

Corporate Governance Statement

Sanoma adheres to the Finnish Corporate Governance Code issued by the Securities Market Association in 2008, with the exception of Recommendation 10 governing the term of Board members.

Sanoma's Corporate Governance Principles are approved by the Board of Directors of Sanoma.

➤ The Finnish Corporate Governance Code is available at Cgcode.fi.

ADMINISTRATIVE BODIES

Sanoma's administrative bodies comprise the Shareholders meeting, the Board of Directors and its Committees and the President and CEO.

Shareholders meeting

The Shareholders meeting is the highest decision-making body in Sanoma, convening at least once a year in accordance with the Articles of Association of Sanoma.

The Annual General Meeting (AGM) convenes within six months from the end of the financial year at a time determined by the Board of Directors. Notice of the Shareholders meeting is published in at least one widely circulated newspaper as specified by the Board of Directors, no earlier than three months and no later than 17 days prior to the meeting.

The Sanoma Board of Directors convenes the Shareholders meeting, prepares matters to be resolved there and implements decisions made therein.

Matters decided upon by the AGM include:

- adopting the financial statements
- using the profit shown on the balance sheet
- discharging the members of the Board of Directors and the President and CEO from liability
- determining the number of Sanoma's Board members
- electing the Board's Chairman, its Vice Chairman and Board members to replace outgoing members, as well as deciding on Board remuneration
- electing auditors and determining their remuneration.

The AGM may also resolve such matters as fall within its competence under the Finnish Limited Liability Companies Act, such as:

- amendments to the Articles of Association
- issuing of new shares and option rights
- repurchasing of the company's shares.

➤ Detailed information about General Meetings is available at Sanoma.com in the General Meetings section.

Board of Directors

Sanoma's Board of Directors is, by virtue of the Finnish Limited Liability Companies Act, responsible for the Group's administration and for the appropriate organisation of its operations as well as appropriate arrangement of the control of the company accounts and finances.

According to the Corporate Governance Principles of Sanoma, the Board of Directors:

- appoints the President and CEO of Sanoma, his or her deputy, divisions' presidents and their deputies, the Parent Company executives who are Executive Management Group members, Senior Executives of the Corporate Centre Management and the Senior Editor-in-Chief of Helsingin Sanomat
- determines their remuneration
- decides on the major strategic direction of the Group and its divisions
- confirms and controls the strategic goals and operational plans of the Group and its divisions
- decides on major investments
- confirms the Group's general principles by issuing policy guidelines.

In order to develop its performance, the Board of Directors employs an assessment process on a regular basis.

The current Board of Directors, elected by the AGM of 1 April 2009, comprises ten members:

- Jaakko Rauramo (Chairman), born 1941, M.Sc. (Tech.). Term ends in AGM 2012.
- Sakari Tamminen (Vice Chairman), born 1953, M.Sc. (Econ.). President of Rautaruukki Corporation. Term ends in AGM 2012.
- Annet Aris, born 1958, M.Sc. Land planning and operations research, MBA. Adjunct Professor of Strategy and Management at INSEAD and a Visiting Professor at a variety of European universities. Term ends in AGM 2012.
- Robert Castrén, born 1957, B.Sc. (Econ.). Sales Director at UPM-Kymmene Corporation. Term ends in AGM 2011.
- Jane Erkkö, born 1936. Term ends in AGM 2011.
- Paavo Hohti, born 1944, Ph.D. Managing Director of the Council of Finnish Foundations. Term ends in AGM 2011.
- Sirkka Hämäläinen-Lindfors, born 1939, D.Sc. (Econ.). Term ends in AGM 2010.
- Seppo Kievari, born 1943. Term ends in AGM 2010.
- Rafaela Seppälä, born 1954, M.Sc. (Journalism). Term ends in AGM 2011.
- Hannu Syrjänen, born 1951, B.Sc. (Econ.), Master of Law. President and CEO of Sanoma Corporation. Term ends in AGM 2010.

In 2009, the Board of Directors had ten meetings, with an average attendance rate of 99%.

According to the Finnish Corporate Governance Code, the term of a Board member should be one year. Instead, the term of a Sanoma Board member is three years, as the Company holds the view that the nature of its business makes it necessary for Board members to sit on the Board of Directors for a longer term than one year in order to familiarise themselves with and commit themselves to the Group's operations. In accordance with the Articles of Association, Sanoma has adopted a prac-

tice whereby approximately one-third of its Board members are elected every year.

➔ More information about the members of the Board of Directors and their holdings in the Company is available at Sanoma.com in the Board of Directors and Insiders sections.

Over one half of the members of the Board of Directors (Annet Aris, Robert Castrén, Paavo Hohti, Sirkka Hämäläinen-Lindfors, Seppo Kievari and Sakari Tamminen) are non-executive directors and independent both of the Company and its major shareholders, as stipulated in the Finnish Corporate Governance Code. Jane Erkko and Rafaela Seppälä are also non-executive directors and independent of the Company. Consequently, the majority of the members of the Board of Directors are independent of the Company.

DUTIES AND COMPOSITION OF THE BOARD COMMITTEES

In accordance with its Articles of Association, Sanoma has an Executive Committee that prepares proposals for matters to be decided or noted by the Board of Directors.

The Board is authorised to establish committees as it deems appropriate. In addition to the Executive Committee described above, committees include the Audit Committee, the Human Resources Committee and the Editorial Committee. The respective charters have been approved by the Board of Directors. The committees report regularly to the Board of Directors.

THE EXECUTIVE COMMITTEE prepares matters to be discussed at the Board of Directors' meetings. The composition of the Committee is set in the Articles of Association, and in 2009 it comprised Jaakko Rauramo (Chairman), Sakari Tamminen (Vice Chairman) and Hannu Syrjänen (President and CEO). The Committee convened six times, with all members present at all meetings.

THE AUDIT COMMITTEE is established by the Board of Directors to assist the Board in fulfilling its oversight responsibilities for matters pertaining to financial reporting and control, risk management as well as to external auditing, and the internal audit activity in accordance with guidelines approved by the Board of Directors, the Finnish Corporate Governance Code and applicable laws and regulations. All members of the Board of Directors may attend the meetings of the Audit Committee, if they so wish. In 2009, the Audit Committee comprised Sirkka Hämäläinen-Lindfors (Chairman), Robert Castrén (Vice Chairman) and Rafaela Seppälä, all independent of the Company. The Committee met five times with an average attendance rate of 94%.

THE HUMAN RESOURCES COMMITTEE is responsible for preparing matters related to the compensation of the Chairman of the Board of Directors, President and CEO, and certain executive positions as determined by the Board of Directors ("Senior Executives"), evaluation of the performance of the President and CEO and Senior Executives, Group compensation policies, Human Resources Policies and Practices, succession plans for President and CEO and Senior Executives, and other duties and responsibilities as may be assigned to the Committee from time to time by the Board of Directors and/or Chairman of the Board of Directors. In addition, the Committee discusses the composition of the Board of Directors and succession in the Board of Directors. In 2009, the Committee comprised Jaakko Rauramo (Chairman), Paavo Hohti (Vice Chairman), Jane Erkko and Seppo Kievari and convened three times during the year, with all members present at the meetings.

THE EDITORIAL COMMITTEE has the duty of monitoring the editorial policy of Helsingin Sanomat. The Committee is responsible for preparing editorial policy related matters of principle and any amendments thereof, the appointment of Senior Editors-in-Chief and any other policy recommendations. In 2009, the Editorial Committee constituted Seppo Kievari (Chairman), Jane Erkko (Vice Chairman), Paavo Hohti and Sirkka

Hämäläinen-Lindfors. The Committee convened five times, with all members present at the meetings.

DUTIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The duties of the Chairman of the Board of Directors are mainly governed by the Finnish Limited Liability Companies Act or determined in the Corporate Governance Principles of Sanoma, and include, for example:

- ensuring that the Board of Directors, in its duties, follows general corporate governance principles
- developing the work methods of the Board of Directors
- organising evaluation of the Board of Directors' activities
- supervising the strategy process
- preparing matters to be discussed at the Board meetings, in co-operation with the President and CEO
- chairing the meetings of the Board of Directors and the Executive Committee

Jaakko Rauramo is the part-time Chairman of the Board.

➔ Rauramo's curriculum vitae and information on his shareholdings can be found at Sanoma.com in the Board of Directors and Insiders sections.

Duties of the President and CEO

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

The person holding this office is in charge of:

- seeing that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner
- managing the Group's daily operations in line with the strategic guidelines and goals as well as operational plans approved by the Board of Directors and in accordance with general principles confirmed by the Board of Directors
- preparing decision proposal and matters for discussion for the Board of Directors meetings (together with the Chairman of the Board of Directors), and presenting these matters and the agenda to the Board of Directors and its Committees
- chairing Sanoma's Executive Management Group
- chairing the Boards of Directors of the divisions, unless otherwise specifically agreed.

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

Hannu Syrjänen is Sanoma's President and CEO.

➔ Syrjänen's curriculum vitae and information on his shareholdings can be found at Sanoma.com in the Board of Directors and Insiders sections.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO THE FINANCIAL REPORTING PROCESS

Control environment

The Sanoma Group comprises parent company Sanoma Corporation and five divisions: Sanoma Magazines, Sanoma News, Sanoma Entertainment, Sanoma Learning & Literature and Sanoma Trade.

Management of the Group and its businesses is based on a clear organisational structure, well-defined areas of authority and responsibility, common planning and reporting systems, and policy guidelines. The Sanoma Board of Directors approves all Group-wide policy guidelines including governance related policies such as Sanoma's Corporate Governance Principles, the Principles of Business Conduct and the Group Risk Management Policy.

Sanoma's divisions operate within the scope of strategic goals and financial targets, Sanoma's Corporate Governance Principles and policy guidelines. In addition, the daily operations of the personnel are governed by Sanoma's values.

In line with Sanoma's Corporate Governance Principles, the Sanoma Executive Management Group co-ordinates the Group's management and acts as the Division Board, the highest decision-making body of the divisions except for Sanoma Magazines, where an Executive Board is in place to act as the Division Board. The Sanoma Executive Management Group comprises the President and CEO of Sanoma Group, the CFO of Sanoma Group, the CSO of Sanoma Group and the division presidents. Monitoring the financial performance, the execution of agreed actions and development plans, as well as control and management systems fall within the scope of matters addressed by the Sanoma Executive Management Group.

The Sanoma Corporate Centre is responsible for carrying out Sanoma's statutory duties as a publicly listed company under, for example, the Finnish Securities Market Act, for managing investor relations, centralised treasury activities, as well as Group's compliance with applicable laws and regulations. In addition, the Corporate Centre supports the President and CEO in the management of the Group's daily operations and provides support and guidance to the divisions in areas such as finance and administration, legal affairs, strategic development, treasury, real estate, human resources and communications.

Risk assessment and control activities

The Board of Directors is responsible for approving and setting Sanoma's Risk Management Policy and for overseeing the effectiveness of risk management.

Sanoma's Risk Management Policy describes the scope, objectives, processes as well as roles and responsibilities of various corporate bodies. The Group's risk management system is integrated into the management, strategic planning and internal control processes. A risk framework is used for identifying and assessing risks, as well as for defining risk management activities.

The Executive Management Group is responsible for defining risk management strategies and procedures, and setting risk management priorities.

The Audit Committee regularly reviews and monitors the implementation of the Risk Management Policy.

Managing business risks and the opportunities associated with them is a core element in the daily operational responsibilities of Sanoma's management. Risk taking is an essential part of a competitive business. While executing strategy, Sanoma and its divisions and subsidiaries are exposed to numerous risks and risk taking opportunities.

In Sanoma's risk model, risks are divided into four main categories. The four risk categories are defined below.

Risk categories and risk mitigation are described further in the Risk Management section of the Financial Statements, p. 76-77.

STRATEGIC RISKS

Strategic risks include risks related to changing customer needs, preferences or behaviour, changes in the competitive situation, risks related to suppliers or operating countries as well as laws and regulations.

OPERATIONAL RISKS

Operational risks include risks related to the quality of products and services, customer satisfaction, ability and readiness to change, ICT, integration of new operations, human resources and knowledge management. Also risks related to intellectual property rights, governance models, either unintentional or wilful noncompliance as well as risks related to accounting information and financial planning and reporting are operational risks.

FINANCIAL RISKS

Financial risks include interest rate and currency risks as well as risks related to equity, counterparties and availability of capital.

HAZARD RISKS

Hazard risks include business interruption and risks related to health and safety issues or environmental issues.

Divisions and businesses identify, measure, report and manage the risks related to their operations. Risk coordinators of the Group and the divisions co-ordinate the risk management activities within divisions and at Group level and produce a periodical risk report for the Executive Management Group.

Sanoma has a Group-wide risk reporting process for assessment of significant risks. Risk assessment is linked to Group's strategic objectives and planning process. Risks are naturally assessed also in different stages of decision-making and their probability of occurrence. Key risks and their control activities are reported to the Board twice a year.

Sanoma's internal control targets are based on risk assessments. In 2009, internal controls were assessed in key locations of the Group. The results of these reviews are taken into account in the further development of the Group internal control framework. Group internal control policies describe the main principles of internal controls.

The Group Finance and Control function prepares guidelines of the control points for the divisions, both for transactions and for periodic controls. Periodic controls are linked to the monthly and annual reporting process and include reconciliations and analyses to ensure the correctness of financial reporting. These control activities on both the Parent Company and divisional level seek to ensure that potential deviations and errors are prevented, discovered and corrected. Internal control systems cover the whole financial reporting process.

Group policies and operational guidelines are available at the Group intranet in their full. In addition, business units may have their own instructions within the set policies and operational guidelines. These instructions are available in respective intranets.

There is a channel in place to report breaches of Principles of Business Conduct or thereto related policies or laws. Any person who notices breaches of the Principles of Business Conduct or thereto related policies or laws may safely report them as indicated in the Principles.

Monitoring of financial reporting process

The Group's financial performance is monitored on a monthly basis using a Group-wide operational planning and reporting system, which includes divisions' management letters, the actualised income statements, balance sheets and key performance indicators, as well as estimates for the current financial year and the rolling 12 months.

In addition, business reviews between Group and division management are held quarterly. In addition to the division's financial performance, also issues such as changes in the operating environment, structure and rolling estimates are discussed in these meetings. The quarterly business reviews also have a role in the process of ensuring that the continuous risk assessment and internal controls are functioning properly.

Claims against Sanoma are monitored by Group Legal Affairs through a process called Legal Representation Letters covering claims over EUR 200,000 (or resulting in a potential negative effect of over EUR 200,000, such as in precedent claims) whether by a governmental body, partner, agreement counterpart, personnel or some other party.

The Group Internal Audit function reports directly to Sanoma's President and CEO, and to the Audit Committee of the Board of Directors. It cooperates with the Group and division managements as well as with the Group's statutory auditors. It is responsible for internal audits involving assessment of the adequacy and efficiency of risk management, internal control and governance processes. The scope of Group Internal Audit covers all organisational levels and businesses. The operations of the function are steered by Sanoma's Corporate Governance Principles and the Internal Audit Policy, which was revised and approved by Board of Directors in 2009. The Audit Committee confirms the internal audit plan periodically.

The Audit Committee, in order to assist the Board of Directors in its responsibilities, prepares, controls and assesses matters related to the Group's risk management, financial reporting procedures, independent audit and internal audit work, the reliability of internal control systems, and compliance with Sanoma's Corporate Governance Principles.

In 2009, Pekka Pajamo, Authorised Public Accountant, and KPMG Oy Ab, represented by Kai Salli, Authorised Public Accountant, acted as Sanoma's statutory auditors. The statutory audit included acquiring evidence of accuracy of the accounts and other issues presented in the Financial Statements and evaluating the applied accounting principles, material prediction of the management and the material related to the Financial Statements as a whole. The aim of auditing the administration was to explore that the activities of Sanoma's responsible management were in compliance with the applicable law.