

10 February 2022

Proposal: Remuneration Report

Sanoma Corporation's Board of Directors, in accordance with the Board of Director's Human Resources Committee's recommendation, proposes to the Annual General Meeting of 7 April 2022 that the Annual General Meeting adopts the Remuneration Report of the governing bodies. The resolution of the Annual General Meeting to adopt the Remuneration Report is advisory.

The Remuneration Report is available on the Company's website at sanoma.com on week 9, commencing on 28 February 2022.

In Helsinki, 10 February 2022

Sanoma Corporation

Board of Directors

Remuneration Report 2021

OUR BUSINESSES
IN BRIEF

SUSTAINABILITY

FINANCIALS

GOVERNANCE

Corporate Governance
Statement

■ Remuneration report

This Remuneration Report sets out how Sanoma has implemented its Remuneration Policy in 2021. The report includes information concerning the remuneration of the Board of Directors and the President and CEO of Sanoma in the period 1 January–31 December 2021. This Remuneration Report has been reviewed by Sanoma's Human Resources Committee and approved by the Board. The shareholders will make an advisory decision on the adoption of the Remuneration Report at the Company's Annual General Meeting (AGM) 2022. This report is based on the recommendation of the Finnish Corporate Governance Code 2020 as well as the provisions of the Finnish Securities Market Act and Limited Liability Companies Act.

The Board proposes to the AGM 2022 certain changes to Sanoma's Remuneration Policy. The changes include lengthening the performance period of Sanoma's share-based long-term incentives from one year to two years, and changing the vesting period following the performance period from two years to at least one year. Subject to adoption by the AGM 2022, the changes will be reflected in Sanoma's remuneration and Remuneration Report for 2022 (to be published in spring 2023).

The Remuneration Policy approved by the AGM 2020 and the proposed updated Remuneration Policy are available at [sanoma.com](https://www.sanoma.com).

Letter from the Chairperson of the HR Committee

Dear shareholders.

I am pleased to present Sanoma's Remuneration Report 2021 on behalf of the HR Committee and the Board of Directors. 2021 was another a successful year for Sanoma. The Group's net sales grew by 18% and operational EBIT excluding PPA even more strongly, by 26%. In addition to the acquisitions of Santillana in Spain and the regional news media business in Finland, there was strong organic growth of 7% in both Learning and Media Finland. The Group's financial position strengthened during the year and its free cash flow improved significantly. On top of strong financial performance, Sanoma took major steps towards its sustainability targets launched in March 2021. All in all, this solid performance across the Group is reflected also in the earned remuneration of 2021.

Remuneration of Sanoma's executives is designed around the following five principles stated in the Remuneration Policy:

- Support the business strategy
- Pay-for-performance
- Pay competitively
- Encourage share ownership
- Be fair, transparent and simple in design.

During the year, the HR Committee has considered Sanoma's remuneration principles, their implementation and reporting against external benchmarks, including



the feedback received from several ESG ratings. Based on the benchmarking, an amendment to the Remuneration Policy is proposed and transparency in the reporting of performance outcomes of long-term and short-term incentives and adjustments in calculating the outcome has been increased (see p. 232-233).

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In line with the Remuneration Policy, the remuneration in 2021 has supported the Group's business strategy with a focus on creating long-term sustainable growth and shareholder value, while maintaining a strong focus on short-term financial results and cash flow. The decision-making process on remuneration, as defined in the Remuneration Policy, has been followed in 2021. No deviations from the Remuneration Policy were applied during the year. Furthermore, the Board did not observe any circumstances or activities that would have resulted in the need to apply clawback clauses applicable to the CEO's or any other executive's variable remuneration. To encourage share ownership in Sanoma, shareholding guidelines for the CEO have been in place to further support and align shareholder and top-executive interests. The CEO held 459,160 Sanoma shares at the end of December 2021 and has fulfilled the ownership requirement since 2016.

In 2021, 85% of the CEO's paid compensation was performance-based, designed to encourage the achievement of targets, while still being balanced and linked to the long-term results to avoid possible undesired short-term risk-taking. The total Compensation paid to the CEO in 2021 was EUR 3,889,411 (2020: 3,632,689). It included the rewards earned for the short-term incentive

(STI) 2020, based on performance targets for financial year 2020, and for the long-term incentive (LTI) 2018–2020, based on the performance targets for financial year 2018. As regards the CEO's earned remuneration in 2021, the performance outcome in the STI 2021 was 127% and in the LTI 131%, reflecting the Group's strong financial performance during the year. The earned STI reward will be paid in cash in spring 2022, while the share-based LTI reward will be delivered in spring 2024. Detailed information on the application of the performance criteria is available on p. 231.

In the STI target setting, the sustainability targets were further emphasised in 2021 by adding an additional data and privacy related target with a weight of 10% on top of the Employee Engagement Index target which has been applied already for several years with an equal 10% weight. The same focus areas, practices and weights will be applied also in 2022 STI targets.

Sanoma has gone through a significant transformation in recent years and has become a leading European K12 learning company with a leading and focused cross-media business in Finland. The Group's increased stability following the increased share of the more stable learning

business and the reduced share of the traditional, declining print advertising business enables us to lengthen the performance period of the share-based LTIs from one to two years. Subject to the adoption of the updated Remuneration Policy by the AGM 2022, the changes are reflected already in the Performance Share Plan 2022–2024, in which the performance period is 2022–2023. The KPIs used to measure the performance will remain the same, i.e. adjusted free cash flow and operational EPS.

In 2021, the HR Committee supported the Board in reviewing a number of key activities. These included for example the actions to support the engagement and motivation of employees during the coronavirus pandemic, the steps in adopting the new hybrid working model, the organisational changes in all parts of the company, and the evaluation of the remuneration of management and the employees. We deeply value the dedication and energy that all Sanoma employees have shown in the challenging operating environment and mostly remote working mode in 2021. On behalf of the HR Committee, I want to thank our teams and our shareholders for their continued support.

Julian Drinkall

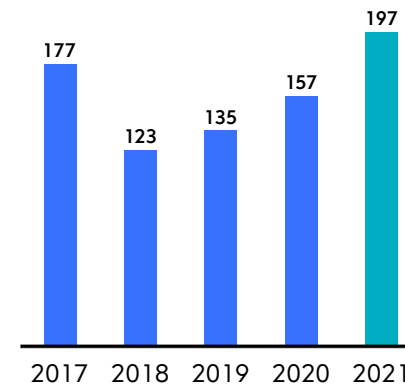
Chairperson of the HR Committee

Remuneration aligned with long-term business performance

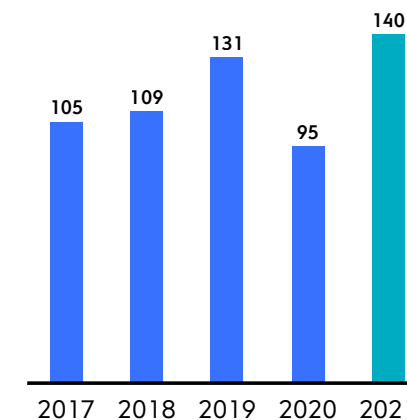
Sanoma is a leading European K12 learning company operating in 11 countries and a leading and focused cross-media business in Finland. Sanoma aims to grow in particular its learning business further both organically and through M&A. During the past five years, Sanoma has focused its business more around its strongholds and divested businesses, in which it did not have a leading position or a sustainable competitive advantage. The Group's profitability has improved and its business composition has become more stable. In 2021, learning and B2C media sales contributed approx. 75% of the Group's net sales and learning close to 70% of operational earnings. Successful strategy execution has strengthened the Group's financial position, performance and ability to create a positive cash flow. In 2017–2021, the dividend has increased by 54% and total return to shareholders (share price development and dividends paid) was 100%.

Long-term business performance

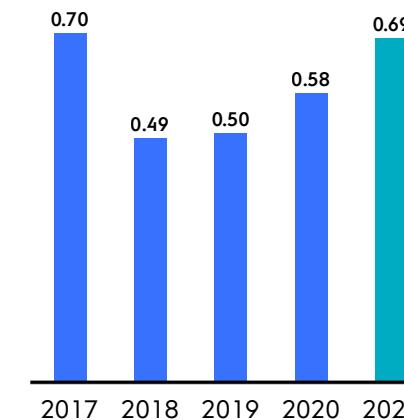
Operational EBIT excl. PPA, m€



Free cash flow, m€



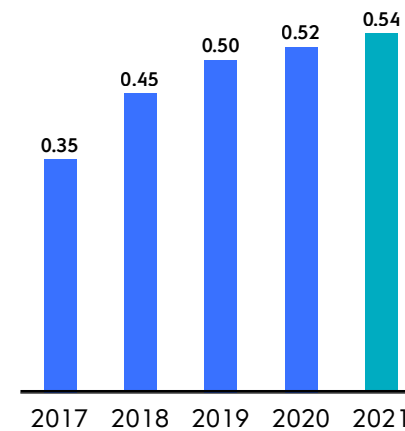
Operational EPS, €¹



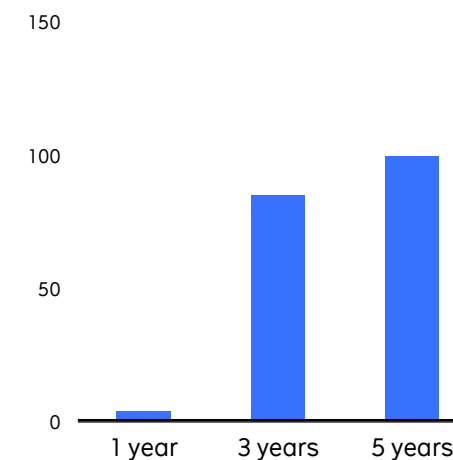
Free cash flow = Cash flow from operations less capital expenditure

¹ Continuing operations

Dividend per share, €



Total return, %



¹ Board's proposal to the AGM 2022

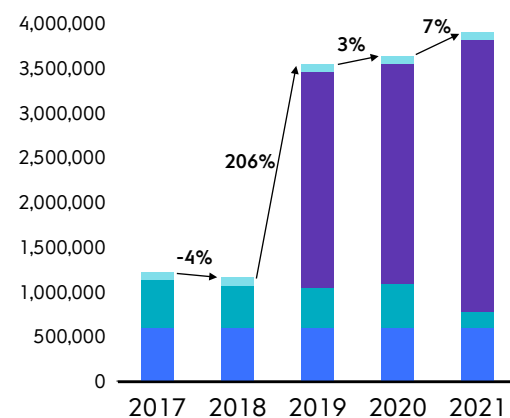
Development of CEO compensation

5-YEAR DEVELOPMENT OF REMUNERATION (PAID REMUNERATION PER YEAR)

	2017	2018	2019	2020	2021
Chairperson of the Board	102,000	102,000	102,000	133,500	144,000
Change y-o-y	0%	0%	0%	31%	8%
Vice Chairperson of the Board	78,000	78,000	78,000	82,500	84,000
Change y-o-y	0%	0%	0%	6%	2%
Member of the Board	66,000	66,000	66,000	70,500	72,000
Change y-o-y	0%	0%	0%	7%	2%
President & CEO	1,209,360	1,157,971	3,541,726	3,632,689	3,889,411
Change y-o-y	76%	-4%	206%	3%	7%
Sanoma employee ¹	59,000	57,000	56,000	58,000	59,000
Change y-o-y	0%	-4%	-1%	4%	2%

¹ Average Sanoma employee remuneration is calculated by dividing the Group's total salary costs by the average number of employees. For 2018-2021, only continuing operations are included.

Development of CEO compensation (paid), €



- Base salary
- Short-term incentive (STI)
- Long-term incentive (LTI)
- Additional pension

The graph presents development of remuneration paid to the CEO in the corresponding financial year. For example, in 2021:

- Base salary 1-12/2021
- Short-Term Incentive (STI) earned in 2020 and paid in 2021
- Long-Term Incentive (LTI) earned in PSP 2018-2020 and paid in 2021
- Additional pension payment in 2021

Remuneration of the Board in 2021

Board remuneration in 2021 was based on the below resolution of the shareholders at the AGM 2021 on the monthly and meeting fees. The fees were unchanged compared to the previous year. Board Remuneration is paid in cash and totalled EUR 810,000 (2020: 812,500).

Monthly Fees

- EUR 12,000 to Chairperson,
- EUR 7,000 to Vice Chairperson and
- EUR 6,000 to members.

Meeting Fees

- For Board members who reside outside Finland: EUR 1,000 / Board meeting where the member was present;
- For the Chairpersons of Board's Committees: EUR 2,000 / Committee meeting participated;
- For Committee members who reside outside Finland: EUR 2,000 / Committee meeting where the member was present and EUR 1,000 / Committee meeting participated; and
- For Committee members who reside in Finland: EUR 1,000 / Committee meeting participated

REMUNERATION PAID TO THE MEMBERS OF THE BOARD IN 2021, €

Member	Fixed Fees	Meeting fees from Board meetings	Meeting fees from committee meetings	Total
Pekka Ala-Pietilä (Chairperson)	144,000	-	-	144,000
Nils Ittonen (Vice Chairperson)	80,000	-	8,000	88,000
Julian Drinkall	72,000	2,000	7,000	81,000
Rolf Grisebach	72,000	2,000	6,000	80,000
Anna Herlin ¹	48,000	-	4,000	52,000
Mika Ihamuotila	72,000	-	4,000	76,000
Denise Koopmans	72,000	1,000	10,000	83,000
Sebastian Langenskiöld	72,000	-	4,000	76,000
Rafaela Seppälä	72,000	-	4,000	76,000
Antti Herlin ²	28,000	-	-	28,000
Kai Öistämö ²	24,000	-	2,000	26,000

¹ From 13 April 2021

² Until 13 April 2021

Remuneration of the CEO in 2021

Paid remuneration in 2021

In 2021, base salary equalled 15% (2020: 16%) of the CEO's total compensation paid, while variable, performance-based compensation equalled 85% (2020: 84%) of total compensation paid (excluding additional pension payment). Detailed information on the remuneration paid to the CEO in 2017-2021 is available on p. 229.

Earned remuneration in 2021

The CEO was offered two performance-based incentive plans: a short-term incentive (STI) and a share-based long-term incentive (LTI, Performance Share Plan 2021–2023). The purpose of the short-term incentive is to incentivise for achieving stretched financial and non-financial short-term targets aligned with business strategy. The purpose of the LTI is to incentivise and support the development and execution of business strategies linked to long-term performance and shareholder value creation, and to serve as a retention tool. In both the STI and LTI, the performance period was year 2021.

The STI and LTI performance criteria for 2021 were set by the Board at the beginning of the financial year. The CEO's STI earning opportunity for 2021 was set at 67% of annual base salary at target level and 100% at maximum level. Her earning opportunity in the PSP 2021–2023 was 100,000 shares (gross) at target level and 150,000 shares (gross) at maximum level. The performance outcome in the STI was 127%, resulting from the strong financial and sustainability performance of the Company in 2021. The performance outcome in the LTI was 131% as a result of strong financial performance during the year. The earned STI reward will be paid in spring 2022, and the earned share-based LTI reward in spring 2024.

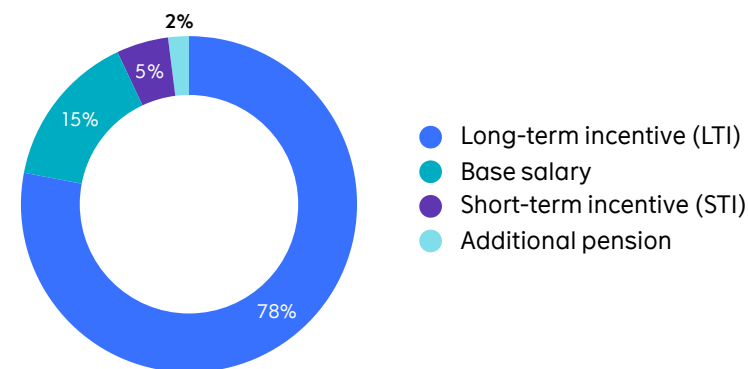
REMUNERATION PAID TO THE CEO IN 2021, €

Base salary	Annual short-term incentive ¹	Long-term incentive ²	Additional pension payment	Total compensation paid
588,496	180,000	3,033,867	87,048	3,889,411

¹ Earned in 2020, paid in 2021

² Earned based on performance in 2018 in PSP 2018–2020, paid in 2021. 211,200 gross shares at 2 March 2021 share price of EUR 14.36.

STRUCTURE OF PAID COMPENSATION IN 2021, %



EARNED REMUNERATION IN 2021

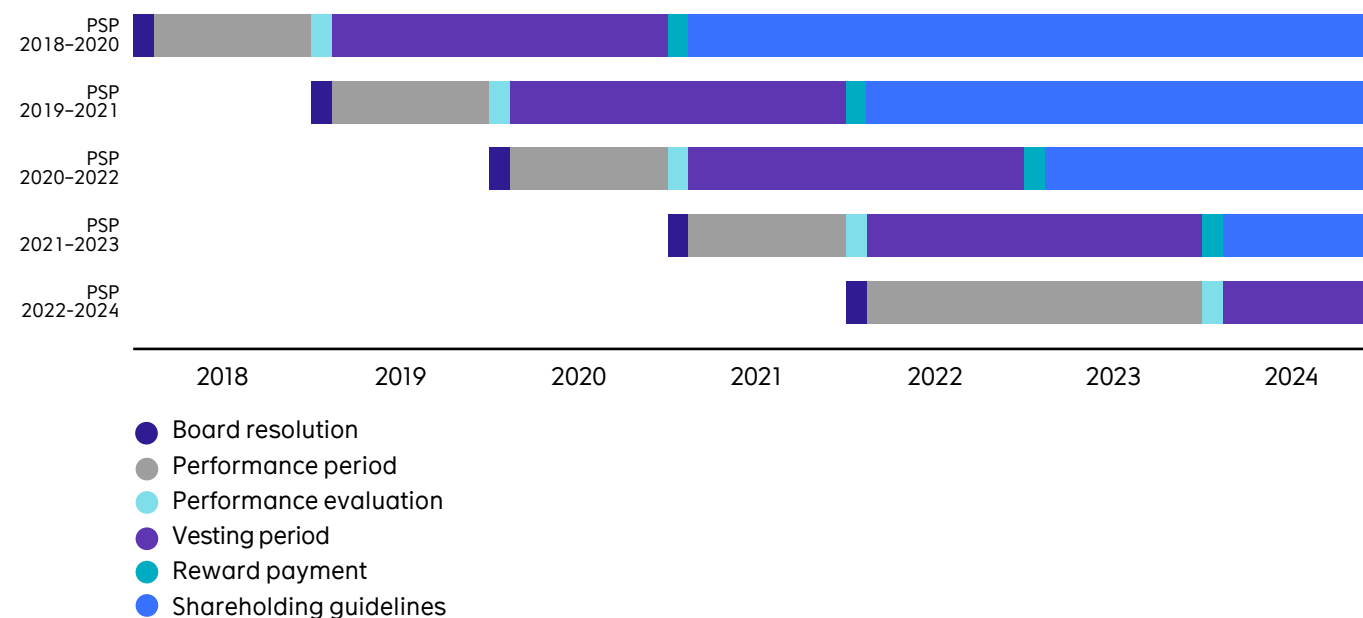
STI 2021 criteria	Weight	Performance outcome	Earned reward, to be paid in 2022
Operational EBIT excl. PPA	40%	117%	
Adjusted free cash flow	40%	144%	
Employee engagement survey	10%	100%	EUR 456,480
Data and privacy related sustainability target	10%	122%	
Total		127%	

LTI, PSP 2021–2023 criteria	Weight	Performance outcome	Earned reward, to be paid in 2024
Adjusted free cash flow in 2021	60%	144%	130,600 Sanoma shares (gross)
Operational EPS in 2021	40%	110%	
Total		131%	

Share-based incentives of the CEO

Sanoma's long-term remuneration framework is built on share-based incentive plans, Performance Share Plans and Restricted Share Plans, which offer the Group's management an opportunity to earn Sanoma shares as long-term incentives. The Performance Share Plan (PSP) offers an opportunity to earn a predetermined number of Sanoma shares as a reward for achieving performance targets set by the Board, and the Restricted Share Plan (RSP) offers an opportunity to earn a predetermined number of Sanoma shares as reward for continuous service and retention. More information on Sanoma's long-term share-based incentives is available at sanoma.com/investors.

Share-based incentives of the CEO



SUMMARY OF GRANTED, EARNED AND PAID SHARE-BASED INCENTIVES TO THE CEO

Plan	Granted	Share price at grant date	Performance criteria	Performance period	Granted reward shares at target	Achieved reward vs. target (100%)	Gross shares earned	Net shares paid	Delivery time (payment)
PSP 2018-2020	8 February 2018	EUR 9.99	Adjusted free cash flow and operational EPS	2018	150,000	141%	211,200	100,819	Spring 2021
PSP 2019-2021	5 February 2019	EUR 8.69	Adjusted free cash flow and operational EPS	2019	150,000	145%	216,810		Spring 2022
PSP 2020-2022	7 February 2020	EUR 10.64	Adjusted free cash flow and operational EPS	2020	50,000 ¹	97%	48,550		Spring 2023
PSP 2021-2023	9 February 2021	EUR 17.00	Adjusted free cash flow and operational EPS	2021	100,000	131%	130,600		Spring 2024
PSP 2022-2024	10 February 2022	EUR 13.54	Adjusted free cash flow and operational EPS	2022-2023	100,000				Spring 2025

¹Originally 100,000, halved in September 2020 due to the impact of the coronavirus pandemic

Shares conditionally granted to the CEO and members of the Executive Management Team (EMT) under the PSP and RSP are subject to share ownership requirement that is determined by the Board in accordance with the HR Committee's proposal. Until their required shareholding is achieved, the CEO and the members of the EMT are required to hold, and not to sell, at least 50% of the shares received as a reward. The CEO has fulfilled the ownership requirement of 75,000 shares since 2016, and held in total 459,160 Sanoma shares at the end of December 2021.

The CEO has not been granted rewards in the Restricted Share Plan (RSP) since 2017, when she was granted 50,000 restricted shares as compensation for lower pension payments than originally contractually agreed due to changes in the regulation. These shares were paid to the CEO in 2019.

From 2020 onwards, the number of granted gross shares on-target level for the CEO is 100,000 shares (previously 150,000) and the CEO will, under all circumstances, be treated on a good-leaver ground, all other conditions

remaining unchanged. The final number of shares earned will be based on the fulfilment of the earnings criteria decided annually by the Board.

Adjustments when calculating the performance outcome

According to the key principles of the Remuneration Policy, the STI and LTI performance criteria are set by the Board at the beginning of the performance period, which for STIs and LTIs launched in 2021 and earlier is the corresponding financial year, and for LTI launched in 2022 the corresponding and the subsequent financial year (2022–2023). The financial criteria are typically linked to the ambitious Group budget and plans approved by the Board, whereas the sustainability criteria are linked to a clear performance improvement compared to the previous year. However, the financial performance criteria may be adjusted during the year for the following items that were not included in the original budget and plans, subject to the Board approval at the recommendation of the HR Committee:

- acquisitions and divestments taking place during the course of the year,
- unforeseen items affecting comparability (IACs) for their impact on free cash flow,
- changes in accounting policies or practices, and
- changes in budgeted and actual foreign exchange rates.

In 2021, some positive and negative adjustments in the performance criteria of adjusted free cash flow, operational EBIT excl. PPA and operational EPS were made, the net impact being minor. The main adjustments were related to the changes in accounting practices at Iddink and the recently acquired Santillana in Spain as well as changes in foreign exchange rates.



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Sanoma Corporation
Visiting address:
Töölönlahdenkatu 2
00100 Helsinki
Finland

tel. +358 105 1999
[sanoma.com](https://www.sanoma.com)