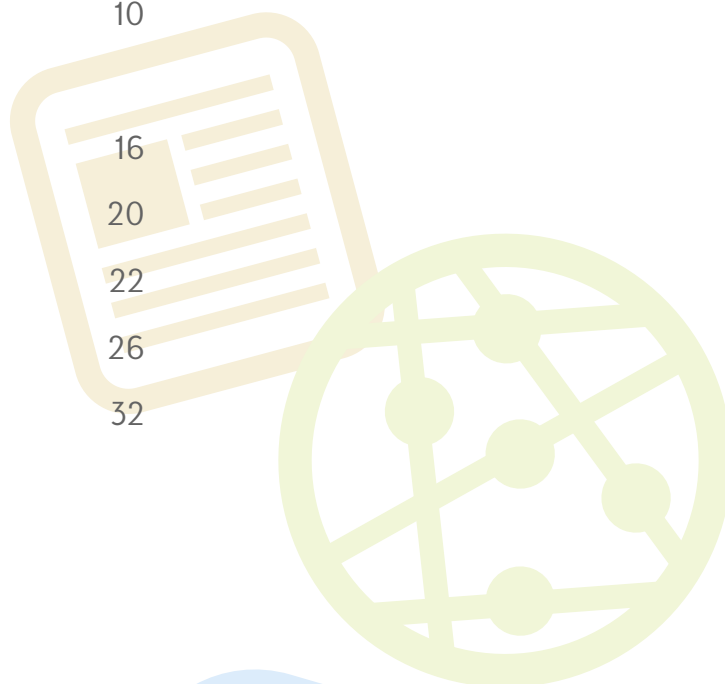


Corporate Responsibility Report 2010



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Reporting principles for this report

The reporting period for this corporate responsibility (CR) report is the 2010 calendar year and Sanoma’s financial reporting period 1 January–31 December, 2010.

Sanoma’s structure as of 1 January 2011 is used in the reporting. The report covers the Sanoma Group’s operations in all its operating countries unless otherwise specified. In this first report some environmental and employee data can only be reported from Finland, which accounted in 2010 for 51% of our net

sales. Going forward we aim to widen the scope of the reported information.

The reported topics have been chosen based on Sanoma’s vision, mission and values and a corporate responsibility materiality assessment which was carried out with Sanoma personnel and external stakeholders in 2010. Primary stakeholder groups involved in this assessment were Sanoma’s employees, B2B customers, investment analysts and partners.

Additional information on Sanoma’s CR activities can be found in

the Sanoma Annual Report 2010 and on the Sanoma.com website, which will be updated regularly with performance information and news.

Sanoma used the GRI G3 Guidelines as a framework for this report. A GRI indicator index table can be found at the end of the report.

The next CR report is planned to be published in 2013.

Sanoma is

a strong European media company with the head office located in Helsinki, Finland. We operate in more than 20 countries, offering an inspiring working environment for nearly 20,000 people. In 2010, our net sales amounted to EUR 2,761.2 million. Measured by net sales, Sanoma is among the top 15 media companies in Europe. Sanoma's shares are listed on the Nasdaq OMX Helsinki. The ownership structure and Sanoma's largest shareholders are published on the company's website Sanoma.com.

Sanoma has three areas of business: media, learning and retail which have been as of 1 January 2011 operated under 4 divisions: Sanoma Media, Sanoma News, Sanoma Learning & Literature and Sanoma Trade. In 2010, Sanoma still had five divisions: Sanoma Magazines, Sanoma Entertainment, Sanoma News, Sanoma Learning & Literature and Sanoma Trade. We are among the top 5 consumer magazine publishers and number 6 in providing learning materials and solutions in

Europe. In Finland we are present in all fields of media. Our retail operations include kiosks, bookstores, movie theatres and trade services.

Sanoma provides millions of people with information, education, entertainment and experiences, every day, in their own languages and respecting local cultures. Our strengths include having the leading position in chosen businesses and markets, strong brands and competitive products. We meet the changing needs of our customers and business environment by constantly developing our products and services. This innovative approach ensures our sustainable growth and profitability.

Major changes in the Group structure in 2010

In 2010, the Sanoma Group's Sanoma Entertainment division sold its Welho business to the telecommunication group DNA. As part of the transaction, DNA carried out a directed share issue to

Sanoma, which became DNA's second largest owner with an ownership of 21%.

Sanoma's TV and magazine operations were integrated with divisions Sanoma Entertainment and Sanoma Magazines forming a new division Sanoma Media as of 1 January 2011.

D.Sc. (Tech) **Harri-Pekka Kaukonen** commenced as President and CEO of the Sanoma Group on 1 January 2011. Kaukonen is responsible for the Sanoma Group's operations and strategy and acts as Chairman of the Executive Management Group.

+ More information on Sanoma's divisions' structural changes can be found at: Sanoma.com > News

+ Sanoma's companies have received many awards during the reporting period. Information about these awards and recognitions can be found at Sanoma.com > News.



Sanoma Magazines *
 Net sales EUR million 1 111
 Operating profit EUR million ** 129
 Personnel *** 4 980

Sanoma Entertainment *
 Net sales EUR million 138
 Operating profit EUR million ** 17
 Personnel *** 218



Net sales EUR million 438
 Operating profit EUR million ** 47
 Personnel *** 2016



Net sales EUR million 350
 Operating profit EUR million ** 53
 Personnel *** 2656



Net sales EUR million 726
 Operating profit EUR million ** 19
 Personnel *** 5149

* Two divisions Sanoma Magazines and Sanoma Entertainment were integrated to form the new division Sanoma Media as of 1 January 2011. Entertainment's figures include the divested Welho business.

** EBIT excluding non-recurring items

*** At the end of the period (FTE)

Our approach



Sanoma's corporate responsibility enters a new phase

You are reading Sanoma's very first corporate responsibility (CR) report! This report offers you a glimpse of Sanoma's strategic corporate responsibility framework and actions as well as summarises some of the key CR developments at Sanoma in 2010.

Sanoma's roots in the European media and education scene go deep. The Czech magazine *Kvety* was launched in 1834, educational publisher Malmberg founded in 1885, while the first edition of *Päivälehti*, the predecessor of the Finnish daily newspaper *Helsingin Sanomat*, was published in 1889. Responsibility for society in economic, environmental, and social issues forms an integral part of the Group's operating principles and has helped Sanoma's businesses achieve long-term success.

Today, Sanoma is a strong European media company with an extensive business portfolio and operations in over 20 countries. Our strategic goal is to be one of the leading media companies in Europe, with a focus on sustainable growth and profitability. This can only be achieved with fair play and respect for our employees, customers and partners.

At the heart of our company are the nearly 20,000 people of Sanoma. Our success is built on these creative and dynamic minds, so taking good care of them is a priority. At a time when many of our businesses are undergoing a rapid transformation, it is important to support and encourage our people in successfully adapting to and benefiting from the changes.

Sanoma's mission is to be the market leader in satisfying people's need for information and education and for an easier and happier life. We acknowledge that the responsibilities of a media and learning solutions provider differ from many other companies. The everyday editorial and business decisions made at our magazines, newspapers, TV channels and radio stations contribute to the way



media is seen in society. We take our role as an opinion-leader seriously. Freedom of expression, editorial independence and promoting national languages and cultures – these are all included in Sanoma's publishing principles and operational processes. As a media company, Sanoma has a unique possibility to help raise socially important issues for public discussion, promote freedom of speech and enhance good causes by donating media space to our charitable partners.

Our Learning & Literature division operates in an inherently responsible business area. We can only be profitable in the long term by securing that our end customers - students and teachers - achieve the best possible learning outcomes to support their education and personal growth.

We have worked hard on our environmental responsibility during previous years. Paper procurement guidelines have been written to guide all our paper procurements, environmental co-operation across divisions strengthened

and the environmental aspects of our products inspected.

The report you are reading presents only a small portion of what Sanoma is. The strength of the company is built on the hundreds of brands which have been nurtured at the local level. In planning this report, we thought long and hard about what Sanoma's CR should focus on. Thanks to help from our employees, customers and other active participants, a materiality assessment was conducted to further plan our corporate responsibility activities. Based on the results and constant stakeholder dialogue, we will continue to develop our corporate responsibility management and reporting, with the goal of creating a comprehensive corporate responsibility strategy.

For Sanoma, corporate responsibility is a journey and this report presents the beginning of a new phase in it. I hope you will help us take the next step.

Harri-Pekka Kaukonen
President and CEO

Corporate responsibility is a business issue

Calls from customers, e-mails from investment analysts and questions from magazine readers and our own journalists. We at Sanoma have definitely seen a clear rise in interest in corporate responsibility (CR) issues in recent years. In a world where globalisation has brought human rights questions and climate change to dinner table discussions, everyone – especially the private sector – is expected to do their part.

For the past years Sanoma has been looking at CR from a more strategic angle and carefully listening to what our owners, customers and businesses have to say. "Risk management, looking after our good reputation and preparing for the future are all good reasons for focusing on CR," says Sanoma's Chief Strategy Officer **Sven Heistermann**. "Still, the biggest motivation for us at Sanoma to start corporate responsibility reporting has risen from the bottom up. Our businesses feel CR is a business issue and that they would like to communicate more about ongoing issues, achievements and challenges. With this report and other communications we want to support this thinking in the best possible way."

Partnering to shape the CR of the media sector

Sanoma chose the Global Reporting Initiative (GRI) G3 methodology as the framework for its first CR report. It is the most used CR framework globally and gives a structure for the report enabling comparisons to other companies. At the same time, Sanoma is partnering with other companies in building the media sector approach to CR reporting. In 2010, we were involved in the drafting of GRI's media sector supplement, which is targeted to be released in autumn 2011. Sanoma also took part in preparing Finnmedia's (the Federation of the Finnish Media Industry) Environmental guidelines, published in the summer of 2010. The guidelines aim at systematic development of environmental management, active communications about the environmental impacts of media products and services and better energy and material efficiency. Similar kinds of statements have been published in other European countries as well.

Sanoma aims to continuously improve its CR management and reporting. According to Heistermann, CR should be seen as a strategic issue rather than

Sven Heistermann
Chief Strategy Officer



PR or communications tool. "For us corporate responsibility starts from acting responsibly in our everyday business. It is not about pulling some PR stunts. We believe that focusing on corporate responsibility issues will give us competitive advantage and increase our credibility and reliability."

Sanoma's values

CREATIVITY:

Creative work is the essence of communications.

RELIABILITY:

Creativity and reliability form the basis of all our actions.

DYNAMISM:

Our success is based on dynamic thinking and execution.

Employees, responsible business practices and care for the environment at the heart of Sanoma's corporate responsibility

Corporate responsibility means something different for every company. At Sanoma, the company's historical legacy, the nature of the media and learning businesses and the opinions of the Sanoma people and our partners all shape the way Sanoma approaches its own corporate responsibility.

In autumn 2010, a wide-ranging materiality assessment of Sanoma's corporate responsibility was carried out together

with our personnel and customers, investors, partners and peers. In the assessment we asked their views on Sanoma's corporate responsibility and the issues we should focus on. Targeted and open surveys, management interviews and review of the media sector's responsibility issues gave us valuable and fresh viewpoints. Altogether about 200 people took part in the review, conducted together with corporate responsibility experts.

The results show that in media and

learning, our strategic focus areas, it is especially important to act responsibly, every day and in all businesses.

The assessment helps us at Sanoma to understand what Sanoma people and stakeholders expect from us and how to develop our actions accordingly.

This report presents Sanoma's way of being responsible and reflects the key themes presented below.

Our top CR issues in 2010

People	Responsible business	Economy & Society	Environment
Taking good care of our employees and freelancers	Editorial integrity	Economic impact on society	Responsible paper procurement and use
Personnel skills development and training	Freedom of speech	Promoting local languages and cultures	Certified environmental management systems
	Responsible advertising	Partnerships with charities and NGOs	Tracking and reducing environmental impacts caused by our own business operations

*These aspects were also highlighted by our stakeholders:
 "Target setting"
 "Good governance"
 "Active stakeholder engagement"*

Responsible business through clear governance

Sanoma's actions and operations are guided by common ethical principles. Our Business Principles emphasise reliability, one of Sanoma's three values. They also address the importance of treating all employees equally, offering independent content, respecting immaterial property rights and promoting good business practices in all of our markets.

Corporate governance in the Sanoma Group is based on a clear organisational structure, specifically defined powers and responsibilities, and consistent planning and reporting systems and guidelines. The Board of Directors

confirms all group-wide guidelines, such as Sanoma's business, management and risk management principles.

Sanoma adheres to the Finnish Corporate Governance Code issued by the Securities Market Association. Our Corporate Governance Principles are approved by the Board of Directors.

Sanoma's administrative bodies comprise the General Meeting, the Board of Directors as well as the President and CEO.

The General Meeting is Sanoma's highest decision-making body, convening at least once a year. The General

Meeting decides on the matters stipulated by the Articles of Association as well as matters which fall within its competence under the Finnish Limited Liability Companies Act. Under the Companies Act, a shareholder may also, in writing to the company's Board of Directors, request that his or her proposal, in matters that fall within the competence of the General Meetings according to the Act, be dealt with by the next General Meeting. No such requests were received in 2010.

 Please read more: [Sanoma.com > Investors](https://www.sanoma.com/investors).

Ten members in the Board of Directors

The Board of Directors comprises 5–11 members elected by the General Meeting for a term of three years. Sanoma's Corporate Governance Principles act as the Board's charter. Under the charter and according to the Companies Act, the Board of Directors:

- oversees to the administration of the Company and the appropriate organisation of its operations
- is responsible for the appropriate arrangement of the control of the Company accounts and finances
- appoints the President and CEO of Sanoma, his or her deputy, divisions' presidents and their deputies, the Parent Company executives who are Executive Management Group members, other Key Executives and the Senior Editor-in-Chief of Helsingin Sanomat
- determines their remuneration
- decides on the major strategic

direction of the Group and its divisions

- controls the strategic goals and operational plans of the Group and its divisions
- decides on investments that have a value exceeding EUR 5.0 million
- confirms the Group's values and Principles of Business conduct
- confirms other general principles by issuing Group policies.

In order to develop its performance, the Board employs a self-assessment process on a regular basis.

The Board of Directors currently has ten members, of which nine are non-executive directors and independent of the Company. Out of them, seven members are also independent of major shareholders as stipulated in the Finnish Corporate Governance Code. The President and CEO **Harri-Pekka Kaukonen** is not a member of the Board of Directors and

the roles of the Chairman of the Board and President and CEO are separated. There are currently no employee representatives in the Board of Directors.

The Board has four committees assisting it in fulfilling its responsibilities. The Executive Committee prepares proposals for matters to be decided or noted by the Board of Directors. The Audit Committee assists 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. The Human Resources Committee prepares human resource related matters, such as compensation of key executives and succession plans of the management and the Board of Directors. The Editorial Committee follows the execution of Sanoma's publishing principles in general and the execution of editorial policy of the daily Helsingin Sanomat.

President and CEO responsible for daily operations

The duties of the President and CEO of Sanoma are governed primarily by the Companies Act. The President and CEO assumes independent responsibility for the Group's daily operations, in line with strategic goals and operational plans approved by the Board of Directors and in accordance with general principles confirmed by the Board of Directors.

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.

Sanoma's Executive Management Group (EMG) acts as the highest decision making body of the divisions except for Sanoma Media where an Executive Board is in place to act as Division Board. In addition, EMG supports the President and CEO in his duties in the following: co-ordinates the Group's management, approves Group-level guidelines and prepares matters to be discussed at Board meetings. Matters addressed by the President and CEO and EMG include:

- the strategic direction of the Group,
- organisational and management issues,
- major investments exceeding EUR 3.0 million,

- development projects,
- operational plans,
- internal control and risk management systems.

+ The Finnish Corporate Governance Code is available at: Cgfinland.fi.

+ A detailed statement on management remuneration is available at: Sanoma.com > Investors.

Managing risks, managing opportunities

While executing strategy, Sanoma and its divisions and subsidiaries are exposed to numerous risks and risk taking opportunities. Carefully managing business risks and the opportunities associated with them is a core element in the daily responsibilities of Sanoma's management.

Renewed policy and process for risk management

In 2009, Sanoma updated its Risk Management Policy and introduced a renewed risk management process, which is integrated into the management, strategic planning and internal control processes. Sanoma's Risk Management Policy identifies and manages essential risks related to execution of Sanoma Group's strategy and operations and defines Group-wide risk

management principles, objectives, roles, responsibilities and procedures.

Many of the identified risks relate to the changes in customer preferences. Ongoing digitisation has been the driving force behind these changes for some time, and Sanoma has action plans in all its divisions on how to best respond to this challenge. Related to this development is the possibility of new entrants being able to better utilise such market disruptions and thereby gaining market share from Sanoma's established businesses. Other relevant risks include those related to successful execution of acquisitions and divestments as well as financial risks.

Sanoma will focus even more on the Group's innovation efforts and establish the right tools and incentive systems to foster more ambitious organic growth. This will complement our existing

practices of closely monitoring technological developments and changes in consumer preferences, and allow us to better collaborate with a network of partners when developing new products and services.

Specific CR risks

Sanoma's risk management process has not identified any material risk relating to climate change. All Sanoma's operating countries are annually analysed for risks related to corruption. Transparency International's corruption perception index is used as basis for the analysis.

+ Risk categories and corresponding risk mitigation actions are described further at: Sanoma.com.

People

In 2010, personnel development at Sanoma focused on the future: how to best turn in-house innovation into growth. At the same time, we concentrated on creating the best possible work environment and opportunities for professional development for our personnel in the changing media landscape. In 2010, the Group employed 19,462 people.



People's business

Sanoma is a company of people, and the Group's employees make us what we are. The principles of our personnel responsibility are respect, fairness, common values and a positive attitude towards change.

Sanoma appreciates competence and promotes the professional skills of its personnel through various training and development opportunities. We make considerable investments in the retention and development of personnel. In particular, we focus on helping our employees acquire and enhance their management skills, digital know-how, journalistic methods as well as sales and marketing approaches.

Turning change into opportunity

The rapidly changing media and learning landscapes pose challenges for Sanoma's flexibility and its employees' capacity to learn. Due to digitalisation and other major changes, new kinds of capabilities are needed in the future. The Sanoma Academy offers training for employees at different career stages. For example, the Sanoma Executive Programme for top management delves into the latest approaches to strategy. Launched in August 2010, the fifth programme focuses on the management of innovation. The START, STEP, JET and JUMP

professional development programmes were also offered in 2010.

Training at the Sanoma Academy, as well as other personnel development activities, focuses on turning change into opportunity. All training programmes stress the importance of seeking new perspectives and networking with colleagues from different parts of the Group. In addition, the divisions offer training programmes independently.

Versatile trainings at Sanoma Academy

Current themes at the Sanoma Academy include the new role of the journalist. ▶

Time to get schooled

Since Sanoma last held its selective journalism training programme in 2008, the challenges of attracting and maintaining a readership in a multiplatform media landscape have become more and more pronounced. At the same time, creativity of expression and a diverse skill set are now serving reporters better than ever. Realizing that Sanoma's journalism community needs trailblazers who can navigate and understand the opportunities of today's media world, the administration of Sanoma School of Journalism chose the 2011 crop of students from within the company.

This is the first time that the group of trainees is made up of Sanoma's current employees; in previous years, the course has served as a recruiting avenue for the company.

"We realized last time around that planning a concentrated recruiting operation for such a multifaceted company is difficult," says **Tapani Pitzen**, Director

of the school. "So we thought, why not leave the recruiting up to the individual business units that best know their own situation and needs, and focus on training people who are already here."

The goal of the programme, Pitzen says, is to train professionals who have an understanding of the storytelling techniques of the digital age and the ability to make creative use of them. "When I was a reporter in the '80s, I couldn't even dream of the methods of expression that are available to journalists today."

Held from January until November and entitled Media 2020, the course will be split into five six-week internships, study tours to London and Amsterdam, and five one-week workshops on topics ranging from content production to media business.

"I hope that the individuals leaving Media 2020 will have a positive outlook of what will become of this industry shift," Pitzen says.



Tapani Pitzen
Director

JOPO is a new training programme that offers journalistic managers the leadership skills needed in the changing media landscape. The latest course at the Sanoma School of Journalism, Media 2020, is also intended for journalists already working for the Group.

Sanoma's third Media Sales Trainee Programme in Finland was launched in January 2011 to bring new talent to the Group. The earlier two programmes have exceeded all expectations. All graduates currently work in manager-level sales positions in the Group.

Achieving common goals

Sanoma's remuneration principles have been developed to conform to the strategic and operational business goals, and to promote the attainment of Sanoma's

objectives. Non-financial rewards form an important part of the total reward system. Non-financial reward elements include development and learning opportunities, recognition of achievement, empowerment and flexibility in working arrangements. The goal is to develop flexible working hours in order to help employees strike a balance between work and family life.

Wellbeing through innovation and inspiration

A more innovative corporate culture will be one of the focal points in rewarding performance in 2011. Remuneration in general and the performance reward system in particular, will support innovation-based operations. These programmes will also help identify and

develop working methods that foster an innovative culture.

Organisational changes stress the significance of an inspiring atmosphere and wellbeing at work. Sanoma uses personnel surveys to identify and prioritise development needs at the workplace. The Group carries out such surveys in its Finnish units every two years, with the next one scheduled for 2012. National and business-specific surveys are also carried out across the other operating countries and the aim is to develop common personnel surveys across the Group in the future.

The general aim in Group human resource management is to increase information sharing and dialogue across the Group. Cross-unit and country cooperation was identified as one of the most important areas to develop at

Encouraging managers to grow

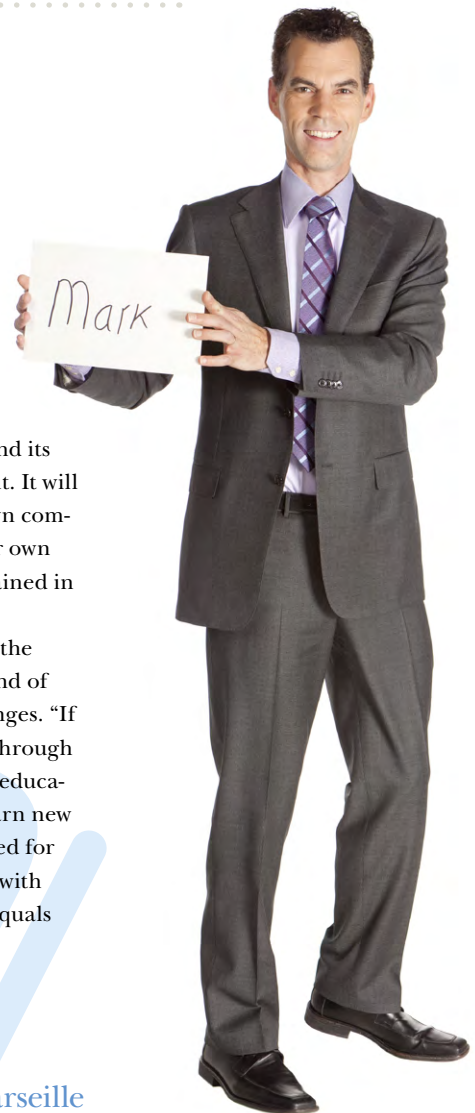
At Sanoma Learning & Literature, a leading European provider of learning materials and solutions, it is clearly seen that the process of digitalisation will change all areas of their business.

Finding well-qualified people to fit the changing business will be a challenge," says Sanoma Learning & Literature's Chief Human Resources Officer **Mark Marseille**. "Therefore we should focus not only on recruiting the right people, but also on constantly developing our employees. We need to encourage people to be able to move into different roles, so that they can learn and develop new skills."

Various programmes support the goal of transformation. In 2011, Sanoma Learning & Literature will start a strategic leadership programme which will give 60 managers the opportunity to get

a clear insight in SLL's strategy and its impact on their own business unit. It will also give them insight in their own competences. They will improve their own leadership capabilities and be trained in developing their employees.

Mark Marseille believes that the Sanoma people have the right kind of potential to meet the new challenges. "If we constantly develop ourselves through teamwork, internal mobility and education, we change ourselves. We learn new competences to be better prepared for the changing future. We change with our environment: development equals change and vice versa."



Mark Marseille
Chief HR Officer

Sanoma by the personnel in 2010.

Long-term wellbeing at work

In November 2010, Sanoma held an annual workplace wellbeing day to strengthen employees' change management skills and to discuss why people feel differently about change. Many units within Sanoma make consistent and determined investments in wellbeing at work for the long term. In the Sanoma Trade division, for example, about 200 manager-level supervisors, as well as employees' representatives and those of the occupational safety organisation, have received early avoidance training. The training aims at finding and solving potential problems before they turn serious.

"We have put early avoidance to active use. Among other outcomes, this has reduced the number of sick leave absences and increased networking among business units. Networking fosters open discussion and encourages employees to share best practices," says **Pia Rautio**, Manager of wellbeing at Sanoma Trade.

Group-wide about 78% of employees took part in performance and career development discussions in 2010. The figure does not include all companies' employees.

Certified occupational health & safety at Sanomapaino

At Sanomapaino printing plants, certified occupational health & safety management system plays an important part in minimising health and safety risks and promoting wellbeing at work. Det Norske Veritas awarded Sanomapaino the OHSAS 18001 occupational safety certificate in the spring of 2010.

In 2010 the sick absenteeism rate at the Sanoma Group was 2.01% (per total headcount/ 365 days). 291 injuries occurred at workplace or on the way to work in Sanoma's businesses in Finland. The number reduced slightly from the previous year (294 injuries in 2009). In total there were 2,100 lost days (calendar days) due to sickness or injury in the Finnish businesses in 2010.

Employee data

PERSONNEL BY COUNTRY, 31 DEC. 2010 *



* Joint Ventures' personnel included in full.

Sanoma Academy

- Founded in 2006 to bring together the Group's management and journalistic training programmes as well as other training programmes organised by the Sanoma Group.
- Annually trains 700 people.
- Trainings vary from strategic leadership to management, journalistic, language and IT trainings.
- Most trainings in Finnish but also some international trainings.
- Aim to increase the international offering in the coming years.

The Group's management training programmes

SEP

The Sanoma Executive Programme is a top-management training programme designed to develop strategic thinking and activate co-operation projects.

JET

The objective of Sanoma's JET training is for the participants to develop as managers, as well as to improve their ability to analyse, plan, implement, develop and manage business according to the Group's strategies.

JUMP

JUMP is Sanoma's EMBA-level international training programme for high potentials.

STEP

STEP is Sanoma's training programme for experts. The objective of STEP is to give the participants skills to develop in their role as professionals.

JOPO

Tailored training programme for journalistic managers. Focused on leadership and management skills.

START

Basic level training programme for new managers.

Trainee programmes

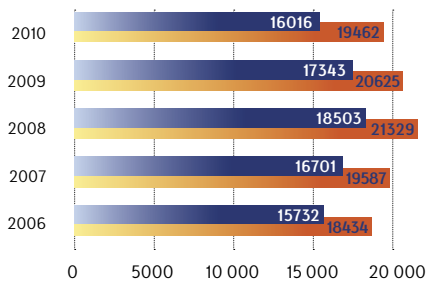
The Sanoma Group continuously trains and recruits new personnel. For recent top graduates at the beginning of their careers Sanoma offers three training programmes:

- Media Trainee Programme *
- Media Sales Trainee Programme
- Sanoma School of Journalism which at the moment continues with Media 2020 – programme.

* Was not organised in 2010.

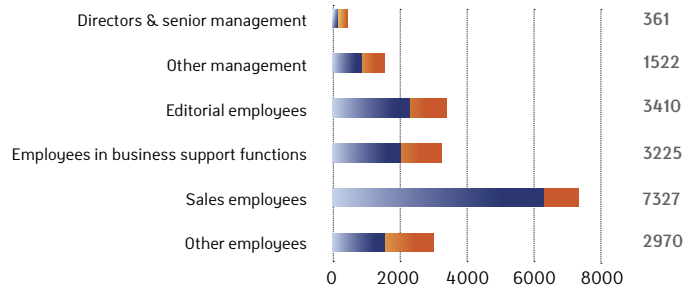
Please read more: Sanoma.com > Careers.

AVERAGE NUMBER OF EMPLOYEES



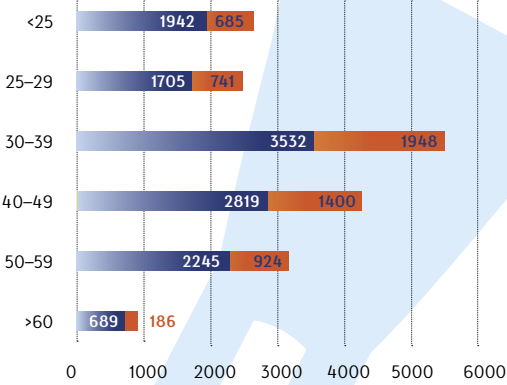
■ Full-time equivalents
■ Headcount

PERSONNEL BY EMPLOYEE CATEGORY



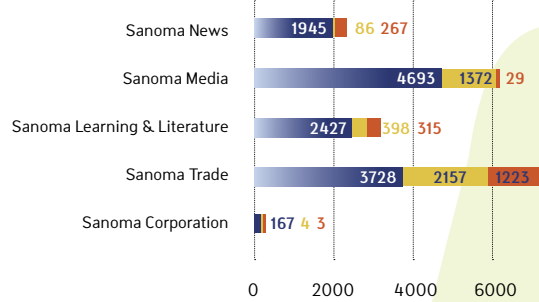
■ Women
■ Men

PERSONNEL BY AGE



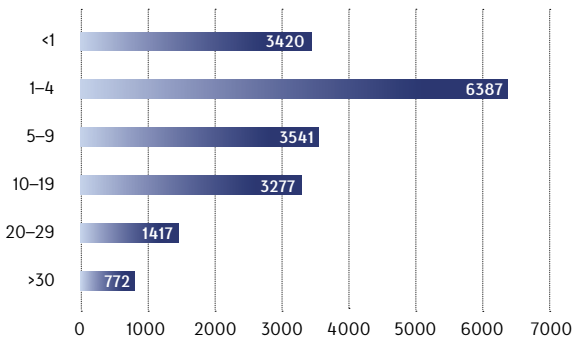
■ Women
■ Men

PERSONNEL BY TYPE OF EMPLOYMENT

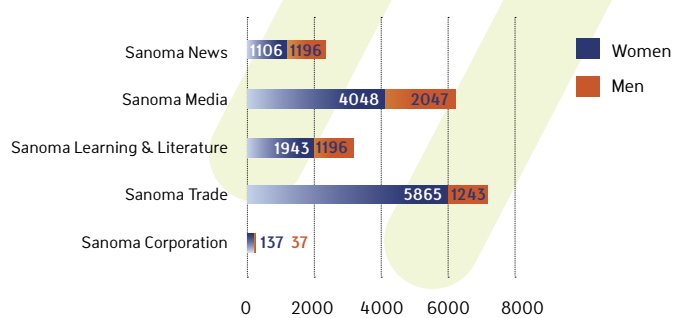


■ Full time
■ Part time
■ On-Call

WORK EXPERIENCE AT SANOMA IN YEARS

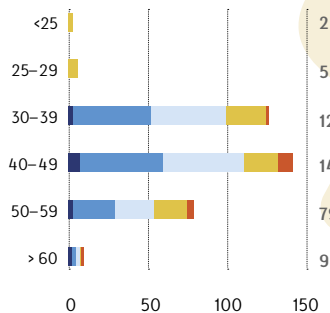


PERSONNEL BY DIVISION

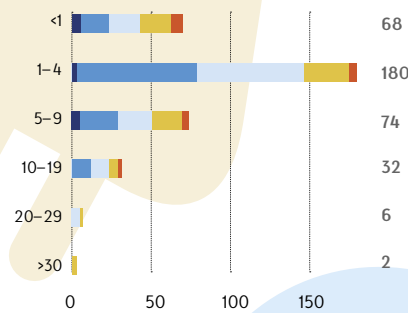


■ Women
■ Men

AGE DISTRIBUTION OF DIRECTORS & SENIOR MANAGEMENT



DIRECTORS & SENIOR MANAGEMENT, YEARS IN CURRENT POSITION



Equal opportunities

Sanoma's Equal Opportunities Policy is based on the equitable treatment of all individuals and the promotion of equality in working life. The Group aims to offer equal opportunities to women, men and all employees of different ages, backgrounds and positions.

In 2010, 40% of the Board members (four in ten) and 25% of the Executive Management Group members (two in eight) of Sanoma were women. 24% of the Group and divisional management team members (9 in 38) were women. Among directors and other persons in senior management positions, the percentage of women was 42. The amount rose 3% from 2009.

Sick absence days

	Days *	2010 **	Days *	2009 **	Days *	2008 **
Sanoma News	16 109	1.92%	13 996	1.46%	20 372	2.00%
Sanoma Media	41 251	1.85%				
Sanoma Magazines			36267	1.74%	29735	1.40%
Sanoma Entertainment			4882	2.73%	4801	2.46%
Sanoma Learning & Literature	19 689	1.72%	23 690	2.00%	28 336	2.33%
Sanoma Trade	60 538	2.33%	78 825	2.75%	59 572	1.93%
Sanoma Corporation	472	0.74%	240	0.82%	676	2.18%
Total	138 059	2.01%	157 900	2.16%	143 492.45	1.87%

* Calendar days

** Sick absence days (headcount x 365)

Minimum notice periods for terminating an employment contract by law in Finland

Sanoma acts in accordance with the laws of the country where the business operates. In Finland, the following law applies to terminating an employment contract.

The notice periods to be observed by the employer are the following:

- 14 days, if the employment relationship has continued for up to one year;
- one month, if the employment relationship has continued for more than one year but no more than four years;
- two months, if the employment relationship

has continued for more than four years but no more than eight years;

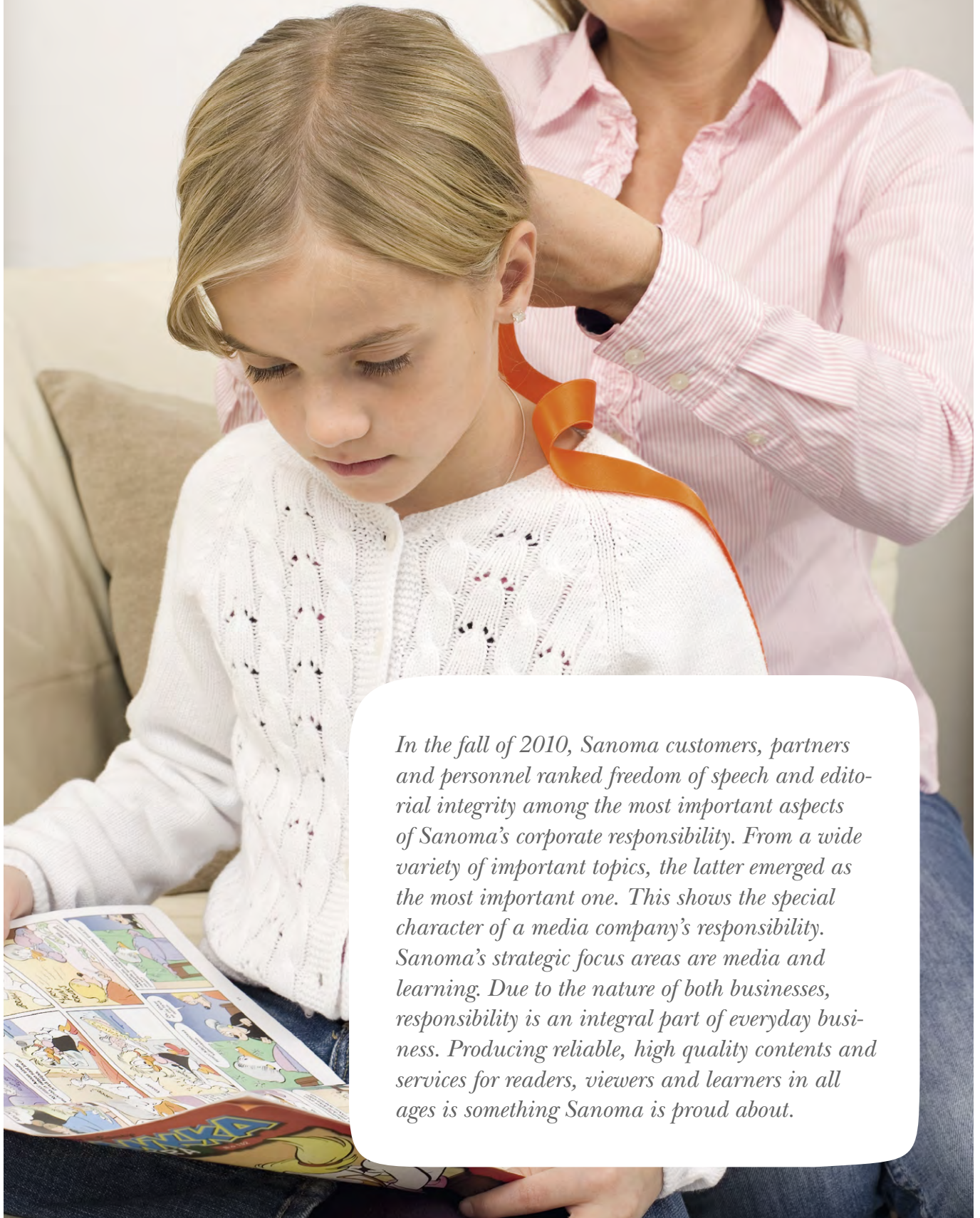
- four months, if the employment relationship has continued for more than eight years but no more than 12 years;
- six months, if the employment relationship has continued for more than 12 years.

The notice periods to be observed by the employee are the following:

- 14 days, if the employment relationship has continued for no more than five years;
- one month, if the employment relationship has continued for more than five years.

Source: Employment contracts act, section 3.

Responsible business



In the fall of 2010, Sanoma customers, partners and personnel ranked freedom of speech and editorial integrity among the most important aspects of Sanoma's corporate responsibility. From a wide variety of important topics, the latter emerged as the most important one. This shows the special character of a media company's responsibility. Sanoma's strategic focus areas are media and learning. Due to the nature of both businesses, responsibility is an integral part of everyday business. Producing reliable, high quality contents and services for readers, viewers and learners in all ages is something Sanoma is proud about.

Steadfast ethics in an evolving field

A media company should not only treat its employees well and promote sustainable production, but also uphold journalistic standards. In an age in which every member of social media platforms produces a personal publication and in which fresh news items enter the cycle by the second, established journalistic outlets are expected to remain trustworthy watchdogs of society and inform the public. At Sanoma this means promoting freedom of speech and providing well-researched, current and objective information to the public.

Editorial and advertising guidelines set ethical limits

Sanoma's magazines and newspapers, TV and radio channels as well as online services reach out to an audience of hundreds of millions of people/consumers. It is our responsibility to ensure that the content and services we provide are safe and of the highest quality. Our high journalistic standards are present every day in Sanoma's various editorial offices. Each of Sanoma's newspapers

and magazines maintains strict editorial and advertising guidelines to ensure that all published content is objective and accurate. Sanoma's Business Principles also state that each of the publishing companies needs to take measures that enable readers to identify paid content and advertisements from editorial content. In TV, measures are taken to protect children from harmful content. For example, together with other players on the Finnish TV market, the TV channel Nelonen has established an age-based classification system for screening programmes.

Sanoma is a member of the European Publishers' Council, a group of about 30 executives of European

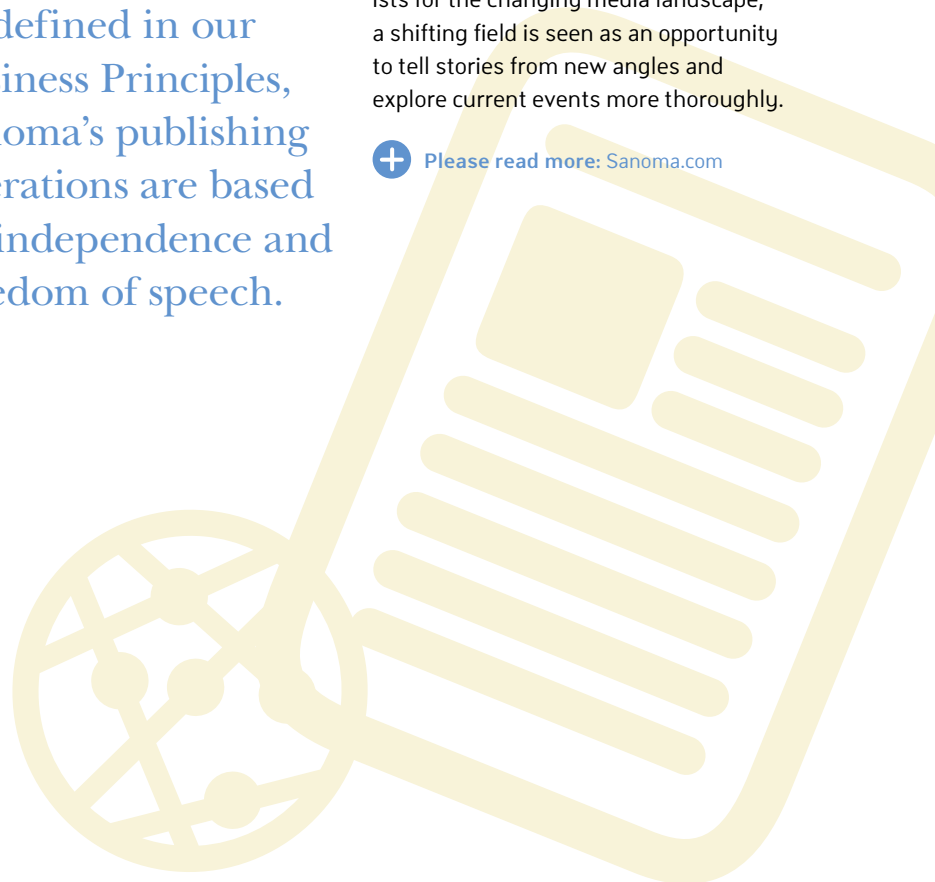
As defined in our Business Principles, Sanoma's publishing operations are based on independence and freedom of speech.

media corporations that promotes freedom of speech and reviews proposed changes to international media legislation.

New opportunities in shifting business

As the rules of the media game are changing and new platforms emerge, holding on to ethical responsibilities becomes all the more important for media outlets. The availability of content shouldn't reduce the importance of extensive reporting and careful news analysis. Meanwhile, as demonstrated by the newly launched Media 2020 programme to prepare professional journalists for the changing media landscape, a shifting field is seen as an opportunity to tell stories from new angles and explore current events more thoroughly.

 [Please read more: Sanoma.com](https://www.sanoma.com)



Guarding quality content

A media company can hardly speak of responsible corporate citizenship before its journalistic culture has been demonstrated to show a strong adherence to ethics. In its principles of business conduct, Sanoma thus vows to not only promote ecological production processes, responsible business practices and equal employment opportunities, but also advocate journalistic integrity. As a publisher of around 300 magazines as well as national and regional newspapers and online services, Sanoma wishes to position itself as a guardian of creativity and free speech in a rapidly changing media landscape.

Newspapers have been referred to as the fourth branch of government since the 1700's, and during an age of social media, crowded online conversation boards and 24-hour citizen journalism, the ethical responsibility of established news outlets only grows.

"Newspapers have always held a special role as the watchdog of political, economic and cultural powers," says **Mikael Pentikäinen**, Publisher and Editor in Chief of Helsingin Sanomat, the biggest Nordic daily newspaper. "Now that social media has become, in a way, the fifth estate, the meaning of a traditional press has grown. When faced with difficult questions, people still seek out trusted media brands, and we have to ensure that, across platforms, we remain worthy of their trust."

Among the ethical challenges brought on by the digital age are an accelerated news cycle, immediate reader feedback and the accessibility of alternative news outlets. For Helsingin Sanomat, accuracy is valued above speed, and the availability of competitive publications is a call to do better work.

"It's wrong to assume that as market



leader Helsingin Sanomat doesn't have competitors," Pentikäinen says. "Not only can our readers access our content from anywhere, but they can also go to the original sources much more easily than before. This is a positive development, because they'll also be able to better evaluate how we've succeeded in our job."

Pentikäinen believes that the best way to maintain a publication's trustworthiness is fostering an ethical newsroom culture. This is not something a young reporter learns by simply walking through the door of a newsroom, but by taking part in its daily operations and collaborating with other journalists. Just recently, Helsingin Sanomat laid out a set of guidelines for how its reporters should behave in social media. Writers should, for example, refrain from

conducting interviews or confidential exchanges in mediums such as Facebook, and exercise caution when joining online advocacy groups.

"The world of social media is peculiar in some ways, because friendship there has nothing to do with friendship in the real world," Pentikäinen says. "Sometimes a reporter might 'friend' someone or join a cause simply for the sake of obtaining information, but to an outsider this connection can be confusing."

"Our goal is to put out a publication that's objective. Just as beauty is in the eye of the beholder, objectivity is in the mind of the reader. We should be able to run our newspaper so that we don't endanger the public's right to an unbiased reading experience," he adds.

Leading collaboration to find out what comes next

Despite the unforeseen evolution taking place in the media industry, most research efforts on the subject in Finland have, until recently, taken place inside individual companies. Two years ago, as the Federation of the Finnish Media Industry began planning a field-wide strategy plan, a discussion sparked of a research initiative that could give media professionals evidence-based guidelines on how to proceed into the future. The result was Next Media, a collaboration of companies, research organisations and academic institutions. Sanoma was invited to lead the collaboration and has actively participated in and funded the programme. Its merging of corporate and scientific research makes the project the first of its kind in Finland.

“Next Media is not product development. Rather, it’s about improving the prerequisites of product development in this field,” says Sanoma Entertainment’s Chief of Research and Development

Eskoensio Pipatti, who is also heading Next Media.

The project, now entering its second year, is divided into three categories – e-reading, hyper local media and cross-media – that contain research projects on topics such as video game technology, the behavioral aspects of media consumption, and ways in which digital content can be made profitable.

“While other research initiatives might involve two or three scientific fields, media research requires expertise from at least six disciplines, from business to behavioral science,” Pipatti says. “And the shift to digital has resulted in a need for technological research.”

Next Media is financed by the Finnish Funding Agency for Technology and Innovation (TEKES), which has allotted a budget of EUR 9 million for the first two years of the four-year programme. Its ultimate goal, Pipatti says, is to create a base of knowledge that will further build the international success of Finn-

ish media companies.

“The strength of the project is that after all these targeted projects wrap up, we’re going to make all the information public so all companies can benefit from it,” he says. “Because every major media company in Finland is taking part in this, there is no point in withholding information from anyone. And this way, not everyone has to be everywhere at once.”

Next Media in a nutshell

- Involves 56 companies and eight research organisations, including Aalto University.
- Made up of ten individual research initiatives under three larger areas of focus.
- The project is one of TEKES’s SHOK-programmes, public-private partnerships that promote industry-specific innovation.
- The project is built around the following media trends: Changing media formats and consumption habits, increased power of the consumer, locality, fragmentation of advertising and an increased willingness to pay for quality content.

Supporting quality learning

Ensuring quality contents, providing diverse and accurate information and offering educators highly effective tools to help students succeed during school and in life – these are some of the key corporate responsibility issues for a learning business.

Learning business builds on long-term customer trust, relations and quality. Materials for school children and more grown-up learners must be of high quality, motivating and support personal learning paths. Annually, about 8 million books are published by Sanoma Learning & Literature. These include educational material for pre-school children and for primary and secondary education as well as materials for adult education, vocational- and university-level education.

The learning companies of Sanoma approach learning in a comprehensive way. Caring for students with special needs and motivating them to learn is an important part of the business. Sanoma's learning materials and solutions have been developed to support teachers in providing personalised learning and help them take into account every learner's individual needs. With the right kind of support, we believe that everyone has the ability to learn. Achieving the best learning results benefits the entire society.

Helping teachers focus on teaching

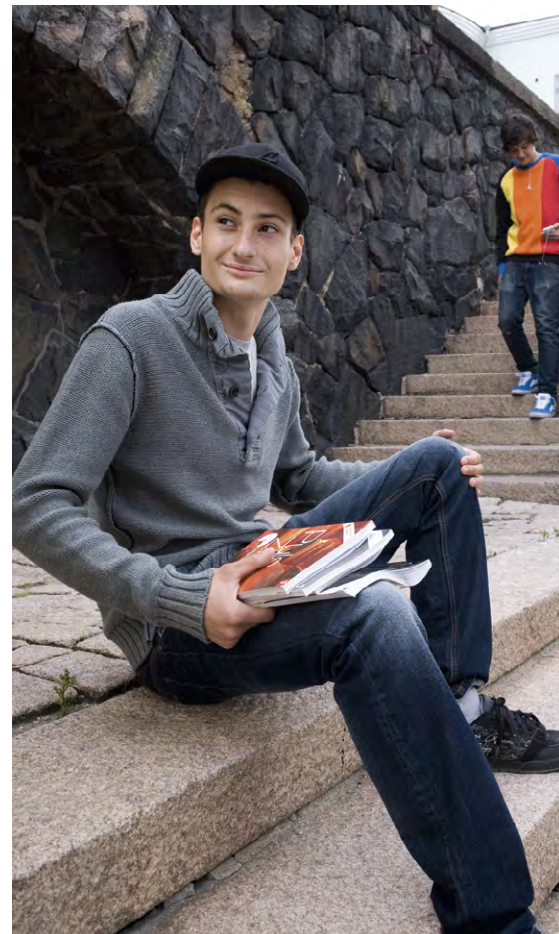
Deep understanding of the teaching process is Sanoma's core competence. The overall target is to support the

entire school in achieving good learning results. Teachers' time today is precious and many non-core duties, such as collaboration and communication with other staff members and parents and administration, take up large amounts of time from teaching. In WSOYpro's research in autumn 2010 teachers estimated to use up to 20 hours a week to tasks other than teaching. When non-essential everyday tasks are automated, teachers have more time for what they do best: providing quality education.

The learning solutions offered are inspired by the teacher workflow. It combines high-quality content, technology, data and the know-how of learning professionals. The solutions have been tailored to meet specific local and cultural needs. Sanoma also actively develops the learning solutions to offer a variety of future-looking solutions that better support teachers and schools. Technological innovations make studying flexible and provide more opportunities across geographical and mental borders.

Changing with the customers

The changing needs of customers are leading the developments in the learning business and listening to teachers is an essential part of Sanoma Learning & Literature's operations. Digitalisation is the most influential force in the business today, and e-training and e-learning are a growing part of Sanoma Learning & Literature's offering. In Finland, the internet-based Opit service for schools combines an electronic



learning environment and high-quality content. In the Netherlands, Malmberg publishes Optie, a teaching method on career orientation and consultancy. YDP in Poland, a world-leading educational software publisher and e-learning technology and content developer, publishes a range of digital learning materials, including interactive language learning software.

Working with class in Poland

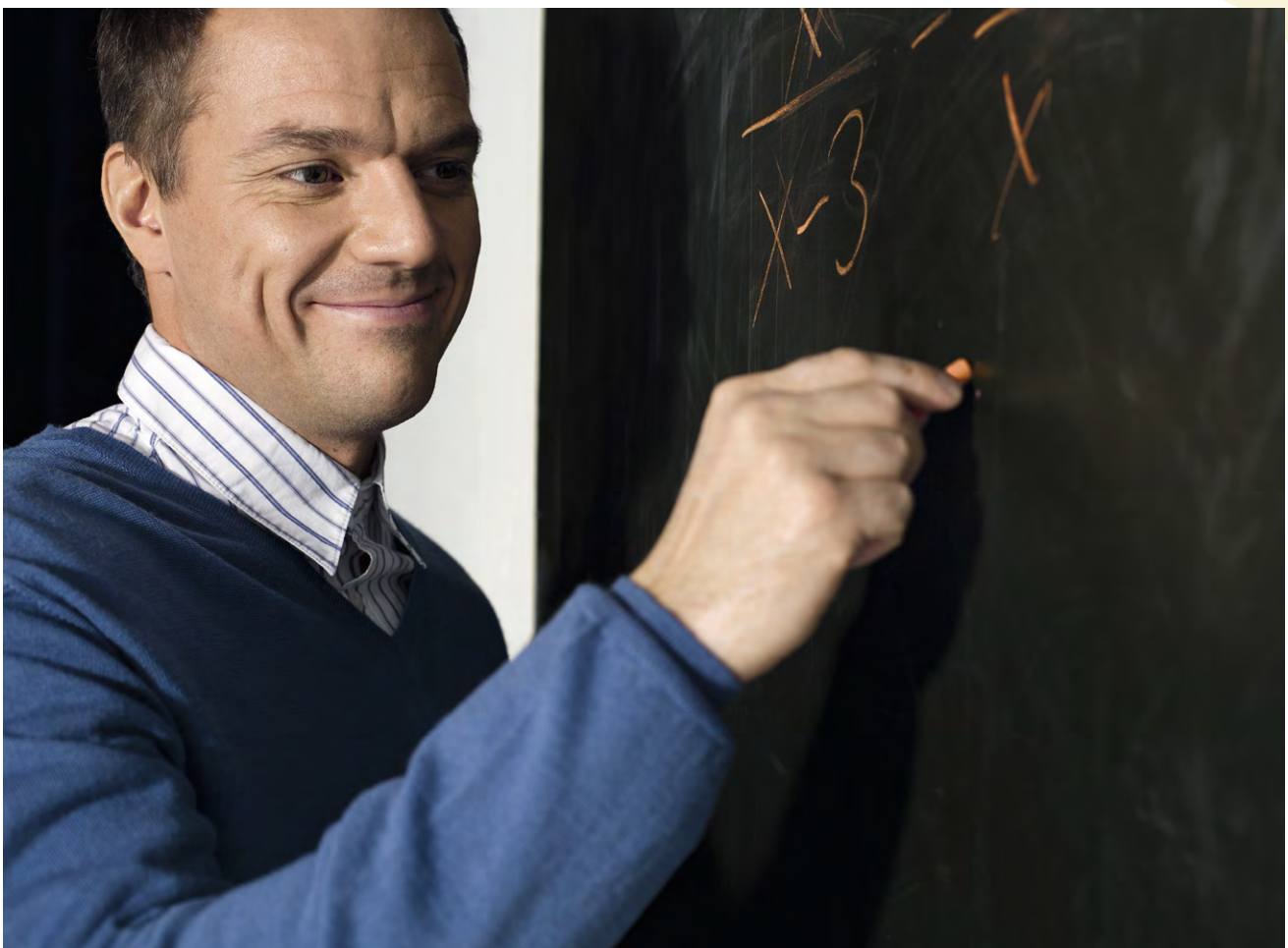
The process of educating children and young people is one of the most important tasks faced by a teacher, and probably the hardest. Effectively tackling the educational challenges faced in modern schools requires not only knowledge and pedagogical expertise, but also requires systematic development of the teacher's skills and psychological awareness.

As a result, Sanoma's Polish learning company Nowa Era created in autumn 2009 the "Working with class" programme. In addition to helping teachers with content-related issues by providing them with excellent textbooks, educational solutions and methodological materials, Nowa Era also helps them improve their skills as educators.

The "Working with class" programme – organised together with external partners – comprises a variety of topics present in the teacher's job, including relationships with parents, specific problems posed by individual students, working with both gifted and weak students, new technology in the educational process, etc. So far, there have been three editions of the programme, each devoted to a different subject: how to deal with the problem of violence among teenagers, how a teacher can enhance his/her authority in the classroom and how to work efficiently within an educational project. Teachers participate in the programme free of charge.

"Working with class" distinguishes not only themes, but also has a specific

formula for its sessions. Teachers have the opportunity to participate in special workshops where a film on the topic is shown. The film forms the basis for further discussion as well as a workshop conducted by a psychologist or a specialist in the field. After each session, participants also receive special publications with articles and other materials related to the subject. An additional advantage is a dedicated website. Since the launch of the programme in 2009, nearly 4,000 teachers have attended the sessions and the programme has got enthusiastic reviews.



Economy & Society



Being a good corporate citizen means taking responsibility for our employees, customers, investors and other stakeholders. Both the Sanoma Group and its businesses contribute to the common good at many levels of society.

Sustainable growth and profitability

The guiding principles of the Sanoma Group's business are profitable growth and long-term commitment. The Group's long-term success can only be secured by responsible operations, both socially and ecologically. Editorial and business integrity are secured by a solid financial position.

Strong brands and leading market positions are Sanoma's strongest assets. We want to continue to be the market leader in our chosen businesses. Strengthening the focus on organic growth, one of the strategic objectives for 2011–2013, will help us successfully develop our businesses from products to services, from passive to more active and from mass to personal.

Economic and social impacts on a variety of stakeholders

The economic impacts of Sanoma reach many different stakeholder groups. Sanoma companies are employers, customers and taxpayers in their communities across Europe. The tables

and charts below depict how Sanoma's direct economic value is generated and distributed to different stakeholder groups. Operating expenses, employee wages and benefits and taxes paid to governments account for a majority of the economic value distributed. For its owners, Sanoma offers a stable dividend yield. Each year, the Group primarily pays in dividends more than half of the Group's result for the period. No financial assistance was received from the government in 2010.

Active development of products and services is done together with our customers. A customer-driven approach is one of the cornerstones of Sanoma's work. Sanoma wants to promote good business procedures with its suppliers and business partners. We only work with reputable and experienced partners, and all business transactions undertaken on our behalf are reported accurately in our accounting. The key principles of financial reporting are reliability, correctness and continuity. The implementation of good practices is ensured by Group-

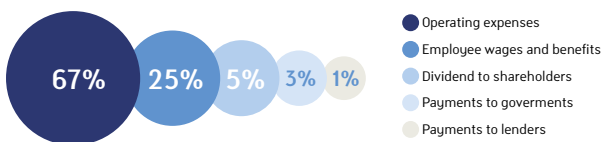
wide guidelines for reporting, appropriate approval procedures and internal control.

Acting for the common good

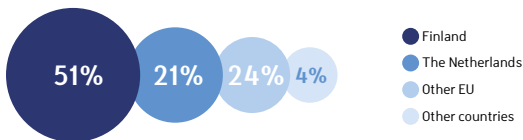
In addition to acting responsibly in our daily operations, Sanoma annually donates part of its earnings – typically about EUR 500,000 – to charity, in line with the approval of the Annual General Meeting. In 2010, the Sanoma Board supported Finnish higher education by contributing EUR 150,000 to the Aalto University Foundation and entered into a three-year agreement with the John Nurminen Foundation in support of the Clean Baltic Sea project. Read more about the agreement later in this section. Funds were also allocated to the Helsingin Sanomat Foundation and the WSOY Literature Foundation.

Sanoma promotes social well-being by offering its business expertise and direct financial support to various parties across its different operating countries. Read more about our partnerships with NGOs and charities on the next page.

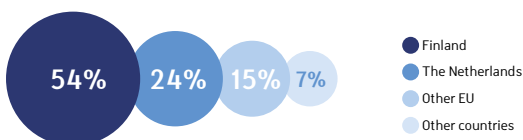
ECONOMIC VALUE DISTRIBUTED TO STAKEHOLDERS IN 2010



OPERATING EXPENSES AND EMPLOYEE WAGES AND BENEFITS IN 2010



PAYMENTS TO GOVERNMENT IN 2010



ECONOMIC VALUE DISTRIBUTED, M€

	2010	2009	2008
Operating expenses	1761.6	1774.7	1956.2
Employee wages and benefits	668.6	695.5	702.8
Dividend to shareholders	129.5	144.9	160.8
Payments to lenders	13.3	25.3	56.3
Payments to government	69.8	52.2	69.23
Community investments	2.2	1.9	2.2

KEY FINANCIALS, M€

	2010	2009	2008
Net sales	2761.2	2767.9	3030.1
EBIT excluding non-recurring items	245.4	229.5	295.7
Capital expenditure	85.7	83.4	109.9
Retained earnings	1116.9	961.4	1018.9

Giving back to society

Magazines across Europe go Pink for breast cancer support

For the seventh year in a row Sanoma's magazines across Europe campaign against breast cancer, the most common form of cancer in women.

In the Netherlands and Belgium, Sa-

noma Media publishes the Pink Ribbon magazine, designed to promote breast cancer awareness and, in the Netherlands, raise funds. Across Europe various Sanoma Media's titles such as Cosmopolitan, Me Naiset and Sensa support the cause by donating media space and raising the topic in content.

Over the past six years the annual

Pink Ribbon magazines in the Netherlands only have raised over EUR 4.5 million to the Pink Ribbon Foundation.

+ Visit the magazines:
Pinkribbonmagazine.nl
Pinkribbon-magazine.be/

Aqua run reached over 150 kiosks across Finland

R-kioski teamed up with World Vision in the summer to gather funds for clean water in Sri Lanka. The Aqua run's idea was to get volunteers take a 10 litre water canister mainly by foot or bike from one kiosk to another, all across Finland. R-kioski donated EUR 100 per each new kiosk the water canisters visited.

Over 100 Finns took part and the 5 canisters were carried over 2,500 kilometres to 150 kiosks. The gathered money was used to build an eco-friendly, solar and wind power operated water pumping and purification plant to Minniya village in Sri Lanka.

Sanoma Board donates annually EUR 500,000 to charity. In 2010 Sanoma's other donations and community investments accounted for EUR 1.7 million.

Hungarian magazines raised money for ecological disaster victims

Hungarian magazines like Story, Nők Lapja and Meglepetés donated a proportion of the price of each sold copy of one of their autumn issues to help the victims of the toxic mud flood.

On 4 October 2010 Hungary faced the biggest ever ecological disaster when about 1 million cubic meter of red sludge from an alumina plant engulfed several towns in Veszprém county. Nine people were killed and 150 injured when 500 houses were buried by the red sludge.

Supporting women's reading skills in Liberia

Helsingin Sanomat works with FinnChurchAid's Women's Bank, a unique fund to support women's work and skills in developing countries. The newspaper supports

especially the reading skills project in Liberia where only 40% of women and girls can read. The partnership includes donating media space in the print paper and online and supporting the special "Chain of Good Life" campaign.

"Helping women is one of the best ways to support whole families and

reduce poverty at grass-roots level," says **Reetta Meriläinen**, Editor-in-Chief of Helsingin Sanomat. "Women's reading skills have an impact on the whole family's welfare and gives the possibility to rise from poverty," she adds. The project is done together with local partnership organisations.

Sanoma Board donates to Baltic Sea protection

Sanoma is a dedicated supporter of the Clean Baltic Sea projects of the John Nurminen Foundation. The three year agreement made in 2010 includes media space in Sanoma's different media as well as a financial contribution of EUR 200,000.

The Clean Baltic Sea projects of the John Nurminen Foundation aim at visible improvements in the condition of the Baltic Sea with two focus

areas: The prevention of eutrophication through reduction of phosphorus emissions aims at an emission reduction of 2,500 tonnes of phosphorus. The Tanker Safety project's aim is to significantly reduce the risk of a large-scale oil tanker disaster in the Gulf of Finland.

Sanoma wants to work for the well-being of our near-by environment. This goal is supported by the John Nurminen

Foundation's principle to allocate resources so that maximum positive effect for the environment is achieved as cost efficiently as possible. "By supporting the Clean Baltic Sea Projects we promote concrete and verifiable measures benefiting the Baltic Sea. This is very important for us as significant part of our customers are located in the Baltic Sea area", says Chairman of the Board of Sanoma, **Jaakko Rauramo**.



Environment



Responsible use of paper, other materials and energy, efficient printing and streamlined deliveries are among the top environmental issues for Sanoma. We are committed to minimising the environmental effects of our operations by reducing emissions and waste.

Caring for the environment

The environmental policy of the Sanoma Group is based on commitment to continuous improvement and our corporate values: creativity, reliability, and dynamism. Sanoma is committed to responsible use of natural resources. According to our Environmental Policy, the objective is to optimise the consumption of materials and cut down the amount of waste in all operations.

Sanoma owns eight printing plants, which produce newspapers, books and marketing materials. All of these operations are based on the efficient use of materials and energy and the Sanomapaino printing plants are certified to the ISO 14001 environmental system. Bookwell printing plants have a developed environmental programme with clearly set environmental goals, including an energy reduction target of 9% by 2016.

Also the printing plants used outside the company are expected a high level of environmental management. Based on a survey conducted in 2010, 42.5% of them had an ISO 14001 environmental management system.

Paper suppliers with a certified environmental management system are favoured, as environmental management systems act as proof for responsible production processes and constant improvement. Read more about paper procurement and use at Sanoma on the next page.

Ecologically efficient deliveries

Sanoma aims to ensure logistically, economically, and ecologically effective deliveries.

In Finland, all magazines and tabloids sold at newsstands are delivered to the outlets as collective deliveries by Sanoma Trade's press distribution organisation Lehtipiste. The Lehtipiste delivery trucks drove over 9 million kilometers in 2009. Also deliveries of WSOY's books to dealers and bookstores are handled jointly with other book publishers. Lehtipiste collects and recycles unsold copies of newspapers and magazines during regular distribution rounds.

The Group's business principles state that its transport is handled only by the most esteemed and professional delivery partners in each country. The principal delivery partner of Sanoma News' newspapers is Itella, a service business whose core competency lies in information and product flow management. Itella optimises delivery routes and has for long been using electric cars and mopeds, as well as biodiesel and natural gas cars in mail delivery and transportation. Also in Sanoma Media's operating countries, magazines are delivered together with other publishers.

CO₂ limits were introduced to corporate cars in 2009. The aim of the limits is to reduce the carbon emissions of the about 600 corporate cars in Finland. From the total amount of cars, the 160 g/km

limit applies to 76% of the cars and the 180 g/km limitation to 22% of the cars.

Raising awareness

Increasing environmental awareness in-house and externally is an integral part of environmental responsibility at Sanoma. Actively communicating about environmental aspects of media products and services is a target set by the Federation of the Finnish Media Industry Finnmedia. As the largest media company in Finland, Sanoma supports this target. The carbon footprint calculations prepared for the newspaper Helsingin Sanomat have helped the newspaper publishers better understand the environmental impacts of their products and further develop the printing processes. Published in early 2010, the calculations showed that subscribing to a daily newspaper in printed form constitutes less than one percent of a person's annual carbon footprint. Read more about the carbon footprint calculations on page 29 and at Sanoma.com.

Readers can calculate their own personal carbon footprints by using the Helsingin Sanomat calculator at hiilijalanjalki.hs.fi. Book printer Bookwell also provides their customers with an "Eco calculator" (Ecocalculator.fi), a buyer's assistant in determining the carbon footprint of different kinds of books.

ISO certified Sanomapaino printing plants

The ISO 14001 certification for environmental management, granted in June 2010, guides the continuous improvement of environmental management at Sanomapaino printing plants. The environmental impact is reduced by optimising the use of raw materials and reducing the amount of waste.

The certification comprises all Sanomapaino's five printing houses (Sanom-

ala, Hämeen Paino, Savon Paino, Lehtikanta, and Saimaan Lehtipaino) as well as Sanomapaino's sales, administration, and purchasing department. The certification for quality management (ISO 9001) and an occupational health & safety management system (OHSAS 18001) are also part of the overall management system.

"The certification proves that Sanomapaino measures up to the standards and is committed to continuously improving its

operations. Regular audits are an excellent tool for improving and monitoring our environmental, quality, and occupational health & safety management activities. By focusing on reliable operations and prime quality, we strive to achieve optimal customer satisfaction," emphasises **Ismo Vuoksio**, President of Sanomapaino.

+ [Read more about our printing plants: Sanomapaino.fi Bookwell.fi](#)

Eyes on paper

Responsibly produced paper is Sanoma's most important raw material. Annually we procure around 230,000 tonnes of newsprint, magazine paper, book and fine paper, as well as graphical board. Paper deliveries are handled by seven primary paper suppliers. In 2010, Sanoma received in total of 236,350 tonnes of paper from 35 different mills, most of them located in Europe. Paper is used in eight printing houses owned by the Group, which print newspapers, books and marketing materials, as well as for printing publications in printing houses other than our own in Finland and elsewhere in Europe.

As raw material, paper is a renewable, biodegradable and recyclable plant-based product. Wood is the world's most abundant natural resource.

Printed products are 100% recyclable and continue their lives as recovered paper. At the end of their life cycle, fibres are pure bio energy. Paper products are the world's most extensively recycled material. At 70–80%, the rate of recycling in Finland is one of the highest in the world. Recycled newsprint is used for recycled pulp, in packaging, as insulation material and as tissue paper. For 2011 the aim is that over 50% of paper used in Sanoma's newspapers is fully or partly made from recycled fibre. Recycled fibre is not widely used in magazine and book

papers due to quality reasons. Readers can personally ensure that their newspapers and magazines end up in paper recycling and in this way considerably reduce the greenhouse gas emissions of papers.

Sanoma only uses responsibly produced paper

As a major paper purchaser, Sanoma acknowledges its responsibility to the environment and promotes the responsible use of forest resources. The Group has drawn up clear guidelines for paper purchases, which apply to all paper procurement and ensure that the paper

Sanoma requires that its suppliers purchase wood responsibly and consider social questions.

purchased has been produced responsibly. The guidelines are available on the Group's website Sanoma.com.

The paper purchased must meet the requirements of legality and certification of origin. Other aspects taken into consideration include sustainable forestry (forest certification), the environmental

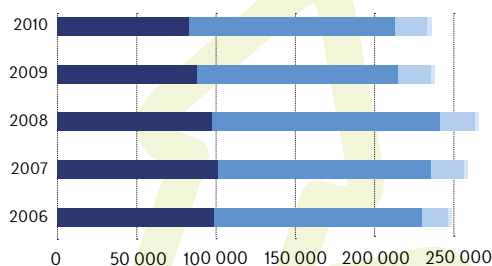
impacts of production, as well as social responsibility. Sanoma favours paper producers with a certified environmental management system, since such a system requires continuous improvement of environmental matters. 93% of the plants supplying paper to Sanoma were in 2010 ISO 14001 certified.

Set targets to achieve a higher share of certified fibres

Responsible paper procurement is important since long-term commitment to forest management and improvement are basic requirements for sustainable forestry. Diversity must also be promoted in commercial forests, and this is what forest certification systems aim at. Only around 9% of forests worldwide are certified, meaning that they have been audited by an impartial party which has confirmed that the audited area is managed according to the principles of sustainable forestry. The certification share is highest in Europe where Sanoma mostly procures its paper. Purchasing certified paper and products supports sustainable forestry and Sanoma feels it's important to bring more and more forest areas under the scope of certification. Sanoma aims to raise the share of certified fibre in its paper procurement to 70% in 2011.

Suppliers with certified environmental systems are favoured, because these systems serve as proof of good business practice and constant improvement.

SANOMA'S PAPER USAGE, TONNES* 2010



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

- Newsprint
- Magazine paper
- Fine and book paper and board
- Bookbinding board

93% of the paper plants supplying paper to Sanoma have ISO 14001 certification.

Carbon footprint of a printed newspaper and a magazine

The carbon footprint of a single Helsingin Sanomat newspaper is about **180g CO₂e**. One copy of the NYT supplement creates **75g** of greenhouse gasses (CO₂e).

Carbon footprint is a measurement of the greenhouse gases produced during a product's life cycle.

The biggest Finnish daily newspaper Helsingin Sanomat investigated the emissions of greenhouse gasses of the printed daily newspaper and the NYT supplement in 2009–2010. The calculations were made "from the forest to the customer", including the emissions from newsprint production, printing and transport.

The survey, carried out in co-operation with the Technical Research Centre of Finland (VTT), was based on a VTT

study of the average carbon footprint of a Finnish newspaper. For calculating the emissions of Helsingin Sanomat newspapers, information was gathered from paper mills, printing houses and various databases. The calculations disregard emissions arising after the newspaper has been read. In the calculations, Helsingin Sanomat contained 51 pages and weighed 243g. The NYT supplement weighed 133g and contained 53 pages.

The energy used in paper production and printing has the biggest impact on a magazine's carbon footprint. The average carbon footprint of a Finnish weekly magazine is about **230g CO₂e**.

VTT Technical Research Centre of Finland has also investigated the carbon footprint of a Finnish weekly magazine in 2009. The research included the magazine's full life cycle from forest until end of life

phases, including transports and raw material manufacturing. Editorial work was not included in the calculations. The weekly magazine in the calculations contained 86 pages and weighed 250g.

What does this mean in practice? What can it be compared with?

One printed copy of the newspaper delivered to reader's home or one copy of a magazine generates roughly as much carbon emissions as driving one kilometre by car. As a whole, newspapers and printed advertising materials delivered to households account for less than one per cent of the greenhouse gas emissions of households. The biggest emissions are caused by housing, food products and transport. *

Why are the results slightly different for a newspaper and a magazine?

Differences between the two relate mainly to different kinds of paper and printing methods and slightly different recycling rates.

* SOURCE: FINNISH ENVIRONMENT INSTITUTE, "ENVIRONMENTAL IMPACTS OF MATERIAL FLOWS CAUSED BY THE FINNISH ECONOMY" (ENVIMAT) STUDY 2009.

What can readers do to reduce the footprint?

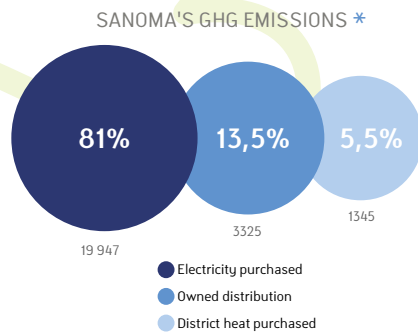
Lots! About 20% the carbon footprint of a printed product is a result of the consumer's own activity. Recycling the magazines and newspapers is the best option. Magazines contain high concentrations of virgin fibre, which is well suited for reuse and recycling.

Sanoma will take part in a European-wide Digital Media Delivery research project in 2011. The overall aim of this British-led media and ICT cross-sector project is to develop a commonly applicable framework for the evaluation of sustainability impacts of digital media delivery (News, magazines, music, books, video/TV), starting with carbon emissions.

Greener offices

The majority of Sanoma's employees work in offices and more and more attention has been given to the energy and water use and recycling methods at office premises. Green electricity is used at some locations and Sanoma's Parent Company is part of the WWF Green Office Network, an initiative which aims to reduce carbon dioxide emissions and the ecological footprint of offices. As a

Green Office, Sanoma's Parent Company monitors its office paper consumption, amounts of mixed waste, and energy consumption and is committed to reducing them. The success of this pilot has created interest in joining the programme. Sanoma House, the headquarters of Sanoma News, will join the WWF Green Office Network in 2011.



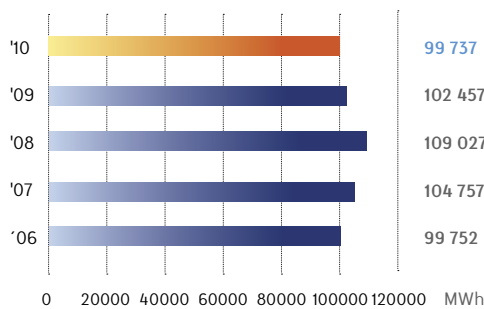
* Sanoma's total carbon emissions, arising from electricity use and district heat use in Finland, and travel mileage of Lehtipiste press distribution is 24 617 tonnes. We are in the early stages of calculating our footprint and we aim to increase the reported scope in the future.

WASTE, HEATING, AND WATER USAGE OF MOST IMPORTANT OFFICE BUILDINGS IN FINLAND

	2010	2009
Waste (tonnes)	762	667
Water (m ³)	23 375	22 693
District heat (MwH)	11 902	10 048

- All waste, water and district heating data covers the six largest offices in Finland, with the following exceptions:
 - Waste data from Lapinmäentie office only for 2010.
 - There is no water data for the Lapinmäentie office.
 - Waste and water data has been calculated based on the proportion of each office building that is occupied by Sanoma.
 - District heat data is calculated based on 'weather adjusted' figures.

SANOMA'S ELECTRICITY CONSUMPTION IN FINLAND IN 2010



- About 30% from the total sum of 99,7 GWh is used for printing, and the rest in real estates (offices and shops)



Responsible readership: Print versus digital

All media, be it through print or digital outlets, generates emissions during its life cycle. Acknowledging that its portfolio of products has an impact on the environment, Sanoma has dedicated to constant improvement of its operations as well as consults the latest research on the subject and seeks to communicate these results to its customers.

The recent arrival of e-books, tablets and other reading devices has enlivened the public conversation about the ecological footprint of print and digital media, and spurred new studies. Results reveal that comparing the two is difficult, but ecological production and mindful consumer behavior can reduce the media industry's environmental effects.

Print products one percent of reader's total climate impact

Most print media consumers are well aware that its production and distribution has an effect on the environment. In fact, the most avid readers of current events are often the most concerned about their consumption habits. Although some facts about wastepaper are becoming obvious – that recycling is always a superior option to throwing a newspaper into the trash, for example – the most recent research illustrates that determining the total environmental impact of a print product is a process affected by countless factors.

"We need to determine a product's carbon footprint by measuring each individual step in its life cycle," says **Minna Nors**, research scientist at VTT Technical Research Centre of Finland. "And even when we calculate the amount of greenhouse gas emissions that are generated during a product's life cycle, there are other factors as well that determine its environmental impact." Among these factors are terrestrial acidification and the depletion of non-renewable resources.

During 2010, Nors was project

manager in a research team that calculated the environmental effects of Finnish print newspapers and magazines using a method called life cycle assessment. The research found that paper production and transportation make up about 70% of a publication's carbon footprint while printing makes about 12%. Print products, however, only equal 1% of the average news reader's impact on the climate through household consumption; housing makes up 28%, food 16% and transport 13%.

"We also have to remember that the media, in itself, is an effective way



Åsa Moberg

to distribute information about environmental responsibility," she says.

"We're on a path of continuous improvement," Nors says, adding that more environmentally friendly methods of paper production are entering the equation. Sustainability is quickly becoming a competitive factor for industries.

"The process of measuring the environmental impact of a product through its entire life cycle is just the starting point so we can see where we are and where we have to go next," she says.

Investing in electronics

E-reading, too, raises complex questions for the sustainably-minded consumer. While reading a publication electronically reduces paper waste, the manufactur-



Minna Nors

ing and use of computers or e-readers uses energy and generates emissions. Most studies indicate that the environmental benefits of an e-reader – such as a Kindle or iPad – compared to print media emerge through frequent and long-term use.

According to **Åsa Moberg**, researcher at the Centre of Sustainable Communications at Sweden's KTH Royal Institute of Technology, an electronic device is better suited for environmentally conscious media consumers if it has low power draw, its use isn't restricted to one type of media and if its owner doesn't feel compelled to always upgrade to the latest model.

The life cycle of a computer or an e-reader also includes numerous individual factors that impact its environmental footprint and make its assessment a complex undertaking. Toxins are generated during the manufacturing of an electronic device, and the recycling of electronics remains a complicated process. If thrown into landfills or incinerated, the discarded devices emit more toxic substances.

Moberg believes that fewer consumers now pay into the common misconception of electronic media being a "zero burden" option.

"Studying the practices of media users and regarding the long-term societal consequences of communication and media distribution will become more relevant in the future," she says.

GRI index table

COMPARISON WITH GLOBAL REPORTING INITIATIVE G₃ GUIDELINES
We have self-declared our reporting to be Application Level C

GRI ref.	GRI Content	Included	Page	Comments
1	Strategy and Analysis			
1.1	CEO's statement	Yes	5	
1.2	Key impacts, risks and opportunities	Yes	5-6, 9	
2	Organizational Profile			
2.1, 2.4, 2.6	Name of the organization, location of headquarters, nature of ownership and legal form	Yes	3	
2.2, 2.7	Primary products and services, markets served	Yes	3	
2.3, 2.5, 2.8	Operational structure, number of countries and location of operations, scale of the reporting organization	Yes	3	
2.9	Significant changes regarding size, structure or ownership	Yes	3	
2.10	Awards received in the reporting period	Yes	Sanoma.com > News	
3	Report Parameters			
3.1-3.3	Reporting period and cycle	Yes	2	
3.4	Contact point for questions regarding the report	Yes	Back cover	
3.5	Process for defining report content	Yes	5, 7	
3.6-3.8	Report boundary and limitations on the report scope or boundary	Yes	2	
3.10	Restatements	Yes		No restatements to earlier reporting as this is Sanoma's first CR report
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	Yes		First CR report
3.12	GRI content index	Yes	32-33	
4	Governance, Commitments and Engagement			
4.1-4.4.	Governance	Yes	8-9	
4.8	Mission, values, code of conduct	Yes	5-6	
	Stakeholder Engagement			
4.14-4.15	Identification and approaches to stakeholder engagement	Yes	2, 6-7	
4.17	Key topics raised through stakeholder engagement	Yes	7	

Economic Performance Indicators

EC1*	Direct economic value generated and distributed	Yes	23
EC2*	Financial implications and other risks and opportunities for the organization's activities due to climate change	Yes	9
EC3*	Coverage of the organization's defined benefit plan obligations	Yes	Financial statement's page 22: Pension obligations
EC4*	Significant financial assistance received from government.	Yes	None received

Environmental Performance Indicators

EN1*	Materials used by weight or volume	Yes	28 Paper
EN2*	Percentage of materials used that are recycled input materials	Yes	28 Share of recycled fibre in papers
EN4*	Indirect energy consumption	Partially	30
EN8*	Total water withdrawal by source	Partially	30 Main offices in Finland
EN16*	Total direct and indirect greenhouse gas emissions	Partially	30
EN17*	Other relevant indirect greenhouse gas emissions	Partially	30
EN22*	Total amount of waste	Partially	30 Main of offices in Finland

Social Performance Indicators

LA1*	Total workforce by employment type, employment contract and region	Yes	13-14
LA5*	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Partially	15 Minimum notice periods for terminating an employment contract by law in Finland
LA7*	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Partially	13, 15 Sick absent days Group-wide, injuries and occupational diseases from Finland. Fatalities are not followed on Group-level.
LA12	Performance and career development reviews	Yes	13
LA13*	Composition of governance bodies and breakdown of employees	Yes	15
SO2*	Percentage of business units analysed for risks related to corruption	Yes	9 100%



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