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# Get our responsibility

Corporate Social  
Responsibility  
Report 2013

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get the world

# Table of contents

3 . . . Who we are

6 . . . People

**Get at the forefront**

**Startup in the Sanoma Way**

11 . . . Responsible Business

**Actively shaping the world around us**

**Raising awareness through media**

**Smart Data — Smart Privacy**

16 . . . Economy & Society

**Engaging with the societies**

**Getting local**

20 . . . Environment

**Focus on lessening our environmental impact**

24 . . . GRI Index Table





Get the World. A world full of opportunities, feelings, reactions and inspiration. We want to make it yours.

# We are Sanoma

We are a front-running consumer media and learning company in Europe. In Finland and The Netherlands, we are the market leading media company with a broad presence across multiple media platforms. Our operating markets in Learning are Belgium, Finland, The Netherlands, Poland and Sweden. In 2013, Sanoma's net sales totalled EUR 2.2 billion and we employed some 10,000 professionals. Sanoma is listed on the NASDAQ OMX Helsinki stock exchange.

## Get the world – our purpose

At Sanoma, we help people access and understand the world. A world full of opportunities and experiences – a world to explore, influence or share. Working together with our customers, we create high quality, relevant, captivating content: information, inspiration, education and entertainment. We serve their individual needs to develop themselves and enjoy their lives.





# Our ambition

**Customers are at the heart of everything we do and we aim to serve them in new ways**

This means we connect content, brands and people – anywhere and anytime. For advertisers we will provide powerful marketing opportunities through our reach and consumer insight. For our learning stakeholders we will develop new solutions, be it personalised, digital or in print, for both teaching and learning.

**We aim to be the media & learning company of the future**

We will innovate and grow. We will foster our brands, and make them multichannel. We will grow in TV, also outside of Free-to-Air TV. We will develop our learning portfolio that today is much more than just textbooks. We will accelerate our digital business and always strive to improve our performance. We will operate with efficiency, sharpen our business portfolio and create a high performance culture.

**We think and operate according to the Sanoma Way**

We always look ahead. We are eager to know what is around the corner. We urge everyone to share views, opinions and experiences. We engage people, we involve and activate people with the things that matter to them. We make it happen, we aim to create an impact every day.

**Reporting principles for the CSR report 2013**

The reporting period for this corporate social responsibility (CSR) report is Sanoma’s financial reporting period 1 January–31 December 2013.

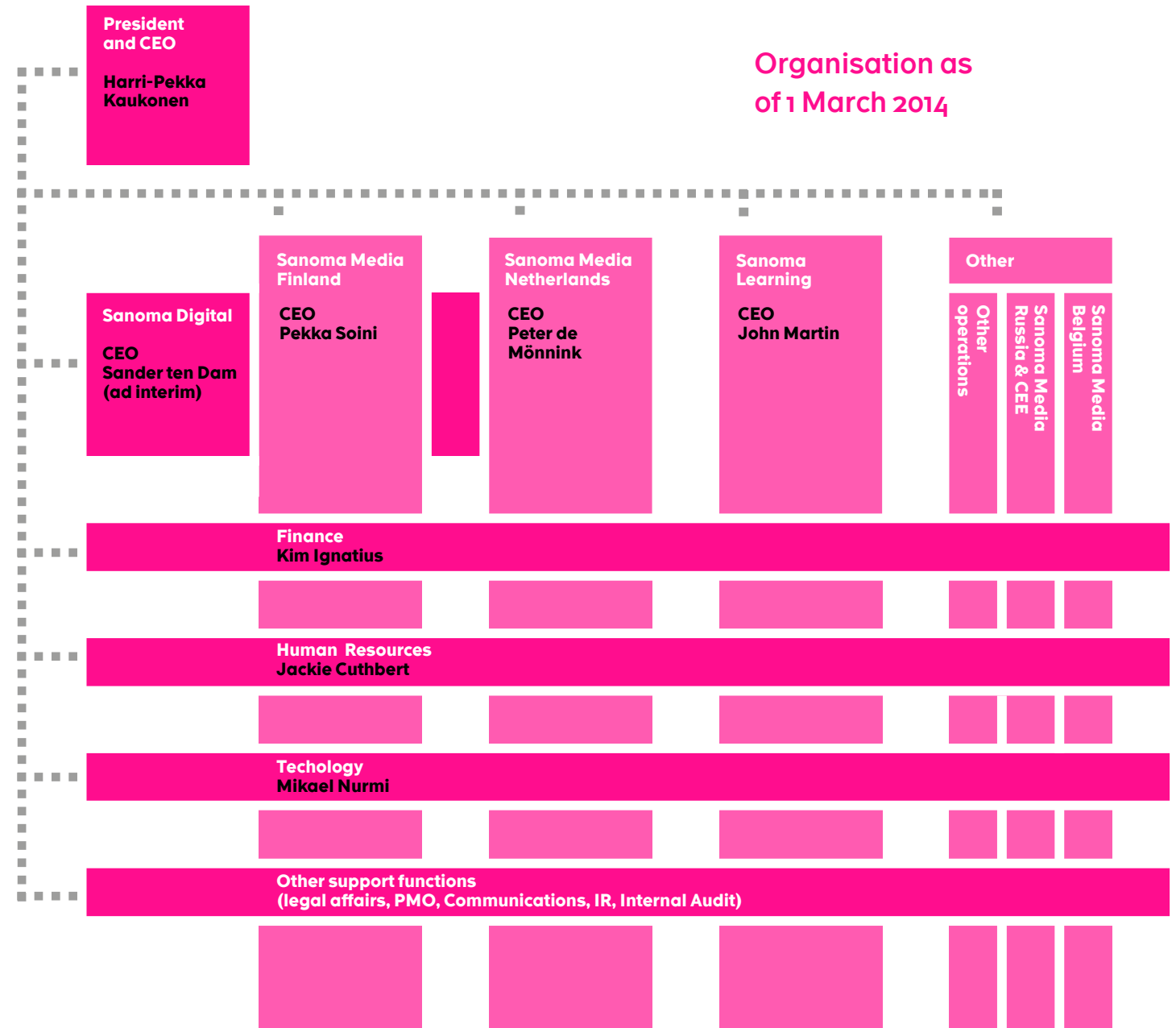
The report covers the Sanoma Group’s operations in all its operating countries unless otherwise specified. Some environmental data is only reported from Finland, The Netherlands or Belgium.

In 2013, the continuing operations of the Group included three reportable segments: Media, News and Learning. Remaining operations are reported in the financial statement in the line item “Other companies and eliminations”. As of 1 January 2014, Sanoma will have two reportable segments, Consumer Media and Learning, and three Strategic Business Units, Sanoma Media Netherlands, Sanoma Media Finland and Sanoma Learning. The remaining operations are grouped in ‘Other’. Personnel figures in this report are already reported according to the new reporting method.

The reported topics have been chosen based on Sanoma’s purpose, special characteristics of the media and learning businesses and a corporate social

responsibility materiality assessment carried out with our key stakeholders. Primary stakeholder groups involved in the assessment were Sanoma’s employees, B2B customers, investment analysts and our business partners.

Sanoma uses the GRI G3 guidelines as a framework for this report. Key reported items’ location in the report is being referred to in a GRI index table. The next report is planned to be published in 2015.





# Get at the forefront

**Our people are at the heart of everything we do: having the right people with the right capabilities and a winning culture driven by high engagement are the key success factors in our transformation. We aim to become an agile and efficient media and learning company, a true leader in our key markets.**

We employ some 10,000 people and engage a large number of independent professionals to create informative, inspiring, educational and entertaining content to help people access and understand the world around them.

### Organise to win

Sanoma took major steps in its transformation journey in 2013. The Sanoma Way, our common way of working, was introduced together with a new vision in March. In October, we announced measures for the most extensive transformation in the Group's history, the redesign of our portfolio, operating models and

leadership capabilities. Amidst a demanding year, our valued employees showed a high level of engagement and commitment.

New organisation structures and streamlined portfolio brought new ways of working in some of our units already in 2013, and the work continues in 2014. For example, a new business unit Sanoma Digital combines the digital business expertise of the Dutch and Finnish media operations and our newly established Sanoma Technology unit combines our IT competencies around the Group in a single centre of excellence.

Changes in the portfolio, through divestments and discontinuations of products and business lines, as well as the development of editorial and support function processes in 2013, led to a decrease in the number of personnel. This is likely to continue in 2014, when the announced reorganisations take place. At the same time, Sanoma is determined to renew its offering in all media platforms, which will lead to new opportunities arising, in particular in the digital field.

### Making it happen

In order to create a high performing organisation with a winning culture, it is important to create an understanding on how each employee can contribute to Sanoma's goals. To do this, we are using a performance management framework with a three-step cycle to systematically set targets, evaluate performance and identify opportunities for development. The framework was initially rolled out to the Executive Management Group in 2011, and to top management in 2012. In 2013, most Sanoma people were already using at least one of the three parts of the framework.

The performance management framework is complemented by a reward philosophy that acknowledges peo-



ple who deliver results and manages underperformance. This new reward philosophy is gradually being introduced to all employees by 2015. It includes a Share Plan and an incentive scheme for executives and key managers. This encourages them to focus on the long-term, increase shareholder value and commit to Sanoma.

Although results are important, the way we achieve them is equally important. The Sanoma Way is the way of working, operating and making decisions that all Sanoma companies share. It gives meaning to how we must act to achieve our goals. The Sanoma Way is an important part of our daily life and therefore we have incorporated it into our annual performance reviews and yearly development dialogues.

**Sanoma Way**

- We always **look ahead**. We are eager to know what is around the corner.
- We **share views** and we urge everyone to share views, opinions and experiences.
- We **engage people**, we involve and activate people with the things that matter to them.
- We **make it happen**, we aim to create an impact every day.

**Ready to change**

Sanoma’s first Group-wide Employee Engagement Survey in 2012 shed light on our strengths and areas for improvement. According to the survey, we see our jobs as positively challenging and interesting, and we get a sense of achievement from our work. We are committed, but feel that in the turbulent business environment more clarity on the direction of the company is needed.

In 2013, Sanoma has gone through a major redesign of its focus areas. The direction of the company is clear. Focusing on consumer media in the Netherlands and Finland as well as on Learning has meant a lot of changes in the organisation and some are yet to come. In 2013, we launched another survey to help us understand to what extent we are ready, willing and able to drive our transformation successfully. We will continue to track our progress in 2014 through additional surveys and the next Group-wide Employee Engagement Survey in the fourth quarter of 2014 will provide insight in how we have succeeded in developing our work environment amidst all the changes.

**Sanoma needs to be more agile. This is how we do it.**



Days lost due to sick absence, %*	2013	2012
Media Finland	2.4	3.2
Media Netherlands	1.9	1.5
Learning	2.6	2.1
Group functions	2.1	1.8
Other operations	1.3	1.2
Total	2.0	2.0

\* Percentage of all days by all employees (Permanent, temporary and on-call)

**Right people in the right positions**

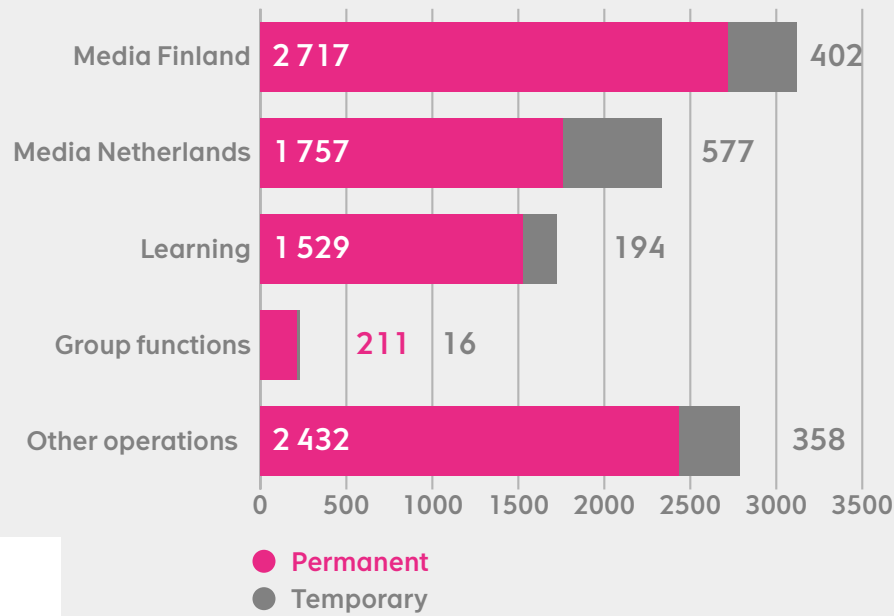
8

To ensure that we have the right people working for us also in the future, we renewed our tools for strategic workforce planning and succession planning at the top management in 2013. The mapping of needed capabilities and resources continues in 2014. The transformational journey means that some of the traditional roles will disappear, but at the same time new, broader expertise is required.

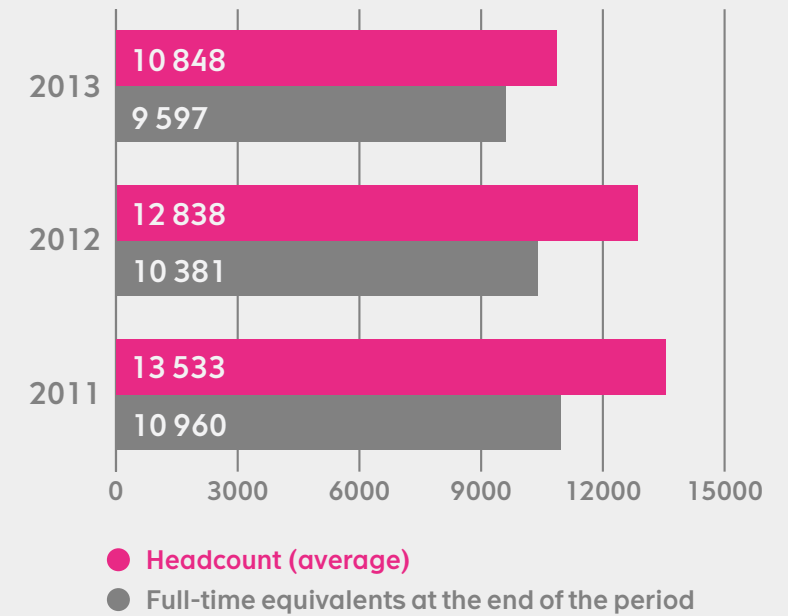
We also continue to develop the ways to support the learning and development of our people. The clear link between performance and reward provided by the new performance management system is the first step for Sanoma to become a learning organisation in which people develop themselves. Our goal is to enable individual employees to have the professional and leadership skills needed to contribute to our strategy. One of the highlights in 2013 in learning new ways of working was our Innovation Accelerator Programme.

**+** *Read more about the Innovation Accelerator Programme and the cultural change on the next page.*

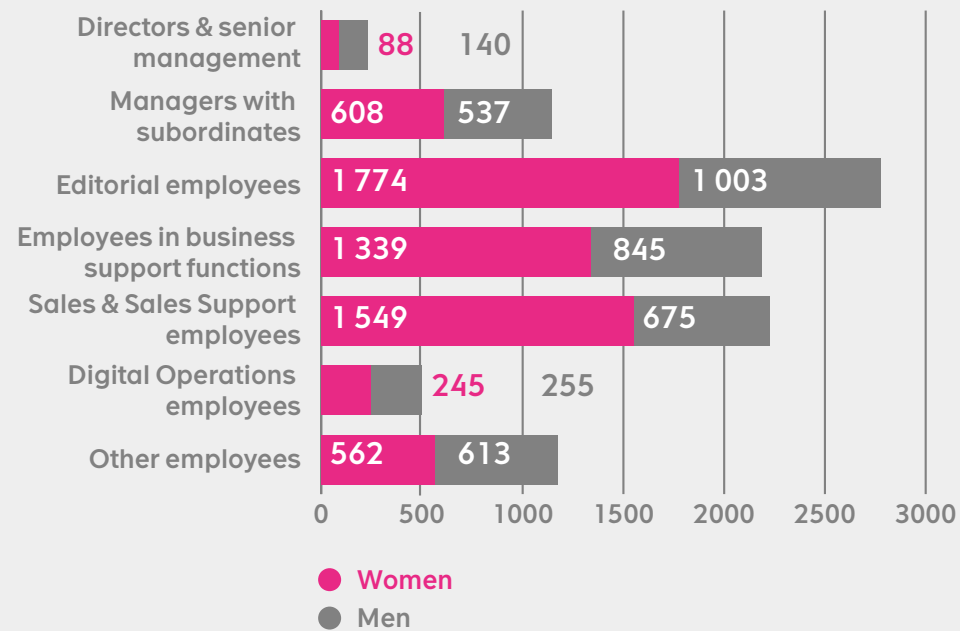
Personnel at Sanoma



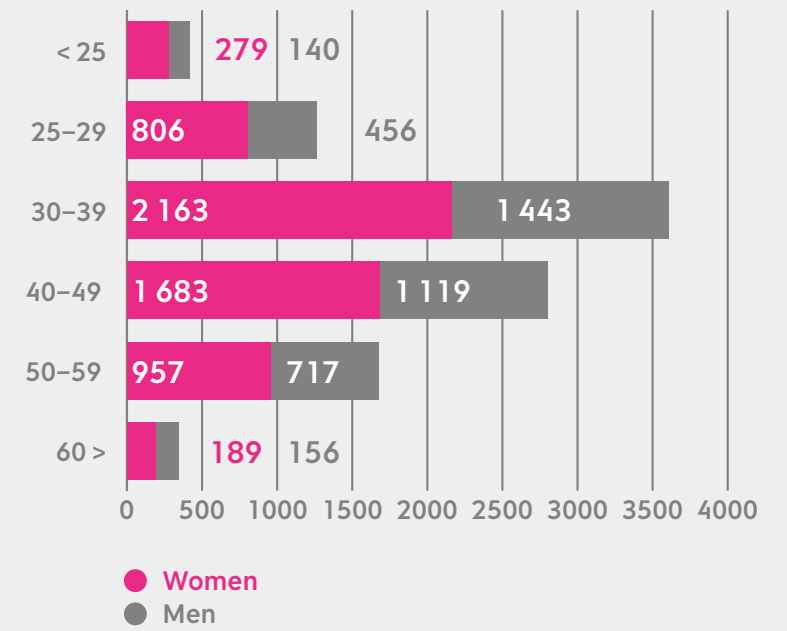
Number of employees 2011–2013



Personnel by employee category



Personnel by age





# Startup in the Sanoma Way – Innovations accelerating our transformation

When faced with disruptions in the industry, you can hope that what happens to other players will not happen to you. Or you can embrace the disruption and look for disruptive ideas within your own company. We decided to go for the second option: time for the Innovation Accelerator.

## Driving the change

The goal of the Innovation Accelerator programme is to find big ideas with the potential to disrupt the media market as well as shake up the future of media and learning. With the Innovation Accelerator we want to drive cultural change, create a new kind of mindset and change the way Sanoma employees think about innovation. We are training our people to transform the company. But it is not just about learning new skills, attitudes and behaviours; it is also about creating concrete business outcomes.

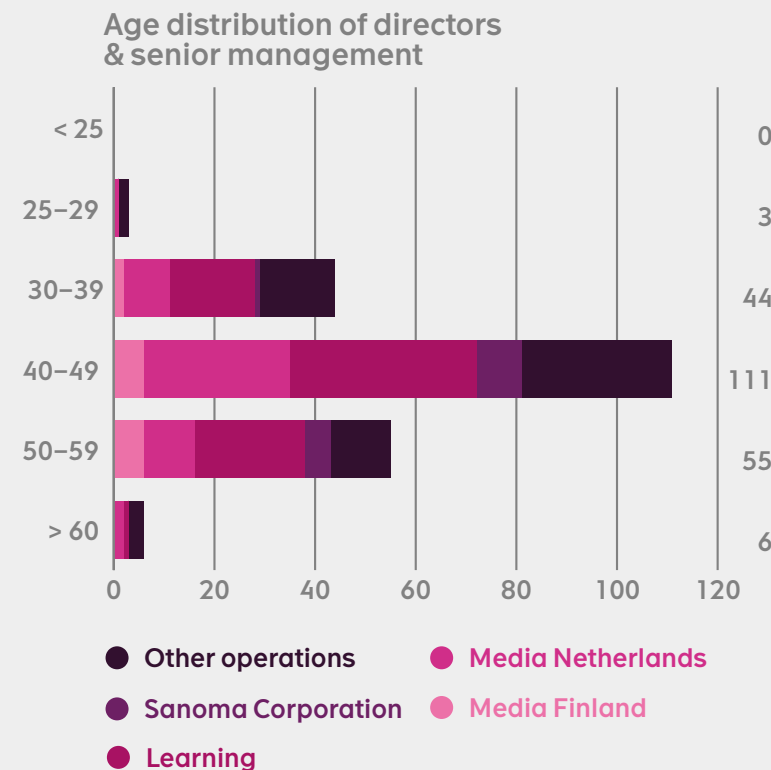
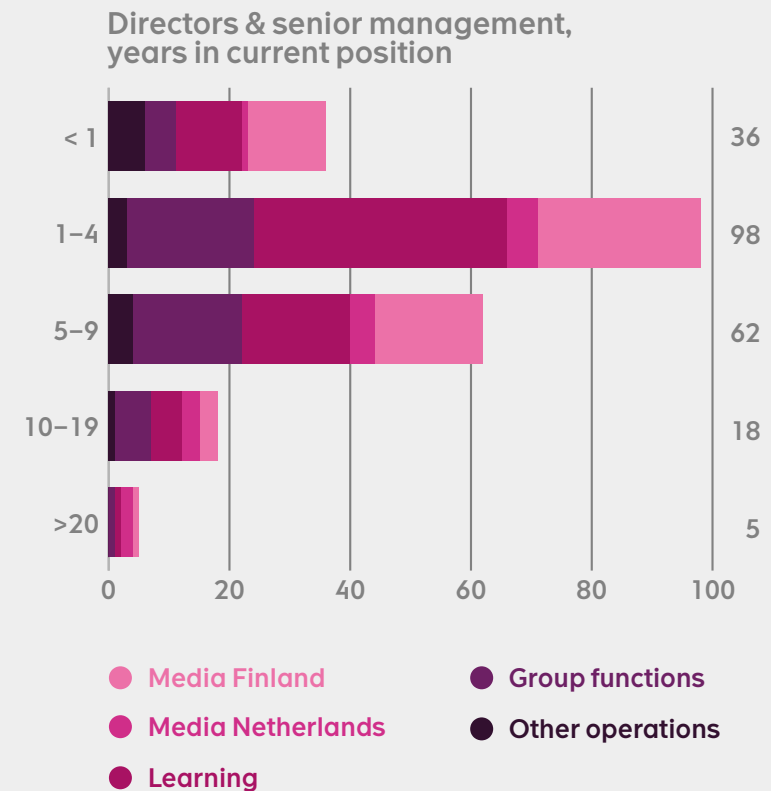
## Fostering intrapreneurship

The Innovation Accelerator is a vent to

get the creative ideas to surface. It is a platform to experiment, to learn how to be agile and also – how to fail. The Innovation Accelerator allows Sanoma to initiate the Lean Development of innovative business ideas by tapping into the collective knowledge of our international talent pool with the support of the resources of a large company.

The Innovation Accelerator works as incubator, engaging people with different backgrounds to meet, share ideas and work towards the same goal. In addition to people with a business background, there are designers, technical talents and content professionals.

The Innovation Accelerator, launched in September 2012 with the first round focusing on Mobile, was followed in 2013 with rounds on Content and Commerce, Talent and Nulab. During the rounds, some 700 people have taken part in the programme, some 4,500 ideas have been gathered, some 250 ideas have been tested on poten-



tial customers, 20 of them have been made into prototypes, and finally: ten ideas have been financed as internal startup ventures. The first round was arranged based on nominations. For the second round, all employees were able to enrol. The third round was opened up also to students: out of 200 participants, some 75 were students from six European universities. The student co-operation was started to combine corporate entrepreneurship, intrapreneurship as we say, and open innovation. It will further enrich the idea and talent pools and give opportunities to potential new employees. Also Nulab, focussing on the future of news, had external participants, while Talent gathered a group of young Sanoma talents.

**Innovating by doing**

All rounds comprise the same three steps. In the kick-off sessions the participants introduce their original ideas. During an active digital learning phase, webinars are held and participants evaluate and validate each other's ideas. They vote for ideas seen fit to proceed in the programme, and those getting the least votes are opted out. Finally, a few projects get selected for the 4-day boot camp where the participants make prototypes of their

ideas. After the boot camp, Sanoma's management decides which ideas to invest in. The people behind the winning concepts are hired to continue working on the products as internal ventures.

**Unleashing the potential**

In 2014, there will be 2–3 rounds of Innovation Accelerators. In addition to Sanoma's employees, it will again be possible for students to apply. This year there will also be co-operation with Sanoma's partner companies.

With more and more alumni of the programme, we do not only invest in the future of our business, but in our people – leading towards a viral culture change towards a more entrepreneurial culture within Sanoma.

While the Innovation Accelerator Programme reached the largest number of people, other Group-level and local trainings were also organised. For example, the Sanoma Academy organised about 73 training days in 2013 (2012: 150 days), ranging from strategic leadership training to journalistic and language trainings. In 2013, approximately 630 people (2012: 800 people) took part in the Sanoma Academy trainings.

**Personnel by country\***

Finland	4206	39%
The Netherlands	3086	28%
Poland	962	9%
Russia	823	8%
Belgium	717	7%
Hungary	532	5%
Romania	113	
Czech Republic	107	
Sweden	103	
Ukraine	96	
Bulgaria	56	
Croatia	44	

\* Joint ventures' personnel included full in figures.

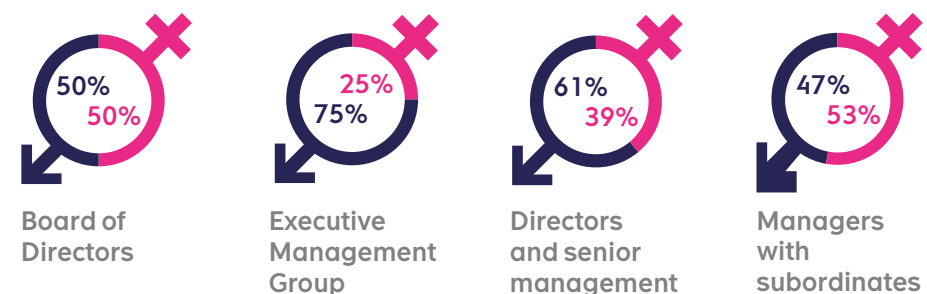
**Diversity at Sanoma in 2013:**

The diversity of our people is a great advantage for the business. We offer equal career opportunities irrespective of age, gender or other personal factors.

- We are 9,597 employees\*
- 60% of us are women, 40% men
- We are on average 30–39 years old
- Our Board of Directors consisted of 5 women and 5 men
- There are four different nationalities represented in our Executive Management Group

\* Full time equivalents at the end of the period,

**Management's gender balance 2013**





# Actively shaping the world around us



**Freedom of speech and independent media are key pillars of democracy. Learning supports skills and talents that lay the foundation for a successful and just society. We contribute to these by reliable, creative, high-quality content and services for readers, viewers, listeners and learners of all ages.**

Trust is at the heart of our customer relationship. Safeguarding editorial integrity and protecting freedom of speech ensure that our customers can trust the information we deliver. Responsible data management makes it possible for our customers to trust that their privacy is respected. Personalised quality learning solutions help students, teachers and parents to trust that the best learning outcomes are reached.

Having the opportunity to be informed and entertained, to learn and to be inspired in your own language strengthens local cultures. We actively

contribute to creating an environment, which enables launching new interesting services to our customers while expanding the whole creative sector. As a multinational media company we have the opportunity to promote our values both on a national and European level. Sanoma actively supports for example freedom of speech and editorial integrity through a number of EU level industry organisations such as European Publishers' Council, Association of Commercial Television in Europe, European Newspaper Publishers Association and European Magazine Media Association.



In 2012–2013, Ilta-Sanomat the leading quality tabloid in Finland, celebrated its 80th anniversary through a series of articles which told the stories of persecuted, imprisoned or killed journalists. This rewarded Freedom of Speech campaign was later taken on by The BBC Academy and UNESCO.

### Freedom of speech and editorial integrity key issues

Freedom of speech and editorial integrity are key in creating reliable content. These issues were also recognised by our stakeholders as material aspects of our corporate social responsibility. Our editorial guidelines ensure that all published content is objective and accurate and make sure that our readers and viewers can identify paid content and advertisements from editorial content. One of the great assets of media companies is the power to bring topics and views to public discussion. For example our main newspapers, Helsingin Sanomat and Ilta-Sanomat, see this as one of their ways to be responsible. To safeguard the editorial integrity, the

choice of topics must always be done in the editorial offices. “Helsingin Sanomat can create clarity to the complex world around us. We can have a part in creating a more diverse and vivid society. Quality journalism can empower readers as active members of the society,” Senior Editor-in-Chief Kaius Niemi explains.

### Working with children

Educating children in media skills, such as media literacy, expressing oneself and the use of media as an information source, enhances their understanding of the mechanisms of media and the roles of editorial content and advertising. For over forty years, Sanoma has actively promoted media literacy and encouraged children and

young people to read, particularly in Finland.

We contribute to teaching media skills for example by offering newspapers, magazines and related content to be used in class rooms. Our editors and experts visit schools. In 2013, we also participated in a Finnish campaign to encourage reading and writing. For some ten years, Helsingin Sanomat and Ilta-Sanomat also ran an editorial training office Piste where school classes could visit. Some 10,000 children visited Piste each year. In 2014, the focus will move to themed events. The first five events were organised during the national Newspaper week in February, when close to 600 children from schools around Greater Helsinki Area discussed freedom of speech, editorial integrity, photojournalism and editorial work, guided by the editors of Helsingin Sanomat and Ilta-Sanomat.

We offer a lot of products, services and content to children and parents. In addition to educational solutions, our Kids Media units in Finland and the Netherlands provide entertainment in TV, magazines, books, merchandise as well as content in many digital formats. The Sanoma Games unit offers a large assortment of casual games online. In



Finland, Nelonen Media aims to entertain children of all ages with a fun, educational twist. Parents need to be able to trust that the content and services we provide are appropriate and safe for kids of different age groups. In TV this means that we use an age-based classification system for screening programmes, developed together with other industry players. We are careful to respect the rights of children when they are interviewed in our media or take part in TV shows or in a similar context.

### Getting the best tools to learn

It sounds fancy but it is true: Good education is the most valuable form of developing humankind. It offers children around the world a better future. Our core competence is our deep understanding of the teaching process. We believe that by combining high-quality content, technology and data in innovative ways, we are able to support teachers in their work and make learning more rewarding.

Personalised learning will see teachers and their methods adapt more fully to the individual needs of each child. Using digital tools such as dashboards and analytics, teachers will help children get the most out of their individual talents.

Our learning companies also actively work with NGOs in innovative projects. Amongst many local projects, Sanoma Learning worked together

with the KONE Corporation Centennial Foundation in China, providing eLearning materials to the Dandelion School, a middle school offering education to children of migrant families in Beijing.

**+** *Read more about our social initiatives in the Economy and Society section of this report.*

To look ahead on what's coming in learning, we created the Sanoma Startup Challenge, an effort to actively support the future of education. Launched in 2013, Sanoma Startup Challenge is a competition open to European digital startups active in the ecosystem of primary and secondary education. All finalists will receive active mentoring sessions by Sanoma Learning and Sanoma Ventures experts, the opportunity to pitch at The Next Web Conference in Amsterdam in April 2014 and the chance to improve and expand their business in co-operation with Sanoma. The final winner of the Sanoma Startup Challenge will receive a cash prize of EUR 25,000.

## Raising awareness through media – New Children's Hospital 2017

Media companies have a unique opportunity to raise awareness for issues deemed important. One of the important issues at the moment in Finland is the need for a new children's hospital and the initiative to raise part of the budget through donations.

Sanoma is involved in the project in numerous ways. We have been an important supporter since the beginning, offering media space and visibility for the project in a large number of our print and online media products.

At the end of 2013, Sanoma's Board of Directors also made a sizeable direct donation to the cause, and the resourceful Sanoma people have found a number of other ways to help in the fundraising.

For Ilta-Sanomat, the leading quality tabloid in Finland, raising awareness has been the most important form of responsibility for years. In 2013, together with the freedom of speech campaign and a campaign promoting drinking less alcohol, The New

Children's Hospital 2017 initiative was chosen as one of three issues raised. A week-long campaign saw the issue discussed in stories in the paper and online, as well as in the headlines. "When we decide to help, we want to do it so that everyone sees what we are talking about. This time it was about telling the stories of the small patients and their families and the reality of the current facilities," Ulla Appelsin, Editor-in-Chief of Ilta-Sanomat explains.

Each of our media has a unique way of treating the subject. The project and the need for a new hospital were featured in a series of stories in the daily Helsingin Sanomat. Related stories have also been featured in our Finnish magazines. In addition, Meidän Perhe, a magazine targeted at families, is hosting a blog where people participating in the fundraising can share their stories. Nelonen Media's radio channels will participate in the project in a number of ways during 2014.

Teams all around Sanoma in Finland have been actively participating in the fundraising by, for example, innovative auctions: Ruutu online TV and Urheilusanomat sports supplement sold fan products at the end of 2013 using Sanoma's auction site Huuto.net as their partner. The employees of the headquarters organised a garage sale of old Sanoma merchandise. All proceeds of these initiatives were donated to the project.

While we can give the project, for example, the much needed media attention to help the fundraising, the project gives us a chance to use our creativity for a good cause. It also serves as a learning platform, a possibility to pilot mobile solutions and new methods in our online performance unit, among others.

*The New Children's Hospital 2017 initiative aims to raise EUR 30 million in donations in order to help build a new expert unit in children's hospital care in Finland. The total budget of the new hospital is around EUR 160 million.*



## Smart Data – Smart Privacy

Our ability to innovate first rate digital services by incorporating smart data into our story telling will be a key success factor in the future of quality journalistic content, media and entertainment. Offering relevant content for the right audiences is essential in helping our customers understand the world they live in.

Protecting the privacy of our customers and increasing the transparency of our data processing are the key elements in maintaining their trust.

### Improved offering through big data

In 2013, Sanoma launched a Big Data Programme to grow our ability to use data and analytics to improve our products. The optimised and ethical use of data will enable us to offer our customers more: personalised features of our services, tailored recommendations and relevant digital advertising. New analytical capabilities will enable more insightful business decision-making and bring added value to our learning



portfolio through adaptive learning capabilities.

- 15 While privacy and data protection have always been essential in our customer relationship management, our Big Data Programme takes data protection to a new level: our future products and operations are designed with privacy considerations in mind.

### **Increasing awareness and transparency**

As data becomes more ubiquitous and an integral part of our lives in an increasingly complex regulatory environment, it is important that we all – companies, consumers, and regulators alike – increase our understanding of data and the benefits of its responsible use. Our customers can fully enjoy the new ways of using media and learning products which leverage analytics, when we ensure the safe use of digital services, and the control of identity as a fundamental human right. In 2013, Sanoma developed a Privacy Portal for its customers to increase awareness about our data uses and privacy policy.

In 2013, Sanoma Media Netherlands deployed a cookie management solution for its customers to allow users control over how their cookies are collected and used, in compliance with the Privacy Directive for Electronic Communication Services. Sanoma Media Finland joined the IAB self-regulatory framework with commitment to principles related to transparency, data security, segmentation, education and complaints handling in online advertising. We actively engage our stakeholders in dialogue about data, to improve general understanding of the roles and responsibilities of different players in the online and advertising ecosystem.

### **Enhancing accountability**

Clear roles, responsibilities and competences are critical to ensure compliance and accountability.

In 2013, we established a Privacy Programme to develop our data protection policies, and created an internal organisation for managing privacy. Building privacy into products and services requires that each employee understands how to take privacy into account in their daily work.

“Privacy is everyone’s responsibility. We need contributions from our business, data scientists, technology specialists, and privacy professionals to engineer privacy enhancing solutions into analytics and to services we offer to our customers,” says Ulla Kruhse-Lehtonen, Vice President of Customer Insight. Kruhse-Lehtonen heads Sanoma’s Big Data Programme and was recognised as Finland’s Information Leader in 2013. Her team of some thirty data scientists and qualified data management experts take into account privacy considerations in their daily work, some even achieving the credentials of Certified Information Privacy Professional.

A survey conducted in February 2014 tells that 59% of Finns feel they have a low understanding about Big Data and analytics. 47% of the respondents wish for media and schools to take a role in increasing awareness about data and the benefits of its use.

In 2014, Sanoma will continue to run its Privacy Programme, with focus on active involvement in industry and regulatory dialogue, continue conducting privacy impact assessments across the organisation, and aim to bring innovative means to the market to help consumers get the most out of their data.

# Engaging with the societies

**On our transformation journey to become a new media and learning company, we are building on our strengths while leaving behind things that no longer serve our purpose. The story of Sanoma began in 1889, and the guiding principle of our business is long-term commitment and profitability.**

Our actions are guided by the Sanoma Way and our Principles of Business Conduct. Principles of Business Conduct address, for example, the equal treatment of all employees, editorial integrity, respect for immaterial rights and promoting good business practices. In addition to this code of conduct, our governance is based on clearly defined roles and responsibilities, consistent planning and reporting systems and guidelines. We adhere to the Finnish Corporate Governance Code. Like all Group-wide policies, our Corporate Governance Policy is confirmed by the Board of Directors.

✚ *To learn more about our corporate governance in 2013, read our [Corporate Governance Statement on Sanoma.com](#)*

Promoting good business practices means that 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 employed in financial reporting are reliability, correctness and continuity. The implementation of good practices is ensured by Group-wide guidelines for reporting, appropriate approval proce-

## **Our principles on taxes**

Sanoma complies with the tax laws and regulations of its operating countries. We pay direct taxes on our earnings and property. We also influence the economies of our operating countries through indirect taxes, such as VAT, as well as the employment taxes and social security premiums that we collect on behalf of governments. All these taxes and tax-like payments contribute to societies around us in local, regional and national levels.

Sanoma's tax structure is aimed to serve the economic and commercial goals of the Group in an optimal way in the long-term. There is an on-going project to simplify the Group structure. Tax facilities and tax optimisation are scrutinised and used if appropriate and in accordance with the law, Sanoma does not operate in so-called tax havens. Choices in taxation matters are made following the Group's Corporate Governance Policy on decision levels.



dures and internal control. Our most important raw material, paper, is procured responsibly, exploiting synergies cross-business and cross-country.

**+** *Read more about our paper procurement in the Environment section.*

### Far reaching economic impact

Currently we are responding to fundamental changes in consumer behaviour by redesigning our consumer media operations, focusing our business towards more structurally attractive markets and transforming it towards digital services. In the learning business we are expanding from publishing to providing solutions and services and looking into growth opportunities in tutoring and emerging markets.

In order to implement this strategy, we are changing our operating model and organisation. Our aim is to complete this transformation without compromising our financial performance for extended periods of time. We plan to achieve this by focusing our business portfolio and by targeting significant additional cost savings in order for Sanoma to be able to invest in innovation and growth also in the future.

The economic impact of Sanoma reach many stakeholder groups. Operating expenses, employee wages and benefits and taxes paid to governments account for a majority of the economic value distributed. We offer our owners a stable dividend yield – the amount distributed by the Group each year in dividends is normally more than half of the Group’s result for the period. One-time investments and costs associated with the transformation of our business require us to pursue a prudent dividend policy in the near-term implying a lower than historical dividend pay-out. For the financial year 2013, the Board proposes a dividend of EUR 0.10 per share (2012: EUR 0.60), with an authorisation to pay additional dividend of up to EUR 0.20 per share later in 2014.

Sanoma annually donates part of our earnings to charity with the approval of the Annual General Meeting. In 2013, a sum of EUR 550,000 was reserved for this purpose. The largest donations were made to the New Children’s Hospital 2017 project and to the John Nurminen Foundation, which does valuable work for a cleaner Baltic Sea. In addition to direct Board donations, we participate in numerous local initiatives to uphold corporate citizenship.

### Managing risks

While executing our strategy, we encounter numerous risks as well as risk-taking opportunities. Managing business risks and the opportunities associated with them is a core element in the daily responsibilities of Sanoma’s management. Our risk management process has not identified any material risks related to CSR

issues such as climate change. Based on Transparency International’s corruption perception index, Sanoma operates mainly in countries with very limited corruption risk.

**+** *Read more about the identified risks and their mitigation on Sanoma.com*

Our operating countries are analysed annually for risks related to corruption by Group Internal Audit. The analysis, based on Transparency International’s Corruption Perception Index, is used for risk assessment and planning purposes.

After the recent disposals of operations, we have operations in four countries that score below 60 on the Index (Scale being 0—100, with 0 = highly corrupt, 100 = very clean). In 2013, net sales from these countries amounted to 11.0%, Poland being the biggest contributor.



## Getting local

Sanoma participates in hundreds of local initiatives and charities. Initiatives are chosen by the local businesses, based on the issues they feel important in their environment. Ways of co-operation vary greatly: we can offer media visibility, volunteer work, use our media products to raise awareness or offer product and service donations. Media space is impor-

tant to charities because it improves their fund raising opportunities. In addition to a great number of smaller initiatives, we have focused our efforts on three bigger projects: New Children's Hospital 2017 in Finland, Clean Baltic Sea and Pink Ribbon.

### Engaging people

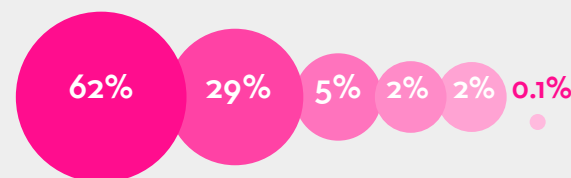
Our Polish learning company Nowa

Era has encouraged its employees to do volunteering work for years. The latest effort is eduBudzik, a program to help pupils discover their strengths and talents and to support teachers and parents in motivating children. In 2013, our 11 two-day scientific exhibitions were visited by 600 pupils and 55 teachers.

Key financials, MEUR	2013	2012
Net sales	<b>2 218.7</b>	2 376.3
EBIT excluding non-recurring items	<b>154.9</b>	231.0
Capital expenditure	<b>67.3</b>	59.5

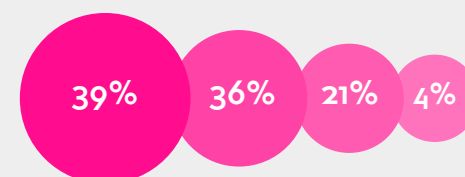
Economic value distributed, MEUR	2013
Operating expenses	<b>1 274.0</b>
Employee wages and benefits	<b>600.3</b>
Dividend to shareholders	<b>97.7</b>
Payments to lenders	<b>47.2</b>
Payments to government	<b>33.8</b>
Donations and community investments	<b>1.3</b>

### Economic value distributed to stakeholders in 2013



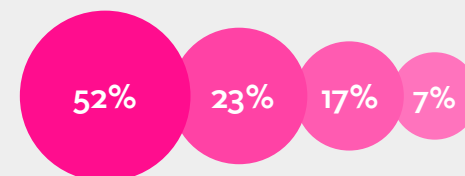
- Operating expenses
- Employee wages and benefits
- Dividend to shareholders
- Payments to lenders
- Payments to governments
- Donations and community investments

### Operating expenses and employee wages and benefits in 2013



- Finland
- The Netherlands
- Other EU
- Other countries

### Payments to government in 2013



- The Netherlands
- Other EU
- Other countries
- Finland



### 10 years of Pink Ribbon

For the last ten years, we have used our influence to increase awareness of breast cancer and to help raise funds for research, among others. Our Dutch, Belgian and Finnish women's magazines have published special magazines and raised the issue in our own products. We have donated media space and participated in fund raisers. In the Netherlands alone, over the past ten years the annual Pink Ribbon magazines have raised over EUR 7 million for the cause.

### Getting the Baltic Sea cleaner

John Nurminen Foundation's Clean Baltic Sea project is another example of a long-term co-operation. Through direct financial support and offering media space in our Finnish media, both print and TV, we have participated in improving the condition of our near environment, the Baltic Sea. The Sanoma Way of doing emphasises sharing and making things happen. Therefore we value the concrete results the Clean Baltic Sea project has been able to provide.

### New Children's Hospital 2017

The support association for the New Children's Hospital 2017 aims to raise EUR 30 million in donations to build a new expert unit in children's hospitalcare in Finland. Sanoma has been an important supporter of the initiative since the beginning, with a large number of our print and digital media brands participating through offering media space and our creative people have come up with a number of other ways to donate their know-how to the project.

+ *Read more about the New Children's Hospital 2017 in the Responsible Business section of the report.*



### Local initiatives in 2013

- Our Dutch magazines donate media space and direct the revenue from participating in the competitions and puzzles published in the magazines to different charities. In 2013, the biggest co-operation was with Dutch nature preservation society Natuurmonumenten.
- Sanoma Utbildning, our learning business in Sweden, supports UNICEF's School-in-a-box initiative which brings school supplies to areas affected by crisis.
- Ilta-Sanomat, the leading quality tabloid in Finland, raises issues to the general discussion.
- Sanoma Pro, our learning business in Finland has, for the past six years, supported hospital schools in Finland. Annually some 4,000 children study in hospital schools.
- SBS and Sanoma Media Netherlands helped to raise funds for the Ronald McDonald Kinderfonds.
- Sanoma Learning donated eLearning materials to the Chinese Dandelion School.



Environmental impact of a media product materialise in different stages.

# Focus on lessening our environmental impact

With printed media, the biggest environmental impact comes from the life-cycle of the product: raw materials, production and transport. With digital media, the majority of impact comes from the production of the device used for consuming media and its actual use. In content production, the main aspects are the use of energy and transport of people.

In addition to improving our energy efficiency and optimising the transport of goods and people, the procurement of raw materials, the installations and services has an important role in lessening our environmental impact.

Sanoma has had Group-wide paper procurement principles since 2009 and is currently developing other procurement processes.

As a media company, we also have the opportunity to raise issues in the general discussion: inform people about environmental impacts of their actions and educate them in ways of lessening their environmental load. In previous years this has been done, for example, by Helsingin Sanomat providing a carbon footprint calculator. Or we can help in getting attention to larger environmental issues. In 2013, Helsingin Sanomat's Editor

Heli Saavalainen travelled to Gdansk, Poland, and took water samples from the Vistula River. These samples proved that there was a large phosphorus leak from a nearby fertiliser plant. The samples and the story lead to Finno-Polish co-operation in investigating the problem and Polish authorities taking measures to end the leak.

## Responsible use of forestry resources

The most important raw material for us is paper. As a major paper purchaser, Sanoma acknowledges its responsibility to the environment and



promotes the responsible use of forest resources. The Group’s paper procurement guidelines ensure that all purchased paper has been produced responsibly. We support forest certification as an approved method of practising sustainable forestry and favour paper products made from certified fibre. In 2013, Sanoma used 198,200 tonnes of paper. Of the paper used, about 90% was made of certified fibre.

**Responsible procurement**

In its paper purchases Sanoma favours suppliers with an ISO 14001 environmental management system, because this system encourages companies to improve the environmental performance in all their operations continuously. The majority of our paper suppliers already have this system in use. Other important raw materials of printed products include printing plates and inks, as well as chemicals used in different stages of the process. The major suppliers of our core materials have ISO 14001 systems or eco labels in use.

The procurement of printing services is important to us since in most of our countries, printing is outsourced. We require the good management of environmental aspects from our partners.

In 2013, 92% of the magazine printers we used had the ISO 14001 certificate and many also have ISO 9001. In the Netherlands, some 5% of our magazines are printed carbon neutrally and we aim to increase this share. The management of environmental matters is discussed in service negotiations and monitored through surveys. A small proportion of our products are printed in China. All of our Chinese printing partners hold an ISO 14001 certificate. In Russia, we engage in dialogue with the local printers to improve the management of environmental issues.

In Finland we own seven printing plants. Sanomapaino is the market leader in newspaper printing in Finland, and has five production sites. In addition, our book printing

house Bookwell has two sites. All of our printing houses continuously develop their operating methods and production processes. We strive for efficient management of waste and use of printing chemicals, as well as increased material efficiency in general.

For example, Sanomapaino has had a certified management system for environmental matters (ISO 14001), quality management (ISO 9001) and health and safety management (OHSAS 18001) since 2010. The environmental targets are pursued over both the long- and short-term. Sanomapaino continuously develops its operations in risk management, quality observation and by increasing efficiency at every level.

Sanoma’s paper usage, tonnes *	2013	2012	2011	2010	2009
Newsprint	62 500	74 200	78 600	83 500	87 000
Magazine paper	113 400	122 400	126 200	131 000	129 000
Fine and book paper and board	21 500	23 600	20 200	21 000	21 000
Bookbinding board	800	700	800	850	800
<b>Total</b>	<b>198 200</b>	<b>220 900</b>	<b>225 800</b>	<b>236 350</b>	<b>237 800</b>

\* Includes both the paper used in the Group’s own printing plants and the paper procured for products printed by subcontractors.

**Paper procurement guidelines in a nutshell:**

Sanoma strives to keep the proportion of certified fibre in all purchased paper above 80%.

All paper supplied to Sanoma must be traceable, its origin needs to be verified, and therefore all raw material must be from legal sources.

All suppliers must respect human rights and rights at work and comply with labour standards and related international agreements (UN Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work).

Sanoma favours suppliers with certified environmental management system ISO 14001.

Paper Procurement guidelines are reviewed periodically and renewed when necessary. The latest update was done at the end of 2013.

### **Recycled fibre and primary fibre – both are necessary**

Both primary fibre and recycled fibre we use are certified, i.e. responsibly produced. Primary fibre is a necessity in many paper grades because of printing requirements. Many paper grades, like for example, fine papers, do not contain any recycled fibre. Recycled fibre is mostly used in newsprint. 17% of the newsprint used by Sanoma contained recycled fibre in 2013. In newspaper products, the fibre can be recycled 5–7 times, and therefore primary fibre is needed as well. In addition to the end product requirements, also the availability of recycled paper limits its use. In Finland, where paper companies mostly use virgin wood fibre because of its ample supply, the availability of newsprint made from recycled fibre is limited with one paper mill producing newsprint containing 40–60% of de-inked pulp (DIP).

In 2013, Sanoma began to renew its procurement processes and the development work continues in 2014. Key areas of procurement from the environmental point of view, in addition to paper and printing services, include, for example, ICT and transport services including company cars.

### **Decreasing the environmental impact of transport**

Having products printed as close as possible to the market minimises transport distances. Our largest printing service providers are located in the most significant countries of our operations: Finland, the Netherlands, Belgium and Poland.

Deliveries of our products are mostly outsourced. In Finland, Sanoma's partner for both the early morning distribution of our newspapers as well as the delivery of subscribed magazines is Itella, whose deliveries are carbon-neutral, meaning that their environmental impact is compensated for in full through climate projects. Deliveries of newsstand copies are mostly carried out jointly with other publishers. For example in Finland, Lehtipiste takes care of the joint deliveries of newsstand copies of magazines and tabloids. They also

collect unsold copies and divert them to recycling. In the Netherlands, our distribution company Aldipress provides a similar service to publishers.

Sanoma actively designs new, more flexible ways of working. This leads to reducing our energy consumption and also the need for transport. Video conferencing and online meetings have reduced the need for travel between offices. Both Sanoma Media Netherlands and Sanoma Media Belgium encourage all employees to work remotely at least one day a week and similar practices are being piloted in the Finnish operations. Sanoma encourages its employees to use public transport when travelling. For example in Sanoma Media Belgium, we have seen a clear increase in the use of public transport since we moved to the new location. Similarly, the locations in the ongoing Finnish Kampus project have been chosen so, that efficient public transport services are available when travelling to our offices and between them.

### **Efficient sorting and recycling**

Efficient material use saves resources. In our own operations, we want to decrease the amount of waste generated by careful sorting and developing the waste management. By preventing

the production of waste, we can also lessen environmental impacts. When selecting materials, we pay special attention to the post-use recyclability.

In our printing houses, efficient waste management is already at a good level. Of the waste generated, totalling some 8,000 tonnes in 2013, 99% can be recycled and utilised. All paper and cardboard waste, printing plates and other metal waste is recycled. Most of the hazardous chemical waste can be re-used in different industrial processes. Only printing ink waste cannot be re-used and is therefore diverted for combustion to generate electricity. While the production sites produce the majority of our waste, sorting and recycling is taken into account also in the office environment.

The environmental impacts of media can be further decreased by proper recycling by the end user. The recycling of paper products is organised efficiently both in Finland and the Netherlands. For Europe, the recovery rate of paper was 71.7% in 2012. In Finland, 71% of paper and board was recovered and reused in 2012. Paper and board mills consume the majority of recycled paper.



For digital media, the user has a big role in decreasing the environmental load by choosing what device she or he is using, how many years the device is used, and finally making sure that the device ends up in a legitimate recycling system.

### **The environmental impact of printed products and digital media arise in different parts of the life-cycle**

Our printed and digital products have different degrees of environmental impact. It is challenging and also somewhat unnecessary to compare them, as they are often used in a complementary manner, and even side-by-side.

A recent study by VTT Technical Research Centre of Finland showed that the environmental impacts arise at different phases. For printed media, the production of raw materials, as well as the printing process, requires a lot of energy and other resources. Also logistics play a role depending on the length and method of

the transport used. However, the use of a printed product does not cause environmental load, several readers can enjoy the same content without causing additional emissions, and the recycling is efficient in most of our countries of operation.

For digital media, environmental impacts arise mainly in the manufacturing of the devices and when the media is used. There is research on the carbon footprint and energy efficiency of digital media, but these might not be the most significant aspects to consider. In the use of digital media, the material and energy properties of the devices, the method in which the electricity consumed by the reader was generated, browsing time and the number of downloads have decisive effects. Users have a major opportunity to decrease their environmental load through considering how often they renew their devices and making sure that the electronic waste is recycled appropriately.

### **Use of energy at Sanoma**

We monitor our energy consumption regularly. Climate change is mitigated by improving the energy efficiency of our offices and production sites. Sanoma's energy consumption continued to decrease in 2013. This was partly due to the structural changes, and partly to the improved efficiency in our consumer media operations in particular. In the Netherlands, our media operations moved from four locations to one building and in Belgium from two to one. In Finland, there is currently a process to consolidate the operations to three main locations.

New office spaces are designed and equipment is chosen with energy efficiency in mind. Flexible ways of working and investments in decreasing energy use led to 7% less electricity used in our Hoofddorp offices in the Netherlands in 2013. In Belgium, the savings resulting from the new, more efficient office space and investing in energy saving solutions were around 30%. As of 2013, Sanoma Media Netherlands is using only green electricity; at Sanoma Media Belgium this has been the case for years already.

A total of 53,851 MWh of energy, 6% less than the year before, was consumed in Finland, of which some 60% was used by printing presses.

# Sanoma GRI index 2013

## Comparison with Global Reporting Initiative G3 guidelines

GRI ref.	GRI Content	Included	Page	Comments
<b>1</b>	<b>Strategy and Analysis</b>			
1.1	CEO's statement	Yes	Sanoma View 2013, p. 7-10	
1.2	Key impacts, risks and opportunities	Yes	Sanoma View 2013, p. 7-10	
<b>2.</b>	<b>Organisational Profile</b>			
2.1, 2.4, 2.6	Name of the organisation, location of headquarters, nature of ownership and legal form	Yes	Financial Statements and Board of Directors' Report 2013: Note 1, p. 18	
2.2, 2.7	Primary products and services, markets served	Yes	+ <a href="http://www.sanoma.com/en/who-we-are/areas-of-expertise">http://www.sanoma.com/en/who-we-are/areas-of-expertise</a>	
2.3, 2.5, 2.8	Operational structure, number of countries and location of operations, scale of the reporting organisation	Yes	+ <a href="http://www.sanoma.com/en/who-we-are/organisation">http://www.sanoma.com/en/who-we-are/organisation</a>	
2.9	Significant changes regarding size, structure or ownership	Yes	+ <a href="http://www.sanoma.com/en/investors/financials/divestments-and-acquisitions">http://www.sanoma.com/en/investors/financials/divestments-and-acquisitions</a>	
2.10	Awards received in the reporting period	Yes	+ <a href="http://www.sanoma.com/en/media-room">http://www.sanoma.com/en/media-room</a>	
<b>3.</b>	<b>Report Parameters</b>			
3.1-3.3	Reporting period and cycle	Yes	5	
3.4	Contact point for questions regarding the report	Yes	Back cover	
3.5	Process for defining report content	Yes	5	
3.6-3.8	Report boundary and limitations on the report scope or boundary	Yes	5	
3.10	Restatements	Yes	5	
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	Yes	5	Changes in organisation
3.12	GRI content index	Yes		
<b>4.</b>	<b>Governance, Commitments and Engagement</b>			
4.1-4.4.	Governance	Yes	+ <a href="http://www.sanoma.com/en/investors/corporate-governance">http://www.sanoma.com/en/investors/corporate-governance</a>	
4.8	Mission, values, code of conduct	Yes	4, 7 + <a href="http://www.sanoma.com/en/investors/corporate-governance/business-principles">http://www.sanoma.com/en/investors/corporate-governance/business-principles</a>	



GRI ref.	GRI Content	Included	Page	Comments
<b>Stakeholder Engagement</b>				
4.14-4.15	Identification and approaches to stakeholder engagement	Yes	4 and <a href="http://www.sanoma.com/en/who-we-are/corporate-responsibility">+</a> <a href="http://www.sanoma.com/en/who-we-are/corporate-responsibility">http://www.sanoma.com/en/who-we-are/corporate-responsibility</a>	
4.17	Key topics raised through stakeholder engagement	Yes	4 and <a href="http://www.sanoma.com/en/who-we-are/corporate-responsibility">+</a> <a href="http://www.sanoma.com/en/who-we-are/corporate-responsibility">http://www.sanoma.com/en/who-we-are/corporate-responsibility</a>	
<b>Economic Performance Indicators</b>				
EC1*	Direct economic value generated and distributed	Yes	18	
EC2*	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Yes	<a href="http://www.sanoma.com/en/investors/corporate-governance/risk-management">+</a> <a href="http://www.sanoma.com/en/investors/corporate-governance/risk-management">http://www.sanoma.com/en/investors/corporate-governance/risk-management</a>	
EC3*	Coverage of the organisation's defined benefit plan obligations	Yes	Financial Statements and Board of Directors' Report 2013: Note 8, p. 32-35	
EC4*	Significant financial assistance received from government.	Yes		None received
<b>Environmental Performance Indicators</b>				
EN1*	Materials used by weight or volume	Yes	21	Paper
EN 2*	Percentage of materials used that are recycled input materials	Yes	22	Share of recycled fibre in newspaper papers
EN4*	Indirect energy consumption	Partially	23	Electricity in Finland (including printing plants) and in the Netherlands.
EN22*	Total amount of waste	Partially	22	Printing plants
<b>Social Performance Indicators</b>				
LA1*	Total workforce by employment type, employment contract and region	Yes	8,10	
LA7*	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Partially	7	Sick absence days Group-wide
LA12	Performance and career development reviews	Yes	6-7	
LA13*	Composition of governance bodies and breakdown of employees	Yes	8-9	
SO2*	Percentage and total number of business units analysed for risks related to corruption	Yes	12	

**Get our responsibility**

**Corporate Social Responsibility Report 2013**

A publication of Sanoma Group Communications

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