

# Corporate Social Responsibility Report 2014

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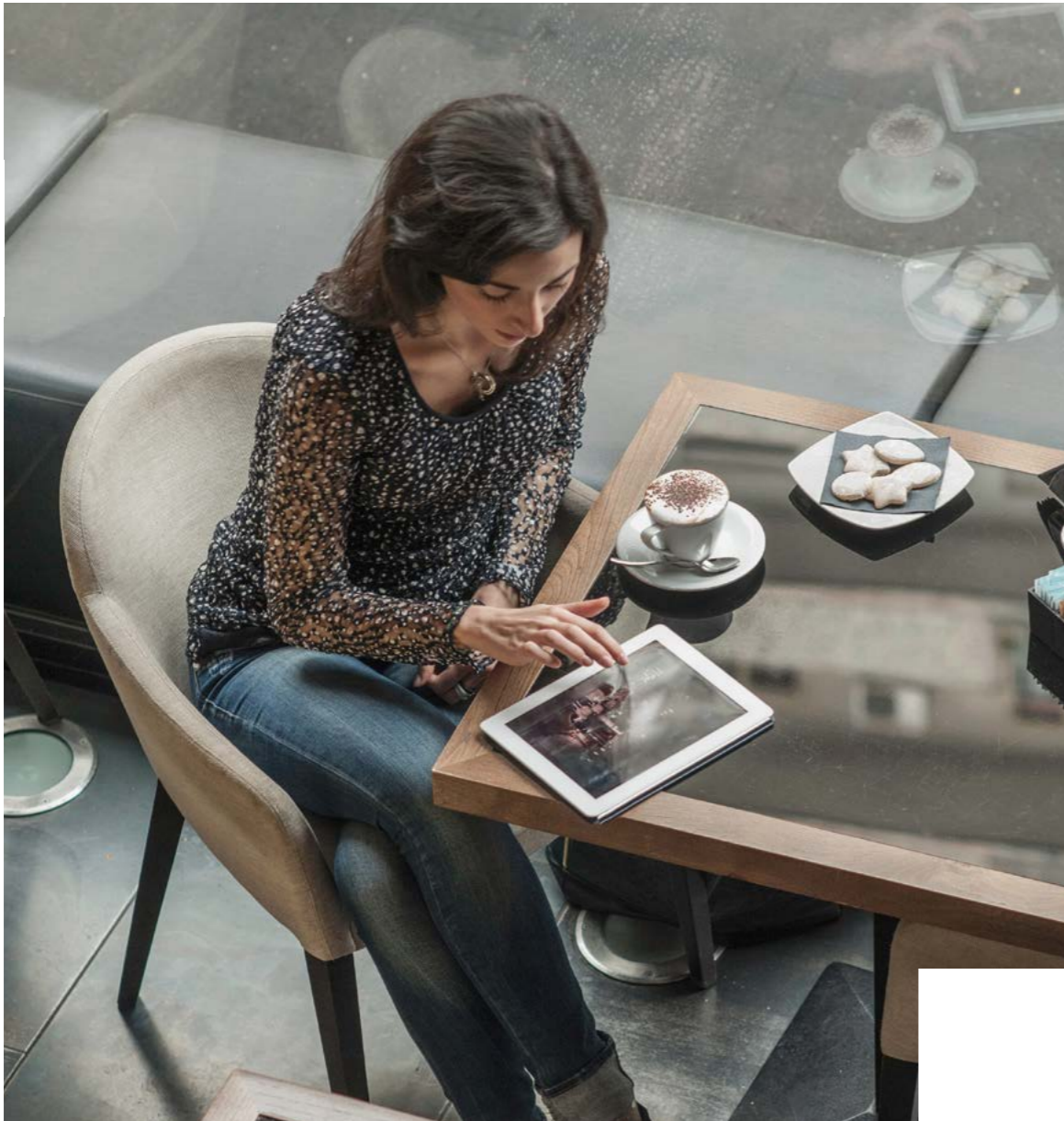
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You turn a page. You click for more. You learn something new.  
You like what you see. Sanoma is built on these moments.

# Sanoma – Get the World

Sanoma is a front-running media and learning company in Europe. We entertain, inform, educate and inspire millions of people every day. In consumer media, our key markets are Finland, the Netherlands and Belgium. In learning, we have companies in Belgium, Finland, the Netherlands, Poland and Sweden. In 2014, Sanoma's net sales totalled EUR 1.9 billion and we employed some 7,500 professionals. We are listed on the Nasdaq Helsinki stock exchange.

At Sanoma, we help people access and get a better understanding of the world. A world full of opportunities and experiences – a world to explore, influence and share. Working together with our customers, we create high-quality, relevant, captivating content that informs, inspires, educates and entertains. And we do it across media and in multiple channels. We serve customers' individual needs so they can develop themselves and get more enjoyment from their lives.

## Media

With our consumer media we aim to capture the imagination of our audiences and engage and inspire our customers with captivating stories, beautiful pictures, astonishing insights and new perspectives. We offer a wide variety of media, from printed magazines and newspapers to digital media, and, of course, radio and TV. We try meet our customers' needs, as and when they arise. Our media give people access to a world of information and inspiration and connects them with what interests them. Thanks to our strong brands, we command a key market position in nearly all parts of the media industry: TV, radio, magazines, events, customer media, websites and mobile apps.

## Learning

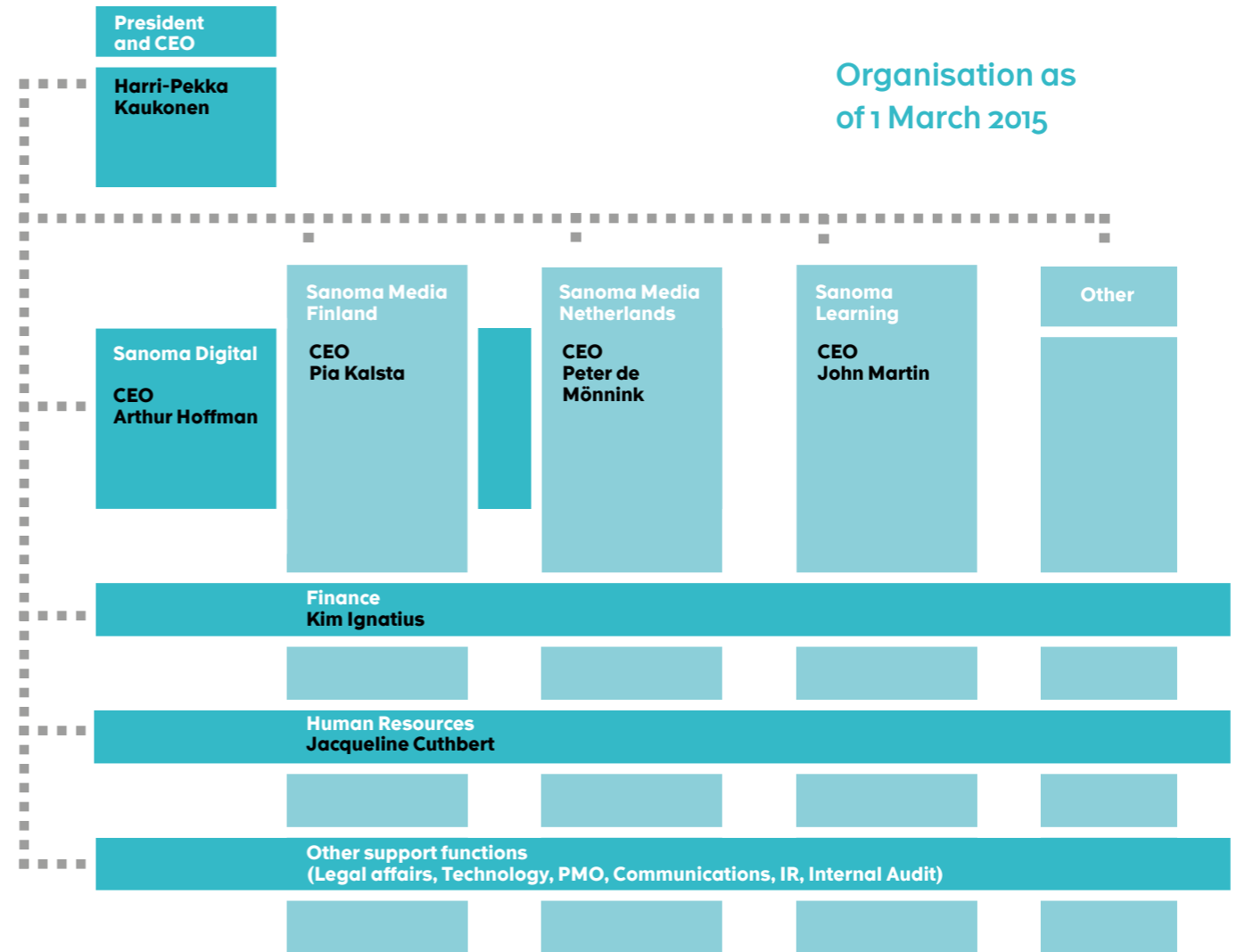
Sanoma Learning is one of Europe's leading educational companies and is driven by a single passion: to improve the impact of learning. Our print, digital and hybrid learning solutions help make primary, secondary and vocational education more effective. We provide learning solutions that are developed with pupils' and teachers' interests in mind. These solutions help teachers to be more efficient and allow them to focus more on their most valuable competence – teaching. They also enable pupils to unleash their whole potential and reach higher levels. We make things easier by offering solutions tailored to specific learning needs, all available at a moment's notice.

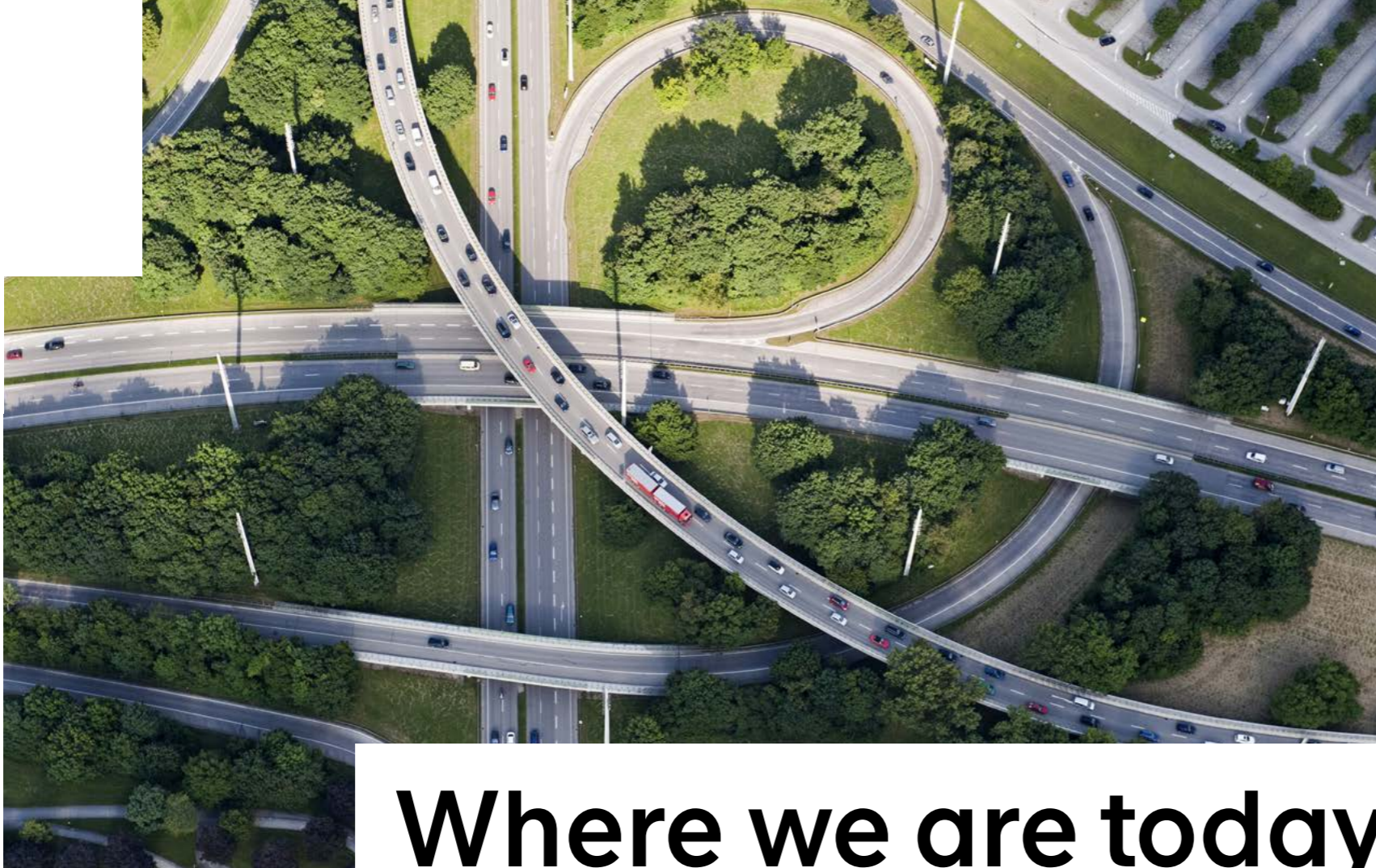
### Reporting principles

We focus in this report on two main segments, Consumer Media and Learning. Unless otherwise stated, the report covers Sanoma's operations in all its operating countries. The environmental data is mainly collected from Finland, the Netherlands and Belgium, due to material aspects (the concept of materiality is further introduced in the next chapter). The reporting period for this Corporate Social Responsibility (CSR) report is Sanoma's financial reporting period 1 January to 31 December 2014. The reported topics have been selected on the basis of discussions with key stakeholders, a stakeholder survey (a so-called CSR materiality assessment), and taking into account Sanoma's targets in 2014 and special characteristics of the media and

learning businesses. Primary stakeholder groups involved in the assessment were Sanoma employees, B2B customers, investment analysts and our business partners. Sanoma has used the GRI G3 Guidelines as a framework for this

report. For 2014, we will report on 13 performance indicators. A list of key reported items can be found in the GRI Index Table. Sanoma intends to publish its next CSR Report in 2016.





# Where we are today

**The year 2014 was an important one for Sanoma, as we reached the midway point in our transformation journey. In 2010, we were a diversified company with different business interests in a multitude of countries and with a heavy reliance on classical (print) media. We are now emerging as a focused and innovative multi-channel media and learning company with a clearly defined geographic footprint.**

Last year we made significant progress in executing our transformation strategy, without ever losing sight of our commitment to act responsibly. The basis of our ethical business principles is written in our Code of Conduct that guides our everyday activities and the responsibility of our businesses, ensuring we live up to principles like integrity, professional development, respect for

people, teamwork, and respect for the environment.

Having responsible business practices and acting with integrity helps us grow and succeed as a company, keeping the trust of our customers, consumers and business partners and reinforcing a culture in which all colleagues around Sanoma can be at their best.

In this CSR Report we aim to provide you with a clear insight into how we operate in Sanoma. The CSR Report 2014 is part of our annual reporting that consists of our financial report and Sanoma View, our in-depth look on our business progress. Together the three reports will give you an up-to-date overview of where Sanoma stands as a company and what we stand for.

**Harri-Pekka Kaukonen**  
President & CEO

# Responsible business

**People see us through our products and services. Therefore we need to act responsibly in all our product and service offerings. We want to be responsible and develop our procedures continuously on a voluntary basis - and share the positive outcomes. In 2014 our main achievements were to open a dialogue with our key shareholders, define our materiality based on the survey results and publish our new Code of Conduct.**

Responsible business means different things to different interest groups. Our focus is in raising awareness, sustainable procurement, daily operations (Code of Conduct) and embracing all activities that will minimise negative impact on the environment.

## **Materiality**

Materiality, in the context of the GRI Reporting Framework, is defined as the material topics that should be included that have a direct or indirect

impact on an organisation's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large. These material topics form the basis of this CSR report. We have defined the very concept of responsibility with the aid of our stakeholders: their views about what they respect and what they want us to achieve. We have therefore surveyed our key stakeholders to find what they think our responsibilities are and find our focus point on materiality. Based on their responses we held a workshop to define the essential focus points, and these were seen as the key points:

## **People:**

- Development opportunities
- Well-being
- Good leadership

## **Economy and society:**

- Sustainable long-term profitability of the company
- Clear roles and responsibilities, governance structures
- Partnerships (NGOs)

## **Environment:**

- Decreasing our environmental footprint
- Minimising environmental impacts of print products
- Responsible sourcing



## The Code of Conduct

The basis of our ethical business principles is documented in our Code of Conduct. This Code guides our everyday activities and underscores the sustainability of our businesses. It ensures we live up to principles like integrity, professional development, respect for people and teamwork, and respect for the environment.

The quality of our products and the integrity of our operations are crucial factors in retaining the confidence and trust of our customers and end-users. Sanoma has a long history of success, built on consumer trust and respected business practices. To build on that tradition, our ethical and compliance standards have now been formalised in a new Code of Conduct, which replaces the former Principles of Business Conduct. The Code of Conduct touches upon many aspects of our work, including how we treat customers, how we do business with suppliers, our standpoint on human rights and corruption, how we take care of our employees, and how we treat the environment.

The Code explains our internal standards and ethical values, as well as our legal obligations. It serves as an umbrella document for other compliance policies, guidelines and manuals within Sanoma. It covers aspects such as data privacy, environmental standards, non-discrimination, anti-harassment, insider trading, corruption and bribery, supply chain integrity, financial reporting and controls, safeguarding company assets, avoiding conflicts of interest, and ensuring we compete fairly.

## Raising awareness

As a front-running media and learning company Sanoma is in a privileged position to raise issues in society. Key examples of this last year include:

- **Crises in the World** – What can a citizen do – event in Sanoma House. Discussion with the President of the OSCE (Organization for Security and Cooperation in Europe) Parliamentary Assembly, Ilkka Kanerva, Red Cross advisor Tiina Saarikoski and the chairman of Women’s Bank organisation and former editor-in-chief of Helsingin Sanomat newspaper Reetta Meriläinen, discussed how citizens can contribute to crisis relief.
- Child Focus, a Belgian organisation that champions children’s rights, nominated Van In’s popular site Bingel for the European award of “Best Content for Kids” for focusing on **safety on the internet**. This award encourages the creation of digital content, giving children the opportunity to learn, discover and play online. The award was launched by the European Committee. Sanoma won the Best Belgian website for children between four and twelve years old in 2013.
- Sanoma is also actively participating in dialogue with regulators, universities, and industry groups to increase awareness about how technological developments and big data impact people’s privacy and data protection rights.





## Our responsibility towards young customers

9 We offer many products, services and content to children and parents alike. In addition to educational solutions, our Kids Media units in Finland and the Netherlands provide entertainment in TV, magazines, books and other merchandise, as well as content in many digital formats. The Sanoma Games unit offers a large assortment of casual games online. Clearly, parents must be able to trust that the content and services we provide are appropriate and safe for children of different age groups. In TV, this means that we use an age-based classification system for screening programmes, which was developed together with other industry players. We are careful to respect the rights of children when they are interviewed on any of our me-

dia channels or take part in TV shows or in a similar context. We are committed to upholding end-user privacy and handling personal data in a fair and lawful manner, particularly where children are concerned.

### Editorial integrity

Freedom of speech and editorial integrity are key in creating reliable content. Our editorial guidelines ensure that all published content is objective and accurate and they ensure that our readers and viewers can easily distinguish between editorial content and paid content and advertisements. By safeguarding editorial integrity and protecting freedom of speech we are making sure that our customers can trust the information we deliver.

- The main objective of **The Alliance for Digital Skills Development** is to inspire and support activities leading to widespread digital education, promote the effective use of digital technology and to accept changes resulting from constant development. As a partner of the Alliance our Polish Learning company YDP (Young Digital Planet) declares to undertake certain responsibilities in the development of solutions that support the modern educational process and a specific one that contributes towards countering digital exclusion and improves the digital literacy of students and teachers.

## We want to help teachers excel at developing the talents of every child

Good education offers children a better future, in whichever country they live. We help pupils to get better learning results, help teachers to excel as professionals and make the learning process more engaging and fun for all parties. Through our local companies, we contribute to national educational systems that get consistently high scores on PISA rankings. Our core competence is being able to act on our in-depth understanding of the learning process. We believe that by combining high-quality content, technology and data in innovative ways, we can support teachers in their work and make learning more rewarding. Personalised learning allows teachers to adapt their methods to meet the individual needs of every child. Using digital tools such as dashboards and analytics, teachers can help children get the most out of their respective talents. By engaging with about ten million pupils and a million teachers every day across northern Europe, we are making a substantial impact on learning.



## Privacy enables responsible use of data

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Offering relevant journalistic, entertainment and learning content for the right audiences across different digital environments helps our customers understand the world they live in. Because we underscore the secure use of digital services, and the control of identity and data as a fundamental hu-

man right, our customers can fully enjoy the new ways of using media and learning products that leverage analytics. Building privacy into products and services requires that all employees understand how to take privacy into account in their daily work. During 2014, we helped our consumers

discover content on our sites and services through new recommendation and personalization features based on analytics. Smart Targeting capabilities in digital advertising allow our advertising customers to effectively reach consumers based on their demographics and interests throughout the

Sanoma network. We have also increased the ability of our business to make more fact-based decisions through improved reporting and by providing effective tools for consumer lifecycle management.

## Transparency and choices for consumers

Accountability for privacy is accomplished through transparency to consumers, and by designing privacy into our products. The year 2014 was about developing solutions that provide consumers transparency and choices as to the collection and use of their data.

- Sanoma Media Finland launched the Sanoma Account as a seamless sign-on solution for Sanoma's digital products and services. The Sanoma Account was further developed with additional features that will be launched in 2015, such as the ability to manage subscriptions, consents for electronic direct mar-

keting and behavioral targeting in digital advertising.

- Sanoma Media Netherlands enhanced its cookie management solution, to increase the ability of users to influence data processing for digital advertising purposes. Sanoma's digital products and

services are mostly advertising funded, and data is critical for us to ensure we remain competitive as an advertising partner. However consumers visiting our websites should feel 'secure and at home' and be able to change their cookie settings any time.

## Privacy Policy to demonstrate accountability

During 2014, Sanoma defined a Privacy Policy consisting of ten privacy principles we abide by in order to derive value out of data while preserving trust in our customer relationships. The Privacy Policy has been

approved by the Sanoma Board and is sponsored by the Executive Management Group. The Policy also establishes a governance model for organizing roles and responsibilities for implementing privacy. Sanoma now

proudly presents an organization of about fifty nominated media professionals with a specific responsibility for designing privacy into their corresponding area of operations.



# Building a winning culture

**Our culture is driven by people with the enthusiasm to create new things, and the passion to change perspectives**

**Our people are the key to success in an ever-changing media and learning landscape. We are investing in professional performance by having the right people with the right capabilities in the right places. We employ some 7,500 people and engage a large number of independent professionals to create informative, inspiring, educational and entertaining content.**

We believe in working together in a world where everyone is passionate about what they do. We believe that employees' well-being is a prerequisite for a creative and engaged workforce. To attract and retain the best people, we provide a high-performance informal working environment and support a culture that inspires our employees and respects their views. At the same time we encourage their independence and creative problem-solving and we encourage open communication. We value and trust our people and reward

excellent performance. To meet our commitments to clients we invest in the latest technology and, most importantly, in exceptional employees.

## **Development opportunities**

To stay at the forefront of the converging media and learning landscapes, at Sanoma we make considerable investments in the recruitment, retention and development of our personnel. We can offer appealing jobs and careers to professionals from different sectors, as well as excellent opportunities for

People

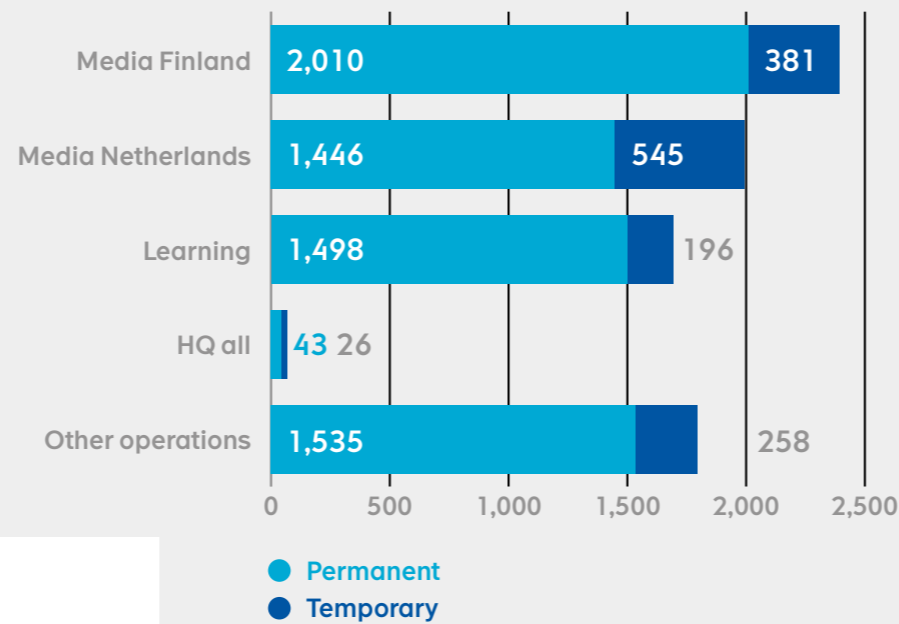
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professional growth. Our effective performance management systems are designed to increase employee engagement. A positive working atmosphere, the equal treatment of employees, and the opportunity to work flexibly all help to boost motivation.

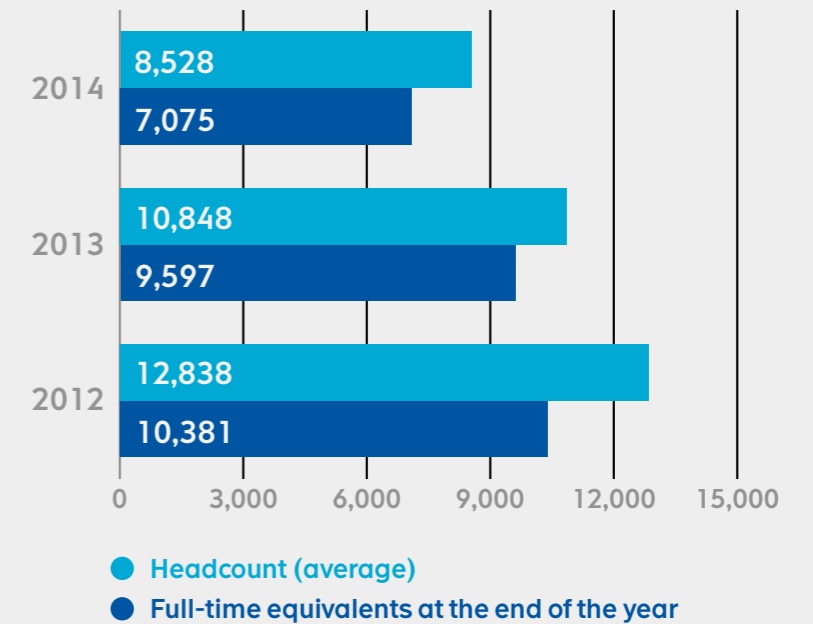
In today's turbulent media world, the development of new skills is key to long-term success. To ensure we are better placed to meet ongoing changes in the media business, Sanoma offers many forms of personnel development initiatives, from forward-looking journalist training to top-management strategic programmes. Succession planning and job rotation prepare us for changes in our operational environment. Solid expertise is a key factor when we innovate and work to reach our targets.

Employees perceive growth and development opportunities as a key-driver of engagement. The Development Dialogue helps our people through insight and individual learning to consider what a possible future could look like and what is needed in terms of skills and knowledge to get there. There are several examples of new kinds of

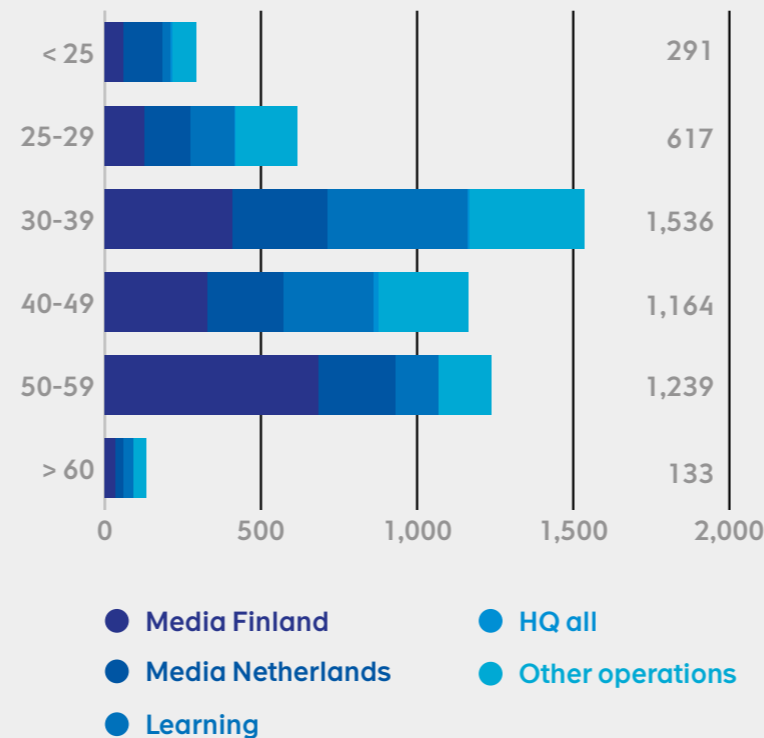
Personnel at Sanoma



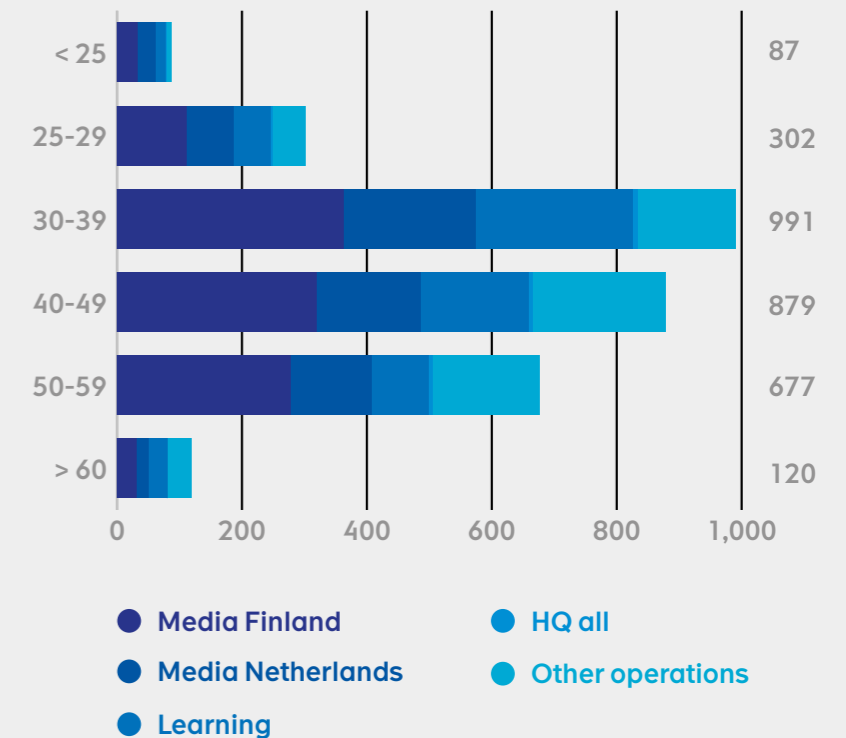
Number of employees 2012–2014



Personnel by age, women



Personnel by age, men



training initiatives within Sanoma. In 2014 Sanoma Learning organised an international blended learning programme, Sanoma's Learning Lab, in which employees, teachers and academics from five countries worked in teams on new products to improve learning outcomes and increase pupil engagement.

In the area of professional development the focus is on New Media Know-How and improving digital capabilities. Sanoma Media Finland started the first pilot project in Media Sales by conducting an assessment that provides input for building individual learning paths in digital capabilities. In the Netherlands, the first pilot is for the Dutch magazine *Margriet*. Sanoma Learning will also launch three e-learning modules to increase digital know-how and mindsets.

**Staying ahead of the game**

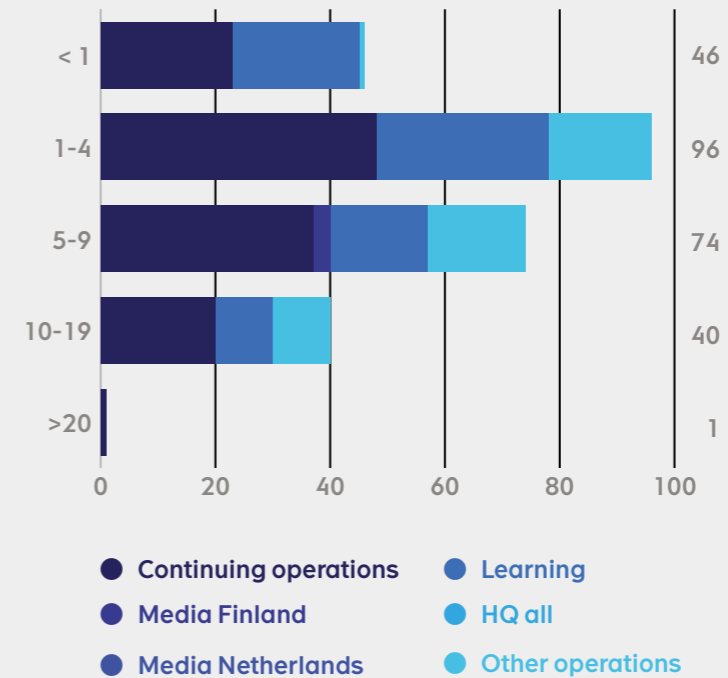
At Sanoma we live the change, every day. We want to transform the digital media and learning landscape and lead through innovation and by sharing the excitement of learning. One of Sanoma's strategic goals is to create a strong culture that can respond to transformations and the changing world.

We aim to be a true leader in our key markets. That's why we're focusing on redesigning our portfolio, taking up new operating models and sharpening our leadership capabilities. To ensure we have the right people, today and tomorrow, we have renewed the tools we use for strategic workforce planning and succession planning and for mapping the necessary capabilities and resources.

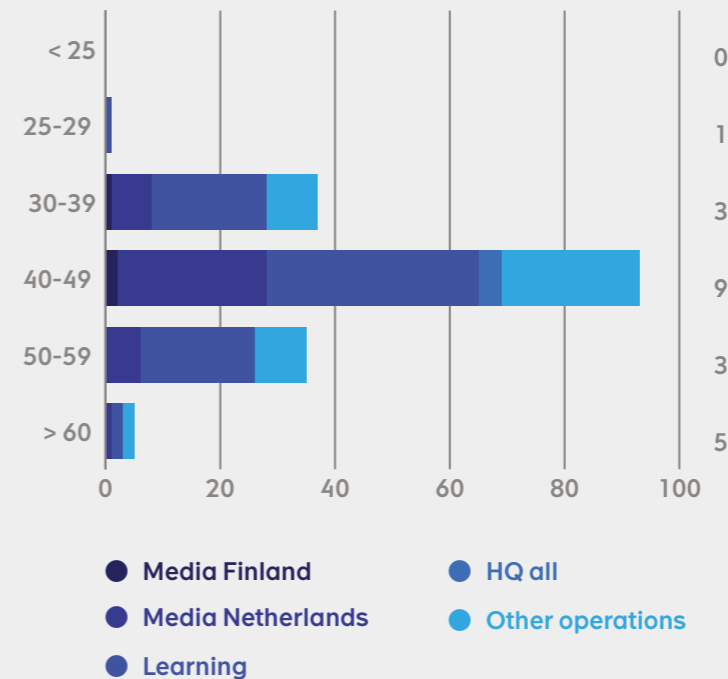
To keep performance levels high and manage the company's cost base, we've taken some tough decisions. Our portfolio has been streamlined and a new matrix organisation has been pushed through to ramp up innovation and explore new business models. Divestments, and the discontinuation of some products and business lines, have reduced the number of personnel. Some traditional roles have disappeared, creating space for eager young professionals in the digital world. This is likely to continue in 2015.

We have also consulted our employees about our transformation and, with a high level of engagement and commitment, they share our confidence that we are on the right path.

Directors & senior management, years in current position



Age distribution of directors & senior management



## Some 80 per cent of our people said that despite uncertainties and far-reaching changes, they were still engaged.

We need people who are prepared to make this journey with us and who understand that change brings opportunities and challenges. To ascertain our employees' level of engagement we have gauged their confidence in our ability to transform. Based on the Pulse survey it's clear that employees embrace the transformation: 94 per cent of them say they understand Sanoma's need to transform and 85 per cent feel their department supports them in this transformation. Clearly, our managers have done a good job in getting employees on board. Employees are not only ready and willing to change, there is increased confidence in our ability to do so. It's also a sign of the appreciation of the way the Sanoma management handled the departure of 500 employees resulting from our rationalisation. In 2014 confidence and inspiration were growing and signs of renewal were evident across the whole organisation.

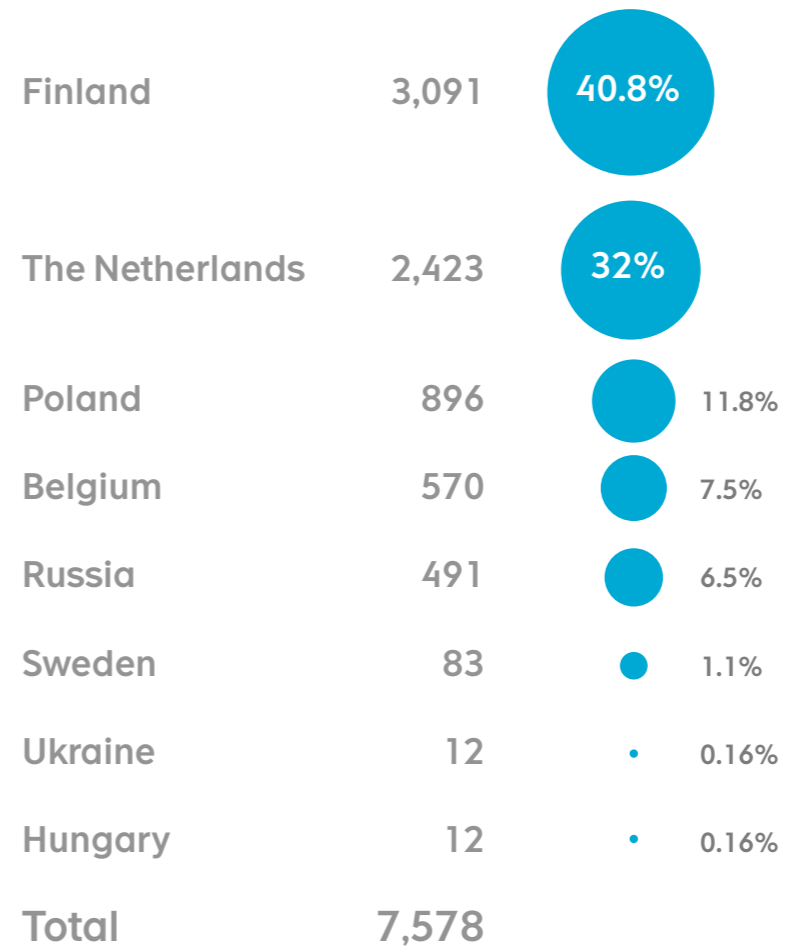
We truly appreciate our employees wanting to know whether we are on

track as a company. In recent years we have carried out our annual Employee Engagement Survey. In addition to flagging up what has the biggest impact on our employees' engagement levels – from leadership to well-being – this Survey provides invaluable insights into our strengths and the areas in which we can improve. We intend to continue creating a culture that supports creativity and employee engagement.

### Curious, passionate and creative talent will shape our future

The creation of a high-performing organisation with a winning culture calls for an understanding of how every employee can contribute to Sanoma's goals. To this end we are using a performance-management framework with a three-step cycle to systematically set targets, evaluate performance and identify development opportunities. The performance management framework is matched by a reward philosophy that is gradually being introduced for all employees in 2015. Performance management

### Personnel by country\*



\* 31 Dec. 2014

### Management's gender balance 2014



## We are agile in adopting new ways of working, we have great team spirit and a willingness to share know-how throughout the organisation.

is important and valuable for both Sanoma and our employees. Our Big Rocks and KPIs clarify what is expected of our employees and how each of them personally contributes to Sanoma's growth ambitions. Our managers are trained to give valuable feedback on employees' performance, their strengths and which areas show room for improvement. Sanoma's success is built on the performance of every individual, so focusing on the individual and the team performance underscores the success of both Sanoma and our employees.

We want Sanoma to become a learning organisation in which individual employees can develop so they have the professional and leadership skills that will help us realise our strategy. We are training our people to transform the company. But it is not just about learning new skills, attitudes and behaviour; it's also about generating concrete business outcomes.

### Challenging the status quo

We are constantly innovating to future-proof our business. In 2014 we continued the Innovation Accelerator programme and hosted three large innovation programmes (Business Accelerator, 4G Connect and Sanoma Learning Lab). The common denominator was to find big ideas with the potential to shake up the media market as well as the future of media and learning. The Innovation Accelerator allows Sanoma to facilitate the Lean Development of innovative business ideas by tapping into the collective knowledge of our international talent pool, supported by the resources of a large company. The Sanoma Lab has familiarised over 1,400 people with the Lean Development method. Of 25 internal start-ups, 12 are now being developed further. Many ventures have become a part of our core business and others have been terminated.



# Environment

**We strive to bring content to consumers – irrespective of the platform. And we see all platforms, as well as the mix media, as opportunities.**

## **Focus on reducing our environmental impact**

We are minimising our environmental impact by focusing on efficient operations and materials use, and demanding responsibility from the links in our supply chain. Our most significant impact results from our use of energy (digital services and housing), printing, distribution and transportation.

The environmental impact of printed and digital media affects different parts of the life-cycle. With printed media the biggest impact comes from using energy in the various phases:

raw materials, production and transport. With digital media most of the impact results from the production and actual use of the devices (loading content) and data centre energy consumption. In content production for both media platforms the main impact areas are the use of energy and travel.

## **Responsible procurement**

Procurement plays an important role in our CSR efforts. Responsible procurement has been defined in the Code of Conduct that forms the basis of all negotiations. We only work with reputable and qualified business



partners that adhere to international standards on human rights, labour conditions and anti-corruption, and who manage their environmental impact in the best possible way. Since 2009 we have followed paper procurement guidelines for ensuring the transparent and responsible sourcing of paper. From an environmental point of view, key procurement areas are paper and printing services, ICT, transport services (including company cars) and electricity. Printing services are outsourced in most of our countries.

Environmental responsibility is a necessity for our core suppliers. We insist that our core material suppliers use environmental standards, management systems and eco labels. We also pay special attention to the use of efficient logistics and packaging, as well as minimising waste and recycling as much as possible. The management of environmental matters is also discussed in service negotiations and requirements are documented in contracts.

### Raising awareness thought requirements

We also believe that increasing knowledge and raising awareness are key to

improving sustainability. Operating outside Europe we actively engage in dialogue with local printers to improve the management of environmental issues. We favour printing partners that hold an ISO 14001 and ISO 9001 certificate. We also do joint publishing and in those cases responsibility issues are negotiated by the main publisher, in most cases the responsibility level is documented in a Code of Conduct.

### Responsible paper sourcing

We support forest certification as an approved method of practicing sustainable forestry. The focus in paper procurement is that all paper is responsible produced and therefore certified and traceable. All suppliers must respect human rights and rights at work and comply with labour standards and related international agreements. Paper Procurement guidelines, with requirements pertaining to sustainable paper, have been in place since 2009.

Our most important raw material, paper, is procured responsibly, exploiting synergies cross-business and cross-country. In 2014, Sanoma used approximately 170,000 tonnes of paper, 90% of which was made of

### Print production

At the beginning of 2015 Sanoma Media Finland had five printing sites in Finland, three newspaper-printing plants (Sanomapaino) and two book-printing houses (Bookwell). Key aspects in printing are a high-quality print product, managing the production process and the efficient use of raw materials and energy. We are aware of our environmental impact and we strive for the most efficient use of materials and energy, minimising the use of dangerous chemicals, optimising the transport and minimum generation of waste. We reduce the amount of waste through careful sorting, as well as improving the resource efficiency of our processes. Of the waste we generate, 99 per cent can be recycled or otherwise utilised. Most of the hazardous chemicals waste can be re-used in various industrial processes.

- **Sanomapaino** has, since 2010, used a certified management system for environmental management (ISO 14001), quality management (ISO 9001) and health and safety management (OHSAS 18001). Sanomapaino continuously develops its operations in risk management and quality observation and is increasing efficiency at every level.
- **Bookwell** improves its processes through an annual environmental programme. They hold the right to label books as PEFC and FSC certificated, proving that the paper used is from sustainably managed forests. Bookwell also provides an eco-calculator on their website so they can calculate the emissions pertaining to a publication's life-cycle and a possibility to offset emissions.

## Paper is one of the few truly renewable and recyclable raw materials.

certified fibre. Most of our paper suppliers have an ISO 14001 environmental management system in place, which encourages continuous improvement in environmental performance.

Both primary and recycled fibre is certified by the main certification systems, which is a guarantee that the raw material is responsibly sourced. Due to printing requirements, primary fibre is pre-requisite for many paper grades. And for quality reasons many paper grades do not contain any recycled fibre at all. In addition to end-product requirements, the availa-

bility of recycled paper is also a limiting factor for its use. Paper fibre can only be used between five to seven times so primary fibre will always be needed. Of all the paper used in 2014 about 10% was made from recycled fibre. Recycled fibre is most commonly used in newsprint. In 2014 some 50% of the newsprint used by Sanoma was made of recycled fibre.

### Energy use

Emissions from energy consumption need to be reduced. We are focusing on reducing our energy consumption and promoting energy efficiency, which can be improved substantially

through innovation and new technology (for example, investing in building technologies). New innovations and new technology are key to making considerable improvements in energy efficiency. We regularly monitor our energy consumption. Last year our energy consumption was about 55,600 MWh, which is about 200 terajoule. Sanoma’s energy consumption continued to decrease in 2014, due to divestments leading to the reduction of the office space we used. We have continued to centralise our operations, consolidate our operations to main locations and to enhance the usage of leased space.

Nowadays, energy efficiency is a prime consideration in the design of new offices and the selection of equipment. Thanks to flexible ways of working and investments in reducing energy consumption, our Hoofddorp offices in the Netherlands used eight per cent less electricity in 2014. In Belgium new, more efficient office space and investments in energy-saving solutions (sensor lights) resulted in savings of around 40 per cent. In Finland a total of 50,545 MWh was used, three per cent less than the year before, of which some 60 per cent was

used by printing presses. Even from a financial perspective the improvement of energy efficiency is best reached through modernisation.

- Since 2010, **Malmberg** has had a new office with a “warm-cold” installation, energy-saving lamps and motion-sensing switches to operate them. Moreover, 98 per cent of their company cars are “green”.
- **Sanomapaino** held a workshop about improving energy efficiency by investing in the relevant building technology.
- **SBS Broadcasting** has implemented energy-saving measures in 2014 in and around buildings, such as the decentralisation of air conditioning installations. These now generate annual savings of approximately 500,000 kWh. The original PL and TL (fluorescent) lights have been replaced by LED lights throughout the lighting renovation process. During the most recent renovation of the studios and their associated lighting, cold lights were installed. Presence detectors activated by motion sensors ensure the efficient use of power and lighting throughout the buildings.

Sanoma’s paper usage, tonnes *	2014	2013	2012
Newsprint	61,400	62,500	71,300
Magazine paper	89,400	113,400	122,400
Fine and book paper and graph. board	19,800	21,500	23,600
Book-binding board	700	800	700
Total	171,300	198,200	218,000

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

### New certified office

In August 2014 YDP (Young Digital Planet) moved into new offices which were built in accordance with environment protection guidelines. The offices are BREEAM certified - BREEAM being the world's foremost environmental assessment method and rating system for buildings. BREEAM sets the standard for best practices in sustainable building design, construction and operation and has become one of the most comprehensive and widely recognised measures of a building's environmental performance. It encourages designers, clients and others to think about low-carbon and low-impact design, minimising a building's energy demands through energy efficiency and the use of low-carbon technologies.

### Real estate and operating models

We manage our real estate by investing in high tech automation and the efficient use of space. Recycling and efficient waste management are also taken into account in the office environment. In keeping with the "campus philosophy", Sanoma actively seeks out new, and more flexible ways of working. Video conferencing and online (Lync) meetings have reduced the need for travel between offices. Both Sanoma Media Netherlands and Sanoma Media Belgium encourage their employees to work remotely at least one day a week. Sanoma offices are conveniently located for commuting and we embrace flexible working because vacant workstations are always available. Sanoma encourages its employees to use public transport and for some cases "travelling cards" are available.

### Optimising the transport of goods

Transport has been optimised for maximum efficiency. Most of our printers are located in Europe, close to our home markets, thus limiting transport distances and emissions. Deliveries of our products are mostly outsourced.

- In Finland, a main partner delivering subscribed magazines is Posti, whose deliveries are carbon-neutral, meaning that its environmental impact is compensated for in full through emissions trading. Posti is the first carbon-neutral postal service provider in the world. Daily newspapers are delivered by local distributors in conjunction with other publishers. Deliveries of newsstand magazines are mostly carried out in collaboration with other publishers. For example, in Finland Lehtipiste is responsible for the joint delivery of newsstand magazines and tabloids and it collects unsold copies for recycling. In the Netherlands, our distribution company Aldipress provides a similar service.
- Last year Sanoma Media Netherlands bought a total of 766,034 km from DHL Freight for the purpose of transporting goods from the printer to our distribution/fulfilment houses. Delivery to consumers and retailers was carried out by PostNL.



# Economy and society

**Our customers are at the heart of everything we do and we aim to serve and support them in new ways.**

**Our presence in all media platforms gives us a unique perspective of a world that's changing at an unprecedented speed.**

### **Economic impact**

Currently, we are responding to fundamental changes in consumer behaviour by focusing our business towards more structurally attractive markets. Our aim is to complete this transformation without compromising our financial performance for prolonged periods. We plan to achieve this by focusing on our business portfolio and making significant additional cost savings so that we can

invest in innovation and growth, both now and in the future.

Sanoma's economic impact is felt by many stakeholder groups. Operating expenses, employees' salaries and benefits and national taxes account for most of the economic value. Our policy is to pay dividends, usually over half of the Group's result (excluding non-recurring items), for the period in question. For the 2014 fin-

ancial year, the Board is proposing a dividend of EUR 0.20 per share (in 2013 it was EUR 0.10). During the course of 2015 we will integrate our Belgian business with our Dutch operations. This will create the most strategic and financial value in both markets, thus enhancing Sanoma's overall strategic position. We are continuing to improve the profitability of the consumer media business in Finland by increasing our opera-

tional efficiency to suit the Finnish economy and advertising market. The Group-wide cost-savings programme is ahead of schedule. All in all, we are well on our way to improving the company's growth profile and financial performance.

### Governance

Our actions are guided by Sanoma

Way values, our Corporate Governance Framework and our new Code of Conduct . Our governance is based on clearly defined roles and responsibilities, consistent planning and reporting systems and guidelines. 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 procedures and internal control.

**+** *To learn more about our corporate governance and Code of Conduct, visit our website at [Sanoma.com](http://Sanoma.com)*

Key financials, MEUR	2014	2013	2012
Net sales	1,901.6	2,218.7	2,376.3
EBIT excluding non-recurring items	118.8	154.9	231.0
Capital expenditure	50.7	67.3	59.5

Economic value distributed, MEUR	2014
Operating expenses	1,049.9
Employee wages and benefits	540.8
Dividend to shareholders	
Payments to lenders	36.1
Payments to government	35.7
Donations and community investments	0.4

## Risk management and compliance

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Our business activities are subject to government regulations in the countries in which we operate. Clear roles, responsibilities and competences are crucial prerequisites for compliance and accountability. To enhance our compliance framework, we have appointed a Group Compliance Officer and a Risk Management Director to oversee compliance and risk management for Sanoma as a whole. Our a new group-wide Code of Conduct builds on our previous Principles of Business Conduct and further reinforces our commitment to a high standard of ethics and compliance.

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 Perceptions Index, Sanoma operates mainly in countries with very low levels of corruption.

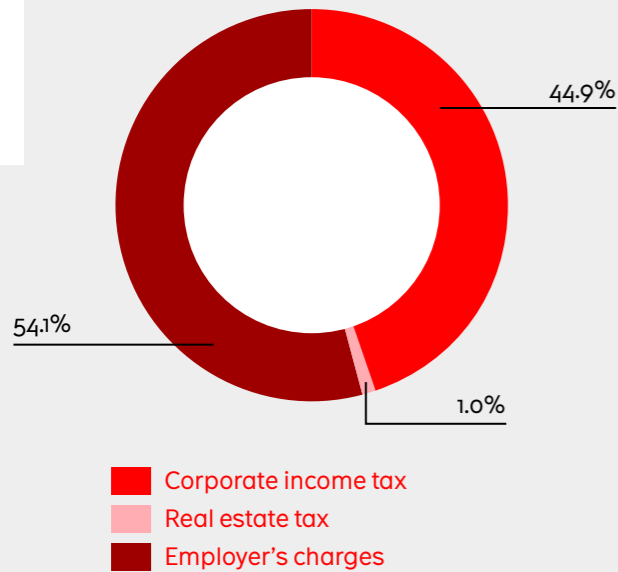
The Group's risk management process is integrated into the systems for strategic planning, management monitoring and quarterly reporting. Strategic business units and businesses identify, assess, manage and monitor risks related to achieving the objectives of their operations. Group Internal Audit evaluates the overall effectiveness of risk management processes.

Our operating countries are analysed 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 two countries that score below 60 on the Index. (Scale being 0-100, with 0 = high corrupt, 100 = very clean).

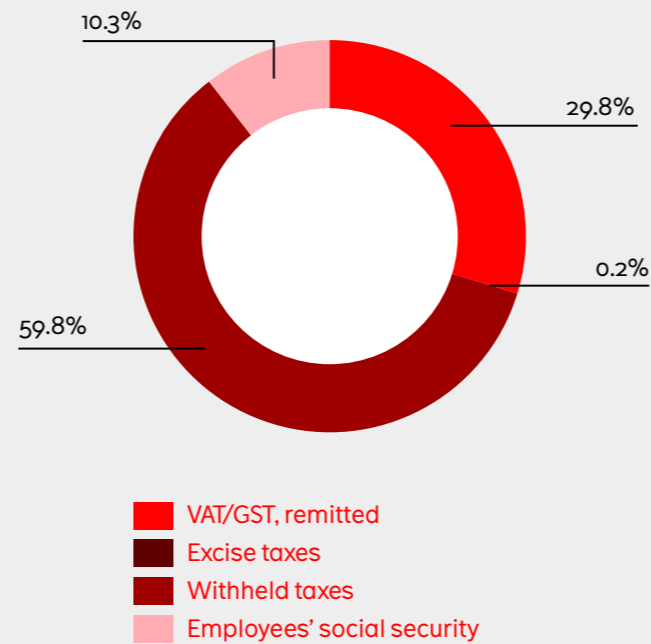
**+** *Read more about the identified risks and their mitigation at [Sanoma.com](https://www.sanoma.com)*



**Taxes paid\***



**Taxes collected\***



\* Includes material taxes and duties divided by type and split between Finland and other countries. The outcome is structured using only the information from the core business units. To keep the figures comparable, the tax footprint is calculated using annual turnovers.

**Tax footprint**

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 at 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. Tax facilities are used if appropriate and in accordance with the law. Choices in taxation matters are made following the Group's Corporate Governance Policy on decision levels.

The Tax Strategy ensures that Sanoma as a Group is able to perform its business activities, maintain excellence in risk

management, achieve overall compliance with the tax laws and regulations and to share pro-active knowledge through the organization. We also strive to ensure that Group companies have relevant knowledge, e.g. by following the tax legislation currently in force, seeking to ensure the tax treatment in advance and applying filing and payment obligations correctly. Each Operating Company is responsible for its own annual tax reporting and for timely and accurate tax filings and tax payments.

## Initiatives in 2014

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Every year, and with the approval of the Annual General Meeting, Sanoma donates part of its earnings to charity. In 2014, the sum of EUR 322,000 was reserved for this purpose. The largest donations were again made to the New Children's Hospital 2017 project and to the John Nurminen Foundation, which does invaluable work for a cleaner Baltic Sea.

### Clean Baltic Sea

John Nurminen Foundation's Clean Baltic Sea has enjoyed our support for many years and is a prime example of long-term cooperation. Through direct financial support and by offering media space in the Finnish media, both print and TV, we have been able to contribute to the decontamination of the Baltic Sea. During the past few years the Clean Baltic Sea project has delivered some tangible results.

### New Children's Hospital 2017

The support association for the New Children's Hospital 2017 aimed to raise EUR 30 million to accelerate the construction of a new expert unit in a

children's hospital in Finland. The target was reached in August 2014. With many of our print and digital media brands giving media exposure, Sanoma has been a key supporter of the initiative since the very beginning. Moreover, our creative people have also devised several other ways of channeling their know-how into the project.

In addition to the large donations, we participate in numerous local initiatives and charities to uphold corporate citizenship. In 2014 Sanoma participated through direct financial support and offered media space in our Finnish media for a war veterans' foundation (Mannerheim-ristin ritarien säätiö) for a foundation combatting youth alienation (Tukikummit) and for a campaign to keep the archipelago clean (Nature and Game Management Trust).

Our companies also participate in local initiatives such as:



- Every Christmas **Nowa Era**, our Polish educational publisher, donates presents to different orphanages. Nowa Era asks children to write letters to Santa Claus asking for their "perfect gifts" and then helps make the wishes come true by becoming Santa's little helper.
- **Helsingin Sanomat**, our Finnish newspaper, has supported e.g. junior ice hockey (Fair Play concept), Catastrophe Aid to Syria (through offering support with the advertisements and donating media space), Unicef, the work of Helsinki Missio (an organisation combatting loneliness and despair), and Save the Children Foundation by means of a Christmas event.
- **Ilta-Sanomat**, our quality tabloid, is involved in the Pink Ribbon campaign, participating through direct financial support and offering media exposure.





- **YDP**, acts as a sponsor for The Great Orchestra of Christmas Charity (Wielka Orkiestra Świątecznej Pomocy) in Poland. During one day in January free concerts are given in nearly every Polish city. Volunteers collect money to buy special medical equipment to save lives and companies contribute by donating money or their products for auction. YDP, for example, puts up over 15 products for auction. YDP also arranged a charity caps

collection: throughout last year YDP collected plastic bottle caps, which then were recycled and the value used to buy rehabilitation equipment for sick children.

- Every year **Nowa Era** launches a nationwide information campaign celebrating International Volunteer Day. The campaign is aimed at teachers in primary and secondary schools.
- Belgian education publisher,

**Van In**, published an informative booklet with generic information about cancer that is suitable for third-grader students. For every sold copy we donate one euro to the “Stichting tegen Kanker” (Foundation against Cancer).

- **Sanoma Pro**, our learning business in Finland has, for the past seven years, supported hospital schools in Finland. Every year some 4,000 children study in hospital schools.

## Media exposure is important to charities because it increases their fund-raising opportunities.

Initiatives are selected by the local businesses, based on what they feel is important in their respective environments local initiatives. The ways in which we participate can vary: we can offer media exposure, for example, do volunteer work, use our media products to raise awareness, or offer our products and services.

- **Nowa Era** is a member of a coalition that promotes CSR and voluntary work. In 2014 Nowa Era won a prestigious CSR contest “Benefactor of the Year 2014”, which promotes CSR among Polish enterprises. In addition to lauding the commitment of its employees, Nowa Era was recognised for its innovative approach to education, comprehensive understanding of the problems facing education in the world, and for taking concrete initiatives to address them.





## Making learning mobile

Our learning companies also actively work with NGOs in innovative projects. With the idea that literacy is at the heart of learning, we continued to support the non-profit KONE Centennial Foundation's mobile library project helping migrant workers' children to learn and educate themselves by offering books and reading lessons to the resource-pool schools. The KONE Centennial Foundation is a non-profit organization with a

mission to advance and support developmental, educational and cultural activities for children and youth around the world.

With more and more migrant workers now living in China's megacities, where a resident-based school entry system is usually in place, many of the children are denied access to public school system and must attend schools of poorer quality.

These children also don't have access to books and libraries.

The mobile library has a collection of 3,000 children's books but it also has facilities for tutoring, teacher-support and afterschool reading help. Children are given reading and after-school lessons and it's all coordinated by the onboard librarian and by volunteers who help at every stop. To give children the opportunity to borrow and

return books, the library stops at each location for one to two weeks at a time. Last year, it reached over 10,000 children. By ensuring that each child who visits the mobile library receives an activity book and pencil set to take home, Sanoma Learning wants to make the kind of contribution to a migrant child's education that lasts even after the bookmobile moves on.

# Sanoma GRI index 2014

## 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	5	
1.2	Key impacts, risks and opportunities	Yes	11, 15, 21, 22	
<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	Board of Directors' Report and Financial Statements 2014: Note 1, p. 20	
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	4	
3.4	Contact point for questions regarding the report	Yes	Back cover	
3.5	Process for defining report content	Yes		
3.6-3.8	Report boundary and limitations on the report scope or boundary	Yes		
3.10	Restatements	No		
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	Yes		Changes in organisation, Stick absence days
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	5, 6, 20	+ <a href="http://www.sanoma.com/en/who-we-are/corporate-responsibility/code-of-conduct">http://www.sanoma.com/en/who-we-are/corporate-responsibility/code-of-conduct</a>

GRI ref.	GRI Content	Included	Page	Comments
<b>Stakeholder Engagement</b>				
4.14-4.15	Identification and approaches to stakeholder engagement	Yes	6	
4.17	Key topics raised through stakeholder engagement	Yes	6	
<b>Economic Performance Indicators</b>				
EC1*	Direct economic value generated and distributed	Yes	20, 21	Key Financials
EC2*	Financial implications and other risks and opportunities for the organisation's activities due to climate change		22	Risk management
EC3*	Coverage of the organisation's defined benefit plan obligations	Yes	Board of Directors' Report and Financial Statements 2013: Note 8, p. 32-35	
EC4*	Significant financial assistance received from government	Yes		Received financial assistance for training (Sanoma Academy).
<b>Environmental Performance Indicators</b>				
EN1*	Materials used by weight or volume	Yes	18	Paper
EN 2*	Percentage of materials used that are recycled input materials	Yes	18	Share of recycled fibre in newsprint papers
EN4*	Indirect energy consumption	Partially	18	Electricity in Finland, NL, Belgium
EN22*	Total amount of waste	Partially	17	Printing plants
<b>Social Performance Indicators</b>				
LA1*	Total workforce by employment type, employment contract and region	Yes	12	
LA7*	Rates of injury, occupational illnesses, lost days, fatalities and absenteeism	No		* Due to HR Data limitations
LA12	Performance and career development reviews	Yes	12	
LA13*	Composition of governance bodies and breakdown of employees	Yes	12	
SO2*	Percentage and total number of business units analysed for risks related to corruption	Yes	22	

**Corporate Social Responsibility Report 2014**

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