

Corporate Governance Statement

Sanoma Corporation (the 'Company' or 'Sanoma') complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2015, with the exception of recommendation 6 of the Code governing the term of Board members (see also Section Election and term of this Statement) and with the exception to the recommendation 9 of the code governing the Diversity of the Board of Directors. The Articles of Association of Sanoma approved by the General Meeting, 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.

This Corporate Governance Statement has been prepared in accordance with 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 BeNe, 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 Com-

pany 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 2015:

Director	Born	Education	Nationality
Antti Herlin, Chairman	1956	D.Sc. (Econ.) h.c. (The State University of Economics and Finance of St. Petersburg), D.Sc. (Econ.) h.c. (Helsinki School of Economics), D.Sc. (Art and Design) h.c. (University of Art and Design Helsinki), D.Sc. (Tech.) h.c. (Aalto University School of Technology).	Finnish
Pekka Ala-Pietilä, Vice Chairman	1957	M.Sc. (Econ.), D.Sc. (Tech.) h.c., D.Sc. h.c.	Finnish
Anne Brunila	1957	Ph.D. (Econ.), D.Sc. (Econ.) h.c.	Finnish
Susan Duinhoven	1965	Ph.D. (Physical Chemistry), B.S. (Physical Chemistry)	Dutch
Mika Ihamuotila	1964	Ph.D. (Econ.)	Finnish
Nils Ittonen	1954	B.Sc. (Econ.)	Finnish
Denise Koopmans	1962	LL.M.	Dutch
Robin Langenskiöld	1946	B.Sc. (Econ.)	Finnish
Rafaela Seppälä	1954	M.Sc. (Journalism)	Finnish
Kai Öistämö	1964	M.Sc. (Tech.), Ph.D. (Tech.)	Finnish

Director	Shares and share-based rights *)	Independence **)	Main occupation	Attendance rate ***)	Term ends
Antti Herlin, Chairman	17 971 800 shares	1	Chairman of the Board of Directors of KONE Corporation	100%	2016 AGM
Pekka Ala-Pietilä, Vice Chairman	0 shares	1, 2	Chairman of the Board of Directors of Huhtamäki	100%	2017 AGM
Anne Brunila	910 shares	1, 2	Professor of Practice, Hanken	93%	2016 AGM
Susan Duinhoven	0 shares	2	President and CEO, Sanoma	93%	2018 AGM
Mika Ihamuotila	100 000 shares	1, 2	Chairman of the Board of Directors of Marimekko	100%	2016 AGM
Nils Ittonen	52 000 shares	1	Chairman of the Board of Directors of Jane and Aatos Erkko Foundation	93%	2017 AGM
Denise Koopmans	0 shares	1, 2	Board Member of Sanoma	93%	2018 AGM
Robin Langenskiöld	12 273 371 shares	1, 2	Board Member of Sanoma	93%	2018 AGM
Rafaela Seppälä	10 273 370 shares	1, 2	Board Member of Sanoma	100%	2017 AGM
Kai Öistämö	8 265 shares	1, 2	Chairman of the Board of Directors of Oikian Solutions	93%	2017 AGM

*) Shares and share-based rights in Sanoma, including corporations over which the director exercises control

***) Independence:

1: Member is a non-executive director and independent of the Company

2: Member is independent of major shareholders as stipulated in the Finnish Corporate Governance Code

***) The Board of Directors of Sanoma convened 14 times in 2015, with an average attendance rate of 97%.

Sanoma has not established a Nomination Committee. The largest shareholder(s) of Sanoma may propose new Board members based on applicable rules and regulations (including the Finnish Corporate Governance Code).

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;
- decide on acquisitions and divestments, financial matters and investments which have a value exceeding EUR 5.0 million or otherwise are strategically significant or involve significant risks or relate to divestment, lay-off or termination of employment of 100 employees or more;
- 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

Executive Committee prepares matters to be considered at the Board of Directors' meetings. In addition the Board has delegated its decision making authority to Executive Committee on acquisitions and divestments, financial matters and investments which have a value exceeding EUR 3.0 million but below EUR 5.0. The Executive Committee consists of Chairman and Vice Chairman of the Board, President and CEO and at Chairman's invitation one or several members of the Board. In 2015, the Executive Committee comprised Antti Herlin (Chairman), Pekka Ala-Pietilä, Nils Ittonen and Susan Duinhoven (from 1 October 2015, until 18 September Harri-Pekka Kaukonen). The Executive Committee convened 7 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 2015 the Audit Committee:

- discussed the outlook for 2015;
- discussed compliance driven amendments to the Audit Committee Charter and recommended approval of a revised charter to the Board;
- reviewed regular compliance updates;
- reviewed the changes forthcoming due to EU Audit reform;
- reviewed reports prepared by the auditors
- discussed accounting principles and changes in IFRS standards
- reviewed results of Related Party Assessment;
- proposed to the 2015 AGM that KPMG Oy AB, Authorised Public Accountants, be re-elected as the auditor for the fiscal year 2015;
- reviewed the plan for share purchase and delivery under the Share Based Incentive Plan;
- reviewed the group cost allocation principles;
- reviewed group contribution plan;
- handled regular status reports regarding major divestments from the financials perspective;
- reviewed and approved the internal audit plan and followed up its progress (including audit assurance updates);
- reviewed quarterly claim overviews to assess litigation risks;
- followed the progress of the internal control roadmap;
- reviewed interim reports and quarterly investor presentations;
- reviewed impairment calculations;
- discussed handling of prepublication costs under IAS 38;
- reviewed quarterly reports on treasury matters and mid- and long-term refinancing and funding plans;
- reviewed the risk management process, discussed the risk analyses, the biggest risks and related risk management measures; and
- reviewed new Sanoma Procurement Policy, revised Information Security Policy and new Business Travel Policy and recommended their approval to Board.

In accordance with its Charter, 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. The Charter of the Audit Committee will be revised e.g. due to new Corporate Governance Code during the first half of 2016.

In 2015 the Audit Committee comprised Sakari Tamminen (Chairman until 8 April 2015) Anne Brunila (Chairman as of 8 April 2015), Nils Ittonen (as of 8 April 2015), and Robin Langenskiöld. All members of the Committee are independent of the Company and two members (Anne Brunila and Nils Ittonen) independent of significant shareholders. The Audit Committee convened 5 times in 2015 with an average attendance rate of 100%.

Attendance in the meetings by individual members of the Audit Committee: Sakari Tamminen (100%), Anne Brunila 100%, Nils Ittonen 100% and Robin Langenskiöld 100%.

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 2015 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;
- discussed the 2014 performance rating distribution of the senior management;
- submitted the realization of 2014 short-term incentive targets for key executives to the Board for approval;
- submitted the realization of 2013 and 2014 long-term incentive targets to the Board for approval;
- prepared the proposal for 2015 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 the 2016 annual targets for key executives and submitted them for the approval of the Board;
- discussed organizational changes as well as top-level leadership terminations and appointments with the management;
- discussed the composition of the Board; and
- discussed the employee engagement survey results 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 2015 the Human Resources Committee comprised Kai Öistämö (Chairman), Mika Ihamuotila (Vice Chairman) and Rafaela Seppälä. All members of the Committee are independent of the Company and major shareholders. The Human Resources Committee convened 3 times with an average attendance rate of 100%.

Attendance in the meetings by individual members of the Human Resources Committee: Kai Öistämö 100%, Mika Ihamuotila 100% and Rafaela Seppälä 100%.

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;
- decide on acquisitions and divestments, financial matters and investments which have a value up to EUR 3.0 million or otherwise are strategically significant or involve significant risks or relate to divestment, lay-off or termination of employment of 50 employees or more
- 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 2015, Susan Duinhoven, born 1965, Ph.D. (Physical Chemistry), B.S. (Physical Chemistry) served as the President and CEO of the Company from 1 October 2015. Harri-Pekka Kaukonen, born 1963, M.Sc. (Tech.), D.Sc. (Tech.) served as the President and CEO of the Company until 18 September 2015.

Kim Ignatius, born 1956, B.Sc. (Econ.) served as the interim President and CEO of the company from 18 September until 1 October.

At the end of 2015, President and CEO Susan Duinhoven did not hold any Company shares.

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 2015 comprised the CEOs of Sanoma Media Finland, Sanoma Media BeNe, Sanoma Learning and Sanoma Digital as well as the CFO (Chief Financial Officer) and the CHRO (Chief Human Resources Officer).

The following persons served on Sanoma' Executive Management Group at the end of 2015:

- Susan Duinhoven, President and CEO, born 1965, Dutch citizen. Ph.D. (Physical Chemistry), B.S. (Physical Chemistry).
- Kim Ignatius, CFO, born 1956, Finnish citizen. B.Sc. (Econ.)
- Jacqueline Cuthbert, CHRO, born 1966, British citizen. B.A. Hons.
- Arthur Hoffman, CEO, Sanoma Digital, born 1969, Dutch citizen. M.Sc. (Chemistry), MBA from INSEAD
- Pia Kalsta, CEO, Sanoma Media Finland, born 1970, Finnish citizen. M.Sc. (Econ.)
- John Martin, CEO, Sanoma Learning, born 1970, British citizen. PhD in Molecular Biology, B.Sc. (Hons) in Biochemistry.
- Peter de Mönink, CEO, Sanoma Media BeNe born 1963, Dutch citizen. B.Sc.

Shares and share-based rights of the members of Executive Management Group at the end of 2015:

- Susan Duinhoven: 0 shares and share-based rights.
- Kim Ignatius: 18,000 shares, 30,000 Options (2010), 30,000 options (2011). Total shares and share-based rights 78,000.
- Jacqueline Cuthbert: 6,500 shares, 30,000 options (2011). Total shares and share-based rights 36,500.
- Arthur Hoffman: 0 shares and share-based rights.
- Pia Kalsta: 0 shares, 4,000 Options (2010), 5,000 options (2011). Total shares and share-based rights 9,000.
- John Martin: 7,844 shares, 10,000 Options (2010), 30,000 Options (2011). Total shares and share-based rights 47,844.
- Peter de Mönink: 0 shares and share-based rights.

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

Internal Control and Risk Management Systems

AUDIT & ASSURANCE

Audit and Assurance function reports 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.

The scope of Audit and Assurance covers Internal Audits and Risk Assessments as well as coordination of Internal Control process regarding all organisational levels and businesses. Audit and Assurance function supports the development of the organisation and provides additional assurance with a risk based approach.

The operations of the function are steered by Sanoma's Corporate Governance Principles and the Group Policies on Internal Audit, Internal Control and Risk Management.

INTERNAL CONTROLS

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

The company's values and Code of Conduct lay the foundations and set the tone for the internal control framework at Sanoma. Internal Controls framework has been defined by using a top-down, risk based approach. 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 sales, 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.

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, Code of 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 and effectiveness 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 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.

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.

RISK MANAGEMENT

Audit and Assurance function 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.

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 strategy process and strategic objectives. 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.

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.

COMPLIANCE

Sanoma is committed to complying with international and local laws and ethical policies in accordance with the Sanoma Code of Conduct approved in 2014. The Company has a Compliance function, which supports business operations and corporate administration by developing practices related to identifying and complying with applicable law and regulations, as well as internal policies and guidelines. The key tasks of Sanoma's Compliance function are to minimize the risk of infringement of applicable regulatory requirements in all operations, to maintain Sanoma's compliance program and to ensure the continuous development of an ethical business culture.

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 Code of Conduct or thereto related policies or laws. Any person who notices breaches of the Code of Conduct or thereto related policies or laws may confidentially report them as indicated in the Principles.

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.

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 2015, KPMG Oy Ab, with Virpi Halonen, Authorised Public Accountant, as Auditor in Charge acted as Sanoma's statutory auditor.

Remuneration paid for audit services in 2015 amounted to EUR 1.3 million. Remuneration paid to the Company's auditor for non-audit services in 2015 amounted to EUR 0.1 million.

Insider Administration

Sanoma's insider regulations comply with the Insider Guidelines issued by Nasdaq Helsinki. Those included in Sanoma's public insider register comprise, by law, Members of the Board of Sanoma, The President & CEO and Auditor, deputy auditor or the person of the auditing organisation having the main responsibility for the audit. Based on a decision made by Sanoma's Board of Directors, the Executive Management Group and the Board secretary are also included in the public insider register on other criteria.

Persons who, due to the nature of their work, have regular access to Inside Information (information of precise nature relating to Sanoma's Financial Instruments, which has not been published or otherwise been available in the market and which is likely to have material effect on the value of Sanoma's Financial Instruments) and whose duties involve processing such information, have been included in the

company-specific insider register. Sanoma's Insider Regulations comply with the Insider Guidelines issued by the Nasdaq Helsinki insider regulations. In addition to permanent insider registers, Sanoma has project-specific registers as described in the Nasdaq Helsinki insider rules.

According to Sanoma's Insider Regulations, a person who has learned Inside Information – irrespectively of whether she or he is a Permanent or Project-specific Insider or not - may not use the information by acquiring or conveying Sanoma's Financial Instrument (either on his own behalf or on behalf of another, directly or indirectly), nor give advice on their acquisition or disposal (either directly or indirectly). This also applies to advice not to trade. Sanoma employees shall avoid giving advice in respect of Sanoma's Financial Instruments in general.

Any person possessing Inside Information related to Sanoma's Financial Instruments is not allowed to disclose Inside Information. The duty of confidentiality does not restrict information from being given by such employees who need to share this information to fulfil their tasks for Sanoma. Insiders shall time their trading in Sanoma Financial Instruments so that such trading shall not undermine the trust in the securities markets. Regardless, whether Insiders have Inside Information or not, they may not trade in Sanoma Financial Instruments during a period of twenty one (21) days preceding the date of the publication of the Company's Interim Report and twenty eight (28) days preceding the Financial Statements (closed window). Furthermore trading is not allowed during the entire publication day.

Further, Insiders should not engage in short-term trade in Sanoma Financial Instruments, i.e. to buy or sell the same Financial Instruments within six (6) months. The trading should be dated within the twenty-eight (28) day period after the publication of Interim Report or Financial Statements.

Related Party Transactions

Sanoma has a Related Party Policy under which certain members of the management as defined by the policy are under obligation to submit for prior approval envisaged related party transactions.