



## **Alma Media Corporation's Corporate Governance Statement**

The company applies the Finnish Corporate Governance Code 2008 for listed companies, published by the Securities Market Association on October 20, 2008, in its unaltered form. The Corporate Governance Statement can be reviewed on the corporate website of Alma Media at [http://www.almamedia.fi/corporate\\_governance](http://www.almamedia.fi/corporate_governance).

This statement will not be updated during the financial year, but up-to-date information on its various topics is available on Alma Media's website at [www.almamedia.fi](http://www.almamedia.fi).

### **STRUCTURE OF THE ALMA MEDIA GROUP**

Responsibility for Alma Media Group's business operations belongs to the constitutional bodies required by the Limited Liability Companies Act: the General Meeting of Shareholders, which elects the members of the Board of Directors; and the President and CEO, who is appointed by the Board of Directors.

The Group's supreme decision-making body is the General Meeting of Shareholders where shareholders exercise their decision-making power. The Board of Directors is responsible for the company's management and its appropriate organisation. As the Group's parent company, Alma Media Corporation is responsible for the Group's management, accounting and financing, legal affairs, strategic planning, human resources, as well as internal and external communications.

Alma Media Corporation has three reporting segments: Newspapers (newspaper publishing and printing); Kauppalehti Group (production and distribution of business information) and Marketplaces (classified advertising services).

### **THE BOARD OF DIRECTORS OF ALMA MEDIA CORPORATION**

#### **COMPOSITION OF THE BOARD**

The chairman is Kari Stadigh and the deputy chairman is Seppo Paatelainen. The other members of the Board of Directors are Lauri Helve, Matti Kavetvuo, Kai Seikku, Erkki Solja, Catharina Stackelberg-Hammarén and Harri Suutari.

Kari Stadigh, born 1955, MSc (Eng), BBA (Econ), Group CEO of Sampo Plc  
Seppo Paatelainen, born 1944, MSc (Agr & For)



Lauri Helve, born 1943, Diploma of Journalism (University of Tampere)

Matti Kavetvuo, born 1944, MSc (Eng), BSc (Econ)

Erkki Solja, born 1954, MSc (Econ), CEO of Kiilto Family Oy

Kai Seikku, born 1965, MSc (Econ & BusAdmin), President of Okmetic Oyj

Catharina Stackelberg-Hammarén, born 1970, MSc (Econ & BusAdmin), CEO of Marketing Clinic Oy

Harri Suutari, born 1959, Engineer, President & CEO of PKC Group

In the assessment of the Board, the Chairman of the Board, Mr Kari Stadigh, who is the Group CEO of Sampo Plc, is independent of the company, but not of one of its significant shareholders. Other Board members are considered independent of the company and its significant shareholders.

The Board has assessed that the Chairman of the Board Kari Stadigh, who acts as CEO of Sampo Group, and the Deputy Chairman of the Board Seppo Paatelainen, who acts as Chairman of the Board of Directors of Ilkka-Yhtymä Group, are independent of the company but is not independent of a significant shareholder. Other members of the Board of Directors of Alma Media Corporation are independent of the company and its significant shareholders.

Alma Media Corporation's Board of Directors is elected by a General Meeting of Shareholders. The Board comprises three to nine members. The CEO of the company may not act as the Chairman of the Board.

#### TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the company's administration and the due organisation of its operations. The tasks and responsibilities of the Board of Directors are determined by the Finnish Limited Liability Companies Act and the Articles of Association. The detailed working of the Board of Directors is set out in the Board's Charter. Principal tasks of the Board of Directors include confirming the Group's strategy and objectives as well as deciding on significant investments and acquisitions. The Board of Directors monitors the Group's performance through monthly reports and other information provided by the Group's management.

The duties of the Board of Directors include:

- Confirming the Group's strategy and objectives, monitoring their implementation, and, if required, initiating corrective action,
- Considering and approving the interim reports and the annual accounts,
- Approving strategically significant corporate and real estate acquisitions and disposals as well as investments according to separate investment instructions,
- Deciding on the Group's capital financing programmes and operations according to a



separate treasury policy,

- Approving the dividend policy and submitting a dividend proposal to the Annual General Meeting,
- Annually reviewing the main risks associated with the company's operations and the management of these risks; if necessary, giving the President and CEO instructions on how to deal with them, and, if required, initiating corrective action,
- Appointing and, if required, dismissing the President and CEO,
- Deciding on the Nomination and Compensation Committee's proposal for the terms of employment of the President and CEO and the other members of the Group Executive Team,
- Confirming the company's organisation based on the CEO's proposal,
- Confirming the terms of employment of the CEO's direct subordinates based on the CEO's proposal,
- Confirming, based on the CEO's proposal, the appointment and dismissal of the editors-in-chief of Aamulehti, Iltalehti and Kauppalehti, as well as of Kainuun Sanomat, Lapin Kansa, Pohjolan Sanomat and Satakunnan Kansa,
- Holding a meeting with the company's auditors at least once a year,
- Deciding on matters that are exceptional and have wide-ranging consequences,
- Considering other matters that the Chairman of the Board and President and CEO have agreed to be included in the agenda for the Board's meeting. Other Board members are also entitled to put a matter before the Board by notifying the chairman of such a matter,
- Representing the company and entitling individuals to represent the company, as well as deciding on procurations,
- Approving the principles underlying the donation of sums to good causes.

The Board convenes six or seven times a year according to a preconfirmed timetable, and in addition whenever necessary. Most meetings are connected with the publication of the company's financial statements and interim reports. In addition to these meetings, the Board also holds one or two Strategy Meetings at which it considers the Group's future scenarios and confirms the company's strategy. In 2009, the Board met 15 times. The average attendance of the Board members at these meetings was 92%.

#### PERMANENT COMMITTEES

The Board of Directors has established two permanent committees: the Audit Committee and the Nomination and Compensation Committee. At its constitutive meeting after the Annual General Meeting, the Board of Directors elects the members of these committees from among the Board members.

#### Audit Committee

Among other things, the tasks of the Audit Committee include evaluating compliance with legislation and regulations, monitoring the auditing process as well as monitoring and supervising the preparation of the financial statements and other financial reports.



The Audit Committee consists of at least three Board members who must be independent of the company. The Audit Committee meets at least four times a year. Starting from March 11, 2009, the members of the Audit Committee are Harri Suutari (chairman), Kai Seikku, Erkki Solja and Catharina Stackelberg-Hammarén. The Committee's meetings are also attended by the company's external auditor, the Group's Chief Financial Officer and General Counsel. Matters to the Committee are presented by the CFO. The Audit Committee convened five times in 2009. The average attendance of the members at these meetings was 95%.

#### Nomination and Compensation Committee

The Nomination and Compensation Committee comprises the Chairman and Deputy Chairman of the Board of Directors and, as of January 1, 2009, one Board member separately elected for this task. On March 11, 2009, Kari Stadigh, Seppo Paatelainen and Lauri Helve were elected members of the Nomination and Compensation Committee. The principal task of the Nomination and Compensation Committee is to prepare the election of the Board of Directors for the Annual General Meeting, and, after hearing the principal shareholders of the company, to submit to the Annual General Meeting a proposal on the number of the members of the Board, the individuals to be elected members of the Board as well as on the compensation of the Chairman, Deputy Chairman and members of the Board. Additionally, the Nomination and Compensation Committee prepares, among other things, matters concerning compensations that the Board is required to resolve or confirm. In the Nomination and Compensation Committee, the matters concerning compensation are presented by the President and CEO. The Nomination and Compensation Committee convened seven times in 2009. The average attendance of the members at these meetings was 95%.

The Board of Directors confirms the written charters of the committees. The committees report to the Board of Directors.

#### PRESIDENT AND CEO AND THE GROUP EXECUTIVE TEAM

The President and CEO of Alma Media Corporation is Mr Kai Telanne, MSc (Econ), born 1964.

The President and CEO is responsible for the day-to-day management of the company in accordance with the guidelines and instructions of the Board of Directors. The President and CEO is responsible for the company's accounts conforming to legislation and its assets being reliably managed. The President and CEO must supply all information necessary for the appropriate working of the Board of Directors to the Board or any of its members.

The President and CEO may undertake matters that are exceptional or have wide-ranging consequences with regard to the scope and nature of the company's business only through authorisation by the Board of Directors or in the event that a Board decision cannot be waited for without causing essential damage to the company's operation. In the latter case, the Board



must be notified of the action taken as soon as possible.

The President and CEO, Mr Kai Telanne, is assisted by a Group Executive Team comprising Matti Apunen (Executive Editor-in-Chief, Aamulehti), Kari Kivelä (Publisher of Iltalehti), Juha-Petri Loimovuori (President, Kauppalehti Group), Raimo Mäkilä (President, Marketplaces), Tuomas Itkonen (CFO), Mikko Korttila (General Counsel) and Minna Nissinen (Senior Vice President, Corporate Planning and Chaining Operations). The secretary of the Group Executive Team is Rauno Heinonen (Vice President, Corporate Communications and Investor Relations).

The Group Executive Team prepares the monthly reports, investments, Group guidelines and policies, long-range plans, action plans covering the following 12 months, and the financial statements for confirmation by the Board of Directors. The Group Executive Team normally meets once a month. The Group Executive Team met 10 times in 2009.

#### INSIDER MANAGEMENT

Alma Media's Board of Directors has approved Alma Media Group's Guidelines for Insiders. The Guidelines complement the current rules and regulations on management and handling of insider information as provided in Chapter 51 of the Finnish Penal Code, Chapter 5 of the Securities Markets Act, the Financial Supervision Authority's standard 5.3 and the Insider Guidelines issued by NASDAQ OMX Helsinki Oy.

The company's public (statutory) insiders are the members of the Board of Directors, the President and CEO, the members of the Group Executive Team and the auditor nominated as the principal auditor. The company's internal, non-public and company-specific permanent insiders include certain individuals who by virtue of their position or responsibilities regularly receive insider information. The company also maintains a non-public register of temporary insiders for specific projects as defined under the Finnish insider regulations. Information on the company's public insiders, together with up-to-date information on their holdings and changes in these holdings, are available on Alma Media's website. The information contained in Alma Media's insider register is also available for inspection at the service desk of Euroclear Finland Oy (previously Finnish Central Securities Depository Ltd), Urho Kekkosen katu 5 C, 8th floor, FI-00100 Helsinki.

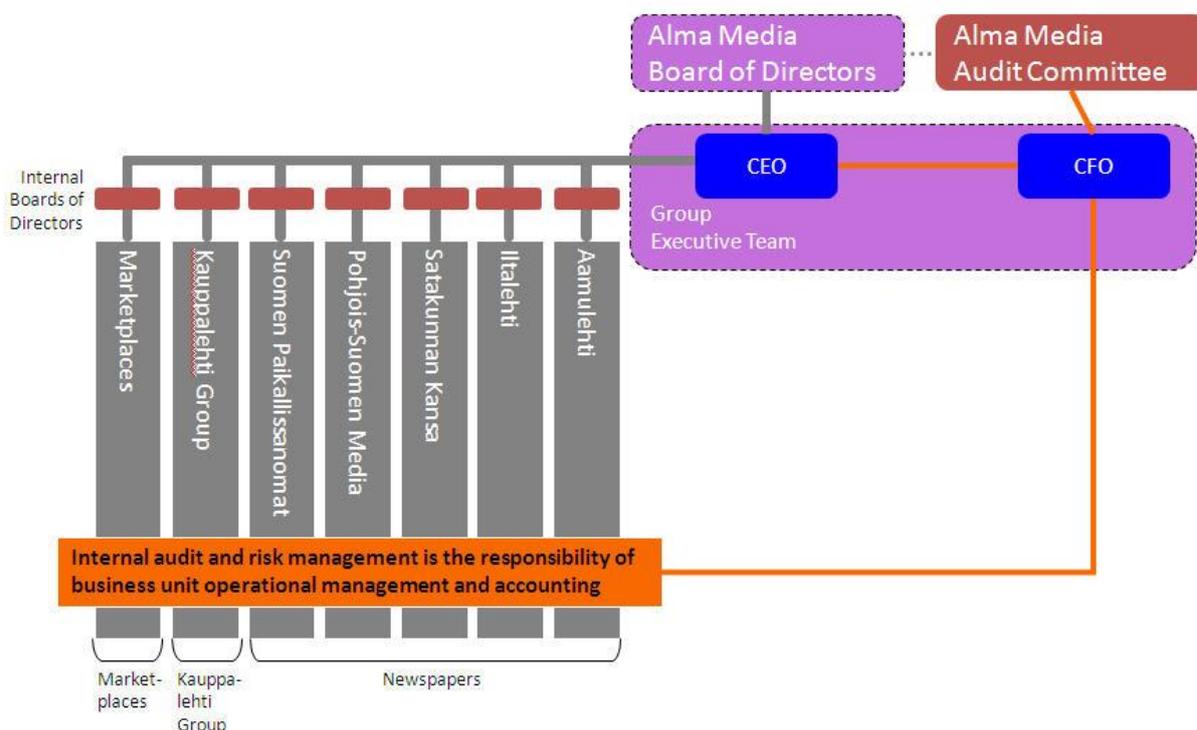
By providing instructions and information, Alma Media ensures that its public and non-public insiders are fully aware of their position and its importance. Alma Media insiders are not permitted to trade in the company's securities for 21 days prior to the publication of the interim report or annual financial statements release.

The company's General Counsel is responsible for insider management in Alma Media Group.



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO FINANCIAL REPORTING PROCESSES

Alma Media internal audit and risk management organisation



RISK MANAGEMENT

Risk management is an integral part of Alma Media's internal control procedures as well as management and administration system. Risk management is a means to ensure achieving objectives. In addition, risk management contributes to identifying and efficiently exploiting opportunities.

The objective of risk management is to identify risks and limit them at an acceptable level. The Group's risk management system sets risk limits and procedures in writing. Risk management covers all functions within the organisation and is part of every function's strategy, plans and practical activity.

The risk management strategy and plan, as well as the set alarm limits and procedures are



reassessed annually. They have to be in accordance with the prevailing market situation.

After setting objectives, the risks can be identified and the events that may affect the reaching of set objectives can be analysed. Risks for all new business operations being planned are also mapped and analysed.

The significance of risks is evaluated based on the effect and the likelihood of the risk.

#### DEFINITIONS OF RISKS

Alma Media defines as risks events or circumstances that could prevent reaching a strategic, operational or economic objective. The risks are classified as

- strategic risks
- operational risks
- economic/financial risks
- human risks
- compliance risks
- external risks.

Financial risk management is defined in detail in the Group financial policy approved by the Board of Directors.

#### OPERATIONAL RISK MANAGEMENT MODEL

##### BOARD OF DIRECTORS

The Board of Directors of Alma Media Corporation has primary responsibility for organising the Group's risk management in an appropriate manner. The Board's Audit Committee is responsible for organising internal audit and risk management, consulting functionaries responsible for the organisation's risk management, internal audit and administration, parties assessing the organisation's operation, auditors and any other parties it deems necessary.

##### TOP MANAGEMENT

The Group CFO monitors the efficient organisation of risk management and the ensuring of its functionality. The CFO approves the Group risk portfolio at regular intervals, evaluates the results of case-specific reports and approves the actions deemed necessary.

In addition, the CFO assesses the risk management methods of business units, approves any additional measures and monitors risk management reporting, as well as regularly presenting the company's risk status to the Audit Committee.

##### RISK MANAGEMENT



The Group Risk Manager is responsible for the functioning of the risk management process. The Risk Manager's tasks include training planning, reporting development and the definition of the Group's risk portfolio and development together with business unit risk managers. The Group Risk Manager's tasks also include support of a continuous, regular risk management process and development, as well as the preparing and updating of a risk management plan and policy at least annually.

#### BUSINESS UNIT RISK MANAGERS

The economy functions of the Group's business units are tasked with the continuous identification and evaluation of risks endangering the reaching of objectives as well as notifying the Group Risk Manager of new risks as part of the accounting reports process. Business units themselves are responsible for the evaluation of risks and defining risk management methods. Risks are regularly reported to the Group CFO. Business unit risk managers follow that risks are reacted to and action plans are implemented.

#### RISK MANAGEMENT PROCESS

Risk management is a continuous, regular process that permeates the entire organisation. Risk management activities are part of internal control. The purpose of the risk management process is to anticipate risks threatening business, while at the same time evaluating and developing risk management methods. The risk management process is connected to the Group's annual planning process.

#### ACTIONS

Risk management actions are planned in a way that makes the management methods and guidelines as simple and practical as possible.

#### MOST SIGNIFICANT RISKS AND UNCERTAINTIES

The most significant strategic risks for Alma Media are a significant drop in the readership of its newspapers and a decline in advertising sales. Fluctuating economic cycles are reflected on the development of advertising sales, which accounts for approximately half of the Group's net sales. Developing businesses outside Finland, such as the Baltic countries and other East European countries, include country-specific risks relating to market development and economic growth.

In the long term, the media business will undergo changes along with the changes in media consumption and technological developments. The Group's strategic objective is to meet this challenge through renewal and the development of new business operations, particularly in online media.



The most important operational risks are disturbances in information technology systems and telecommunication, and an interruption of printing operations.

Alma Media does not see significant concentrated risks related to its business operations.

#### INTERNAL CONTROL

Control and supervision of Alma Media's business operations take place in accordance with the administrative and management system described above. The Board of Directors is responsible for ensuring that the monitoring of the company's accounts and capital management is properly organised. The President and CEO ensures that the accounting procedures comply with legislation and that the company's capital management is organised in a reliable way.

The President and CEO, the Group Executive Team and the heads of the business units are responsible for ensuring that the accounting and administration of the areas within their spheres of responsibility comply with legislation, the Group's operating principles, and the guidelines and instructions issued by Alma Media Corporation's Board of Directors.

In Alma Media Group, the control over business unit administration and accounting is centralised in the Group financial department and the business unit financial departments. The Group financial department, working under the Group CFO, is the centralised source of financial statement data required by external accounting, as well as the analyses and result reports to Group and business unit management teams for following the profitability of business operations. Group internal control practices aim at ensuring the correctness of financial reporting within the Group. Business operations and capital management are monitored with the help of the reporting measures outlined above. The Group employs a reporting system following business unit financial matters. The reporting practices also assist in following the implementation of business unit action plans.

#### AUDITING

Alma Media Corporation's external auditors examine the accounts and the administration of the profit centres once a year. The audit plan prepared by the auditors also takes into account the requirements set by the internal audit function. The auditors submit their report to Alma Media Corporation's shareholders at the Annual General Meeting. Additionally, the auditors submit an annual summary of their auditing plan and a written report on the entire Group to the Board of Directors in conjunction with the publication of the interim financial statements in June and the annual financial statements. They also provide regular reports on the business units to the Group's financial management and reporting unit managements.



## INTERNAL AUDIT

Given the nature and scope of its business, Alma Media Corporation does not consider it expedient to have a separate internal audit organisation. Internal audit functions have been incorporated into the responsibilities of Alma Media Corporation's business organisation and, in particular, the business function financial departments.

Reviewing the functionality of internal controls is also taken into account in the external auditors' audit plans. Internal audits look at the functionality of the various processes using flow test as well as control tests. Observations and action proposals are discussed with process owners, the financial management and the Board of Directors.