

Welcome to your CDP Forests Questionnaire 2023

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

At Sanoma, we impact the lives of millions of people every day. We work hard to equip the world with the highest-quality learning resources, independent media and local entertainment. In 2022, we operated in twelve European countries and employed more than 5,000 professionals. In 2022, our net sales amounted to approx. EUR 1.3 billion and our operational EBIT margin excl. PPA was 14.6%. Sanoma shares are listed on Nasdaq Helsinki.

Sanoma has two strategic business units: Sanoma Learning and Sanoma Media Finland. Sanoma Learning is one of the global leaders in K12 education, serving over 25 million students in 12 countries in 2022. Our learning products and services enable teachers to develop the talents of every child to reach their potential. We offer printed and digital learning materials as well as digital learning and teaching platforms for K12, i.e. primary, secondary and vocational education. We develop our methodologies based on deep teacher and student insight and by truly understanding their individual needs. By combining our educational technologies and pedagogical expertise, we create learning products and services with the highest learning impact. Sanoma Media Finland is the leading cross-media company in Finland, reaching 97% of all Finns weekly. We provide information, experiences, inspiration and entertainment through multiple media platforms: newspapers, TV, radio, events, magazines, online and mobile channels. We have leading brands and services, such as Helsingin Sanomat, Ilta-Sanomat, Aamulehti, Me Naiset, Aku Ankka, Nelonen, Ruutu, Supla and Radio Suomipop. For advertisers, we are a trusted partner with insight, impact and reach.

Sanoma has an ambitious strategy for sustainable, profitable growth. Sanoma's ambition is to grow its net sales to over 2 bn euros by 2030, with at least 75% of net sales coming from the learning business. Sanoma has conducted several major acquisitions during the past years. At the end of August 2022, Sanoma completed the acquisition of Pearson's K12 learning business in Italy.

Our Sustainability Strategy is designed to maximise our positive impact on society and to minimise our environmental footprint and climate impacts. Rigorous ethical principles and responsible business practices are fundamental to us. Safeguarding biodiversity protects wildlife populations and supports adaptation to climate change. As a sizeable paper purchaser, Sanoma acknowledges its responsibility to protect biodiversity and promotes responsible use of forest resources. All wood fiber used in Sanoma's newspapers, magazines and books is

expected to originate from FSC or PEFC certified and sustainable managed forests i.e. traceable, verified and legal sources. Sanoma continuously seeks to increase the share of certified fiber used in its paper products. Sanoma’s target is to only purchase paper made of certified fiber by the end of 2023 and the share of certified fiber in 2022 was over 94% (2021: 95%).

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	January 1, 2022	December 31, 2022

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

EUR

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization’s area of operation.

Timber products

Commodity disclosure

Disclosing

Stage of the value chain

Manufacturing

Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

Palm oil

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Cattle products

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Soy

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Rubber

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Cocoa

Commodity disclosure

This commodity is not produced, sourced or used by our organization

Other - Coffee

Commodity disclosure

This commodity is not produced, sourced or used by our organization

F0.5

(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported

Financial control

F0.6

(F0.6) Select the countries/areas in which you operate.

Belgium

Denmark

Finland

France

Germany

Italy

Netherlands

Norway

Poland

Spain

Sweden

United Kingdom of Great Britain and Northern Ireland

F0.7

(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F0.8

(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	FI0009007694

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Using as input into product manufacturing

Form of commodity

Paper

Source

Contracted suppliers (processors)

Country/Area of origin

Austria
 Belgium
 China
 Finland
 Germany
 India
 Italy
 Norway
 Poland
 Portugal
 Spain
 Sweden

% of procurement spend

6-10%

Comment

In 2022, we reported a EUR 458 million spend for materials and services, with EUR 42.7 million and 9.3% of this spend ($42.7/458 \times 100\% = 9.35\%$) related to paper and purchased printing. Forest-risk country India constitutes only under 1.2% of our paper supply. Our

paper supply from forest-risk countries is responsibly produced and originates from verified, traceable and FSC or PEFC certified sources. As a result of the war in Ukraine, Sanoma discontinued the sourcing of newsprint paper from Russia in February 2022.

F1.2

(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber products	51-60%	Sanoma is a learning and media company impacting the lives of millions of people every day. Sanoma’s revenue in 2022 was approx. EUR 1.3 billion. Sanoma has two strategic business units: Sanoma Learning and Sanoma Media Finland. Sanoma Learning enables teachers to excel at developing the talents of every child by offering printed and digital learning content as well as digital learning and teaching platforms for primary, secondary and vocational education. Sanoma Media Finland provides consumers with independent news and engaging entertainment through an unique cross-media position. Both businesses are dependent on paper, although moving fast towards digital. In 2022, around 60% of the Group's customers paid for a printed component either as a print-only product, such as a school book, newspaper or a magazine, or as part of a hybrid (print + digital) package, and therefore the availability of wood fiber from sustainably managed forests is a long-term key priority for Sanoma. The share of customers paying for print is based on an estimate as majority of both our learning and media offering is hybrid and the print/digital split is not followed separately in the management reporting. In 2022, Sanoma’s paper use was 70,900 tons and it grew by 9%, mainly driven by the increase in paper used in our learning business. In Learning, the use of book paper grew in-line with net sales and business growth and especially due to the acquisition of Sanoma Italy. In Media Finland, driven by the prevailing media trend of consumers moving from printed to hybrid and digital media products, comparable paper usage continued to decline. The use of digital solutions both in learning and media is increasing and in 2022 about 85% of the Group's end customers paid for a digital component either as part of a hybrid (digital + print) package or as a fully digital product.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

Data availability/Disclosure

Timber products	Consumption data available, disclosing
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F1.5a

(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.

Forest risk commodity

Timber products

Data type

Consumption data

Commodity production/ consumption volume

70,900

Metric for commodity production/ consumption volume

Metric tons

Data coverage

Full commodity production/consumption

Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

% of reported volume verified as deforestation- and/or conversion-free

Please explain

The data provided does not exclude any parts of Sanoma’s business or supply chain.

F1.5c

(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Any other countries/areas

State or equivalent jurisdiction

% of total production/consumption volume

98.8

Please explain

Following Sanoma's Paper Procurement Standard, the paper fiber used by Sanoma is sourced from PEFC and/or FSC -covered forest sources - either certified or controlled forest sources. No fiber comes from unknown sources. The wood sourcing countries used for Sanoma's purchased paper fiber are the following: Austria, Belgium, China, Finland, Germany, India, Italy, Norway, Poland, Sweden, Spain and Portugal. With a wide supplier selection Sanoma ensures availability of the supply. Sourcing from mainly nearby countries ensures better control of the paper origin and legality but also lowers the CO2 emissions from transportation. As a result of the war in Ukraine, Sanoma discontinued the sourcing of newsprint paper from Russia in February 2022.

Forest risk commodity

Timber products

Country/Area of origin

India

State or equivalent jurisdiction

Specify state/equivalent jurisdiction
Amritsar, Punjab

% of total production/consumption volume

1.2

Please explain

We have reported information of all forest commodities used by Sanoma. 1.2% of Sanoma's paper supply (total consumption volume originates) from forest risk countries listed in F1.1. Methods used to measure the % of total production or consumption from each location: Sanoma's purchase order system and direct information collected from suppliers. Paper fiber used by Sanoma also in forest risk countries is sourced from PEFC and/or FSC certified forest sources.

F1.6**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

F1.7

(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.

Forest risk commodity

Timber products

Have you monitored or estimated your deforestation/conversion footprint?

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

Coverage

Reporting deforestation/conversion since a specified cutoff date or during the last five years?

Known or estimated deforestation/ conversion footprint (hectares)

Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Tools and methods used

Internal company methods
National specific tools and databases
Other, please specify
FSC Global Forest Registry, PEFC Registry

Issues considered

Availability of forest risk commodities
Quality of forests risk commodities
Regulation
Climate change
Tariffs or price increases
Loss of markets
Brand damage related to forests risk commodities
Corruption
Social impacts

Stakeholders considered

Customers
Employees
Investors
NGOs
Regulators
Suppliers

Please explain

Forest risk assessment has a key role in Sanoma's risk assessment work as a significant share of our business relies on the availability of paper as a wood-based product. Sanoma's Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities and procedures, including biodiversity-, forest- and climate-related risks. Risk management is integrated in Sanoma's management, strategic planning and internal control system, and covers risk categories at Group, business units and entity levels. In addition to the formal risk management process, forest-related risks are assessed using internal company methods guided by our Paper Procurement Standard including commitments towards minimising biodiversity impacts through using certified wood fiber. These guidelines strengthen our biodiversity and climate strategy and its implementation towards suppliers. The target of forest risk management is to identify, evaluate risks, threats and opportunities that may influence strategy implementation and to meet short-, medium- and long term objectives. Forest-related risks are evaluated and mitigated as a part of annual negotiations with the suppliers by Sanoma's Procurement. In this evaluation, short-, medium- and long-term (0-1, 1-3 and 3-5 years) forest-related risks are evaluated throughout the value chain, suppliers report on their FSC or PEFC certifications and information of the origin of the paper is evaluated. In addition, we collect supplier information via national tools and databases by national forest organisations, research institutes and FSC and PEFC registry. We scan suppliers via a Know Your Counterparty

-tool for non-compliance with relevant legislative, regulatory and operating standards. In Sanoma’s own printing houses in Finland forest risks are included in the ISO 14001 assessment. Sanoma’s Paper Procurement Standard is approved by the President & CEO and updated regularly. Forest risk assessment is carried out by Sanoma Group. All paper suppliers sign an Frame Agreement with Sanoma. The Paper Procurement Standard and Frame Agreement are annexed to all paper procurement agreements together with Sanoma’s Supplier Code of Conduct. Continuous dialogue with paper suppliers help in anticipating changes in availability, certification, pricing and regulation.

F2.2

(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping
Timber products	Yes, we have mapped the entire value chain

F2.2a

(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).

Forest risk commodity

Timber products

Scope of value chain mapping

Own operations

Tier 1 suppliers

Tier 2 suppliers

% of total suppliers covered within selected tier(s)

100

Description of mapping process and coverage

Sanoma has 142 paper and print suppliers. In addition, Sanoma owns two printing houses, Tampere and Vantaa, in Finland, where we use paper that we source ourselves. There are no exclusions to the business or value chain mapping related to our paper or print suppliers. Forest-related issues are evaluated and risks mitigated by following the Sanoma Paper Procurement Standard as a part of annual paper negotiations with the paper suppliers hosted by Sanoma Procurement. In 2021, Sanoma updated the Standard to include also Sanoma’s climate-related requirements in addition to the origin and certification of paper fiber. For example, in 2022, negotiations with paper suppliers have included the evaluation of short-, medium- and long-term (0-1, 1-3 and 3-5 years) forest-related risks, suppliers’ reporting on their FSC or PEFC certifications (record certificates) and paper carbon profiles in addition to other sustainability efforts of the suppliers and information of the origin of the paper (location of paper production, availability). Sanoma also collects information via external sources,

such as the FSC registry, to verify supplier information. When setting up a supplier relationship, Sanoma scans new suppliers via its Know Your Counterparty -tool for non-compliance with relevant environmental legislative, regulatory, sanctions and operating standards. All paper and print suppliers also sign the Sanoma Supplier Code of Conduct committing to human rights, labour, environment and anti-corruption agreements.

Your own production and primary processing sites: attach a list of facility names and locations (optional)

Your suppliers' production and primary processing sites: attach a list of names and locations (optional)

F2.3

(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?

Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	
1	No, but we plan to in the next two years

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

Sanoma Enterprise Risk Management Policy defines Group-wide risk management principles, objectives, roles, responsibilities and procedures, including climate-related risks. The President & CEO supported by Executive Management Team is responsible for defining risk management strategies, procedures and setting risk management priorities. Strategic Business Units are responsible for identifying, measuring, reporting, and managing risks. Reporting of updated risk assessment results with related ongoing or planned mitigation actions is done to the Audit Committee and further to the Board of Directors twice a year. Financial impacts are categorised as annual decline of EBIT as follows:

- 1) Not significant EUR 0-1 million
- 2) Low EUR 1-5 million
- 3) Average EUR 5-20 million
- 4) High EUR 20-40 million
- 5) Very high over EUR 40 million

A substantial impact is considered annually by the Audit Committee in relation to the company's EBIT. In 2022, our EBIT was EUR 112 million. A substantial financial impact is an impact of EUR 20-40 million (high impact) or over EUR 40 million (very high impact) annual decline of EBIT.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased commodity prices

Primary potential impact

Change in revenue mix and sources

Company-specific description

The availability of certified fiber as a raw material for paper is an issue that has potential influence the price of supply, resulting in increased commodity prices for Sanoma.

Sanoma has two strategic business units: Sanoma Learning operating in 12 countries in Europe and Sanoma Media Finland operating in Finland. Both businesses are dependent on paper and with that indirectly of wood fiber, although digitalisation is accelerating in both businesses. In 2022, around 60% of customers paid for a printed component either as a print-only product (book, newspaper, magazine) or as part of a hybrid package. In 2022, Sanoma's paper use was 70,900 tons and it increased by 9% from 2021 due to the growth of the learning business driven mainly by an acquisition in Italy. The risk of increased commodity prices is followed and mitigated through frequent

negotiations with paper suppliers conducted by Group Procurement. Especially the availability of standard newsprint paper is followed closely, since newspapers published by Sanoma Media Finland are highly dependent on a limited number of suppliers. At the same time, digitalisation of the media business decreases use of paper and reduces paper-related risks. Following digitalisation, the use of newsprint paper declined by 20% and magazine paper by 7% in 2022. In 2022, already 85% of the Group's end customers paid for a digital component as part of a hybrid (digital + print) package or as a full digital product.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

More likely than not

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

4,300,000

Potential financial impact figure - maximum (currency)

8,600,000

Explanation of financial impact

The change in the market and pricing of forest commodities, following the war in Ukraine and energy crisis, has resulted in increased operating costs through higher prices. Sanoma's paper costs were about EUR 43 million in 2022. The price per paper tonne increased over 50 % in 2022. The financial impact of the risk of increased commodity prices is calculated by evaluating a potential further 10-20% rise in the paper prices, corresponding to an estimated range of the financial impact from EUR 4,3 million (EUR 43 million*0.1=EUR 4,3 million) to EUR 8.6 million (EUR 43 million*0.2=EUR 8.6 million). This estimation has been done by Sanoma's procurement team based on paper price forecasting. We estimate the potential financial impact to be at a level of medium for Sanoma and anticipate this risk of price increases to decrease in 2023 compared to 2022 with the energy-crisis slowing down and normalising the situation also in the paper market.

Primary response to risk

Engagement with suppliers

Description of response

Sanoma updates its procurement strategy on annual basis and evaluates potential market impacts of the costs and availability of paper. Potential risks are also followed

and mitigated through annual negotiations with suppliers conducted by Sanoma's Procurement. The risk of potentially rising prices is mitigated by diversifying paper supply, which also complements domestic materials, and diversifies overall risk of wood supply. Especially, the risk is closely followed in standard newsprint paper, where Sanoma Media Finland is highly dependent on one supplier. Sanoma also mitigates dependency on paper through transformation towards digital, and already 85% of all Sanoma's end customers pay for digital services. To mitigate the dependency on paper, Sanoma has invested in the transition to digital and cloud. At the same time, 60% of customers today buy a printed product, either solely or as part of hybrid (print + digital) package. To ensure the availability of printed newspapers in 2022, Sanoma decided to decrease the number of pages in its printed newspapers while discontinuing paper sourcing from Russia. This led to a 20% reduction of newsprint paper used in 2022.

Cost of response

2,650,000

Explanation of cost of response

In 2022, about 85% of the Group's end customers paid for a digital component either as part of a hybrid (digital + print) package or as a fully digital product. To ensure that customers are able to continue using our products, we continuously develop our product portfolio both in our learning and media businesses to ensure a hybrid experience. This helps to partially mitigate the risk related to the availability of paper and decreases our dependency on forest risk commodities. In 2022, Sanoma's capital expenditure amounted to EUR 53 million and the vast majority of it was related to tech development. During the year, EUR 5 million (included in the total capex) was used for learning platform harmonisation and during 2022-2025, an additional EUR 10 million will be used for developing digital platforms for secondary education. Of this total approx. EUR 53 million investment in 2022, we estimate that around 5% or EUR 2.65 million (EUR 53 million*0.05=EUR 2.65 million) was linked to responding to the risk of availability and price of forest commodities. This is a high level internal estimation, the capex is related to several other actions too and is not directed only on managing potential the risk following dependency of paper.

Forest risk commodity

Timber products

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Shifts in consumer preference

Primary potential impact

Brand damage

Company-specific description

As the global biodiversity crisis continues, protecting biodiversity is one of the top priorities for Sanoma's stakeholders in both learning and media businesses. Protecting biodiversity and active climate action are important for our stakeholders and for our operating companies in all 12 countries. Based on our overall view of the market, our stakeholders' views and our climate-related scenario analysis, especially our Finnish media business faces a 360-degree stakeholder demand regarding environmental practices. For example, according to our study on consumer preferences, already 67% of Finnish consumers prioritise sustainable products. Lack of active and transparent environmental action and for example unethical use of paper or use of non-certified fibers could impact Sanoma's reputation and lead to decreased trust in Sanoma and our products. This could lead to loss of customers and result in reduced demand particularly for our news media products in Finland. Trust in our environmental action as well as in the correctness of the content and the advertising provided in our media is key for both the consumers and B2B customers. Sanoma was ranked the 18th most valuable company brand in Finland in 2022 (source: Brand Finance). The impact of a damage in Sanoma's reputation on our learning business could be less significant than in the media business as in the 12 European countries where Sanoma offers learning products the company's operations operate under local brands.

Timeframe

1-3 years

Magnitude of potential impact

Low

Likelihood

About as likely as not

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact (currency)

4,500,000

Potential financial impact figure - minimum (currency)**Potential financial impact figure - maximum (currency)****Explanation of financial impact**

The Group's revenue in 2022 was 1,298 million euros, of which 53% came from the learning business and 47% from the media business. The potential financial impact of decreased revenues resulting from lower demand caused by reputational issues related to climate is estimated to be 0.5% of the revenue of Sanoma's media business and 0.2% of the revenue of the learning business totalling EUR 4.5 million

$((618 \times 0.005) + (681 \times 0.002))$). Therefore we estimate the potential financial impact to be low.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Sanoma mitigates this risk primarily by aiming to use responsibly produced, certified paper fiber with traceable origin. In 2022, 94% (2021: 95%) of paper fiber used by Sanoma originated from certified sources. Sanoma regularly collects direct feedback from the customers in both the learning and media businesses to understand changing customer needs and follow customer concerns on climate-and forest-related issues. In 2022, Sanoma continued implementing its Sustainability Strategy. Environmental issues are one of the six main topics in our strategy. In practice this means proactive cooperation with paper and printing suppliers, measuring and reporting results and developing our actions continuously to ensure we continue to minimise our impacts. In 2022, following our Sustainability Strategy, we for example invested in training and knowledge sharing on green claims especially within our B2B staff working with advertising. This development work is expected to increase awareness and knowhow around correct ways to use green claims and ensure the reliability of environmental advertising.

Cost of response

700,000

Explanation of cost of response

The cost to respond to the reputational risk has been evaluated to be around EUR 700,000 annually. This cost is calculated by estimating that the price of paper sourced from certified sources is around EUR 10 per tonne higher than for non-certified paper. Sanoma sourced around 70,900 tonnes of paper in 2022 (70,900 tonnes x EUR 10 = EUR 709,000). We have rounded this estimate to EUR 700,000. In addition, Sanoma invests annually in the implementation of its Sustainability Strategy.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber products	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Increased brand value

Company-specific description

Growing awareness and evidence of the biodiversity crisis and climate change drive changes in consumer behavior. For Sanoma, the ongoing transformation towards low-carbon economy together with our business transforming from print to digital services both in learning and in media businesses provides opportunities to stand out positively with active environmental action. International consulting company Brand Finance has listed Sanoma to be one of the most valuable company brands in Finland. Sanoma ranked 18th being the only media company in the top 25. Sanoma Media Finland did a study on consumer preferences in spring 2021 and a follow up survey in 2022 which revealed that already 67% of consumers prioritise sustainable products in consumer decisions. Through our media, we reach 97% of Finns. By investing in rigorous environmental action and for example the use of certified paper, Sanoma invests in the opportunity of increased customer trust. Even though our business as a learning and media company is not highly carbon-intensive, all companies face increasing stakeholder demand regarding their environmental practices. The general opinion on paper products is also relevant for Sanoma, since in 2022, around 60% of the Group's customers paid for a printed product, either as a print-only product such as a school book, newspaper or a magazine or as part of a hybrid (print + digital) package.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Sanoma's revenue was EUR 1,298 million at the year-end 2022. Sanoma's long-term financial targets are a 2-5% comparable net sales growth in Sanoma Learning and a +/- 2% comparable net sales growth in Sanoma Media Finland. Calculating the annual potential financial impact figure for this opportunity is challenging but we estimate that environmental and climate-related actions could result in increased demand for our products and thus grow our revenue slightly, by 0.2%. This would result in a EUR 2.5 million ($1,298 \times 0.002 = 2.5$) impact. Therefore we estimate the potential financial impact to be low. Increasing the amount of environmental and climate-related content in our media and learning products and services could result in growing our revenue through stronger customer demand towards our products while also improving our sustainable finance opportunities and our position in ESG ratings.

Cost to realize opportunity

700,000

Strategy to realize opportunity

Sanoma's strategy to realise this opportunity focuses around its Sustainability Strategy and implementing our targets to ensure all paper fiber used by Sanoma originates from certified and traceable sources. The investment of around EUR 700,000 annually is calculated by estimating that the price of paper sourced from certified sources is around EUR 10 higher per tonne than non-certified paper. Sanoma sourced 70,900 tonnes of paper in 2022 (70,900 tonnes x EUR 10 = EUR 709,000). At the year-end 2022, 94% (2020: 95%) of paper used by Sanoma originated from certified sources. Sanoma's centralised Procurement function is responsible for paper and print related procurement and strategy implementation and the assessment of risks and opportunities related to forest commodities in-line with the internal company methods guided by our Paper Procurement Standard. The standards strengthen our biodiversity and climate strategy and implementation towards suppliers. The target of our forest risk management is to identify and evaluate risks, threats and opportunities that may influence our strategy implementation and meeting of our short-, medium- and long-term (0-1, 1-3 and 3-5 years) objectives. Forest-related risks and opportunities are evaluated and mitigated as a part of annual negotiations with the suppliers by the Sanoma Procurement. In this evaluation, short-, medium- and long-term forest-related risks are evaluated throughout the value chain, suppliers report on their FSC or PEFC certifications and information of the origin of the paper is evaluated. In addition, we collect supplier information via national tools and databases by national forest organisations, research institutes and FSC and PEFC registry. We scan all suppliers via a Know Your Counterparty -tool for non-compliance with relevant environmental legislative, regulatory and operating standards. In Sanoma's own printing houses in Finland forest risks are included in the ISO 14001 assessment. Sanoma's Paper Procurement Standard is approved by the President & CEO and updated regularly and annexed to all paper procurement agreements together with Sanoma's Supplier Code of Conduct. Continuous dialogue with paper suppliers helps in anticipating changes in the availability, certification, pricing and regulation of forest commodities.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual or committee	Responsibilities for forest-related issues
Board-level committee	The Audit Committee acts as Sanoma's Sustainability Committee and supports the Board of Directors, for example, in reviewing Sanoma's sustainability reporting and progress as well as monitoring the Sustainability strategy including environmental targets. In 2022, the Audit committee focused on specific sustainability topics in two deep dives. It for example approved Sanoma's updated climate targets to align them with the Science Based Target initiative guidelines and Paris agreements 1.5 degree goal. The Audit Committee is also responsible for reviewing Sanoma's annual Sustainability Report, which includes Sanoma's climate reporting according to the GHG Protocol, GRI guidelines and Task Force on Climate Related Disclosure reporting including the climate-related risk assessment.
President	The President and CEO is responsible for overseeing sustainability and climate-related issues, supported by the Executive Management Team (EMT). The President & CEO is responsible for the strategic approach to sustainability, managing sustainability development and monitoring how sustainability is reflected in the business units. Together with the business units and Group functions (for example Procurement and Sustainability teams), the President & CEO and the Executive Management Team develop annual strategic guidelines and targets related to the Sanoma Sustainability Strategy as well as approve major sustainability projects. The EMT proposes the annually strategic sustainability topics to the Board for approval and reports on sustainability progress to the Audit Committee. In 2022, together with the EMT, the President & CEO for example approved Sanoma's sustainability report and updated our climate targets to align them with the Science Based Target initiative guidelines.

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

Frequency that forests-related issues are a	Governance mechanisms into which forests-	Please explain
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	scheduled agenda item	related issues are integrated	
Row 1	Scheduled - some meetings	Overseeing acquisitions, mergers, and divestitures Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	<p>Sanoma’s Board of Directors approves strategic sustainability guidelines, including forest-related issues and reviews and monitors the Group’s sustainability development and performance. In 2022, the Audit committee had a deep-dive into sustainability in two of its meetings, in addition to regular agenda items, such as updates on the progress of the Sustainability strategy and review of Sanoma’s Sustainability Report, including biodiversity-related targets and results.</p> <p>According to Sanoma’s Risk Policy, the Audit Committee is responsible for reviewing enterprise risks at least twice a year in a risk map reported by the management. The Audit Committee evaluates sustainability and biodiversity-related risks as part of this risk assessment process. The President & CEO is also responsible for the strategic approach to biodiversity-related issues and sustainability, managing sustainability development and monitoring how sustainability is reflected in the business units. Together with the business units and Group functions (for example Procurement and Sustainability teams), the President & CEO and the EMT develop annual strategic guidelines and targets for the Sanoma Sustainability Strategy as well as approve major sustainability projects. The EMT proposes the annual strategic guidelines to the Board for approval and reports on the sustainability progress to the Audit Committee.</p>

F4.1d

(F4.1d) Does your organization have at least one board member with competence on forests-related issues?

Row 1

Board member(s) have competence on forests-related issues

Yes

Criteria used to assess competence on forests-related issues

The new member elected to the Board in the 2021 Annual General Meeting strengthened the Board’s competence and experience especially in different aspects on sustainability and sustainable business. The competences were assessed based on the educational and professional background and personal interests.

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Managing major capital and/or operational expenditures, related to low-impact forest products or services (including R&D) Integrating forests-related issues into business strategy Setting forests-related corporate targets	Quarterly	The President & CEO is responsible for overseeing, reviewing and guiding sustainability, including forest-related issues, supported by the Executive Management Team (EMT). The President & CEO is responsible for the strategic approach to forest-related issues and sustainability, managing sustainability development and monitoring how sustainability is reflected in the business units. Together with the business units, the President & CEO and the EMT develop annual strategic guidelines and targets for the Sanoma Sustainability Strategy as well as approves major sustainability projects. The EMT proposes the annual strategic guidelines to the Board for approval and reports on sustainability progress to the Audit Committee. In 2022, together with the EMT, the President & CEO for example approved Sanoma’s Science Based Targets for climate action, which relate to paper usage directly, as paper supply is one

			of significant sources of GHG emissions for Sanoma.
Chief Procurement Officer (CPO)	<p>Managing annual budgets relating to the implementation of forest-related policies and commitments</p> <p>Managing major capital and/or operational expenditures, related to low-impact forest products or services (including R&D)</p> <p>Managing forests-related acquisitions, mergers, and divestitures</p> <p>Integrating forests-related issues into business strategy</p> <p>Setting forests-related corporate targets</p>	Quarterly	<p>Forest-related issues are a part of the responsibilities of Sanoma’s Procurement. The Chief Procurement Officer (CPO), reporting to the CFO, member of the EMT, is responsible for the management and implementation of paper purchasing, monitoring the price, availability and sustainability of the materials. The CPO together with the Paper and Print procurement team implements our requirements to suppliers via Sanoma’s Paper Procurement Standard and the Supplier Code of Conduct, which form an important component of the procurement and purchasing framework, including supplier selection, evaluation and performance appraisal. All new supplier engagements initiated via Sanoma’s source-to-contract solution incorporate the Supplier Code of Conduct as a mandatory step for successful selection. The Supplier Code of Conduct is part of Sanoma’s standard contractual framework and general terms of purchase. In addition, all paper suppliers are expected to comply with the Paper Procurement Standard. In 2022, Sanoma hosted a Supplier Day to its key paper and print suppliers to introduce our climate-related and environmental targets and requirements and discuss with suppliers how to cooperate in mitigating GHG emissions. During 2023 and beyond, we are focused on building long-term</p>

			cooperation and transparency with our supplier base to reduce greenhouse gas (GHG) emissions and to increase fact-based decision making as a basis for our climate action.
Procurement manager	<p>Managing annual budgets relating to the implementation of forest-related policies and commitments</p> <p>Integrating forests-related issues into business strategy</p> <p>Setting forests-related corporate targets</p> <p>Monitoring progress against forests-related corporate targets</p> <p>Managing value chain engagement on forests-related issues</p> <p>Assessing forests-related risks and opportunities</p> <p>Managing forests-related risks and opportunities</p> <p>Assessing future trends in forest risk commodity demand</p>	Quarterly	Sanoma’s dedicated Paper and Print Procurement Team, led by the Procurement Category Manager reporting to the CPO is responsible for implementing Sanoma’s Paper Procurements Guidelines, developing cooperation with paper and print suppliers and maintaining risk management as part of annual paper procurement negotiations. In 2022, the Paper and Print Category Manager for example was operationally responsible for implementing Sanoma’s Paper Procurement Guidelines, which included origin, certification, biodiversity- and climate-related requirements. In addition, the Procurement Manager leads Sanoma’s quarterly negotiations with paper suppliers, including ensuring certifications and paper carbon profile information.
Chief Sustainability Officer (CSO)	<p>Integrating forests-related issues into business strategy</p> <p>Setting forests-related corporate targets</p> <p>Monitoring progress against forests-related corporate targets</p>	Quarterly	The Chief Sustainability Officer (CSO) and the Sustainability Team are responsible for supporting and cooperating with Sanoma Procurement and businesses in implementing Sanoma’s Sustainability Strategy. For example during 2022, the CSO was responsible for the operational execution and reporting of the Sanoma

	<p>Managing public policy engagement that may impact forests</p> <p>Assessing forests-related risks and opportunities</p> <p>Assessing future trends in forest risk commodity demand</p>		<p>Sustainability Strategy, including presenting the results for approval for the Audit Committee (Sanoma’s sustainability committee) and Board. This work included managing environmental issues, developing targets, collecting and reporting data and developing practices together with Sanoma’s Procurement responsible for paper purchasing.</p>
Environment/Sustainability manager	<p>Integrating forests-related issues into business strategy</p> <p>Monitoring progress against forests-related corporate targets</p> <p>Assessing forests-related risks and opportunities</p> <p>Assessing future trends in forest risk commodity demand</p>	Quarterly	<p>Sanoma’s Sustainability Team, including the Sustainability Manager, cooperates with Procurement to develop Sanoma’s forest-related practices and to monitor and report the development. In 2022, the Sustainability Manager for example supported Sanoma’s Procurement in reporting Sanoma’s forest related KPIs and in planning and presenting on the topic in Sanoma’s Supplier Day for print and paper suppliers.</p>

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	<p>Sanoma’s Procurement Team is incentivised to implement the paper category strategy, which includes Sanoma’s sustainability- and forest-related targets.</p> <p>The Chief Sustainability Officer’s (CSO) and the Sustainability Team’s annual financial incentives are directly linked to Sanoma’s Sustainability Strategy. In 2022, the team was incentivised to support the Procurement function in reporting against Sanoma’s Sustainability</p>

		Strategy’s forest-related targets . Also, in 2022, a part of the short-term incentives of the CSO and the Sustainability Team were linked to updating Sanoma’s GHG emission targets to align them with the Science Based Target initiative guidelines. This project also included engagement with Sanoma’s Procurement team and paper suppliers.
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F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization’s forests-related commitments	Please explain
Monetary reward	Chief Procurement Officer (CPO) Chief Sustainability Officer (CSO) Chief Purchasing Officer (CPO)	Ending deforestation and/or conversion of other natural ecosystems Increasing commodity volumes with credible third-party certification Increased supply chain mapping	Sanoma’s performance indicators support in achieving our Sustainability Strategy target of using only certified paper fibre and ensuring we minimise our environmental impacts. These incentives are also in line with our near-term science-based climate target, which forms a part of our climate transition plan. These incentives support our commitment to reduce 38% of GHG emissions throughout our supply chain by 2030 compared to a 2021 baseline. Supported by these incentives and the actions related to them, Sanoma was able to reduce Scope 1 and 2 emissions by 7% in 2022 compared to 2021 and by 8.2% in Scope 3 compared to 2021. Sanoma’s target is to only purchase paper made of certified fiber by the end of	The CPO is responsible for Sanoma’s annual paper category strategy, including risk and opportunity management and reporting in 2022. The Paper and Print team members’ were incentivised for developing Sanoma’s forest-related strategy, risk and opportunity management including paper certification and reporting further, and for cooperating with the Sustainability Team. 10% of the team members’ annual short-term incentives at the target level were linked to personal performance targets related to Sanoma’s forest-and climate targets. Also, the CSO’s annual financial incentives are linked to Sanoma’s Sustainability Strategy. In 2022, 5% of the CSO’s annual short-term incentives at the target level were linked to personal performance

			<p>2023 and the share of certified fiber in 2022 was over 94% (2021: 95%). This indicator has been chosen because paper certification support efforts to end deforestation through several mechanisms. Despite not reaching our target yet, these incentives support Sanoma’s procurement to review the status of our paper certification target quarterly and take initiative to reach our target.</p>	<p>targets on improvement in certain ESG ratings, incl. the CDP. Members of the Sustainability Team were in addition incentivised on the development of Sanoma's climate and forest-related work. 30% of the Sustainability Manager’s annual short-term incentives at the target level were linked to personal performance targets on improvement in certain ESG ratings, incl. the CDP as well as on updating Sanoma's climate targets and aligning them with the SBTi. Also, Sanoma Media Finland’s Operations Directors who are responsible for production and logistics in our owned printing houses, have an incentive to reduce paper waste.</p>
Non-monetary reward	Chief Sustainability Officer (CSO) Other C-suite Officer	Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score)	<p>Sanoma’s performance against sustainability indexes, which include forest-related factors (amount of paper used, certification rate of paper, management of forest-related risks, opportunities and impacts), is linked to forest-related KPI’s in Sanoma’s Sustainability Strategy. Good ratings ensure Sanoma is a trustworthy and interesting investment and also give a third-party opinion on our action. For example, on 2022, Sanoma’s CDP Forest was a stable B and our CDP Climate rating</p>	<p>Sanoma participates annually in several ESG - ratings (CDP, MSCI, Sustainalytics, ISS ESG) and strives to develop these ratings through transparent and timely reporting of the sustainability strategy implementation. These scores offer positive recognition to Sanoma, including the Board of Directors and the Executive Management Team. In 2022, the Sustainability Team members were for example incentivised to raise Sanoma’s CDP Climate rating to an A-</p>

			improved to an A-. We have seen this positive development reflected in the interest of investors towards Sanoma and expect good performance to benefit Sanoma also in the future.	
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F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

Yes (you may attach the report – this is optional)

 sanoma_corporation_annual_report_2022.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

Yes, we have a documented forests policy, but it is not publicly available

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

Row 1

Scope

Company-wide

Commodity coverage

General forests policy covering all commodities

Content

- Commitment to eliminate conversion of natural ecosystems
- Adoption of the UN International Labour Organization principles
- Commitment to take action beyond own supply chain to tackle environmental issues
- Commitment to resolving both social and environmental issues in own operations and supply chain
- Commitment to protect rights and livelihoods of local communities
- Commitments beyond regulatory compliance
- Commitment to transparency
- Commitment to stakeholder awareness and engagement
- Commitment to align with the SDGs
- Recognition of the overall importance of forests and other natural ecosystems

Document attachment

Please explain

Sanoma’s Paper Procurement Standard was last updated in 2021. The Standard covers all Sanoma’s businesses and outlines Sanoma’s principles in paper procurement. It is annexed to all paper procurement agreements together with the Sanoma Supplier Code of Conduct. As a major paper purchaser, Sanoma acknowledges its responsibility to the environment and promotes the responsible use of forest resources. Purchasing certified products such as paper offers a mean to favour sustainable forest management. The Standards ensure that the paper Sanoma purchases has been produced responsibly. Basic guidelines for Sanoma’s paper procurement are:

- All paper supplied to Sanoma must be made of wood from legal sources.
- All wood used in the papers supplied to Sanoma must be of traceable and verified origin.
- All suppliers must respect human rights and rights at work and comply with labour standards and related international agreements.
- Sanoma favours suppliers with certified environmental management system ISO 14001.
- In its procurement, Sanoma favours paper products made of certified fibre (FSC or PEFC).

The above principles govern Sanoma Corporation and its subsidiaries (“Sanoma” or “the Group”). Paper Procurement Standard and changes to it are approved by the President and CEO of Sanoma Corporation. Sanoma updates these standard regularly, when needed. The last update in 2021 developed the standard further to support Sanoma’s climate-related targets.

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Forest risk commodity	Public commitments made
Timber products	No

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

Are forests-related issues integrated?	Long-term time horizon (years)	Please explain

Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>Sanoma's long-term strategy is to grow our K12 learning business by growing our market share in current operating countries and through acquisitions in current and new markets. Our high-quality learning products and services enable teachers to develop the talents of every child to reach their full potential. We offer printed and digital learning content as well as digital learning and teaching platforms for primary, secondary and vocational education. Our strategy in the Finnish media business is to continue stable organic revenue development by providing independent journalism and engaging entertainment for generations to come. Forest-related issues are integrated into our long-term strategy and business objectives, since especially in our learning business we rely on the availability of paper fiber for our school books. In addition, in our media business our newspapers and magazines rely on availability of high-quality and sustainably produced paper fiber. In both businesses one of the prevailing trends is digitalisation, which is progressing in varying pace in different markets. In the learning business, digitalisation is a stable, long-term trend often based on a hybrid (print + digital) model. We support the trend e.g. through a subscription-model, which is growing in several of our markets. The subscription model relies on a hybrid package (combination of digital and printed product), in which the printed products are made with lower paper grammages. In the media business in Finland, driven by the trend of media consumers shifting from printed to hybrid/digital media products, the demand of digital media products increases while demand for printed media decreases. As a result, Sanoma's paper use is already decreasing resulting also in cost savings. However, due to expected organic growth and acquisitions in the learning business, we may see an increase in total paper consumption, while the use of paper in relation to net sales could be somewhat decreasing. To support our long-term business objectives, Sanoma invests in digitalisation and transition to cloud to improve operational flexibility and availability of services and to decrease costs.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>Sanoma's ambition is to grow its net sales to over 2 bn euros by 2030, with at least 75% coming from the learning business. Sanoma has conducted several major acquisitions within the European K12 learning industry during the past years. Our long-term organic growth targets are 2-5% in learning and of +/- 2% in our media</p>

			<p>business. At the end of August 2022, Sanoma completed the acquisition of Pearson’s K12 learning business in Italy. In 2022, around 60% of the Group’s customers paid for a printed component either as a print-only product such as a school book, newspaper or a magazine or as part of a hybrid (print + digital) package. Therefore the availability of wood fibre from sustainably managed forests is a long-term key priority for Sanoma. In 2022, the amount of paper used by Sanoma grew by 9% due to the acquisition and organic growth in the learning business. As a result, use of book paper grew by 71%. In the media business, the use of newsprint paper declined by 20% and magazine paper by 7% driven by the prevailing media trend of consumers shifting from printed to hybrid or digital media products. The use of digital solutions both in learning and media is increasing and in 2022 about 85% of the Group’s customers paid for a digital component either as part of a hybrid (digital+print) package or as a fully digital product.</p> <p>Driven by the digitalisation, the demand of digital media products increases while demand for printed products decreases and Sanoma Media Finland is already advanced in its digital transformation. Due to the growth strategy in our K12 learning business, the amount of paper used will be dependent on the size of potentially acquired learning businesses and the degree of digitalisation. All in all, we expect the Group to continue to be dependent on paper in the long-term.</p> <p>To update its Sustainability Strategy, Sanoma conducted an extensive employee, management and customer engagement in 2020, and published its clarified sustainability targets in 2021. In 2022, we continued to implement this strategy including forest-related targets, such as using responsibly produced certified paper and mitigating GHG emission throughout the value chain to reach carbon neutrality by 2030. In addition, we updated our emission reductions targets to Science Based Targets in Dec 2022.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	Our long-term organic growth targets of 2-5% in learning and of +/- 2% in our media business and the financial planning behind these targets takes into consideration forest-related aspects. As Sanoma’s ambition is to grow sales to over 2 bn euros by 2030, with at least 75% coming from the learning business, the availability and

		<p>price of certified paper is key for our financial planning, in addition to our climate- and environmental targets. At the end of 2022, around 60% of the Group's customers paid for a printed component either as a print-only product such as a school book, newspaper or a magazine or as part of a hybrid package. Paper fiber is a key raw material for this offering and therefore the availability and the cost of paper fiber has an impact in the group's financial result. To mitigate risks and ensure availability of sustainable supply, Sanoma negotiates with paper suppliers 1-4 times a year. In 2022, Sanoma's paper costs were EUR 43 million and grew remarkably compared to 2021. In 2022, we saw some paper-related risks described above realise due to spikes in energy prices in Europe following the war in Ukraine. This resulted in a significant over 50% increase in paper prices per paper tonne. We anticipate this risk to decline in 2023 and beyond with lower energy prices normalising the situation also in the paper market. Financially we still see a risk of short-term price spikes due to the lowering number of paper suppliers and paper mills shutting down. This can lead to lower availability of paper fiber and price imbalance, which we expect to be short-term as also demand for paper fiber is declining. To mitigate dependency on paper commodities and support our transition to digital, Sanoma has an annual EUR 100+ million spend in tech and content, of which EUR 53 million is used for tech development. In 2022, we used about EUR 5 million in platform harmonisation in Sanoma Learning and EUR 10 million in digital platforms for secondary education.</p>
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F6. Implementation

F6.1

(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Year target was set

2020

Target coverage

Company-wide

Target category

Third-party certification

Metric

% of volume third-party certified

Traceability point

Third-party certification scheme

FSC (any type)

PEFC (any type)

Base year

2020

Base year figure

85

Target year

2023

Target year figure

100

Reporting year figure

94

% of target achieved relative to base year [auto-calculated]

60

Target status in reporting year

Underway

Is this target linked to a commitment?

Other environmental commitments

Please explain

Sanoma continuously seeks to increase the amount of certified fiber in its paper products. Sanoma’s goal is that by 2023, all wood fibre in the paper qualities used by Sanoma originates from trusted certified sources, like FSC or PEFC. In 2022, 94% (2020: 85%) of Sanoma’s paper supply originated from certified sources.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions
Timber products	Yes		Sanoma has a traceability systems in place to ensure that we know the origin of purchased paper fiber. Sanoma screens all new key suppliers through a Know Your Counterparty (KYC) process. All paper suppliers sign an Frame Agreement with Sanoma once they become our supplier. The Frame Agreement includes Sanoma’s Paper Procurement Standard, which are annexed to all of the suppliers paper procurement agreements together with Sanoma’s Supplier Code of Conduct. The Standards are used to guide suppliers so that paper used by Sanoma is produced responsibly and originates from traceable and verified sources. 94% of wood fiber in the paper qualities used by Sanoma originated from certified sources (FSC or PEFC certified) in 2022. Forest-related risks are evaluated and mitigated by following the Paper Procurement Standard as a part of annual negotiations with the suppliers by Sanoma Procurement. In this evaluation short-, medium- and long-term (0-1, 1-3 and 3-5 years) forest-related risks are evaluated, suppliers report on their FSC or PEFC certifications and also other sustainability efforts. Also information of the origin of the paper is evaluated as a part of these negotiations. In addition, Sanoma collects the information of the origin of paper via its purchase order system, in which suppliers report for example the transport information off paper. Via this system we can therefore also track the location of paper. We also have an open grievance mechanism	Not applicable

			(Sanoma-WhistleB) that allows complaints to be sent to us in confidence with regards to alleged non-compliance with our policies.	
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F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Forest management unit	Austria Belgium China Finland Germany India Italy Norway Poland Portugal Spain Sweden	100

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	94

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

94

Form of commodity

Paper

Volume of production/ consumption certified

66,664

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

94% of the paper fiber used by Sanoma in its products comes from traceable forest sources and covered by PEFC and/or FSC certification. Globally only 10-11% of forests are certified. Achieving 100% certified paper fiber coverage is challenging. We have taken actions in 2022 to improve the third-party certification system: As a part of implementing Sanoma's Paper Procurement Standard, certification is stressed and certificates evaluated as a part of annual negotiations with paper suppliers.

Forest risk commodity

Timber products

Third-party certification scheme

PEFC (any type)

Chain-of-custody model used

% of total production/consumption volume certified

94

Form of commodity

Paper

Volume of production/ consumption certified

66,664

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

94% of the paper fiber used by Sanoma in its products comes from traceable forest sources covered by PEFC and/or FSC certification. Globally only 10-11% of forests are certified. Achieving 100% certified paper fiber coverage is challenging. We have taken actions in 2022 to improve the third-party certification system: As a part of implementing Sanoma’s Paper Procurement Standard, certification is stressed and certificates evaluated as a part of annual negotiations with paper suppliers.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

A system to control, monitor or verify compliance	
Timber products	Yes, we have a system in place for our no conversion and/or deforestation commitments

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations
Supply chain

Description of control systems

We actively monitor our suppliers to assess the progress, and to identify and address non-compliance, according to the Sanoma’s Paper Procurement Standard and the Supplier Code of Conduct annexed to all paper procurement agreements. The aim is to ensure that paper used by Sanoma is produced responsibly and originates from traceable and verified sources through the FSC and PEFC certificates suppliers that are verified by a third-party. Sanoma reviews the origin of the supply on annual basis and communicates the way of working to suppliers if non-compliance would occur. Sanoma responses to supplier non-compliance first with discussions with the suppliers and guidance towards becoming compliant. If the supplier does not show action towards compliance, we would suspend the supplier until they are compliant again. We also have an open grievance mechanism (Sanoma-WhistleB) that allows complaints to be sent to us in confidence with regards to alleged non-compliance with our policy.

Monitoring and verification approach

Third-party verification

% of total volume in compliance

91-99%

% of total suppliers in compliance

91-99%

Response to supplier non-compliance

- Retain & engage
- Suspend & engage

% of non-compliant suppliers engaged

<10%

Procedures to address and resolve non-compliance with suppliers

- Developing time-bound targets and milestones to bring suppliers back into compliance
- Providing information on appropriate actions that can be taken to address non-compliance
- Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

We monitor our supply chain on a regular basis to follow the current state and engage with suppliers to ensure compliance. Our open grievance mechanism (Sanoma-WhistleB) is public for anyone to report, and the messages from the Sanoma-WhistleB - system are monitored and responded on a regular basis by the CLO and CIAO, documented quarterly and reported to the management. Verifications of third party certification are checked on an annual basis. Verifications of third party certification are checked on an annual basis by checking the FSC Certificate database for compliance.

As a result of the war in Ukraine, both the PEFC and FSC registries have decided that fibers and paper originating from Russia are no longer considered certified. This is an extreme example of supplier non-compliance. Due to the war, Sanoma has discontinued the sourcing of newsprint paper from Russia in February 2022.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

Assess legal compliance with forest regulations	
Timber products	Yes, from suppliers

F6.6a

(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

1.2% of Sanoma’s paper supply originates from India. Sanoma Supplier Code of Conduct (SCoC) annexed to our supplier frame agreement ensures legal compliance with applicable laws of the country. By complying to Sanoma’s Supplier Code of Conduct, the suppliers commit to ethical conduct, full compliance with all applicable national laws and international treaties, and respect for human rights ensuring a safe and healthy working environment and treating employees in a fair and equal manner. We monitor and engage with the key suppliers on a regular basis and as a part of this process also evaluate compliance with the SCoC and also with forest regulation, since also compliance with Sanoma Paper Procurement Standard is checked. In addition, Sanoma’s Know Your Counterparty (KYC) process identifies the risk of doing business with third parties by looking at their activities and legal compliance. The process includes anti-bribery, sanctions and other due diligence checks. Systematic KYC checks are carried out during the year by Group Procurement and Legal. In addition, our open grievance mechanism (Sanoma-WhistleB) is public for anyone to report and the messages from the Sanoma-WhistleB system are monitored and responded on a regular basis, documented quarterly and reported to the management. Verifications of third party certification are checked on an annual basis by checking the FSC Certificate database for compliance.

Country/Area of origin

India

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Please explain
Timber products	Not applicable	Sanoma does not engage with the forest-related communities or local smallholders or purchase wood directly as it purchases all paper through its tier 1 paper suppliers, Sanoma expects commitment to ethical and responsible business conduct from its paper suppliers, following the Sanoma’s Supplier Code of Conduct and Paper Procurement Standard implemented as a part of all supplier agreements.

F6.8

(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working with direct suppliers?

Yes, working with direct suppliers

Action(s) on forests-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Capacity building

Details of engagement

Supplier questionnaires on environmental and social indicators

Description of engagement

Sanoma has over 12,000 suppliers ranging from small local content providers to large corporations. About 7% of these suppliers have an annual spend above EUR 100,000 and are considered key suppliers from a managed spend point of view. In 2022, we spent EUR 458 million in materials and services, and EUR 101.2 million or 22% of this spend ($101.2 \times 100 / 458 = 22\%$) was related to paper and purchased printing. Our supplier information collection (questionnaires on environmental and social indicators) and supply chain mapping activities are based around our paper and printing suppliers, since these suppliers have the most significant impact on both our paper certification goals and supplier-related GHG emissions. In 2022, we collected information from over 140 paper and printing suppliers. Supplier-related information plays a key role in achieving our Scope 3 science-based emission reduction target and our target for paper certification. The information collected from suppliers to report emissions data and reduction progress will not only encourage progress on GHG emissions management but also allows measurement of absolute emissions reductions. In addition to information collection, we have taken several initiatives to engage with the suppliers. The initiatives include a campaign letter to all key suppliers informing them about Sanoma's climate targets and challenging them to join our journey towards a low-carbon economy. In April 2022, we organised a Supplier Day for our key paper and print suppliers on sustainability and climate action to encourage suppliers to measure their climate footprint, set Science Based Targets and a short-term target to transition to renewable energy. Following the Supplier Day, we have continued the engagement via category specific actions. In-line with our Paper Procurement Standard annexed to all paper purchasing agreements, measuring and managing the suppliers' paper carbon profiles has been included into our quarterly paper negotiations. With the printing suppliers, we have continued to develop ways to compare our suppliers from a CO₂

point of view. Sanoma favours suppliers who are setting ambitious energy and SBTi emission reduction targets to transition towards a low-carbon future. We also follow-up our key suppliers' climate targets to develop our climate-related scenarios.

% of suppliers engaged by procurement spend covered by engagement

22

Explain the impact of your engagement on the selected action

Reducing emissions can support efforts to end deforestation through several mechanisms, although it's important to note that addressing deforestation requires a multifaceted approach, including efforts to reduce emissions, enforce forest protection, support local communities, and promote sustainable land-use practices. The largest drivers of deforestation are often activities that contribute to greenhouse gas emissions, such as logging, and infrastructure development. By reducing emissions from these activities, such as promoting renewable energy, the pressure on forests can be alleviated. Deforestation is a significant contributor to global greenhouse gas emissions, accounting for roughly 10% of annual emissions worldwide. Forests act as carbon sinks, absorbing and storing large amounts of carbon dioxide from the atmosphere. By reducing emissions from other sectors and mitigating climate change, we can help preserve existing forests and protect them as crucial carbon sinks. Also, paper certification, specifically in the context of forest management, can play a role in mitigating deforestation and the conversion of other ecosystems through several mechanisms. Paper certification schemes, such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), provide standards and guidelines for sustainable forest management. These certifications encourage responsible practices that prioritise biodiversity conservation, ecosystem preservation, and the rights of indigenous communities. In 2022, all Sanoma's printing suppliers use certified wood fibers. Sanoma continuously seeks to increase the share of certified fiber used in its paper products. Sanoma's target is to only purchase paper made of certified fiber by the end of 2023 and the share of certified fiber in 2022 was over 94% (2021: 95%).

Is this engagement helping your suppliers engage with their suppliers on the selected action?

Unknown

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)

Target 1

F6.9

(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.

Forest risk commodity

Timber products

Are you working beyond first tier?

Yes, working beyond first tier

Action(s) on forest-related issues driven by engagement

Ending deforestation and/or conversion of other ecosystems

Type of engagement

Supply chain mapping

Details of engagement

Supplier questionnaires on environmental and social indicators

Description of engagement

Sanoma engages with tier one paper and print suppliers directly in negotiations 1-4 times a year, collecting beyond tier 1 supplier information about paper certification and especially forest-risk country information. In 2022, we engaged with all our paper and print suppliers in negotiations. In addition, we hosted a Supplier Day for all paper, print and direct material suppliers in May 2022 to communicate and discuss especially our environmental and climate targets and actions.

Ensuring a sustainable supply chain begins by selecting suppliers that meet our requirements. Our Know Your Counterparty (KYC) process identifies possible third party non-compliance and includes human rights, anti-bribery, corruption, sanction regulation and due diligence checks. In addition to conducting risk assessments as part of our supplier selection, we conduct continuous risk assessments covering our existing supplier base. Sanoma requires all supplier to commit to Sanoma's Supplier Code of Conduct and Sanoma's Paper Procurement Standard, the requirements extending also to each supplier's value chain. When choosing printing suppliers, we review the readiness of the suppliers of magazine and book printing to use certified paper fiber (e.g. Chain of Custody), evaluate the suppliers' climate and energy targets and request for information on environmental management systems. As a part of annual supplier engagement with printing suppliers, we conduct self-audits, review the suppliers' certification documents, approve the paper the supplier plans to use in our products and collect data on the suppliers' climate and energy targets as well as emissions allocated to Sanoma through a centralised survey. With this information we do not only ensure our requirements are met throughout the value chain, but also evaluate our suppliers' progress against our climate targets.

Explain the impact of your engagement on the selected action

Paper certification, particularly in the context of forest management, can play a key role in mitigating deforestation and conversion of other ecosystems through several mechanisms. Paper certification schemes, such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC), provide standards and guidelines for sustainable forest management. These certifications encourage responsible practices that prioritise biodiversity conservation, ecosystem preservation, and the rights of indigenous communities. Paper certification involves audits and assessments to ensure compliance with sustainable management practices. Certification schemes promote traceability and help verify that the wood used in paper

production comes from certified and legal sources, reducing the risk of illegal logging and associated deforestation. Certification labels on paper and wood products, like FSC or PEFC labels, can raise consumer awareness about the environmental impact of their purchasing choices. By adhering to paper certification standards, Sanoma demonstrates its commitment to responsible sourcing. It's important to note that while paper certification can contribute to sustainable forest management, it is not a standalone solution. In 2022, all Sanoma's printing suppliers use certified wood fibers. Sanoma continuously seeks to increase the share of certified fiber used in its paper products. Sanoma's target is to only purchase paper made of certified fiber by the end of 2023 and the share of certified fiber in 2022 was over 94% (2021: 95%).

Does this engagement contribute to achieving a reported target?

Yes, please specify target ID(s)
Target 1

F6.10

(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	No, we do not engage in landscape/jurisdictional approaches, and we do not plan to within the next two years	Other, please specify Sanoma sources paper fiber and printing services from suppliers and therefore does not directly take part in landscape/jurisdictional approaches.	Sanoma sources paper fiber and printing services from suppliers and therefore does not directly take part in landscape/jurisdictional approaches.

F6.11

(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Country/Area

Other, please specify
Global initiatives

Subnational area

Not applicable

Initiatives

UN Global Compact
Forest Stewardship Council (FSC)
Programme for the Endorsement of Forest Certification (PEFC)

Please explain

For Sanoma, sustainable forestry is of key importance as certified paper fiber is a key raw material for its learning and media products. The share of certified paper fiber is also one of the annually followed and reported KPIs in Sanoma's Sustainability Strategy. Sanoma promotes sustainable forest operations through its sourcing policies and practices. In addition, Sanoma is a signatory of Global Compact and committed to the Ten Principles of the Global Compact including protecting the environment. These Ten Principles are also incorporated into Sanoma's Code of Conduct and the Supplier Code of Conduct, expecting also Sanoma's suppliers to implement the principles in Sanoma's value chain. In 2021, Sanoma participated in the Global Compact's Climate Accelerator Programme that supported us in building our Science Based Targets that were updated in December 2022. Science Based Targets are directly linked to Sanoma's paper sourcing, since paper production is one of the GHG emission sources Sanoma plans to reduce with the target setting. Another case example is Malmberg, our learning content publisher in the Netherlands, which has used 100% FSC certified paper in its printed learning materials already for some years. To strengthen its commitment, Malmberg has obtained an FSC® certificate for its school books. As a certificate holder, Malmberg is allowed to use the FSC® on-product label to promote its books and communicate its commitment to sustainable sourcing and environment.

F6.12**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?**

No, and we do not plan to implement project(s) within the next two years

F7. Verification**F7.1****(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes

F7.1a

(F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

Disclosure module

F1. Current State

Data points verified

Paper fiber consumption data.

Verification standard

ISAE 3000.

Please explain

As a part of Sanoma's annual sustainability reporting, we perform a limited third-party assurance on our sustainability data. The amount of paper used and the share of certified paper used is third-party assured.

Disclosure module

F6. Implementation

Data points verified

The percentage of certified paper fiber used.

Verification standard

ISAE 3000.

Please explain

As a part of Sanoma's annual sustainability reporting, we perform a limited third-party assurance on our sustainability data. The amount of paper used and the share of certified paper used is third-party assured.

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

According to the Forest Stewardship Council (FSC), today 400 million acres of forest are FSC certified, approximately 10% of the world's working forests.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Increased demand for certified products

Comment

According to the Forest Stewardship Council (FSC), today 400 million acres of forest are FSC certified, approximately 10% of the world's working forests. If the available forest commodities would only originate from certified sources, this would expand the availability of forest commodities for companies like Sanoma, preferring certified paper and only using non-certified, when certified paper is not available.

F17 Signoff

F-FI

(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

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F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

	Job Title	Corresponding job category
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Row 1	Chief Financial Officer	Chief Financial Officer (CFO)
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Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below