Proposal for adoption to the AGM 2023

Remuneration Policy

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Introduction

This Remuneration Policy (Policy) has been prepared in accordance with the requirements set forth by the amended Shareholders' Rights Directive (EU 2017/828), which has been mainly implemented in Finland into the Limited Liability Companies Act (624/2006, as amended), Securities Markets Act (746/2012, as amended), Decree of the Ministry of Finance 608/2019 and the Finnish Corporate Governance Code, issued by the Securities Market Association in 2019 (available at www.cgfinland.fi). The Policy will be presented to the Company's 2022 Annual General Meeting (AGM) and shall be applied until the 2026 AGM, unless a revised policy is presented to the AGM before that. The Policy is applied to members of the Board of Directors (Board), to the extent applicable, and the President & CEO (CEO). Should a Deputy CEO be appointed in future years, this Policy is applicable to her/him in a similar way as to the CEO. Regarding members of the Board, the procedure for making remuneration decisions and the remuneration components are presented in this Policy in the section "Remuneration of the Board".

Key remuneration principles

The Policy is designed around the following key principles, which are also followed in the remuneration of the top executives:

- **Support the business strategy**

  Link between remuneration and success in the strategy implementation is a key principle. Short and long-term incentive plans must be aligned with business strategies focused on creating long-term growth and shareholder value, while maintaining a tight focus on short-term financial results.

- **Pay for performance**

  A significant part of total remuneration should be performance based and vary with actual company and individual performance delivered. A balance between encouraging the achievement of challenging targets and avoiding creating excessive risk-taking should be maintained.

- **Pay competitively**

  Remuneration should ensure attraction and retention of highly competent CEO to secure the success of the company. The total remuneration package should be fair and competitive compared to relevant markets. Human Resources Committee (HR Committee) uses market benchmark data from companies of a similar size and complexity to Sanoma as a guide when setting total remuneration package for the CEO.

- **Encourage share ownership**

  Share ownership is encouraged through share-based long-term incentive plans to align interests of shareholders and the CEO. Share ownership guidelines are also in place for the CEO.

- **Be fair, transparent and simple in design**

  We follow our Code of Conduct and principles of Diversity Policy. Our incentives should encourage not only top management but all employees to pursue the Company's objectives. All employees are rewarded fairly based on the requirements of the position and performance.

Transparent communication and reporting is an integral element of the remuneration principles.

Consideration of remuneration and employment conditions of employees

The remuneration structure and level of Sanoma employees varies according to their role, location and working environment. Consideration in remuneration is given to performance, competence and remuneration paid for comparable roles.

Profit sharing schemes or short-term incentive plans are widely used in Sanoma's different business units at all organisational levels to support the delivery of our business strategies and to apply the pay for performance principle. Opportunities vary by organisational level and business specific as well as individual metrics are used. At more senior management levels a larger proportion of remuneration is performance based.

The HR Committee receives general feedback from employees via the HR function as part of the output from the employee engagement survey, typically conducted annually, and information on employment practises elsewhere in the Company.

Description of decision-making procedure concerning remuneration

Remuneration of the Shareholders' Nomination Committee

The AGM determines annually the remuneration of the members of the Shareholders' Nomination Committee.

Remuneration of the Board

The AGM determines annually the remuneration of the members of the Board and Board committees. The proposal for the Board members' remuneration is prepared by the Shareholders' Nomination Committee.

The remuneration of the Board members may consist of monthly or annual fees and meeting fees. The fees can be paid in cash or partially or entirely in shares. Travel and accommodation expenses as well as other costs directly related to the Board and Committee work are compensated to the Board members.

Remuneration of the CEO

The HR Committee prepares and reviews the Remuneration Policy and recommends its approval to the Board. The Board approves the Policy. The Policy will be presented to the AGM every four years or earlier if there are material changes to the Policy. The HR Committee reviews the appropriateness of the Policy during the four-year period.

The remuneration payable to the CEO is decided by the Board, based on the HR Committee's proposal, within the framework of the Policy presented to the AGM. In preparing the proposals, the HR Committee commissions benchmarks of the remuneration of the CEO against relevant Finnish and European peers on a regular basis. The CEO shall not participate in the preparation nor the decision making regarding her/his own remuneration.

An authorisation from the AGM is sought for the Board to decide on the repurchase of the Company's own shares to be used for example as part of the Company's incentive programmes and according to this Policy. The conditions and granting of share rewards are decided annually by the Board.

MINOR AMENDMENTS

The Board can make minor amendments to the Policy (for regulatory, tax or administrative purposes or to take account of a change in legislation) without presenting the Policy to the AGM.

CONDITIONS FOR TEMPORARY CHANGES

The Board, in its full discretion and upon the recommendation of the HR Committee, can also make temporary deviations from the Policy for ensuring the long-term interests of the Company in the following predefined circumstances:

- Change of CEO
- Material changes in the Company’s structure, organisation, ownership and/or business (for example merger, takeover, demerger, acquisition)
- Material changes in or amendments to the relevant laws, rules, or regulations (including tax laws).

A temporary deviation may apply to whole Policy or part of it, depending on the type of exceptional circumstances.

If a deviation decision has been taken by the Board of Directors, and the deviation is not considered temporary, the Company will present a revised Policy to the next AGM.

LEGACY COMMITMENTS

The remuneration decisions are made within the framework of the Policy presented to the AGM. However, any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) made under legacy agreements prior to the approval of the Policy may be paid out subject to that the terms of the payment were agreed before the Policy came into effect.

Description of the CEO’s remuneration

The remuneration of the CEO may consist of base salary and fringe benefits, short term incentives, performance shares and pension benefits. Restricted shares can be used as part of remuneration in exceptional cases. When determining the annual remuneration of the CEO, the Board’s aim is that the value of the CEO’s total remuneration is appropriately positioned relative to relevant market and that a substantial part of the total remuneration is dependent on the performance of the Company.

The Board may make an award in respect of a new CEO appointment to compensate incentive arrangements forfeited on resignation from a previous employer. This will be considered on a case-by-case basis and may comprise cash or shares.

Elements of the CEO remuneration

The table on the following pages summarises the main elements of the CEO’s remuneration.

	Element	Purpose and link to strategy	Description and operation	Opportunity
Fixed pay	**Base salary & benefits**	Fixed market-competitive remuneration to support the attraction and retention of competent individuals to deliver the business strategy	Fixed salary (= monthly base salary and holiday allowance) and fringe benefits. The benefits may include car or car allowance, telephone, travel related benefits and insurance benefits. Additional benefits may also be provided where required or appropriate at the discretion of the Board, for example (but not limited to) relocation support and housing benefits. The CEO is also eligible to participate in the Personnel Fund or other schemes and benefits applicable to all employees in the company or in a specific country on the same basis as all other employees. Base salaries are reviewed, but not necessarily increased, annually, typically with effect from 1 January. The CEO does not receive separate remuneration for her/his management team membership or other internal management positions, such as Board memberships in the Group companies.	Salary levels and increases take account of: - individual and company performance - typical pay levels in relevant companies of a similar size and complexity - the wider employee pay review CEO's base salary of the year under review will be disclosed in the Annual Remuneration Report.
Variable pay	**Short-term incentives (STI)**	To incentivise on an annual basis for achieving stretching financial and non-financial short-term targets aligned with business strategies	The STI is determined on the basis of achieving financial and non-financial targets set annually by the Board based on the HR Committee's proposal. The STI is at maximum 150% of the reward on the target level value and the STI payment is subject to reaching a threshold performance in a key Group financial measure. Performance measures, their weighting and targets are set annually at the start of the financial year based on Company's objectives linked to the strategic priorities. The STI is determined primarily by Group financial performance but the Board may apply non-financial measures that support the underlying strategic priorities for the coming year. The STI may also be linked to individual performance of the CEO. Non-financial measures may include for example employee engagement, customer delivery or other individual or company-specific objectives to reflect the prevailing business context. The financial and non-financial measures are set with reference to the prior year and to the budgets and business plans for the coming year, ensuring that the levels to achieve minimum, on-target and maximum pay-outs are appropriately stretching. STI is paid in cash once the results have been audited and approved by the Board. The Board has discretion to adjust the STI outcome both upwards and downwards to ensure the pay-out level reflects appropriately the overall business performance for the year.	The annual STI opportunity for the CEO will not exceed 67% of base salary on the target level performance and 100% of base salary on the maximum level performance.

	Element	Purpose and link to strategy	Description and operation	Opportunity
Variable pay	**Long-term incentives (LTI)**	To incentivise and support the development and execution of business strategies linked to long-term performance and shareholder value creation To serve as a retention tool	Sanoma's long-term remuneration is built on share-based incentive plans, Performance Share Plans (PSP) and Restricted Share Plans (RSP), which offer the CEO an opportunity to receive Sanoma shares as long-term incentives. The conditions and the granting of the LTI shares are decided on annually by the Board based on the HR Committee's proposal. **Performance shares** In the PSPs, the performance is measured based on achievement of the criteria set by the Board for annually commencing new plans. The plans are based on a performance period of one to three years followed by a vesting period, duration of which is dependent on the length of the performance period and varies from two years (when the performance period is one year) to no vesting period (when the performance period is three years). Performance measures, their weighting and targets are set annually at the start of the performance period based on the Company's objectives linked to the financial and strategic priorities. The measures can include for example operational earnings per share (EPS) and adjusted free cash flow. The Board may vary the performance measures and/or the weightings of the measures in the annually commencing PSP plans. Share rewards will be earned based on the achievement against the set performance targets after the end of the performance period once the results have been audited and approved by the Board. The performance range will be determined for each performance measure. A minimum-level performance will result in 25% of the on-target level reward. The annual PSP incentive is at maximum 150% of the reward on the target level performance. The reward will increase on a linear scale from the minimum level of 25% to 100% on the target level performance and again from 100% to 150% for stretched maximum levels of performance. The Board has discretion to adjust the PSP outcome both upwards and downwards to deal with and/or eliminate the impact of: unforeseen events during the performance period which have a material impact on the outcome. The earned reward will be required to be held for a vesting period that varies from two years (when performance period is one year) to no vesting period (when performance period is three years). The share delivery after the vesting period is conditional upon continued employment until the moment of transferring shares, or a good leaver ground. The Board has, however, discretion to decide on whether and to what extent the CEO is eligible to granted share rewards upon the CEO leaving the Company.	When determining the annual LTI opportunity for the CEO the Board aims to ensure that the value of the CEO's total remuneration is appropriately positioned relative to relevant peers. The maximum value of the normal annual LTI reward at the moment of grant is expected to be in the range of maximum 100%-150% of base salary. The Board may, however, use discretion to grant LTI shares up to a maximum total value of 300% of base salary at the moment of grant in exceptional circumstances. Such exceptional circumstances may include recruitment, significant increase in the size or scope of the role or responsibilities, significant strategic change or other similar circumstances. The agreed annual LTI opportunity of the CEO may, however, be defined as a fixed number of shares on the target level performance and the maximum level performance. Details of the LTI opportunity in respect of each year will be disclosed in the annual Remuneration Report.

	Element	Purpose and link to strategy	Description and operation	Opportunity
Variable pay	**Long-term incentives (LTI)**		The possible reward will normally be paid latest by the end of April following the year after the end of the vesting period or after the end of the performance period when the performance period is three years i.e. when there is no westing period. The reward will be paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax-related costs related to the performance shares. **Restricted shares** Shares in the RSPs are granted in exceptional cases only for recruiting or special retention or remuneration purposes. The shares are usually delivered to the participants provided that their employment with Sanoma continues uninterrupted throughout the duration of the period of the plan (2-4 years) until the shares are delivered. The Board has, however, discretion to decide on whether and to what extent the CEO is eligible to granted share rewards upon the CEO leaving the Company. The reward will normally be paid latest by the end of April following the year after the end of the plan's period. The possible rewards under the RSPs are paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax-related costs related to restricted shares. **Consequence of a change of control event** Upon the occurrence of a change of control event, the Board determines in its sole discretion whether this will affect the outstanding LTI earnings and awards and, if so, to what extent and in which manner. **Share ownership requirement policy** Shares conditionally granted to the CEO under the LTI plans are subject to share ownership requirement that is determined by the Board based on the HR Committee's proposal. Until the required shareholding is achieved, the CEO is required to hold, and not to sell, at least 50% of after-tax shares received.	
	Clawback		The short term incentives or share rewards may be cancelled or recovered in certain circumstances (for example misconduct or unethical conduct such as manipulation of the financial or other data).	

	Element	Purpose and link to strategy	Description and operation	Opportunity
Other	**Pension**	To provide market-competitive pension benefits to support the attraction and retention of competent individuals to deliver the business strategy	The CEO participates in the statutory and/or company pension scheme in line with local country arrangements. In addition, the CEO may receive additional pension benefits based on a defined contribution scheme or a cash allowance in lieu of a pension contribution. The salary basis for defining the additional pension benefits is base salary and the value of usual fringe benefits. Pension benefits (or a cash allowance) do not form part of the base salary for the purposes of determining incentives. The CEO's retirement age is typically the usual retirement age in her/his home country.	The maximum annual employer contribution to an additional pension contribution plan or a cash allowance is 15% of base salary

CEO's service contract

The applicable other terms and conditions of the CEO's service are decided by the Board based on HR Committee's preparatory work and agreed in a Managing Director contract. The contract includes for example the entitlement to paid holidays, sick pay and other standard employment terms including reimbursement of reasonable travel and other business related expenses.

Notice period and severance package

The Managing Director contract is valid until further notice. The CEO's period of notice is six months both from the CEO's and the Company's part. If the director contract is terminated by the Company (situation of entering into a settlement on the initiative of the Company included), the CEO will be paid a severance payment equalling to 12 months' salary, plus the salary, pension contributions and benefits for the notice period. The severance pay is accompanied by a fixed-term non-competition clause.

Regarding STI and LTI rewards, the Board uses discretion as provided under the rules of the STI and LTI plans. Taking into account the circumstances, the Board has discretion to award a STI for the CEO in respect of performance in the financial year with appropriate consideration of time prorating. In the LTI plans the main principle is that based on a good leaver ground the CEO keeps the entitlement to outstanding LTI rewards in the Company initiated terminations.