning and internal control processes. A risk framework is used for identifying and assessing risks, as well as for defining risk management activities. Risks and their probability of occurrence are assessed in different stages of decision-making. Key risks and their mitigation actions are reported to the Audit Committee and further to the Board twice a year.

Managing business risks and the opportunities associated with them is a core element in the daily operational responsibilities of Sanoma's management. Risk-taking is an essential part of a competitive business. While executing strategy, Sanoma and its SBUs are exposed to numerous risks and risk taking opportunities.

In Sanoma's risk model, risks are divided into four main categories as defined below.

Strategic risks

Strategic risks include risks related to changing customer needs, preferences or behaviour, changes in the competitive situation, risks related to suppliers or operating countries, intellectual property rights as well as laws and regulations.

Operational risks

Operational risks include risks related to the quality of products and services, customer satisfaction, ability and readiness to change, ICT, integration of new operations, human resources and knowledge management. Risks related to governance models, either unintentional or willful noncompliance as well as risks related to accounting information, and financial planning and reporting are also operational risks.

Financial risks

Financial risks include interest rate, currency, liquidity and credit risks as well as risks related to equity, impairment and availability of capital.

Hazard risks

Hazard risks include business interruption and risks related to health and safety issues or environmental issues.

The Group Risk Management function, part of Group Finance & Control coordinates the Group risk management process and produces periodical risk reports for the President and CEO and the Executive Management Group. Updated Group risk assessment results with related ongoing or planned mitigation actions are communicated to the Audit Committee and further to the Board of Directors twice a year.

Claims against Sanoma are monitored by Group Legal Affairs through a process covering claims over EUR 0.2 million or resulting in a potential negative effect of over EUR 0.2 million, whether by a governmental body, partner, agreement counterpart, personnel or some other party.

INTERNAL CONTROLS

Sanoma's Internal Control Policy defines the internal control process applicable to all Sanoma subsidiaries. The internal control process includes control objective setting, control design and implementation, operating effectiveness testing, monitoring and continuous improvement, and reporting.

Internal Controls consist of Entity-level controls, Process level controls and ICT general controls.

Entity level controls are controls that apply to all levels of Sanoma (i.e. Group, SBU, business and entity-level) and can relate to more than one process. Entity-level control activities are, for example, existence and active implementation of code of conduct and different Group policies and guidelines.

Process-level control activities are designed to mitigate risks relating to certain key processes. Examples of such processes are purchase-to-pay and payroll. Typical process-level controls are automated or manual reconciliations and approvals of transactions.

ICT general controls are embedded within ICT processes that provide a reliable operating environment and support the effective operation of application controls. Controls that prevent inappropriate and unauthorised use of the system and controls over the effective acquisition are examples of ICT general controls.

Following the revised Internal Control Policy, a Group-level harmonisation programme regarding internal control systems was initiated in 2011. Group Risk Management function, part of Group Finance & Control, coordinates the Internal Control programme and reports to the Audit Committee on a regular basis.

MONITORING OF FINANCIAL REPORTING PROCESS

The Group Finance and Control functions as part of the Parent Company and prepares guidelines of the control points for the SBUs, approved by the President and CEO, both for transactions and for periodic controls. Periodic controls are linked to the monthly and annual reporting process and include reconciliations and analyses to ensure the accuracy of financial reporting. These control activities at the levels of both the Parent Company and SBU seek to ensure that potential deviations and errors are prevented, discovered and corrected. Internal control systems cover the whole financial reporting process.

The Group's financial performance is monitored on a monthly basis using a Group-wide financial planning and reporting system, which includes SBUs' management letters, actualised income statements, balance sheets, cash flow statements and key performance indicators, as well as estimates for the current financial year.

Furthermore, business reviews between Group and SBU management are held quarterly. In addition to the SBUs' financial performance, issues including changes in the operating environment, future expectations, structure and status of business development are also discussed in these meetings. The quarterly business reviews also have a role in the process of ensuring that the continuous risk assessment and internal control systems are functioning properly.

Audit

The main function of the statutory audit is to verify that the financial statements provide true, accurate and sufficient information on the Sanoma Group's performance and financial position for the financial year. The Sanoma Group's financial year is the calendar year.

The auditor's responsibility is to audit the correctness of the Group's accounting in the respective financial year and to provide an auditors' report to the General Meeting. In addition, Finnish law requires that the auditor monitors the lawfulness of the company's administration. The auditor reports to the Board of Directors at least once a year.

According to the Articles of Association, Sanoma shall have one auditor, which shall be an audit firm authorised by the Central Chamber of Commerce. The term of office of the auditor expires at the end of the next Annual General Meeting following the election.

According to the Finnish Auditing Act (2007/459), the aggregate duration of the consecutive terms of the person acting as the auditor in a public company may not exceed seven years.

In 2014, KPMG Oy Ab, with Virpi Halonen, Authorised Public Accountant, as Auditor in Charge acted as Sanoma's statutory auditor.

Insider Administration

Sanoma's insider regulations comply with the Insider Guidelines issued by Nasdaq Helsinki.