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**Corporate Governance
Statement 2020**

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Corporate Governance Statement

Sanoma Corporation complies with the Finnish Corporate Governance Code issued by the Securities Market Association in 2019 and in force as of 1 January 2020. This Corporate Governance Statement has been prepared in accordance with the Code, which is available at www.cgfinland.fi.

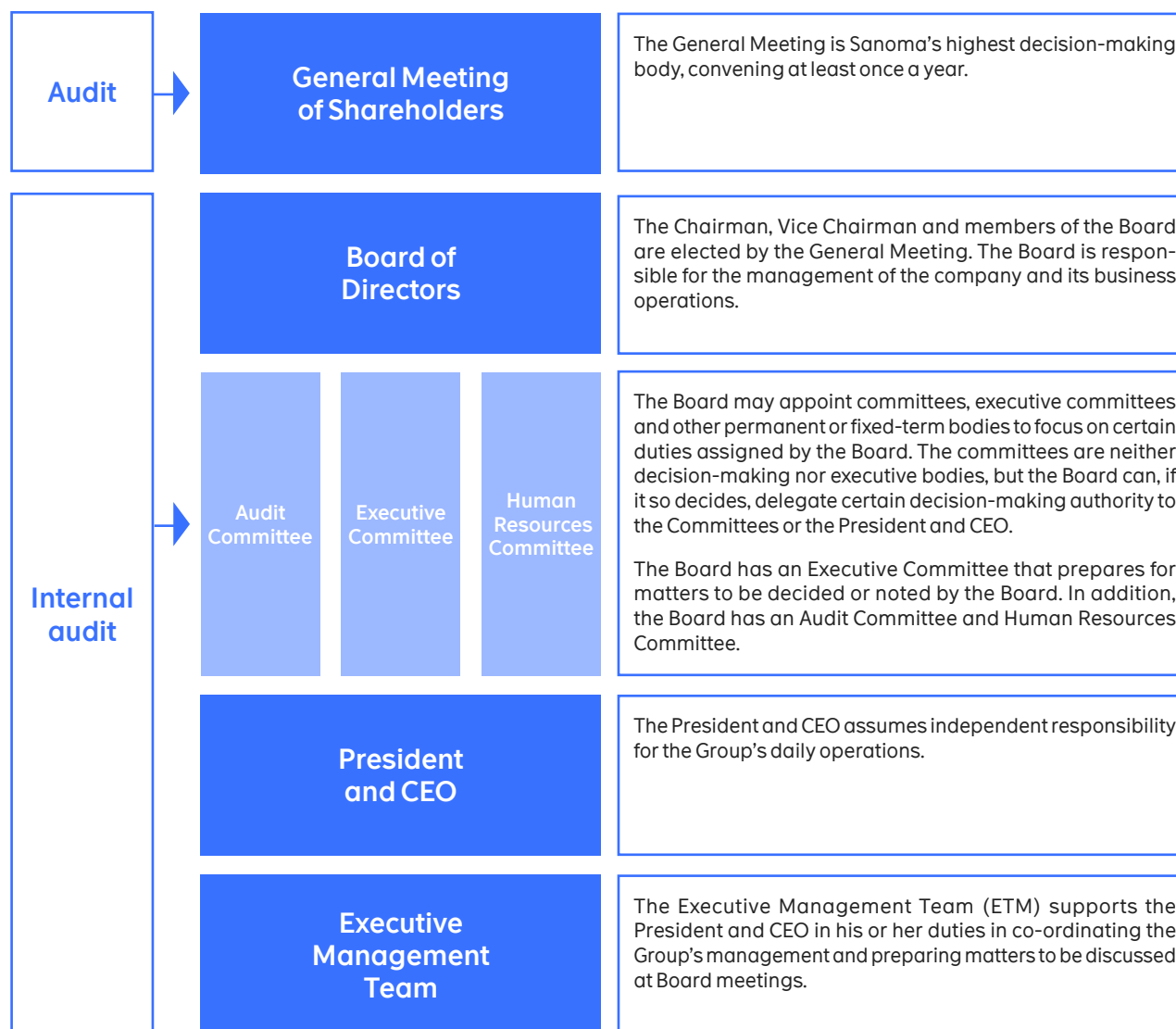
The statement has been reviewed by Sanoma's Audit Committee. The statutory auditors of Sanoma have checked that the statement has been issued and that its description of the main features of internal control and risk management systems related to the financial reporting process complies with the financial statements of the Company. This statement is presented as a separate report from the Board of Directors' Report.

More information on the remuneration principles of the Board of Directors, the President and CEO and the Executive Management Team is available in a separate Remuneration Report, prepared in accordance with the Code.

During the course of the year, information on Sanoma's governance is updated on the Company's website at www.sanoma.com/en/investors/corporate-governance/.

Corporate governance structure

In its operations and governance, Sanoma follows the laws and regulations applicable in its operating countries, the ethical guidelines set by the Sanoma Code of Conduct as well as the Group's internal policies and standards. Sanoma's administrative bodies are the General Meeting of Shareholders, the Board of Directors and its committees, the President and CEO and the Executive Management Team (EMT).



Board of Directors

Election and term

In accordance with the Articles of Association of Sanoma, the Board 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.

The term of a member of the Board begins at the end of the Annual General Meeting (AGM) in which he or she has been elected and expires at the end of the AGM following the election.

Sanoma has not established a Nomination Committee, but the largest shareholders of Sanoma may propose new members to the Board based on applicable rules and regulations, including the Finnish Corporate Governance Code.

Composition, diversity and independence

The members of the Board shall have the qualifications and experience necessary to perform their duties as well as the possibility to devote sufficient time for the Board work. They shall also meet the independence and other requirements applicable to publicly listed companies in Finland and both genders shall be represented on the Board.

In order to ensure that the Board has sufficient and versatile competencies, mutually complementing experience and knowledge of the industry, the Board considers a range of diversity aspects, such as business experience, international

experience, age, education and gender, when preparing its proposal of the composition of the Board to the AGM.

Matters related to the diversity of the Board are defined in the Group's Diversity Policy, approved by the Board.

At the end of 2020, 20% of the Board members were women. During 2012–2019, the share of women on the Board has varied between 30–50%. Sanoma has Board members with versatile business experience and backgrounds in several operating countries of the company. The two new members elected to the Board in the 2020 AGM strengthen the Board's competence and experience especially in the learning business, which is an important growth area for the company. The ages of the Board members vary between 66 and 38, the average age being 58.

Ten members were elected to the Board of Directors at the 2020 AGM. Pekka Ala-Pietilä, Antti Herlin, Mika Ihamuotila, Nils Ittonen, Denise Koopmans, Sebastian Langenskiöld, Rafaela Seppälä and Kai Öistämö were re-elected as members, and Julian Drinkall and Rolf Grisebach were elected as new members of the Board of Directors.

According to the Board's annual evaluation all members of the Board are non-executive and independent of the company. Eight out of ten members are also independent of major shareholders. The reason for the two members, Antti Herlin and Nils Ittonen, not being independent of major shareholders is reported in the details of each member on the following pages.

SANOMA SHARES OWNED BY THE MEMBERS OF THE BOARD

Board member	Shareholding ¹	
	31 December 2020	31 December 2019
Pekka Ala-Pietilä (Chairman)	15,000	10,000
Antti Herlin (Vice Chairman)	19,716,800	19,506,800
Julian Drinkall ²	0	-
Rolf Grisebach ²	0	-
Mika Ihamuotila	150,000	150,000
Nils Ittonen	59,000	59,000
Denise Koopmans	0	0
Sebastian Langenskiöld	645,963	645,963
Rafaela Seppälä	10,273,370	10,273,370
Kai Öistämö	8,265	8,265

¹ Shares owned by the Board members and the corporations over which the member exercises control.

² Member of the Board since 25 March 2020

Members of the Board of Directors



Pekka Ala-Pietilä (Chairman)

- Born 1957, Finnish citizen
- Independent of the company and major shareholders
- Chairman of the Board of Sanoma since 2016
- Board member since 2014, term ends in 2021
- Chairman of the Executive Committee
- Education: M.Sc. (Econ.), D.Sc. (Tech.) h.c., D.Sc. (Econ.) h.c.
- Main occupation: Huhtamäki Oyj, Chairman of the Board
- Primary work experience: Blyk Services Oy, co-founder and CEO 2006–2012; Nokia Corporation, various positions 1984–2005, among others as President 1999–2005, Nokia Mobile Phones, President, 1992–1998 and Group Executive Board Member 1992–2005
- Key board memberships: Huhtamäki Oyj (Chairman), SAP AG (Supervisory Board)



Antti Herlin (Vice Chairman)

- Born 1956, Finnish citizen
- Independent of the company, non-independent of major shareholders: 19,716,800 (12.1%) company's shares in direct and indirect ownership on 31 December 2020
- Vice Chairman of the Board of Sanoma since 2016
- Board member since 2010, term ends in 2021
- Member of the Executive Committee
- Education: 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. (The Aalto University school of technology)
- Main occupation: KONE Corporation, Chairman of the Board
- Primary work experience: KONE Corporation, Vice Chairman of the Board 1996–2003 and CEO 1996–2006
- Key board memberships: KONE Corporation (Chairman), Holding Manutas Oy (Chairman), Security Trading Oy (Chairman)
- Other board memberships or positions of trust: KONE Corporation Centennial Foundation (Chairman), Tiina and Antti Herlin Foundation (Chairman), Archive Foundation of the President of Finland



Julian Drinkall

- Born 1964, British citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2021
- Member of the Human Resources Committee
- Education: Master in Public Administration John F. Kennedy School of Government Harvard (2006), MBA Harvard Graduate School of Business Administration (1991), MA PPE Oxford University, Merton College (1986).
- Main occupation: Academies Enterprise Trust (AET), CEO
- Primary work experience: Alpha Plus Holding, CEO 2014–2016; Gengage Learning, President and CEO of EMEA and India 2012–2014; OC&C Strategy Consultants, Operating Partner 2010–2012; MacMillan Education, Chief Executive Officer 2007–2010 and Chief Operating Officer 2006–2007; Boots Company, Director of Strategy and Mergers & Acquisitions 2003–2005; IPC Media, Group Strategy Director 2001–2003; BBC, Head of Financial and Commercial Strategy 1998–2001; previous employers also include Arthur D. Little, Island International (Island Records) and the LEK Partnership
- Key board memberships: Dragons Teaching (Chairman), Kindred Advisory Board (Vice-Chairman)



Rolf Grisebach

- Born 1961, German citizen
- Independent of the company and major shareholders
- Board member since 2020, term ends in 2021
- Member of the Audit Committee
- Education: PhD in Business Law Max-Planck-Institute (1988), Master of Business and Master of Law, Ludwig-Maximilians-Universität (1985).
- Main occupation: Stella Partners, Partner
- Primary work experience: Thames & Hudson Ltd, CEO 2013–2019; Pearson, President of German, Swiss and Austrian operations 2010–2013; Deutscher Fachverlag (DFV), CEO 2005–2010; Holtzbrinck Group, Member of the Executive Board 2001–2004, Business CEO for Education, STM and digital division (New York) 1998–2001, Vice President Corporate Development 1995–1998; Boston Consulting Group (Munich and London), Manager 1988–1995



Mika Ihamuotila

- Born 1964, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2013, term ends in 2021
- Member of the Audit Committee
- Education: Ph.D. (Econ.)
- Main occupation: Marimekko Corporation, Executive Chairman of the Board
- Primary work experience: Marimekko Corporation, Chairman of the Board and CEO 2015–2016, President and CEO and Vice Chairman of the Board 2008–2015; Sampo Bank Plc, President and CEO 2001–2007; Mandatum Bank Plc, President and CEO 2000–2001, Executive Director 1998–2000; Mandatum & Co Ltd, Partner 1994–1998, Yale University, Visiting scholar 1992–1993
- Key board memberships: Marimekko Corporation (Executive Chairman), Mannerheim Foundation (Chairman)



Nils Ittonen

- Born 1954, Finnish citizen
- Independent of the company, non-independent of major shareholders: Chairman of Jane and Aatos Erkko Foundation that held 39,820,286 (24.4%) company's shares on 31 December 2020
- Board member since 2014, term ends in 2021
- Member of the Audit Committee and the Executive Committee
- Education: B.Sc. (Econ.)
- Main occupation: -
- Primary work experience: Sanoma Group, various positions, including Senior Vice President of Group Treasury, Real Estate and Risk Management 1977–2010, Member of the Executive Management Group 1999–2007
- Key positions of trust: Jane and Aatos Erkko Foundation (Chairman)



Denise Koopmans

- Born 1962, Dutch citizen
- Independent of the company and major shareholders
- Board member since 2015, term ends in 2021
- Chair of the Audit Committee
- Education: LL.M., AMP Harvard Business School, IDP-C Insead
- Main occupation: Independent Board Director
- Primary work experience: Wolters Kluwer Law & Business, Managing Director of the Legal & Regulatory Division 2011–2015; LexisNexis Business Information Solutions, CEO and LexisNexis International, member of the Senior Leadership team 2007–2011; Altran Group, various senior executive roles 2000–2007
- Key board memberships: Coöperatie VGZ (Supervisory Board), Swiss Post AG, Royal BAM Group nv (Supervisory Board)
- Other positions of trust: Lay Judge/Counsel to the Enterprise Chamber of the Amsterdam Court of Appeal («Ondernehmenskamer»)



Sebastian Langenskiöld

- Born 1982, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2019, term ends in 2021
- Member of the Human Resources Committee
- Education: Master of Science International Business Aalto University School of Business, Master of International Management CEMS Aalto University & the University of Sydney (2009–2011)
- Main occupation: Salesforce ISV, Principal Partner Account Manager, EMEA Nordics 2017–
- Primary work experience: Fingertip Ltd., Founding Partner 2012–2017; Cargotec Corporation, M&A Coordinator 2011; Hansaprint Ltd., Key Account Manager 2006–2009



Rafaela Seppälä

- Born 1954, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2008, term ends in 2021
- Member of the Human Resources Committee
- Education: M.Sc. (Journalism), Columbia University School of Journalism
- Main occupation: -
- Primary work experience: SanomaWSOY, Member of the Board 1999–2003; Lehtikuva Oy, President 2001–2004; Helsinki Media Company Oy, Project Manager 1994–2000; Sanoma Osakeyhtiö, Member of the Board 1994–1999
- Key board memberships: Finnish National Gallery, Rafaela and Kaj Forsblom Foundation (Chair)



Kai Öistämö

- Born 1964, Finnish citizen
- Independent of the company and major shareholders
- Board member since 2011, term ends in 2021
- Chairman of the Human Resources Committee
- Education: Ph.D. (Tech.), M.Sc. (Eng.)
- Main occupation: President and CEO, Vaisala Corporation
- Primary work experience: InterDigital, Chief Operative Officer 2018–2020
- Key board memberships: Fastems Oy (Chairman)

Duties of the Board of Directors

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

The operating principles and main duties of the Board have been defined in the Charter of the Board of Directors. The Board, for example,

- decides on the long-term goals and business strategy of the Group for achieving those long-term goals;
- approves the Group's reporting structure;
- decides on acquisitions and divestments, financial matters and investments, which have a value exceeding EUR 5.0 million, or are otherwise strategically significant, or involve significant risks, or relate to divestment, lay-off or termination of employment of 100 employees or more (for the time being, the Board has delegated its decision-making authority to the President and CEO on acquisitions and divestments, financial matters and investments which have a value exceeding EUR 0.5 million but below EUR 5.0 million);
- 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 Half-Year Report, the Financial Statements and the Board of Directors' Report as well as the Corporate Governance Statement and the Remuneration Report 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 the Strategic Business Units,

- members of the EMT and
- certain executive positions as determined by the Board;
- confirms the Group's values; and
- approves the Group's key policies.

In 2020, the Board decided on several large acquisitions and divestments, including the acquisitions of Santillana Spain, the leading provider of K12 learning services in Spain, and the regional news media business in Finland, and the divestment of the Oikotie online classifieds business in Finland. In addition to its main duties, the Board monitored closely the integration of the recently acquired larger businesses, contributed to the Sanoma Sustainability Strategy, followed closely the measures taken to safeguard the company's employees and operations from the coronavirus pandemic, and became more closely familiarised with the local learning businesses via virtual tours.

In order to develop its performance, the Board conducts an evaluation of its operations and working methods on an annual basis. The purpose of the evaluation is also to assess the composition of the Board and define qualifications for the possible new Board members. The evaluation may be done as an internal self-assessment or by using an external evaluator. In 2020, the Board conducted an internal self-assessment.

Board meetings

During 2020, the Board convened 14 times with an average attendance rate of 97%.

Board's committees

The Board may appoint committees, executive committees and other permanent or fixed-term bodies to focus on certain duties assigned by the Board. The Board confirms the charter of these committees and provides the policies given to other bodies appointed by the Board. The committees report regularly to the Board.

MEMBERS' ATTENDANCE AT BOARD MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chairman)	14/14	100
Antti Herlin (Vice Chairman)	14/14	100
Julian Drinkall ¹	11/11	100
Rolf Grisebach ¹	11/11	100
Mika Ihamuotila	14/14	100
Nils Ittonen	14/14	100
Denise Koopmans	12/14	86
Sebastian Langenskiöld	14/14	100
Rafaela Seppälä	13/14	93
Kai Öistämö	12/14	86
Anne Brunila ²	3/3	100

¹ Member of the Board since 25 March 2020

² Member of the Board until 25 March 2020

The Board has an Executive Committee that prepares proposals for matters to be decided or noted by the Board. In addition, the Board has an Audit Committee and a Human Resources Committee.

The members of the committees are appointed among the members of the Board in accordance with the charter of the respective committee. In addition to Board members, the President and CEO is a member of the Executive Committee. The committees are neither decision-making nor executive bodies, but the Board can, if it so decides, delegate certain decision-making authority to the Committees or the President and CEO.

EXECUTIVE COMMITTEE

The Executive Committee prepares matters to be considered at the Board meetings. The Executive Committee consists of the Chairman and Vice Chairman of the Board, the President and CEO and, at the Chairman's invitation, one or several members of the Board.

In 2020, the Executive Committee comprised Pekka Ala-Pietilä (Chairman), Antti Herlin, Nils Ittonen and Susan Duinhoven. The Executive Committee convened four (4) times in 2020, with an average attendance rate of 100%.

MEMBERS' ATTENDANCE AT EXECUTIVE COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Pekka Ala-Pietilä (Chairman)	4/4	100
Antti Herlin	4/4	100
Nils Ittonen	4/4	100
Susan Duinhoven	4/4	100

AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management, external audit and internal audit, in accordance with the charter approved by the Board, the Finnish Corporate Governance Code as well as applicable laws and regulations.

The Audit Committee e.g. reviews the Interim Reports and Half-Year Report, discusses enterprise risk analyses including identified risks and mitigation plans, monitors the principles concerning the monitoring and assessment of related party transactions, prepares the appointment and monitors and evaluates the independence of the company's auditor as well

as reviews and approves the internal audit plan and follows its progress. The Audit Committee also reviews the Corporate Governance Statement.

In 2020, the Audit Committee focused on a specific deep dive theme in three of its meetings, in addition to regular agenda items. The themes included risk management, information security and privacy as well as finance organisation and development programme, M&A integrations, upcoming IFRS changes and XBRL reporting. In addition, the Audit Committee paid special attention to the company's response to the coronavirus pandemic as well as its reflection to accounting, management judgement and financial reporting.

In addition to members of the Audit Committee, the company's CEO, CFO and COO and people responsible for topics on the Audit Committee's agenda participate in meetings presenting their corresponding agenda items to the Committee. The Auditor in Charge is also present in the meetings and gives updates on auditing work conducted in between the meetings.

In accordance with its Charter, the Audit Committee comprises three to five members, appointed annually by the Board. Members of the Committee shall be independent of the company, and at least one member shall also be independent of significant shareholders. As required by law, at least one member of the Audit Committee must have expertise in accounting or auditing. The Committee meets at least four times a year.

From the date of the 2020 AGM, the Audit Committee comprised Denise Koopmans (Chair), Rolf Grisebach, Mika Ihamuotila and Nils Ittonen. All members of the Committee are independent of the company and three members (Rolf Grisebach, Mika Ihamuotila and Denise Koopmans) independent of significant shareholders of the company. The Audit Committee convened five (5) times in 2020, with an average attendance rate of 100%.

MEMBERS' ATTENDANCE AT AUDIT COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Denise Koopmans (Chair)	5/5	100
Rolf Grisebach ¹	4/4	100
Mika Ihamuotila ¹	4/4	100
Nils Ittonen	5/5	100
Anne Brunila ²	1/1	100

¹ Member since 25 March 2020

² Member until 25 March 2020

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 it from time to time by the Board and/or the Chairman of the Board. In addition, the Committee discusses the composition and succession of the Board as well as prepares the Remuneration Policy and Remuneration Report.

In 2020, The Human Resources Committee paid special attention to the impact of the coronavirus pandemic on the employees as well as to the actions to mitigate the consequences and to get prepared for the future ways of working. The Committee also presented the new Remuneration Policy to the Board approved in the 2020 AGM and prepared the Remuneration Report 2020 according to the policy.

In addition to members of the Human Resources Committee, the company's CEO, CHRO and other people responsible for HR typically participate in the meetings, presenting their agenda items to the Committee.

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

From the date of the 2020 AGM, the Human Resources Committee comprised Kai Öistämö (Chairman), Julian Drinkall, Sebastian Langenskiöld and Rafaela Seppälä. All members of the Committee are independent of the company and major shareholders of the company. The Human Resources Committee convened three (3) times with an average attendance rate of 100%.

MEMBERS' ATTENDANCE AT HUMAN RESOURCES COMMITTEE MEETINGS

Board member	Number of meetings attended	Attendance rate, %
Kai Öistämö (Chairman)	3/3	100
Julian Drinkall ¹	2/2	100
Sebastian Langenskiöld ¹	2/2	100
Rafaela Seppälä	3/3	100
Mika Ihamuotila ²	1/1	100

¹ Member since 25 March 2020

² Member until 25 March 2020

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, for example:

- ensuring the Company's accounts comply with the law and 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 and in accordance with the general policies adopted by the Board and other applicable guidelines and decisions
- deciding on acquisitions and divestments, as well as financial matters and investments, which have a value exceeding EUR 0.5 million but below EUR 5.0 million or relate to the divestment, lay-off or termination of employment of more than 50 but fewer than 100 employees
- preparing decision proposals and matters for information for the meetings of the Board (together with the Chairman of the Board and/or the Executive Committee) and presenting these matters and the agenda to the Board and its Committees
- approving Group-level standards
- chairing Sanoma's EMT.

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

Susan Duinhoven has served as the President and CEO of Sanoma Corporation since 1 October 2015.

Executive Management Team (EMT)

The EMT supports the President and CEO in his or her duties in coordinating the Group's management and preparing matters to be discussed at Board meetings. The matters include e.g.

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

The EMT is chaired by the President and CEO. In 2020, the EMT comprised the CEOs of Sanoma Media Finland and Sanoma Learning, as well as the Chief Financial Officer and Chief Operating Officer (CFO and COO) of Sanoma Group.

SANOMA SHARES OWNED BY THE PRESIDENT AND CEO AND THE MEMBERS OF EMT

EMT member	Shareholding	
	31 December 2020	31 December 2019
Susan Duinhoven (Chair)	358,341	250,935
Markus Holm	55,637	39,205
Pia Kalsta	25,574	24,833
Rob Kolkman	0	0

Executive Management Team



Susan Duinhoven, President and CEO

- Born 1965, Dutch citizen
- Chair of the EMT since 2015
- Member of the Executive Committee
- Education: Ph.D. (Physical Chemistry), B.Sc. (Physical Chemistry)
- Work experience: Koninklijke Wegener N.V., CEO and Chairman of the Executive Board 2013–2015; Thomas Cook Group Plc, CEO of Western Europe/CEO Netherlands 2010–2013; Reader's Digest, Managing Director of Benelux & New Acquisitions Europe 2008–2010; De Gule Sider A/S, CEO 2005–2007. Further work experience starting from 1988 includes Unilever, McKinsey, VNU Gouden Gids and De Telefoongids
- Key board memberships: KONE Corporation



Markus Holm, CFO and COO

- Born 1967, Finnish citizen
- Member of the EMT since 2017
- Education: M.Sc. (Econ.)
- Work experience: Metsä Board Corporation, CFO 2014–2016; Metsä Tissue Corporation, CFO 2008–2013; GlaxoSmithKline Oy, Finance and ICT Director 2005–2008; Huhtamaki Group, various managerial positions in finance, treasury, global sourcing and investor relations in 1994–2004 in Finland and 1999–2002 in Brazil



Pia Kalsta, CEO, Sanoma Media Finland

- Born 1970, Finnish citizen
- Member of the EMT since 2015
- Education: M.Sc. (Econ.)
- Work experience: Nelonen Media (part of Sanoma Group) 2001–2015, e.g. President 2014–2015, President, acting 2013–2014, Senior Vice President, Head of Consumer Business, Marketing & Business Development 2012–2013, Senior Vice President, Sales and Marketing 2008–2012, Vice President, Sales 2006–2008, Marketing Manager 2001–2006; SCA Hygiene Products (Finland) 1996–2001, various roles e.g. Key Account Manager, Product Manager and Marketing Manager
- Key board memberships: Orion Corporation



Rob Kolkman, CEO, Sanoma Learning

- Born 1972, Dutch citizen
- Member of the EMT since 2019
- Education: MBA, Master in Economics (Accountancy)
- Work experience: Reed Business Information (part of RELX Group), Group Managing Director 2017–2018, Managing Director of ICIS 2016–2017, CEO Netherlands 2014–2016; Elsevier (part of RELX), Managing Director Australia and New Zealand 2008–2014; Reed Business Netherlands (part of RELX), Associate Director 2006–2008, Publishing Director (Finance and tax) 2004–2006, Director of Elsevier Baard 2003–2004; various roles at BPP Professional Education Netherlands 1992–2003

Risk management and internal control

The management of Sanoma Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning and reporting systems as well as policies and guidelines. The roles and responsibilities of different administrative bodies in risk management and internal control are explained in the table below.

ROLES AND RESPONSIBILITIES

	Risk management	Internal control
Board of Directors	<ul style="list-style-type: none"> ■ approval of Risk Management Policy ■ overseeing the effectiveness of risk management ■ aligning the strategic objectives and risk appetite of the company 	<ul style="list-style-type: none"> ■ approval of Internal Controls Policy
Audit Committee	<ul style="list-style-type: none"> ■ reviews and monitors the implementation of the policy and the risk management process 	<ul style="list-style-type: none"> ■ reviews the reliability, effectiveness and compliance with Sanoma's Corporate Governance Framework of internal control systems ■ monitors matters related to statutory audit and internal audit
President and CEO	<ul style="list-style-type: none"> ■ defining risk management strategies and procedures ■ setting priorities for risk management 	<ul style="list-style-type: none"> ■ sets the ground for the internal control environment by executing policies and standards ■ the EMT supports the President and CEO in his/her oversight role and in assuring compliance
Audit and Assurance function	<ul style="list-style-type: none"> ■ coordinates the risk management process ■ produces risk reports ■ evaluates and provides recommendations for improvement on risk management 	<ul style="list-style-type: none"> ■ supports the President and CEO in ensuring the compliance of financial reporting with Group requirements by, for example, evaluating and providing recommendations for improvement on internal control ■ compiles reports on internal control to the Board of Directors, Audit Committee and/or the President and CEO and the EMT
Strategic Business Units (SBU)	<ul style="list-style-type: none"> ■ aligning the risk management guidelines, procedures and strategies with the Group ■ identifying, measuring, reporting and managing risk 	<ul style="list-style-type: none"> ■ ensuring that Sanoma policies and standards are implemented and followed in their business ■ reflecting possible local requirements in the implementation

Risk management

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

Risk management is integrated in Sanoma's management, strategic planning and internal control system, and covers all risk categories at Group, SBU and entity levels. The risk management process includes the following phases:

1. Setting strategic, operational, reporting and compliance objectives on the Group, SBU and business levels
2. Identification and assessment of risks affecting the achievement of objectives by using a risk framework
3. Defining risk management activities for key risks
4. Implementation of risk management activities (e.g. asset allocation, control activities, insuring, hedging or divestitures)
5. Monitoring the performance and efficiency of the risk management
6. Continuous improvement of the risk management processes, performance and capabilities
7. Reporting of updated risk assessment results with related ongoing or planned mitigation actions to the Audit Committee and further to the Board of Directors twice a year. The reporting includes identification and assessment of key risks and summary of risk management activities for each SBU, business, and selected subsidiaries. The reporting shall be linked as much as possible to the quarterly reporting and strategic planning processes.

More information on the most significant risks that could have a negative impact on Sanoma's business, performance, or financial status are described in the Board of Directors' Report 2020, available at [sanoma.com](https://www.sanoma.com).

Internal controls

Sanoma's Internal Control Policy defines the internal control process applied in the Group. Internal controls are in line with the Corporate Governance Framework, and aim to assure that all Group policies and standards are up to date, communicated and implemented.

Internal control is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations.

The process includes objective setting, control design and implementation, operating effectiveness testing, monitoring and continuous improvement, and reporting.

Internal controls consist of entity-level, process-level and IT controls. Entity-level controls are applied on all levels of Sanoma (i.e. Group, SBU and entity) and can relate to more than one process. The Code of Conduct, Group policies and guidelines and their active implementation are examples of entity-level control activities.

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

IT controls are embedded within IT 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 IT controls.

The operation of controls is monitored to ensure that they are implemented as designed, and that they operate effectively. The monitoring is performed as a management self-assessment, assessment of an independent party/internal audit or a combination of these.

Monitoring of financial reporting process

The financial reporting process is based on the Group Reporting Manual. Combined with the other Group reporting guidelines and additional instructions, it defines Sanoma Group's accounting principles and policies.

The Group Finance and Control function is part of the Parent Company and prepares control point guidelines for transactions and periodic controls for the SBUs. The guidelines are approved by the President and CEO. Periodic controls are linked to monthly and annual reporting processes and include reconciliations and analyses to ensure the accuracy of financial reporting. The control activities seek to ensure that potential deviations and errors are prevented, discovered and corrected, both at the Parent Company and the SBU level. 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 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 at least quarterly. In addition to the SBUs' financial performance, e.g. the operating environment, future expectations, and business development are discussed in the reviews. The business reviews also have a role in the process of ensuring the functioning of the continuous risk assessment and internal control systems.

Other information

Internal audit

Sanoma's internal audit is steered by the Corporate Governance Framework as well as Group Policies on Internal Audit, Internal Control and Enterprise Risk Management. The Audit and Assurance function, reporting to the CFO and COO, and directly to the Audit Committee, is responsible for the internal audit at Sanoma.

The scope of Audit and Assurance covers examination and evaluation of internal control systems, risk management processes, compliance processes, information security and governance framework as well as monitoring of Internal Control process on all organisational levels and businesses. The Audit and Assurance function supports the development of the organisation and provides additional assurance with a risk-based approach.

Related party transactions

Sanoma has a Related Party Policy, under which members of the management defined by the policy are under obligation to submit planned related party transactions for prior approval. In 2019, Sanoma amended the Related Party Policy to correspond to the amended Finnish Companies Act.

More information on related party transactions in 2020 is available in Financial Statements 2020, Note 29.

Insider administration

Sanoma's Insider Policy complies with the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. and other relevant legislation, such as Market Abuse Regulation.

According to the Insider Policy, a person who has gained Inside Information may not use the information by acquiring or disposing of Sanoma's financial instruments (either on his own or a third party's behalf, directly or indirectly), or give either direct or indirect advice on trading.

Sanoma has a standardised process for assessing insider information, delaying disclosure and establishing of insider lists.

- People who have access to all inside information, due to the nature of their position at Sanoma, are listed as permanent Insiders. Currently, there are no permanent insiders at Sanoma.
- Deal-specific insider lists are established based on a case-by-case evaluation when Inside Information related to an event or deal is identified and a decision on delayed disclosure is made. Those who have been entered onto a deal-specific insider list are not allowed to trade Sanoma's financial instruments until the project has been publicly disclosed or otherwise terminated.

Sanoma applies a closed period, which is a thirty (30) calendar day period, before the announcement of the Financial Statements Release, the Half-year report and the Interim Reports.

During the closed period, the members of the Board and the President and CEO shall not conduct any transactions in Sanoma's financial instruments on their own account, or on the account of a third party, whether they possess Inside Information or not. Additionally, transactions are not allowed during the entire publication day. Sanoma also recommends that the EMT members and persons engaged in financial reporting do not trade in Sanoma's financial instruments during the closed period or the publication day.

Members of the Board and EMT shall always check beforehand the appropriateness of trading with the company secretary. Members of the Board and EMT may also issue an explicit, documented trading programme, which must comply with Nasdaq Helsinki Ltd. rules and regulations on trading programmes. Sanoma may publish such trading programmes on its website. There were no trading programmes in place on 31 December 2020.

The Board members, the President and CEO and persons closely associated with them must notify Sanoma and the Finnish Financial Supervisory Authority of their transactions with Sanoma's financial instruments (the so-called Manager's Transactions). The notification must be done within two days of the transaction. Sanoma shall publish such a notification as a stock exchange release within three days of the transaction at the latest. A delay in giving the notification may lead to sanctions.

Audit

The main function of the statutory audit is to verify that the financial statements provide a true and fair view on the Group's financial performance and financial position for the financial year. Sanoma's financial year is the calendar year.

The auditor's responsibility is to audit the Group's and the Parent Company's financial statements and administration in the respective financial year and to provide auditors' opinion to the AGM. The auditor reports to the Board at least once a year.

According to the Articles of Association, Sanoma shall have one auditor, which shall be an auditing firm approved by the Patent and Registration Office. The term of office of the auditor expires at the end of the next AGM following the election.

The 2020 AGM elected the Authorised Public Accounting firm PricewaterhouseCoopers Oy as the statutory auditor of the company. Samuli Perälä, Authorised Public Accountant, acts as the Auditor in Charge. PricewaterhouseCoopers Oy, with Samuli Perälä as the Auditor in Charge, has acted as the statutory auditor of the Company since the 2017 AGM. The Auditor shall be reimbursed against an invoice approved by the Company.

FEES PAID TO THE COMPANY'S AUDITORS

EUR million	Group		Parent company	
	2020	2019	2020	2019
Fees paid for audit services	1.0	1.0	0.4	0.3
Fees paid for non-audit services	0.5	0.5	0.0	0.4

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