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*The voice of sustainable media*

Alma Media Corporation  
**Annual Review**  
2010

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# Alma Media's reporting for 2010

Alma Media's Annual Review 2010, "The voice of sustainable media", combines a traditional annual report and a corporate responsibility report into one publication. The sections describing particularly corporate responsibility are distinguished with [blue colour](#).

On the same date, Alma Media publishes its Financial Review 2010, which includes the Report of the Board of Directors, the financial statements and notes, the auditor's report, the Board's proposal on the distribution of dividend as well as shareholder information. The Annual Review and Financial Review are also available at the company website and at ► [annualreport2010.almamedia.fi](#). Further, the Annual Review is published as an iPad app.

The company website at [www.almamedia.fi](#) provides a wealth of additional information on, among other things, Alma Media's financial development, corporate governance and corporate responsibility.

## PRINCIPLES OF REPORTING ON CORPORATE RESPONSIBILITY

Alma Media's business operations are based on the Group's socially responsible mission: acting for individual freedom and well-being. Alma Media's corporate responsibility reporting describes the Group's business operations from the perspective of this mission, each year providing qualitative and quantitative information on what corporate responsibility means for Alma Media. The other contents of the Annual Review, the Financial Review and the company website complement the reporting. The next review of corporate responsibility will be published in early 2012.

The reporting period for corporate responsibility corresponds to Alma Media's financial year, i.e. the calendar year, 1 Jan–31 Dec 2010. This report additionally includes certain instances of information pertaining to 2011. The report covers the Group's Finnish operations, except for the section on economic responsibility, which also includes the Group's international operations. This means that the section on economic responsibility is consistent with the Group's other financial reporting. Regarding social and environmental responsibility, international operations have been excluded on the basis of the GRI guidelines, as their impacts on sustainable development are minor due to their scope and nature.

The reporting on corporate responsibility is based on the Global Reporting Initiative (GRI) G3 guidelines from 2006. The report focuses on the aspects of corporate responsibility that were determined to be of key significance to Alma Media based on the stakeholder study carried out in winter 2009–2010. A table illustrating the degree to which the report corresponds with the GRI guidelines is presented on pages 46–47. Based on Alma Media's assessment, the contents of the report correspond with Application Level B of the G3 guidelines. ■

# Alma Media, a **dynamic** media group

“ Alma Media is focused on publishing and digital consumer and business services. Alma Media publishes a total of 35 newspapers and their online services, the best-known being Aamulehti, Iltalehti and Kauppalehti. The best-known brands among the digital services are Etuovi.com, Monster.fi and Autotalli.com.”

Revenue in 2010 totalled M€ 311.4 with an operating profit of M€ 43.4 million, or 13.9% of revenue. Under 5% of the revenue was generated outside Finland. Alma Media has four reporting segments: Newspapers, Kauppalehti Group, Marketplaces and Other operations.

The company's share (ALN1V) is listed in the NASDAQ OMX Helsinki Exchange. Alma Media is included in the OMX GES Finland Sustainability Index, comprising the 40 leading companies in Finland in terms of sustainability.

The ownership structure and the largest shareholders of Alma Media are published on the company website ► [www.almamedia.fi/major\\_shareholders](http://www.almamedia.fi/major_shareholders). The information is updated monthly. The domicile of Alma Media Corporation is Helsinki, Finland.

## **MOST SIGNIFICANT CHANGES TO GROUP STRUCTURE IN 2010**

In March, Alma Media acquired a 60% share in Marknadspriser i Sverige AB, the owner of the Marknadspriser.se website, and a 24% share in Kateetti Oy (now Alkali Oy).

Tyrvään Sanomat Oy was acquired by Suomen Paikallissanomat Oy, a part of Alma Media Group, in April. Alma Media's stake in Kotikokki.net Oy increased from 40% to 65% in June.

Alma Media and Arena Partners Oy launched a cooperation in nationwide marketplace operations. The Etuovi.com, Vuokraovi.com, Autotalli.com and Mikko.fi business functions were moved under Alma Mediapartners Oy, a new subsidiary of the Group, created through the partial demerger of Alma Media Interactive Oy. Arena Partners Oy acquired 35% of the newly formed subsidiary. In conjunction with that acquisition, Alma Media purchased a 35% share of Arena Interactive Oy, a subsidiary of Arena Partners. The transactions were executed in September.

In the fourth quarter, Alma Media acquired Intermedia Partners Oy (now Alma Intermedia Oy) and MIG Group Oy as well as Suunnittelu-toimisto TTNK Helsinki Oy (Titanik Helsinki). The deals expand Alma Media's digital services offering.

In 2010, Alma Media closed down the business operations of City24, acting in the housing advertising, in Serbia, Ukraine and Croatia. The business operations of City24 continue in Estonia, Latvia, Lithuania and Poland.

The printing and distribution functions of Alma Media were centralised to a new Group company, Alma Manu Oy.

## **PRINCIPAL AWARDS AND RECOGNITIONS**

Aamulehti won four and Kauppalehti Optio two honourable mentions in the international 31st Best of News Design Competition. It is the world's most prestigious competition for the visual design of newspapers, organised annually by the Society for News Design.

Tyrvään Sanomat received an award as the best semi-weekly newspaper in a competition of local newspapers organised by the Finnish Newspapers Association. ■

# A year of business development

In 2010 Alma Media invested in developing both digital services and the printed newspaper. The recovery of the Finnish economy resulted in the advertising market growing by approximately five percent, which supported Alma Media's financial development.

Alma Media's revenue for the year was M€ 311.4 (307.8). The operating profit excluding non-recurring items was M€ 43.9 (42.6), or 14.1% of the revenue. The profit for the period increased to M€ 33.2 (28.3) and earnings per share to € 0.44 (0.38).

The Board of Directors of Alma Media proposes that a dividend of € 0.70 (0.40) per share be distributed for the 2010 financial year.

## BUSINESS DEVELOPMENT ON A BROAD FRONT

Ilta-lehti.fi established itself as the leading Finnish online media outlet. Ilta-lehti's online advertising exceeded the printed newspaper's advertising sales in late 2010.

Kauppalehti built a profitable information service business to complement its traditional publishing operations by developing, among other things, the ePortti service.

Alma Media also launched cooperation with Arena Partners, which is owned by newspapers published in Central Finland. The cooperation provides national coverage for Alma Media's digital consumer services Etuovi.com, Vuokraovi.com, Autotalli.com and Mikko.fi,

giving them a strong foundation for further business development.

Alma Media's regional newspapers appearing in Northern Finland (Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat) adopted a new operating model and publishing format. The feedback on the redesigned tabloid format newspapers has been positive. Aamulehti's new content and operating model, implemented in autumn 2010, were also well received by the readers.

The Group's investment in the development of the printed newspaper also includes the modernisation of the Tampere printing facility. The new printing press features the latest technology and will supply the first newspapers in early 2013.

## UPDATED VISION AND STRATEGY

Alma Media's vision is to be the most exciting provider of information, service and experiences. The company sets the stage for the future of media.

Alma Media's operations will be increasingly focused on digital consumer and business services that are outpacing traditional media in growth. The goal of the updated strategy is to increase revenue while maintaining good profitability and the ability to pay dividends – in other words, to increase shareholder value.

For more on the revised strategy, please refer to page 8. ■

## Key figures

2009 – 2010

	2010	2009
Revenue, M€	311.4	307.8
Operating profit, M€	43.4	40.4
Operating profit, %	13.9	13.1
Operating profit excl. non-recurring items, M€	43.9	42.6
Profit for the period, M€	33.2	28.3
Cash flow from operating activities, M€	46.1	43.1
Capital expenditure, M€	12.9	8.2
Capital expenditure, % of revenue	4.1	2.7
Interest-bearing liabilities, M€	4.0	4.6
Capital employed, average, M€	109.1	103.6
Return on investment, %	31.1	28.1
Earnings per share, €	0.44	0.38

# Studying the environmental **impact** of online and printed media

In 2010, Alma Media implemented a number of measures to make it easier for its stakeholders to assess the responsibility of its operations.

At the turn of the year 2009-2010, Alma Media conducted an extensive survey to analyse the views and expectations of its stakeholders regarding corporate responsibility in Alma Media and the media business as a whole. The key results of the survey are presented on page 12. A more detailed analysis of the results is available on the Alma Media website and in the company's previous Corporate Responsibility Report.

The survey indicates that stakeholders want more information on Alma Media's responsibility. The company initiated GRI compliant corporate responsibility reporting and became the first Finnish media company to publish an independent corporate responsibility report. Communication on corporate responsibility was also improved by revising the responsibility section on the website and by making responsibility one of the focal points of the company blog.

Supporting the employment of young people is one aspect of corporate responsibility. In January 2011, Alma Media partnered with the Finnish Children and Youth Foundation to launch the Responsible Summer Job challenge campaign. By mid-February 2011, nearly 40 companies had accepted the challenge and committed to offering over 2,300 responsible summer jobs.

In spring 2011, Alma Media will launch an environmental tips campaign aimed at consumers.

Internal development projects in 2010 included the establishment of the Group's corporate responsibility network and the creation of a corporate responsibility strategy.

#### CORPORATE RESPONSIBILITY FORUM OF NORDIC MEDIA COMPANIES CONVENED BY ALMA MEDIA

Alma Media has set a number of objectives for 2011–2012 related to corporate responsibility.

In 2010, the company began drafting a Code of Conduct, which is scheduled for publication in 2011. Alma Media also aims to become a signatory of the UN Global Compact initiative.

Alma Media is launching a project in spring 2011 to analyse the environmental impacts of

the printed newspaper and online media. The study is carried out in partnership with VTT Technical Research Centre in Finland and the Royal Institute of Technology in Sweden.

Alma Media is also looking to engage other companies in dialogue on responsibility. As part of this effort, the company is the organiser of the first corporate responsibility forum for Nordic media companies. Alma Media will also be one of the main partners in the "Ratkaisun paikka" event organised by Finnish Business and Society in May 2011.

Internally, the focal point of the development projects is to make corporate responsibility an integral part of the company's strategy process and risk management. ■

“ Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat redesigned their formats and revised their operating methods. Video conferencing technology was used in planning the renewals, resulting in savings of some 80,000 kilometres of driving. This corresponds to the climate effect of nearly 230 annual subscriptions to Lapin Kansa.”



*“What do  
we need  
the media for,  
anyway*

?”



“ To act as a  
watchdog and as an  
*interpreter*  
of the information  
flood.”



Read more on page

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# Operating environment trends

There are several drivers for the major changes presently taking place in the media landscape. Among the key perspectives are consumers' use of media, advertising reforms, technological development and the increased significance of responsibility.

## Consumers

**MEDIA PLAYS A CENTRAL ROLE** in daily life in Finland: Finns use a whopping seven and a half hours per day consuming various media. Newspapers represent 32 minutes of this amount, compared to 56 minutes for the Internet. The time spent on Internet use has increased significantly and Finns also spend more time reading newspapers, particularly on weekends.

**REAL-TIME SOCIAL TECHNOLOGY** and ways of operating have become a social filter of contents between the media and the consumer. Only material that is deemed significant by the user's social network passes through the filter. Examples of such filters include Facebook and Twitter. On the other hand, social media is also a method of distribution for media content. For instance, the amount of visitors arriving to Iltalehti.fi through Facebook multiplied in 2010.

**MEDIA CONSUMPTION IS CHANGING** as daily life is becoming more time-constrained and fragmented. There is a growing need for media content in small doses. The advances in mobile technology support this phenomenon. People also seek meaning to idle moments in daily life from quickly accessible media content.

**ONLINE SHOPPING IS INCREASINGLY POPULAR.** In the beginning of 2010, 41% of Finns had bought something online within the past three months. Online shopping is becoming more and more commonplace as the range of products and services expands and consumer trust in online retailers grows. The fast pace of modern life also supports the growth in online retail.

**THE ABILITY TO PROVIDE EXPERIENTIAL AND RELAXING CONTENT HAS BECOME CRUCIAL** for media regardless of its other roles. Commercial TV channels continue to play a leading role in the Finnish media landscape, but the online versions of tabloid newspapers have clearly increased their significance the most.

**CONSUMERS ARE MAKING A STRONG PUSH INTO BECOMING CONTENT PROVIDERS** alongside professional journalists thanks to digitalisation and the proliferation of user-friendly online publishing tools. The consumer has become an empowered influencer, which presents an opportunity in itself for media companies. The ability to piece together various perspectives into a quality package is now highlighted in the work of a journalist. Equally important is the construction of a media story, which requires dramaturgical skill, and the effective processing of various subjective viewpoints.

## Advertisers

**THE SIGNIFICANCE OF FOCUSED ADVERTISING AND THE MEASURING OF RESULTS** continues to grow. As the number of advertisers and advertising channels increases and target audiences become more fragmented, the attention value of individual adverts decreases. The effective measurement of online advertising creates pressure to improve the measurement of the results of advertising in more traditional media. Media salespeople are increasingly expected to have in-depth expertise of new forms of advertising.



**SOCIAL MEDIA** has assumed a major role, not only in the daily life and media consumption of consumers, but also in the advertiser's toolbox: a recent study suggests that 94% of Finnish advertisers intend to make use of social media in 2011. However, the use of social media in campaigning has yet to assume an established form and best practices are still being sought.

**ADVERTISING IN THE PRINTED NEWSPAPER CONTINUES TO BE EFFECTIVE AND REACHES** Finns on a broad front. Even in the younger age groups (12–19), the printed newspaper reaches over 62% of the population. The rate is even higher in older age groups. Newspaper advertising is also holding strong as a media channel that offers a high rate of consumer recall.

**NEWSPAPER ADVERTISING INFLUENCES PURCHASE DECISIONS.** A newspaper advertisement is perceived as useful rather than intrusive. Newspaper advertising offers a superior rate of influencing purchase decisions compared to other advertising channels.

**THE ROLE OF ONLINE ADVERTISING WILL CONTINUE TO GROW** as electronic media increases its share of consumers' time. Online advertising also finds new forms through, for instance, its semantic nature and by taking advantage of the consumer's own active role in the process. Advertisers are increasingly striving for direct contact with consumers, enabled by the Internet and social media in particular.

## Technology

**CONSUMER DEMAND FOR VARIOUS ELECTRONIC READING DEVICES** and tablet computers has taken off in Finland with the launch of various

devices on the market. It has been estimated that up to 170 different tablet computers may be launched in 2011. From the media's perspective, this may herald the start of an entirely new era. Forrester Research has estimated that tablet sales may exceed sales of laptop computers in 2012.

**THE ROLE OF MOVING IMAGES IN THE MEDIA** continues to grow. The popularity of Internet-based digital video and various online television services is increasing. According to the Finnish Communications Regulatory Authority, two thirds of Finns aged 15–64 watch short video clips online. Among the youngest age groups, YouTube is surpassing Google as the most popular search engine on the web. Another indicator of YouTube's popularity is the fact that a total of some 17,000 hours worth of new video is uploaded on the site every day. Watching one day's uploads would thereby take a person about two years.

## Corporate responsibility

**THE PUBLIC PERCEPTION OF THE MEDIA INDUSTRY IS BECOMING INCREASINGLY CRITICAL.** As also shown in Alma Media's study, the media is criticised for failing to highlight relevant stories, exaggeration in reporting and making careless mistakes under the pressure to be the first to report the news. The media industry needs to respond to this criticism by, for instance, opening up journalistic practices to its audience.

**COMPANIES WILL NEED TO IMPROVE THEIR TRANSPARENCY.** Calls for transparency increased explosively after the Enron case a decade ago. However, transparency no longer concerns just financial reporting, but also other

aspects of business. Corporate responsibility reports are just one way of shedding light on the impacts of business operations.

**DIVERSITY AND PLURALISM ARE GROWING IN IMPORTANCE AS TRENDS** that the media sector must understand on a broad basis. That means, among other things, the need to recognise a multitude of voices and values. For instance, the voice of immigrants is barely heard in the public dialogue on Finnish immigration policy. At the same time, the emphasis on biodiversity concerns the media sector as well: as sustainable forestry can help preserve biodiversity, environmentally sound paper choices can support sustainable development.

**THE ENVIRONMENTAL DEBATE, WHICH HAS THUS FAR LARGELY REVOLVED AROUND CARBON DIOXIDE EMISSIONS,** is set to evolve into a more comprehensive consideration of ecological impacts. Carbon footprint measurements will be complemented by other indicators of the ecological footprint. Tracking and reporting water consumption is also assuming a more prominent place on the agenda. A media group must be able to respond to these questions as well. ■

Sources: TNS Atlas Intermedia 2005–2009, TNS Gallup Oy; eMedia 2008 and 2010, Taloustutkimus Oy; Use of information and communication technologies 2010, Statistics Finland; Consumer Insight Space report, 15/30 Research Oy; Finnmedia: Strategies of the Finnish media sector; Advertising barometer, The Association of Finnish Advertisers 2010; VTT Adfeed 2010; KMT Lukija 2009, TNS Gallup Oy; Spontaneous recall of advertising, Kuulas Millward Brown and Itella; Newspaper advertising 2007, Kärkimedia panel; Media and advertising from the present to 2013, VTT; Tekniikkatalous.fi 12.12.2010; Markus Keränen, 15/30 Research Oy 24.11.2010.

# Growth in shareholder value through producing information, service and experiences

Alma Media has offered its shareholders solid dividends and reasonably good growth in shareholder value over the past five years. As change in the media markets picked up speed, the company revised its strategy for the coming years in autumn 2010. Alma Media aims for faster growth in shareholder value by increasing its revenue from digital consumer and business services.

In 2005–2010, the company's focus was on developing its newspaper and online media. The strategy was based on developing publishing operations, continuously renewing the company's products and services, using chaining operations as a tool for improving quality and efficiency, internationalisation and acquisitions, all with the primary goal of accelerating the rate of internationalisation, particularly in the Marketplaces business. At the same time, the recession brought about by the global financial crisis intensified the changes in the operating environment and in the media markets. For more information on operational environment, please see pages 6–7.

As a result of strategic choices, the products and services of Alma Media have been strongly renewed, financial development has been positive and the company has distributed dividends

even during economically challenging times. At the same time, job satisfaction among employees has reached an excellent level. There is still room for improvement, however, as revenue growth and the rate of internationalisation fell short of targets.

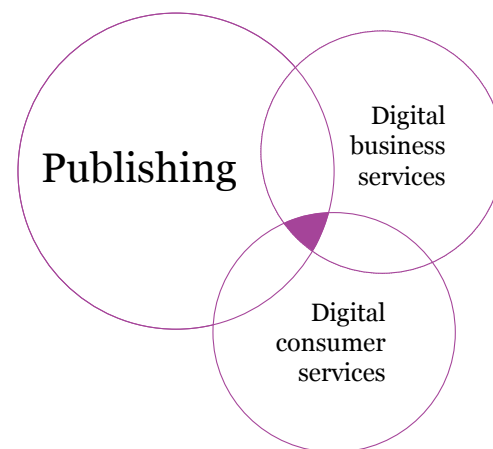
## DIGITAL SERVICES IN A KEY ROLE IN THE GROWTH STRATEGY

Alma Media has revised its strategy for the coming years. The focus will be increasingly on digital consumer and business services, which are outpacing traditional media in growth. With strong financials, the company is well positioned to make significant acquisitions if the right opportunity presents itself.

The company aims to increase shareholder value through increased revenue, strong profitability and ability to pay dividends by focusing on the following strategic goals:

- Strengthening existing products and services
- Aggressively driving the remodeling of newspaper brands into multimedia brands.
- Increasing revenue from digital consumer and business services through both organic growth and acquisitions.
- Developing expertise, management, organisation and steering systems to support growth and business renewal.

In the future, the focus of Alma Media's business will be on publishing, digital consumer services and digital business services. Digital services will generate an increasing share of the company's revenue.



## THE STRATEGIC FOCUS IN PUBLISHING OPERATIONS WILL BE ON THE FOLLOWING:

- Developing the content of newspapers and their digital services (service journalism, redesigns, paid content online and on new distribution channels, Internet TV).
- Increasing the company's share of the advertising market.
- Developing new revenue streams (paid services, new forms of advertising, packaging content).
- Expanding the distribution business.
- Seizing the opportunities offered by new printing technology.
- Increasing competitive advantage through chaining operations.
- Expanding the chain of newspapers through acquisitions in strategically important areas.

#### THE FOCAL POINTS IN THE STRATEGY FOR DIGITAL SERVICES ARE:

- Acquiring new businesses.
- Developing new business concepts.
- Strengthening the company's position as the Finnish market leader in classified advertising.
- Strengthening the partnership network.

The digital services business aims for strong growth by benefiting from good consumer and business customer relations and their national coverage. Digital services create attractive benefits for media clients.

#### GROUP LEVEL ACTIONS

Group level actions include strengthening expertise to support the execution of strategy and developing operating processes that enable the flexible expansion and internationalisation of operations. Further points of emphasis include developing the ability to innovate, improving operational efficiency, shortening product development process (time-to-market) and leveraging shared marketing resources. Established internal collaboration system (chaining operations) play a significant role in, among other things, renewing Alma Media's ways of operating and its products.

Research and development is conducted in close proximity to customers, both in business units and in chains shared by them, with a focus on developing products and services. Alma Media also participates in collaborative research and development projects with other industry members and is an active initiator and participant in public dialogue on responsibility in the media sector.

► [www.almamedia.fi/strategy](http://www.almamedia.fi/strategy)

#### FINANCIAL OBJECTIVES AND DIVIDEND POLICY

Alma Media does not publish its numerical financial targets. The company is aiming for

significant growth in shareholder value in the next five years.

Alma Media does not have a fixed dividend policy. In 2005–2010, the company's dividend yield ranged from 5.3% to 8.5% (based on the Board's proposal on dividend of 2010).

#### OUTLOOK FOR 2011

Alma Media expects its full-year revenue and operating profit excluding non-recurring items to increase from the 2010 level. Full-year revenue for 2010 was M€ 311.4, operating profit M€ 43.4 and operating profit excluding non-recurring items M€ 43.9.

► [www.almamedia.fi/investors](http://www.almamedia.fi/investors) ■

“ Alma Media will engage in extensive dialogue with its employees in 2011 on the meaning of the company's strategy, vision and values. ”

## Mission

{ For individual freedom and well-being.

## Vision

{ Alma Media is the most exciting provider of information, service and experiences. The company sets the stage for the future of media.

## Values

{ Freedom and pluralism of journalism  
Team play  
Courage

## Core elements of corporate responsibility

{ Reliability  
Environment  
Interaction  
Competence  
Communality

► [www.almamedia.fi/mission\\_vision\\_and\\_values](http://www.almamedia.fi/mission_vision_and_values)

# Revised strategy: **stronger** growth from digital services

The year 2010 was one of renewed optimism for Alma Media after the recessionary circumstances of 2009. As total demand improved through the course of the year, the economy picked up and advertising spending increased, our business got a nice uplift.

This was also reflected in our key indicators for the year. Our revenue increased to M€ 311.4 and operating profit reached M€ 43.4, or 13.9% of revenues. The Board of Directors will propose that a dividend of € 0.70 be paid per share, which corresponds to a dividend yield of 8.5%.

## SETTING A DIRECTION FOR THE INDUSTRY

We continued Alma Media's renewal and development projects with great success in 2010. In many ways, we are blazing a path for the entire media sector.

Pohjois-Suomen Media, which is Alma Media's unit responsible for publishing regional newspapers in Northern Finland, successfully introduced new ways of operating and a renewed format for its papers. The first tabloid format issues of Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat were delivered to subscribers in January 2011. The response to the changes was positive among both readers and advertisers. Changes to the operating methods and con-

tent of Aamulehti, implemented in the autumn, were also well received.

During the year, we decided to invest in the future of the printed newspaper by modernising our printing facility in Tampere. A new facility featuring the latest in printing technology will be constructed next to the existing printing facility, with the launch of operations scheduled for early 2013.

The year 2010 was also quite positive on the digital services front. Iltalehti cemented its position as the leading Finnish online media measured in both visitors and revenue. Kauppalehti continued its pioneering efforts to develop a profitable information services business alongside traditional publishing operations. In the online marketplace business, a co-operation was launched with Arena Partners, owned by newspapers operating in Central Finland, giving national coverage for our services Etuovi.com, Vuokraovi.com, Autotalli.com and Mikko.fi. This gives us an excellent opportunity to further develop these businesses.

## DIGITAL SERVICES IN A KEY ROLE IN GROWTH STRATEGY

We revised Alma Media's strategy for the coming years in autumn 2010. The focus will be increasingly on digital consumer and business services, which are outpacing traditional media in growth. The key objectives of the revised strategy are increased revenue, strong profit-

ability and the ability to pay dividends – in other words, continuing to increase shareholder value.

The implementation of the strategy will be based on strengthening existing products and services, aggressively driving the renewal of our newspaper brands as multimedia brands and increasing revenue from digital consumer and business services. To achieve these, we need to develop our expertise, management, organisation and steering systems to support growth and business renewal.

Particularly in the area of digital services, we will also pursue growth through acquisitions. Alma Media's strong financial position gives us the potential to make significant moves on this front. For more on the revised strategy, please refer to pages 8-9 of this Annual Review.

## READING DEVICES PRESENT NEW OPPORTUNITIES

Alma Media is keeping a close eye on the market for electronic reading devices and their development. We carry out experiments on various platforms. While estimations vary, the expectations are that dozens of new e-readers and tablets will be launched in the near future. Their era is just beginning, but it is already clear that they will offer completely new kinds of possibilities for the media industry. I also see e-readers and tablets as an avenue for creating consumer revenue from digital content. They may also improve the availability of our services

“ We aim to create increasing shareholder value.”

in sparsely populated areas and compensate the rapidly increasing costs of the newspaper delivery.

**ALMA MEDIA IS FINLAND'S MOST RESPONSIBLE MEDIA COMPANY**

Alma Media has also continued to pave the way for the rest of the industry in terms of corporate responsibility. The role of a watchdog is inherently one of great responsibility, and we have continued to make our operations increasingly transparent in the past year. In the early summer we became the first Finnish media company to release an independent corporate responsibility report. Alma Media ranked first among Nordic media houses in Carbon Disclosure Project of 2010. We aim to continue on this path of a greater focus on responsibility and transparency by, for example, publishing Alma Media's Code of Conduct in 2011.

The publication in your hand is a combination of a traditional annual report and a corporate responsibility report. The decision to combine the two is one of our ways of showing that responsibility is an integral part of our daily work.

The year 2010 was one of success and development for Alma Media. I wish to extend my warmest thanks to everyone at Alma Media, our customers, shareholders, partners and other stakeholders for the past year. We have a lot to look forward to. ■



**PRESIDENT AND CEO  
KAI TELANNE**

# Stakeholder views are the basis for corporate responsibility

Corporate responsibility means a company's responsibility for its impact on its surrounding society and stakeholders. In the media industry, corporate responsibility has unique characteristics, which traditional definitions of responsibility cannot sufficiently describe. In addition to the economic, social and ecological effects typical of all entrepreneurial activity, the activities of media companies have direct and indirect social and cultural effects that are difficult to measure but still important. At Alma Media, corporate responsibility means the way the Group, its business units and, ultimately, every employee act with social, economical, ecological and cultural responsibility and sustainability.

## STAKEHOLDER STUDY PROVIDES GUIDELINES FOR CORPORATE RESPONSIBILITY

Alma Media's stakeholders have played an important role in planning the Group's corporate responsibility. Alma Media conducted a wide-ranging survey at the turn of 2009–2010 to find out what its key stakeholders consider the most important components of corporate responsibility in the media industry and what kind of expectations they have for Alma Media's corporate responsibility. The results of the survey indicate that responsibility in the media industry comprises both the special characteristics of the industry and traditional corporate responsibility issues common to all companies.

According to the study, reliability, primarily implying the provision of reliable media content, as well as environmental responsibility are the two most important elements of responsibility. Journalistic integrity, responsibility for employees and the promotion of the freedom of speech also stood out as important factors. The stakeholders emphasised Alma Media's responsibility in supporting and promoting locality and communality. The strongest stakeholder expectations on Alma Media are related to environmental responsibility.

## CORPORATE RESPONSIBILITY STRATEGY PREPARED

Based on the survey results, Alma Media prepared a corporate responsibility strategy in 2010, with an emphasis on the aspects highlighted as significant by the stakeholders:

- Management and coordination
- Improving internal awareness
- Stakeholder dialogue
- Responsible journalism
- Environmental responsibility
- Supporting locality and communality
- Developing reporting

The most important projects in 2011 are related to continuing active stakeholder dialogue, responsible journalism and environmental responsibility. Corporate responsibility is discussed both within the company and in broader settings. For instance, in March 2011, a CR Forum for Nordic media companies will be organised on Alma Media's initiative. In May 2011, Alma Media will be one of the main partners of Ratkaisun paikka, the first corporate responsibility fair organised in Finland. ■

“ Alma Media's customer service personnel are in touch with customers some 500,000 times by phone and 180,000 times by e-mail each year.”



# note!

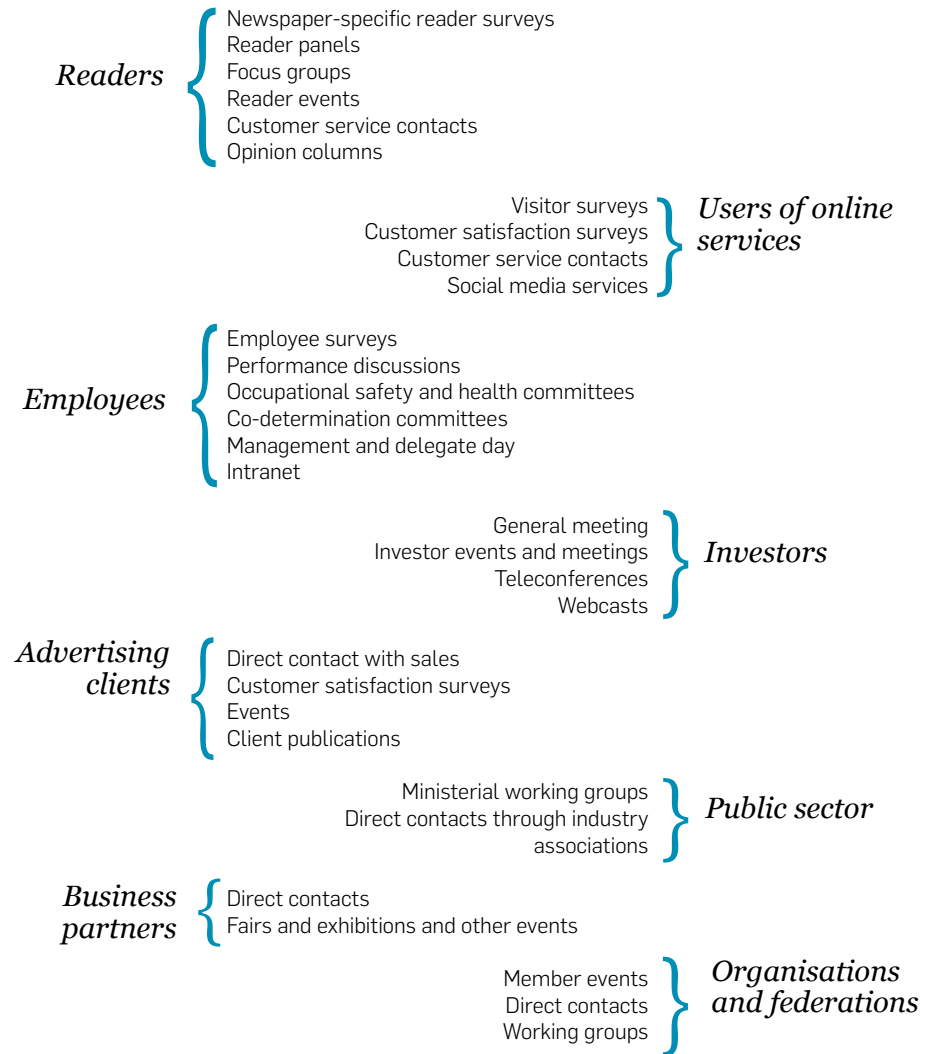
## ALMA MEDIA'S STUDY TO LEAD THE WAY FOR ENVIRONMENTAL ACTIONS

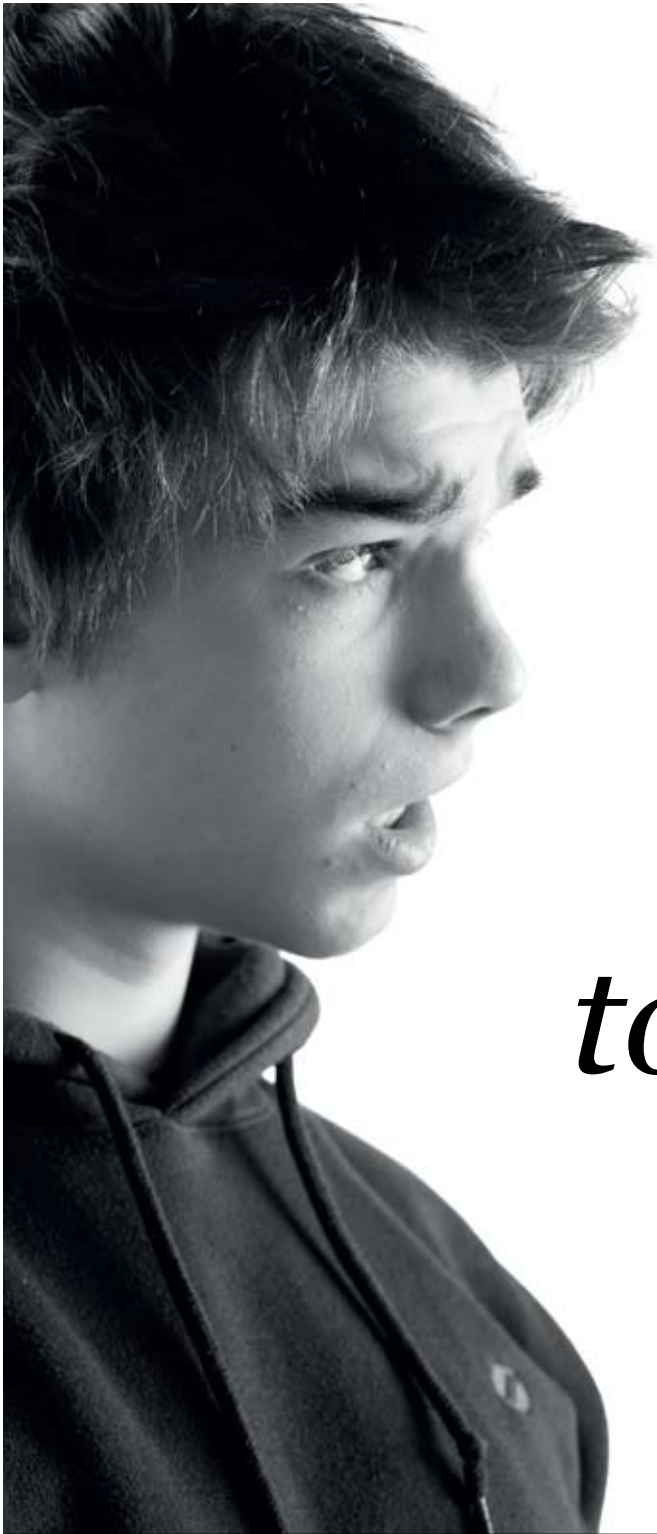
▶ Alma Media strives to offer information on the environmental impacts of printed and online media to its customers and anyone with an interest in the matter. As part of this effort, the company will carry out an extensive environmental study of some key products published by Alma Media in 2011. The target of the study is to estimate the ecological footprint, i.e. the total lifecycle environmental impact and not just the carbon footprint, of the print versions of Aamulehti, Iltalehti and Kauppalehti and the online versions of Iltalehti and Kauppalehti. The study, which will be the first of its kind in Finland and even internationally, will provide valuable information on not only Alma Media's products, but also on the environmental impacts of printed products and digital services in a broader sense.

In addition to its own measures, Alma Media is actively involved in industry-wide environmental efforts such as the preparation of the environmental guidelines of the Federation of the Finnish Media Industry (Finnmedia) published in summer 2010 and the Print Power environmental communication project coordinated in Finland by the Graphic Industry association. The company's environmental efforts also received international attention in 2010 as the results of the global Carbon Disclosure Project showed that Alma Media had more than doubled its score from the previous year and was the best Nordic media company featured in the reporting framework.

## Channels for stakeholder interaction in Alma Media

### KEY CHANNELS





“ The  
*newspaper*  
has nothing  
*to offer* me. ”

“ The news-  
paper makes  
everyday choices  
*easier*  
and saves time.”



Read more on page

31

# Advertising back on **growth** track

The various forms of digital advertising were particularly popular among advertisers.

The volume of advertising started to grow in 2010 as the overall economy began to recover. According to the Finnish Advertising Council, the value of advertising grew 4.8% to M€ 1,346.9 from the exceptionally low level of 2009. Of the various media groups, advertising in television grew the most in 2010.

Businesses in retail sales were the most important advertisers in Finland in 2010. Especially recruitment announcements (+31.8%) and car advertising (+13.3%) increased their expenditure.

Advertising in newspapers increased by 2.4% and in local and free issue papers by 8.1%. Printed newspapers were still the largest advertising media by value. Alma Media estimates that the market share of the Group's newspapers was approximately one fifth of all newspaper advertising.

## DISPLAY ADVERTISING MORE POPULAR THAN SEARCH ENGINE ADVERTISING

The volume of online advertising started to grow towards the end of 2010 and clearly exceeded the pre-downturn level. For the first time, Finnish online advertising exceeded the milestone of M€ 200. Display advertising was the biggest winner with a growth of 35.9%. Investments in search engine advertising grew by 30.7% and classified online advertising by

14.0% from 2009. The expenditure for online directories decreased.

Alma Media's share of the Finnish display and classified online advertising market is approximately one third and its share of all web advertising (including, in addition to the aforementioned, search engine advertising and online directories) approximately one seventh.

Ilta.fi established its status as the largest online service in Finland. Its weekly visitor count was nearly 2.7 million at best (unique browsers). Kauppalehti.fi and Aamulehti.fi also broke their visitor records during the year.

The rapid increase in the popularity of the online services of regional newspapers proves that the position a newspaper holds in its community is valid also online. For instance, the online service of Aamulehti has today over five times more visitors than three years ago. Online service does not decrease the readership of a printed paper. On the contrary, it attracts new audiences to enjoys media content. Therefore,

the overall reach is now higher than ever and advertising in printed newspaper and online service complement each other.

## READERSHIPS ON A GOOD LEVEL

Even though there is a slight general decreasing trend in the circulation of Finnish newspapers, the readership of newspapers has remained nearly unchanged.

Alma Media's regional and local newspapers also lost some of their circulation in 2010. Single-copy sales of Ilta.fi decreased by 5.5% in 2010, while the total market value of afternoon papers decreased by 2.8%. The market share of Ilta.fi was 41.9% at the end of the year (compared to 42.9% in 2009).

For additional information on the circulation and print volumes of Alma Media's papers as well as the numbers of visitors to the web services, see ► [www.almamedia.fi/circulations\\_and\\_print-runs](http://www.almamedia.fi/circulations_and_print-runs).

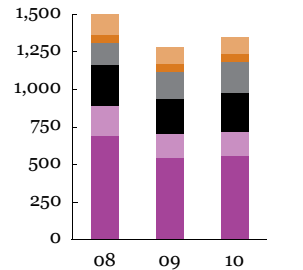
“ Alma Media's newspapers and digital services reach approximately 67% of Finns. The overall reach is growing, thanks to the increasing popularity of the digital services.”

## OUTLOOK FOR 2011

According to the advertising barometer of the Association of Finnish Advertisers, the volume of advertising will continue to grow in 2011. In total, 43% of advertisers plan to increase their expenditure in marketing communications during 2011, while 47% intends to keep the investment at the level of 2010. Advertisers are now especially interested in the various forms of digital media – display advertising, classified online advertising and mobile advertising – as well as TV advertising. Almost all plan to utilize social media in their marketing communications. Integrating social media into the overall marketing and communications concept is, however, still somewhat unclear to the advertisers. ■

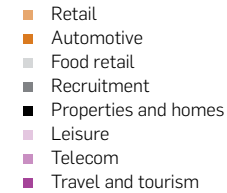
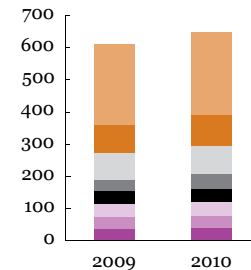
Sources: Finnish Advertising Council; The Association of Finnish Advertisers; IAB Finland; KMT Lukija autumn 2009/spring 2010, TNS Gallup Oy; TNS Media Intelligence; Alma Media

## MEDIA ADVERTISING EXPENDITURE AND TREND, M€



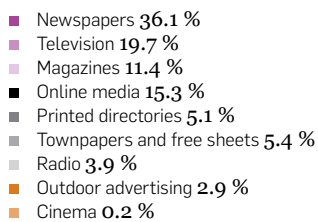
Source: Finnish Advertising Council

## LARGEST ADVERTISING CATEGORIES, M€



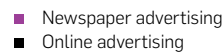
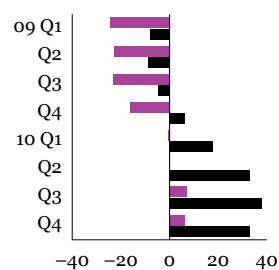
Source: TNS Media Intelligence

## MEDIA ADVERTISING BY CHANNEL, %



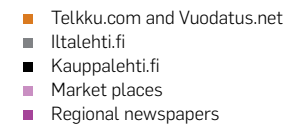
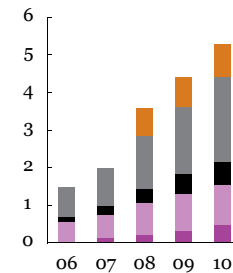
Source: Finnish Advertising Council

## CHANGE IN MEDIA ADVERTISING, %



Source: TNS Media Intelligence

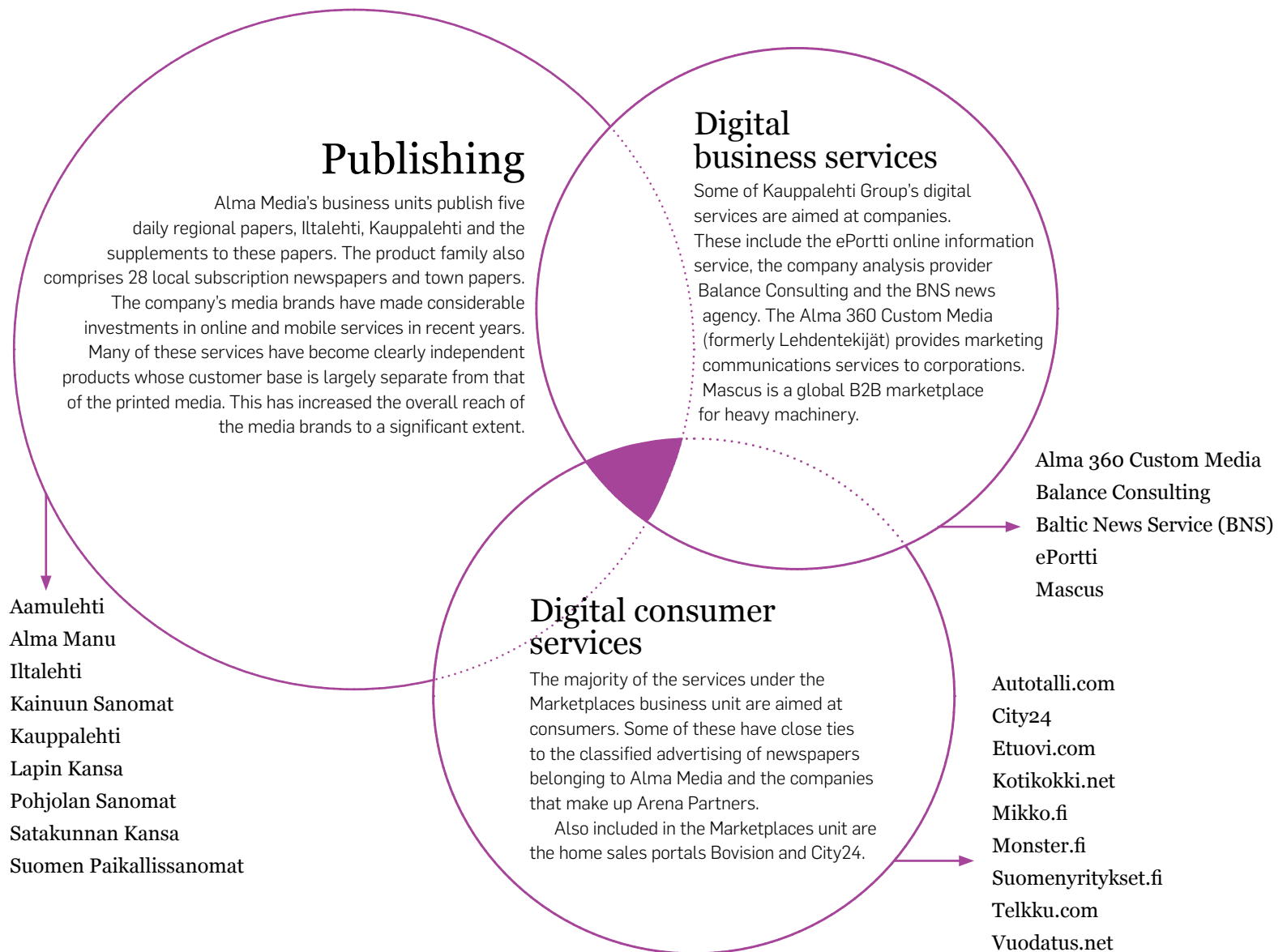
## NUMBER OF WEEKLY VISITORS TO ONLINE SERVICES, MILLION VISITORS



Figures refer to annual averages of weekly unique visitors (unique browsers). Visit by the same visitor to different services are not eliminated.

Source: TNS Metrix

# Strong digital services to complement publishing operations





Alma Media has seven business units: Marketplaces, Iltalehti, Kauppalehti Group, Satakunnan Kirjateollisuus, Aamulehti, Suomen Paikallissanomat and Pohjois-Suomen Media. Their operations are reported in three segments. The fourth reporting segment, Other operations, comprises the functions of the parent company and the printing and distribution operations of Alma Manu Oy. The reporting segments are presented on the following page.

Under Alma Media's revised strategy, the company's business brands are categorised into publishing operations, digital consumer services and digital business services. Alma Media's key products and services in these business areas are shown in the chart on the previous page.

The business units whose primary focus is on publishing operations are Aamulehti, Suomen Paikallissanomat, Satakunnan Kirjateollisuus and Pohjois-Suomen Media. Alma Manu is responsible for the printing and distribution of newspapers.

The Iltalehti business unit is developing a strong offering of digital consumer services alongside its publishing operations. Kauppalehti Group's operations are similarly divided into publishing and digital business services. The Marketplaces business unit focuses primarily on digital consumer services both in Finland and abroad.

The success of the business operations is supported by the collaboration of Alma Media units, chaining operations, as well as the printing, distribution and administration services provided by other Group companies. ■

# What kind of footprint does the media leave in its environment?

According to a study published by the Royal Institute of Technology in Sweden, the media and media technology industries represent approximately three per cent of global greenhouse gas emissions. The ICT sector makes up 1.3% of this figure while the media sector contributes the remaining 1.7%. The study focused on the global IT infrastructure including, for example, server rooms, networks and the terminal devices used for consuming media content. The largest climate effect of the media sector was attributed to television operations and printed media.

## TRACING THE CARBON FOOTPRINT OF PRINTED PRODUCTS

VTT Technical Research Centre has studied the environmental effects of printed products. VTT estimates that these effects have been reduced significantly over the past decades. Their results indicate that the end products of publishing and printing operations represent 0.54% of the daily climate impact caused by a Finnish consumer.

The carbon footprint of a typical Finnish newspaper, covering the entire lifecycle of the printed product from the forest through papermaking and printing to distribution to households, disposal and recycling, is 150–190 g CO<sub>2</sub>e (Equivalent Carbon Dioxide, describes the entire climatic impact of a product converted into carbon dioxide).

The climatic load of a Finnish newspaper is thereby roughly the same as that of a one-kilometre car drive. (VTT 2009.)

Alma Media has partnered with VTT Technical Research Centre of Finland and the Royal Institute of Technology in Sweden to carry out a study in 2011 to determine the ecological footprint of several of Alma Media's media products. For further information, please refer to page 13. ■

## SHARES OF EQ. CO<sub>2</sub> EMISSIONS FOR PRINTED NEWSPAPER



- Purchased energy, paper mills 39%
- Purchased energy, printing 12%
- Transports 8%
- End of life 21%
- Fossil fuels for pulp and paper making 14%
- Fibre supply 2%
- Chemicals, materials and fuels 4%

# Four reporting segments since 2010

## Newspapers

The Alma Media's Newspapers segment reports on the business of the newspapers and online services of Aamulehti, Iltalehti, Satakunnan Kansa, Pohjois-Suomen Media Oy and Suomen Paikallisanomat Oy.

The revenue of the Newspapers segment in 2010 was M€ 219.3 (215.5). Revenue from advertising sales increased 3.6% (decrease of 14.0%) to M€ 104.9 (101.3). Circulation revenue grew slightly and was M€ 110.3 (109.9). The operating profit of the segment was M€ 32.9 (29.7) and the operating profit excluding non-recurring items was M€ 33.1 (30.8). The operating profit increased to 15.0% (13.8%) of revenue and to 15.1% (14.3%) of revenue excluding non-recurring items.

▶ Aamulehti, Hervannan Sanomat, Iltalehti, Janakkalan Sanomat, Jokilaakso, Jämsän Seutu, Kainuun Sanomat, Kankaanpään Seutu, KMV-lehti, Koillis-Lappi, Koti-Kajaani, Kotikokki.net, Kuhmolainen, Kuriiri, Lapin Kansa, Luoteisväylä, Meri-Lapin Helmi, Merikarvialehti, Nokian Uutiset, Pohjolan Sanomat, Porin Sanomat, Pyhäjokiseutu, Raahelainen, Raahen Seutu, Rannikkoseutu, Satakunnan Kansa, Sotkamo-lehti, Suomenyritykset.fi, Suur-Keuruu, Sydän-Satakunta, Telkku.com, Tori, Tyrvään Sanomat, Uusi Rovaniemi, Valkeakosken Sanomat, Vekari, Vuodatus.net, Ylä-Kainuu

## Kauppalehti Group

Kauppalehti Group provides financial information and business services as well as marketing solutions.

The revenue of the Kauppalehti Group was M€ 57.9 (62.8) in 2010. The revenue of 2009 includes the revenue of Kauppalehti 121 Oy, sold in November 2009, M€ 6.6. Without the effect of Kauppalehti 121, the segment's revenue grew by 3.0% to M€ 57.9 (56.2). The segment's revenue from advertising sales was M€ 17.7 (16.3), from circulation sales M€ 15.0 (15.4) and from content and service sales M€ 25.2 (24.4) (comparison without the effect of Kauppalehti 121).

The operating profit of the Kauppalehti Group was M€ 8.2 (6.7) and the operating profit excluding non-recurring items was M€ 8.2 (6.7). The operating profit represented 14.2% (10.7%) of revenue, and 14.2% of revenue excluding non-recurring items (10.7%).

▶ Alma 360 Custom Media, Balance Consulting, Baltic News Service, ePortti, Kauppalehti, Kauppalehti.fi, Kauppalehti Optio

## Marketplaces

The Marketplaces segment includes marketplace services for housing, cars, jobs, heavy machinery and consumer goods on the internet and in print both in Finland and abroad. Mascus is the most international of Alma Media's marketplaces: it operates in 34 countries and can be used in 32 languages via 42 domains.

The revenue of the Marketplaces segment grew 18.7% in 2010 and was M€ 32.1 (27.0). The operating profit of the segment increased to M€ 0.4 (-1.7). The operating profit excluding non-recurring items was M€ 0.8 (-0.5). The operating profit represented 1.2% (-6.3%) of revenue and 2.6% (-2.0%) of revenue excluding non-recurring items.

▶ Autotalli.com, Bovision, City24, Etuovi.com, Mascus.com, Mikko.fi, Monster.fi, Objektvision, Vuokraovi.com

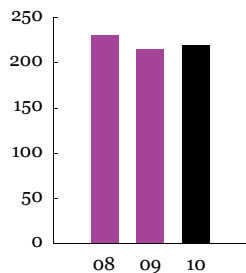
## Other operations

The Other operations segment reports the operations of the parent company and the printing and distribution unit Alma Manu Oy, which started its operations in July 2010. Both are units that primarily serve the other business segments of Alma Media.

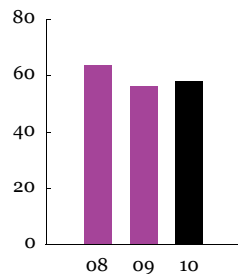
The revenue of the segment was M€ 78.5 (72.7), of which 6.7% was generated by sales to customers outside Alma Media Group. ■

Figures for 2009 in brackets.

**NEWSPAPERS  
REVENUE, M€**

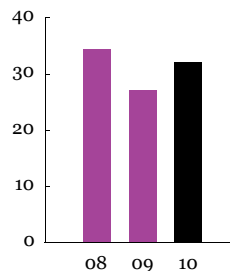


**KAUPPALEHTI GROUP  
REVENUE, M€\***

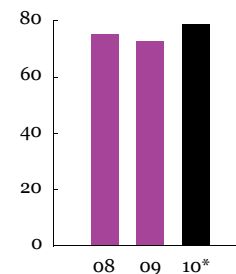


\* Excl. Kauppa-lehti 121 sold in 2009.

**MARKETPLACES  
REVENUE, M€**

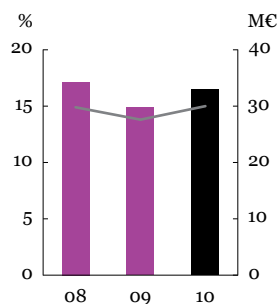


**OTHER OPERATIONS  
REVENUE, M€**



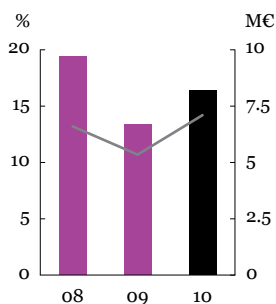
\*Share of external revenue was 6.7%.

**NEWSPAPERS  
OPERATING PROFIT**



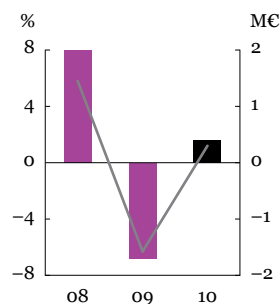
— % of revenue  
■ Operating profit M€

**KAUPPALEHTI GROUP  
OPERATING PROFIT**



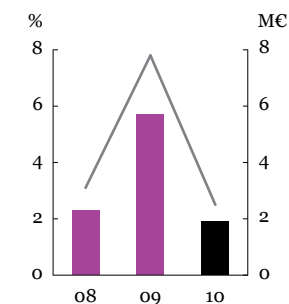
— % of revenue  
■ Operating profit M€

**MARKETPLACES  
OPERATING PROFIT**



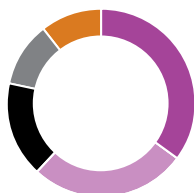
— % of revenue  
■ Operating profit M€

**OTHER OPERATIONS  
OPERATING PROFIT**



— % of revenue  
■ Operating profit M€

**NEWSPAPERS REVENUE  
BY BUSINESS UNITS (219.3 M€)**



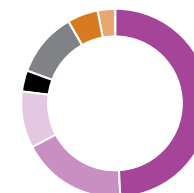
■ Aamulehti 35.2%  
■ Iltalehti 26.7%  
■ Pohjois-Suomen Media 16.5%  
■ Satakunnan Kansa 11.1%  
■ Suomen Paikallissanomat 10.3%

**KAUPPALEHTI GROUP REVENUE  
BY BUSINESS UNITS (57.9 M€)**



■ Kauppa-lehti 71.4%  
■ Lehdentekijät 20.6%  
■ BNS 8.1%

**MARKETPLACES REVENUE  
BY BUSINESS UNITS (32.1 M€)**



■ Etuovi 49.4%  
■ Monster 18.1%  
■ Autotalli 9.7%  
■ City24 3.6%  
■ Mascus 11.0%  
■ Bovision and Objektvision 5.3%  
■ Others 3.0%

The figures in accordance with the new segment structure as of 2008.

# Increased operating profit, a dividend of € 0.70 per share proposed

The revenue for 2010 was M€ 311.4 (307.8). Advertising sales increased 5.5% to M€ 148.2, corresponding to 47.6% (45.7%) of the Group's revenue. Advertising sales in printed newspapers grew 1.0% and in online media 24.6% from the previous year.

Circulation revenue in 2010 remained close to that of the previous year. Regional and local newspapers increased their circulation revenue slightly due to price increases.

The share of online business in Alma Media's revenue increased to 15.7% (13.1%).

Alma Media's operating profit for 2010 improved to M€ 43.4 (40.4). The operating profit excluding non-recurring items was M€ 43.9 (42.6) with a growth of 3.0% (decrease 10.5%) compared to the previous year. The operating profit represented 13.9% (13.1%) of revenue; 14.1% (13.9%) excluding the non-recurring items.

The operating profit of 2010 included a net total of M€ -0.5 (-2.2) of non-recurring items that mainly consisted of reorganisation of business operations and companies.

The profit before taxes for 2010 was M€ 45.0 (39.7) and the profit before taxes excluding non-recurring items was M€ 45.7 (42.0).

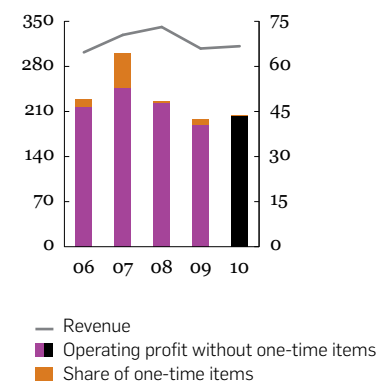
Alma Media's Board of Directors proposes to the Annual General Meeting to be held on March 17, 2011 that a dividend of € 0.70 (0.40) per share be paid for the financial year 2010. At the rate of the last trading day of the financial year 2010, this would correspond to a dividend yield of 8.5%.

## OUTLOOK FOR 2011

Alma Media expects its full-year revenue and operating profit excluding non-recurring items to increase from the 2010 level. Full-year revenue for 2010 was M€ 311.4, operating profit M€ 43.4 and operating profit excluding non-recurring items M€ 43.9. ■

“ The share of digital business in Alma Media's revenue grew to 15.7 percent. ”

## REVENUE AND OPERATING PROFIT, M€

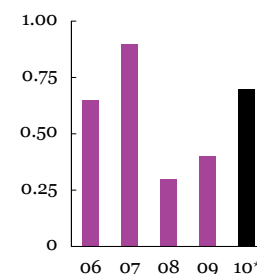


## BREAKDOWN OF REVENUE, %



■ Advertising sales 47.6 %  
■ Circulation sales 40.2 %  
■ Other sales 12.2 %

## DIVIDEND PER SHARE, €



\* Proposal by the Board of Directors to the Annual General Meeting.

# Strong finances form the basis of responsibility

Alma Media Group and its business units have diverse economic impacts on their stakeholders. The Group companies are important employers, taxpayers and customers of other companies in their operating areas. Newspapers also execute a major indirect economic influence, as one of their central tasks is to act as a voice of their community and a promoter of well-being.

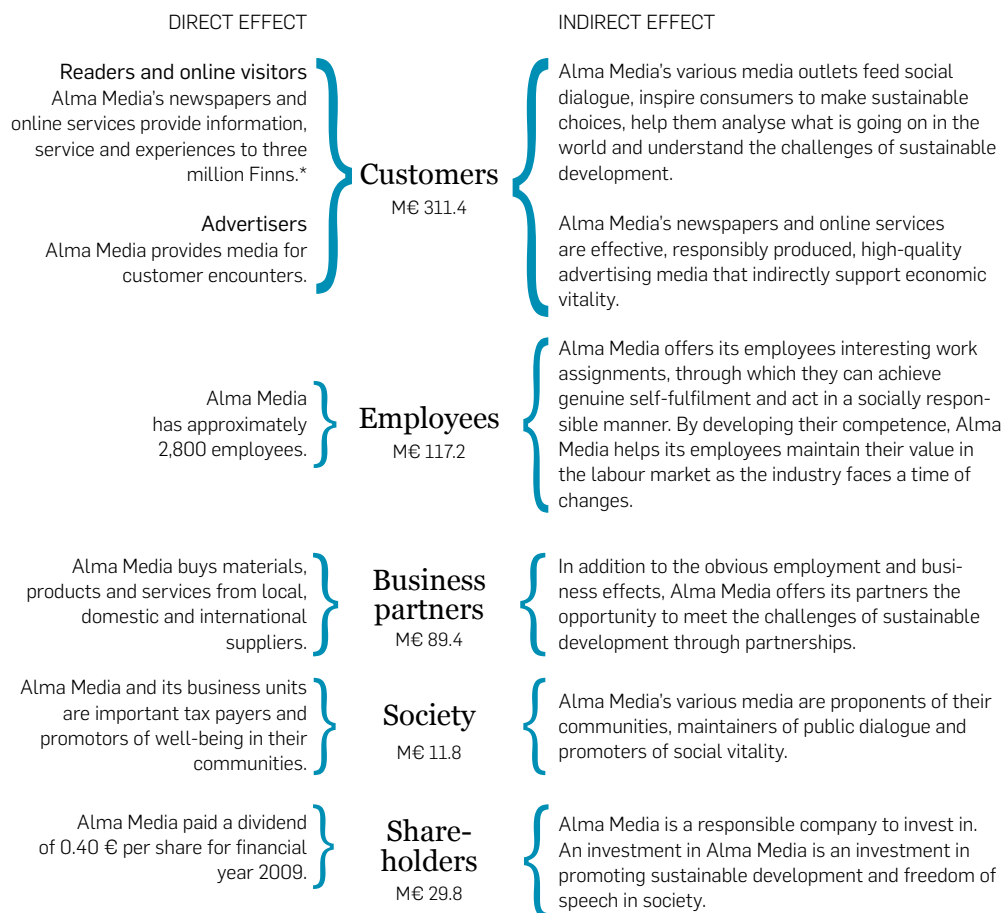
The profitability of business and a solid financial position form the basis for the responsible operation of Alma Media and its business units. Profitability also guarantees the journalistic integrity of Alma Media's newspapers.

In addition to the direct and indirect impacts of its business operations, Alma Media supports economically sustainable development in many ways, for instance through its partnership with the Finnish Children and Youth Foundation (FCYF). In January 2011, Alma Media and FCYF along with other partners launched the Responsible Summer Job 2011 campaign to challenge companies to create good summer jobs for young people in summer 2011. The campaign is a response to public dialogue on the low employment rate among young people, an effort to go from words to actions and thereby promote social vitality and well-being.

► [www.facebook.com/kesaduuni2011](http://www.facebook.com/kesaduuni2011) ■

## The financial impacts of operations

Stakeholders and direct value added



\*Atlas 2009

Alma Media did not receive significant financial assistance from the government in 2010.

# Risk management is a part of management system

The purpose of risk management at Alma Media is, as a part of operations, to continuously evaluate and manage all possibilities, threats and risks present in business operations in order to reach the objectives set and to ensure continued operations.

Risk management is part of Alma Media's financial reporting process and one of the key internal control procedures in the company. Risk management aims at recognising risks and limiting them to a commonly accepted level. Limits and procedures for risks are defined in writing in the risk management system of the Group.

The Board of Directors carries the principal responsibility for risk management. It discusses the most important risks recognised and determines the company's risk appetite. The Audit Committee of the Board of Directors approves the risk management principles of the corporation and evaluates the efficiency of the risk management systems. In addition, the committee discusses the management's reports of significant risks and exposure to them as well as the plans for minimising the risks.

The CEO, the Group Executive Team and other managers in the Group at all organisational levels are responsible for carrying out daily risk management. In each business unit, a member of the unit's executive group, usually the person in charge of the finances of the unit, is appointed as responsible for risk management and reporting of risk management operations.

This annual review discusses the main points of Alma Media's risk management. For additional information, please see

► [www.almamedia.fi/risk\\_management](http://www.almamedia.fi/risk_management).

## SIGNIFICANT RISKS AND UNCERTAINTIES

Alma Media categorises the risks affecting its business into strategic, operative and financial risks.

### Strategic risks

The most important strategic risks for Alma Media are a significant drop in readership, a decrease in advertising sales and a significant rise in distribution costs. Changes in the overall economy are reflected in the development of advertising sales. Advertising sales generates approximately half of the Group revenue. There are also country-specific risks related to the development of the market and the economic growth with regards to developing businesses abroad, such as in the Baltic countries and other Eastern European countries.

In the long term, the media business is transforming with changes in media usage and new technologies. Alma Media's strategic objective is to react to this challenge by renewing its business and developing new businesses in the field of web media.

### Operative risks

Disturbances of information technology and communications as well as disruption of printing are the most important operative risks. The risks of information technology and communications are reviewed and managed in cooperation with the group's ICT organisation and the

business units as well as cooperation partners. Especially the technical operation and vulnerability of the digital business is closely monitored in the entire business.

In printing, it is important to prevent disruptions of operations in advance by means of good management and safety culture as well as with the help of guidelines. Back-up printing plans are made in preparation for interruptions.

The entry into force of the new Postal Act may lead to additional costs for the distribution of newspapers. Therefore, the Group aims to further improve the efficiency of its distribution activities in order to maintain a competitive edge. On the other hand, the amended act also offers Alma Media a possibility to expand its distribution business.

### Financial risks

The Chief Financial Officer of the Group is responsible for the Group's financing. Alma Media's centralised financing and investment function takes care of the operative financing of all companies in the Group. The function includes the management of payments and liquidity, funding and investments. The Group's payments are centralised.

Capital market arrangements are used for long-term financing. The cash surplus is invested according to the Group's financing policy in financially sound investment instruments with a maturity of less than one year.

Alma Media has no significant financing risks. The financing risks are described in more detail in the Financial review, Appendix 28 to the Financial statements. ■



# Threats and **opportunities** related to climate change

Alma Media started evaluating the threats and opportunities related to climate change in 2010. The evaluation is ongoing, and estimates concerning the threats and opportunities will be specified in more detail as the process continues.

For Alma Media, the effects of climate change combined with extreme weather conditions particularly affect the distribution of papers. Cold, snowy winters or very rainy summers may increase work-related accidents in distribution operations. Extreme conditions may also affect the distribution of electricity and thereby the availability of the Group's digital services.

Work safety is enhanced in the Group by means of active work methods training preventing accidents at work.

## THREATS RELATED TO CHANGES IN LEGISLATION

The development of regulation related to climate change mainly has an indirect effect on Alma Media. Increased taxation of energy or fuels, for example, raises the prices of these commodities, which indirectly results in an increase in the price of newsprint. Mandatory eco-labels on printed products are an example of a direct effect a change of legislation would have on Alma Media.

The financial risk caused by the realisation of these changes can be controlled by means of purchasing contracts, for example, and by anticipating future regulation in the operations.

## REPUTATIONAL THREATS

Underestimating climate issues would probably, in part, decrease the interest of advertisers towards Alma Media's products and services. It would also have an indirect effect on the commitment of employees as well as the ability to recruit new talent. Alma Media limits this threat by means of active climate work and by communicating its climate issues in the international Carbon Disclosure Project (CDP) reporting, for example, in which Alma Media was the best Nordic media group in 2010.

An environmental approach and environmental awareness are central in Alma Media's construction projects, for example, and in the majority of the Group's procurement. Decreas-

ing environmental impact usually also saves costs.

Environmentally friendly products and services are becoming increasingly popular. Alma Media must ensure that its offering meets the needs of the consumers also in this respect. Digital services, for example, are especially climate-friendly products provided by Alma Media. Using digital services decreases the need to move around and thereby reduces the climate effects of commerce.

The production of newspapers does not contain any significant reputational risks with regard to climate change. The climate impact of newspapers is relatively small, thanks to the use of recycled paper, among other factors. ■

“ In 2010, Alma Media was the best Nordic media company reporting in the Carbon Disclosure Project.”

# Alma Media offers ecologically sustainable media

The extensive stakeholder study conducted in winter 2009–2010 showed that environmental matters in the media sector are perceived as very important and Alma Media is expected to increasingly take them into consideration.

In 2010, Alma Media set environmental matters as one of the focal points of its corporate responsibility strategy. Alma Media's environmental responsibility is based on three principles: operational efficiency, a responsible supply chain and increasing awareness. The company aims to prevent and minimise negative environmental impacts through focusing on these three aspects.

Alma Media's corporate responsibility network was launched in 2010. The network's operations involve persons in key roles in environmental matters developing Alma Media's environmental responsibility goals and implementing environmental policies and measures in practice in their own roles, such as those related to property management and printing.

## BUILDING PROJECTS BIG STEPS FORWARD IN ENVIRONMENTAL RESPONSIBILITY

The most significant environmental impacts of Alma Media's and its business units' operations are related to printing and distribution, proper-

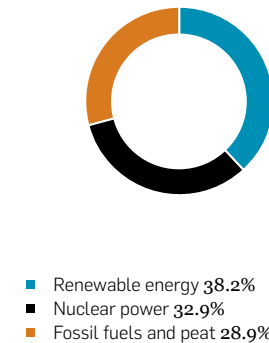
ties (including the electricity consumption of computers and server rooms) and travel. This being the case, Alma Media's new office building in Töölönlahti, Helsinki and the new printing facility in Tampere, scheduled to begin operations in 2013, will provide a strong foundation for the company's environmental responsibility in the new decade. The projects are designed to minimise environmental impacts during both the construction and use of the properties, thereby reducing the Group's environmental impact where it is the largest. LEED environmental certification will be sought for both the printing facility and the office building in Töölönlahti.

## MATERIAL AND ENERGY EFFICIENCY ARE FOCAL POINTS IN PRINTING AND DISTRIBUTION

The continuous improvement of material and energy efficiency is emphasised in Alma Manu printing facilities and in all property use by Alma Media. A printing facility's material efficiency can be measured as a percentage of material loss, also known as the maculature percentage. The maculature percentage of Alma Manu's existing printing facility in Tampere has fallen by 17% in a period of five years.

As the new printing facility in Tampere will begin operations, energy use, water consumption and the use of solvent based detergents are set to decrease while material efficiency improves. Water consumption in a printing facility is relatively low; a total of approximately six grams of water is required to produce one copy

## PRODUCTION PROFILE OF THE ELECTRICITY USED AT ALMA MEDIA



of a newspaper. The majority of this amount of water is tied to the newspaper itself; the moisture percentage of the paper used increases from 9% to 12% during the printing process.

The environmental impact of distribution can be minimised by continuously optimising delivery routes. A major part of delivery routes are served by bicycle and on foot. For example, motor vehicles are used on only one third of all delivery routes in Pirkanmaa. Delivery personnel are also offered training in economical driving. The total distance driven per one copy of Aamulehti is approximately 70 metres.

### RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Sustainable development is taken into account in supply chain management, for instance in the choices of paper and chemicals made by the printing facility. Major purchases made for the new Tampere printing facility have environmentally friendly attributes. Environmental considerations also play a role in the company's car policy. The emission limit for new company cars is set at 190g CO<sub>2</sub>e per kilometre at present and the goal is to lower the limit at a later time.

Alma Media's printing facilities primarily use renewable and recyclable materials. Paper is the most significant of these. Alma Media

aims to only buy sustainably produced paper whose production has been carried out with due consideration for biodiversity. Approximately 85% of the newsprint used by Alma Media is made primarily from recycled fibre. Newsprint fibre can be reused 4–7 times, after which it is used for energy production. The company also recycles aluminium printing plates, and printing ink is used for energy production. The carefully considered disposal of products, i.e. the appropriate use and recycling of waste - can significantly reduce negative environmental impacts. For instance, the carbon footprint of a newspaper is reduced by 20% when it is recy-

clad instead of being disposed of in a landfill. In Finland, 80–90% of all newspapers are recycled (Paperinkeräys Oy).

Alma Media strives to promote sustainable ways of operating internally by carrying out environmental training. Training organised in 2010 included training for printing personnel on material and energy efficiency, training those with company cars on economical and safe driving and educating media sales staff on the environmental impacts of newspapers and their online versions from the customer's perspective. For more on the environment, see also p. 12 and 19. ■

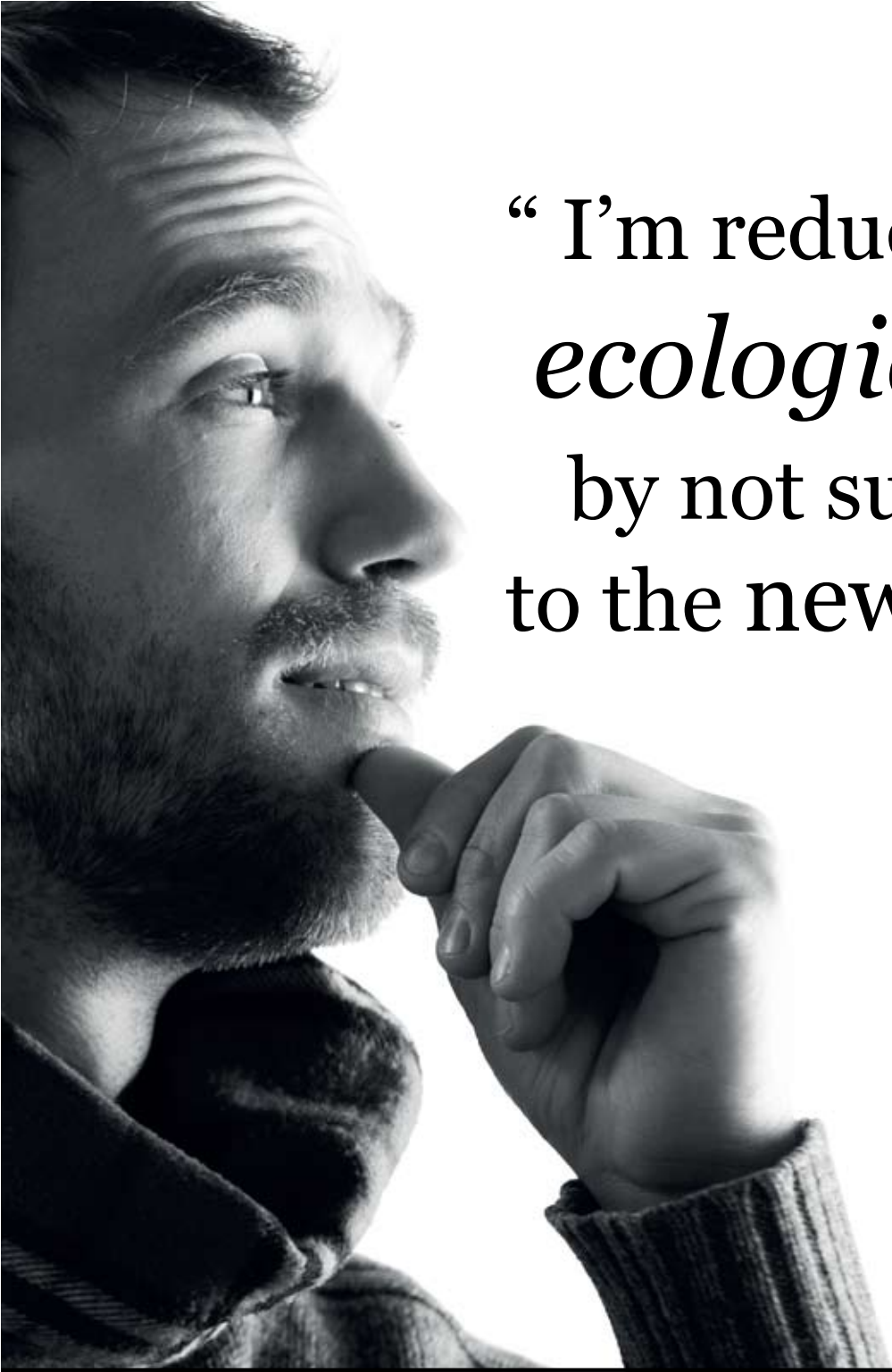
## Environmental key indicators

MATERIALS USED FOR PRINTING		Material	Unit	Consumption 2010	Consumption 2009	Consumption 2008
		Paper	tonnes	32,000	30,000	35,000
		Inks	tonnes	520	500	560
		Printing plates	m <sup>2</sup>	120,000	107,000	120,000
ENERGY CONSUMPTION			Unit	Consumption 2010	Consumption 2009	Consumption 2008
Direct	Petrol		GJ	6,160	7,250	*
			litres	190,950	224,760	
	Diesel	GJ	3,020	2,650	*	
			litres	82,930	72,800	
		Fuels total	GJ	9,180	9,900	*
Indirect	Electricity		GJ	62,670	63,010	67,080
			kWh	17,408,000	17,502,000	18,632,000
EMISSIONS				2010	2009	2008
Direct	Fuels		tCO <sub>2</sub> e.**	670	720	*
Indirect	Electricity consumption		tCO <sub>2</sub>	2,470	2,520	*
Other indirect sources	Air travel		tCO <sub>2</sub>	280	190	*
OTHER SIGNIFICANT EMISSIONS				2010	2009	
	VOC emissions		kg	13,300	12,750	*

Paper consumption of 2009 has been revised from the previous report.

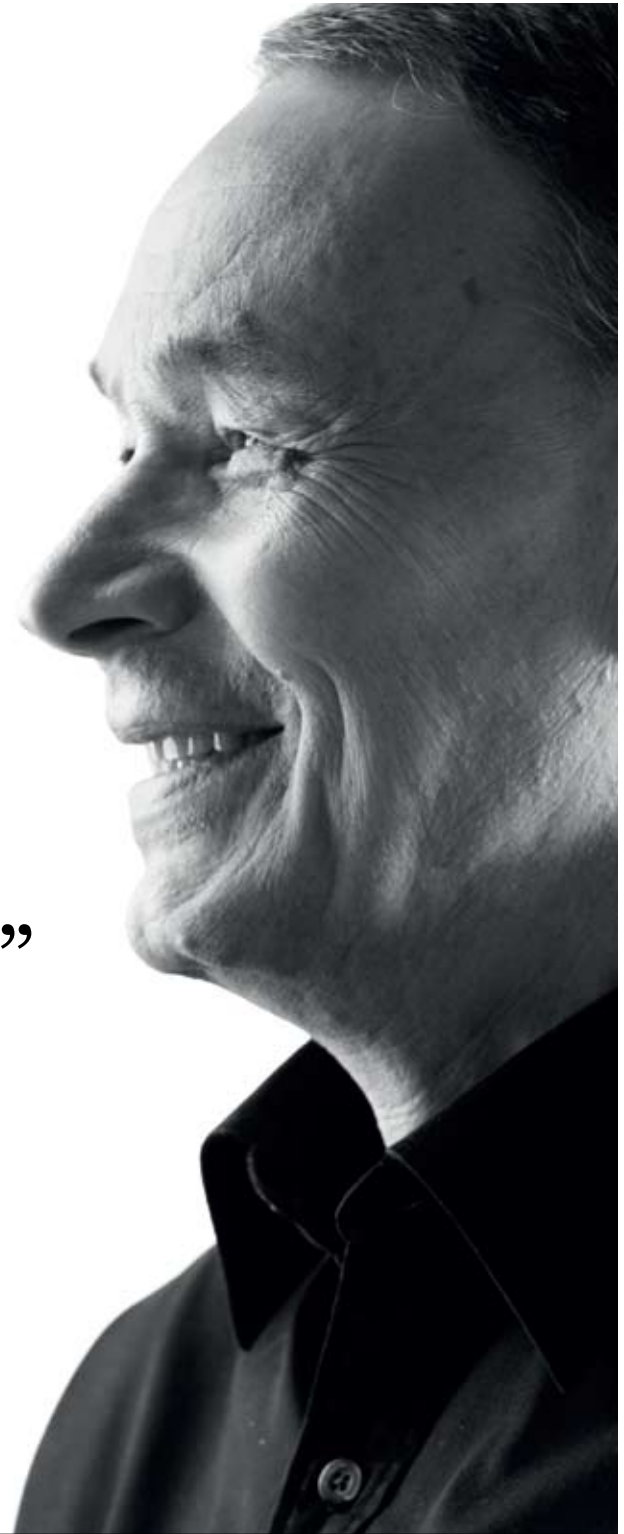
\*figures not available

\*\*for fuels, total greenhouse gas emissions are reported converted to carbon dioxide



“ I’m reducing my  
*ecological* footprint  
by not subscribing  
to the newspaper. ”

“ The newspaper  
represents  
a *marginal*  
share of your total  
climate impact.”



Read more on page

19

# Responsible media is a partner to its reader

The Guidelines for Journalists are the core of responsible journalism. Openness, transparency and a dialogue-based relationship between reader and journalist have also become core elements of journalistic responsibility.

Freedom and responsibility go hand in hand in the media business. Media has the most central role in implementing and promoting freedom of speech. Media's task is to exercise this freedom with the needs of readers and citizens as the starting point, in a manner that is socially meaningful and ethical. Media bears its responsibility by acting as a watchdog holding those in power accountable and by highlighting social issues. Therefore, journalism must be reliable and independent, promote freedom of speech and act in an ethically transparent manner.

The Guidelines for Journalists are the core of responsible journalism. Openness, transparency and a dialogue-based relationship between reader and journalist have also become key elements of journalistic responsibility. Openness allows the reader to better understand the source of information and the ethical choices made by the journalists, thereby critically assessing various media content.

## ETHICAL PRINCIPLES GUIDE THE OPERATIONS OF ALMA MEDIA'S VARIOUS MEDIA

Alma Media's newspapers and their online services are committed to not only legislation and regulations, but also their own newspaper-specific ethical policies. These ethical policies may be stricter than the Guidelines for Journalists published by the Council for Mass Media (CMM), which form the foundation of ethical regulation in the Finnish media industry. In order to ensure independence, the newspaper-specific policies also include guidelines related to, for instance, editors' relationships to advertisers. CMM decisions, reader feedback, reader panels and requests for corrections are all metrics for reliability and responsible journalism and they are discussed at the newspaper level under the

leadership of the Editor-in-Chief. In 2010, the CMM issued a total of 73 decisions, of which 15 pertained to Alma Media's various media. 60% of these decisions were condemnatory. The number of decisions pertaining to Alma Media newspapers was lower than in the previous year, but the percentage of condemnatory decisions increased.

## TOWARDS MORE TRANSPARENT, OPEN AND INTERACTIVE MEDIA

The core values and impacts of journalism were the subject of considerable public dialogue in 2010. This only served to strengthen the commitment of Alma Media's newspapers and digital services to open and transparent content. For example, Aamulehti exercises its

“ Responsibility and transparency in content production are perceived to be the media's key responsibilities and ways of building a sustainable society.”



## Council for Mass Media decisions

	2010	2009	2008	2007
Council for Mass Media decisions	73	72	97	62
Condemnatory decisions, %	38	32	26	22
Decisions on Alma Media newspapers	15	20	25	13
Condemnatory decisions, %	60	30	32	15

commitment to responsibility and openness by having a dedicated Readers Editor, by publishing reader feedback openly and by disclosing the newspaper's ethical guidelines on its website. In 2010, Aamulehti carried out its first employee survey on values to find out the editorial staff's values and views on social issues on an anonymous basis. The survey was an effort to promote pluralism and open dialogue on values in the media sector.

Kauppa-lehti, for its part, has an active news blog that provides background to news stories and facilitates dialogue between the reader and the journalist.

Alma Media launched a Media Academy in 2010. The Academy's task is to strengthen cooperation between journalists and readers through open interaction and to study ethical guidelines. The Academy is focused on how to communicate the "contents" of responsible journalism to readers and engage in a dialogue with them.

### THE ROLE OF MEDIA IN A SUSTAINABLE SOCIETY

Media has a unique relationship with sustainable development: through people's choices and actions, journalistic content has indirect economic, social, ecological and cultural effects. Alma Media's newspapers and other media

each approach environmental questions their own way. For instance, Kauppa-lehti approaches them from the perspective of business life, while Iltalehti's approach is more related to everyday choices made by consumers. At the international level, for instance in the Global Reporting Initiative, the role of journalism in promoting sustainable development has been highlighted as a key element of corporate responsibility in the media sector.

Alma Media also raised this issue in the autumn of 2010 in panel discussions that brought together journalists from various Alma Media newspapers and external experts on corporate responsibility to discuss the role and responsibilities of media in a sustainable society. Based on the discussions, it can be said that Finnish media emphasises freedom of speech, reliability and pluralism as the cornerstones of good journalism. Instead of directly campaigning for sustainable development, responsibility and transparency in content production were perceived to be the media's key responsibilities and ways of building a sustainable society.

► *Please refer to the online version of the review to watch a summary of the discussion online.* ■

*pssst...*



### READER PARTICIPATION IN THE RENEWALS OF AAMULEHTI

► Cooperation between editorial staff and readers has borne fruit at Aamulehti. In October 2010, the newspaper launched two entirely new sections. The "Good Life" offers service journalism and makes the readership's daily life easier. The "Perspective" enhances the quality of public debate in Finland by initiating dialogue on a new topic each day. The two sections are the first of their kind in Finnish newspapers.

There were over 300 instances of direct feedback from readers after the reforms were implemented. Of the initial reactions, 20% were highly positive while an equal percentage was also severely critical. More than half of those who submitted feedback did not consider the reforms to be particularly major. The newspaper still looked and felt like the Aamulehti they knew. Having the readership embrace new content easily is an encouraging sign for the editorial staff.

A significant proportion of the feedback in the first few days concerned changes on the television programming page: programming information for the Christian-oriented TV7 channel had been removed and the Sudoku puzzle had been moved to another page. The strong reaction from the readers resulted in these elements being returned to their old places.

The Good Life Section receives some twenty ideas for stories from readers every week. The debate starters in the Perspective section have given rise to hundreds of comments.

The readers are participating at an unforeseen level.

**JUHA RANTA**

Readers Editor  
Aamulehti

# pssst...

## WHEN ONLINE, RESPONSIBILITY MUST BE ASSUMED IN SECONDS

► The strength of the Kauppalehti.fi online service lies in breaking business news that evolve as the day goes on. We flesh out the story through additional articles and perspectives.

An analytical approach that provides background to the story is the task of the printed newspaper. Through the online service, we can piece together views from the different parties involved without hiding them within a long article. Snappy copy is easy to read.

The web also opens up the stories related to business and economics to a broader readership than the audience of professionals the print version traditionally reaches. We want to connect with people of different ages in their various roles: entrepreneurs, private investors, consumers, motorists, and taxpayers.

By having a large readership, Finland's leading business media enters into the coffee table discussions at workplaces. At the same time, the requirement for speed and lightness poses new challenges to the professionalism and expertise of journalists. On the web, journalistic decisions must be made in a fraction of the time available in traditional media. Regardless of the fast pace, each decision must be based on sound judgement. Is the headline accurate, is the source reliable, is the topic interesting enough – these are the questions we deal with on a daily basis.

If mistakes do happen, we strive to correct them immediately. Credibility and

reliability are the cornerstones of our operations.

Kauppalehti.fi can reference other media, but it must be done fairly, giving credit where it's due. We want to be known as a fair player who knows and respects the rules of the game.

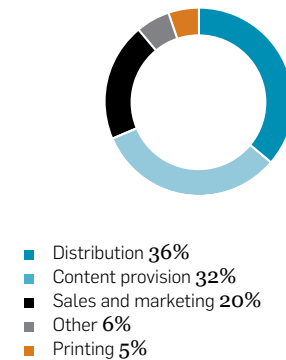
In addition to news, we offer readers a diverse discussion forum focused on investing, entrepreneurship and economic policy. There are also forums where visitors can voice their opinions on other matters. The online forums have 80,000–100,000 unique weekly visitors. By far, the most popular forum is the Shares forum, followed by the Comments on News forum in second place and, in third, the Coffee Room where any topic goes. The rules of the forum emphasise freedom of speech and letting all voices be heard on one hand, but also restraint comments that are out of line on the other. Each participant in the discussions is responsible for the content of his or her messages. There are limits to what is allowed.

Moderators delete messages that are criminal, racist, sexist or incite hatred against parts of the population. We also intervene in cases of bullying, name-calling and advertising. Our goal is to maintain our position as our readers' favourite Finnish online discussion forum on business and economics.

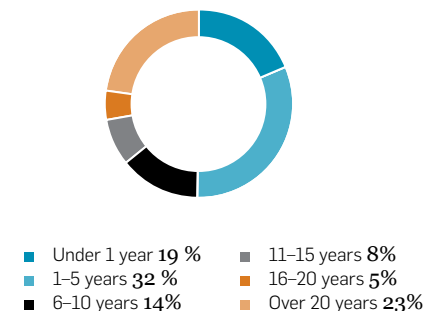
**JARI PELTOLA**

News Editor  
Kauppalehti.fi

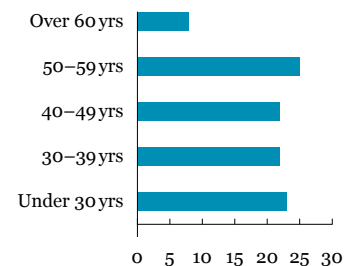
EMPLOYEES BY FUNCTION, %



DURATION OF EMPLOYMENT, %



EMPLOYEES BY AGE, %



The average age of employees was 42 years in 2010.

# Responsibility for employees creates the foundation for a **winning team**

Responsibility for employees is one of the cornerstones of social responsibility. In Alma Media, the focal points in human resources in 2010 were ability to renewals and development of equality and non-discrimination plans.

Alma Media employs a total of approximately 2,800 people in nearly 50 locations in Finland and six other European countries. Human resources management in the company is the responsibility of the Human Resources (HR) chain, headed by Vice President, Human Resources of Alma Media Corporation. The objective of the HR management function is to make the company the most attractive employer for talents. In 2010, the focal points in HR development were renewal, developing and diversifying rewards and incentives and leadership and management.

Responsibility for employees is based on a number of policies and principles, such as the equality and non-discrimination principle, training policy and incentive policy. The key principles in responsibility for employees will also be documented in Alma Media's Code of Conduct, which will be published in 2011.

Based on the most recent employee survey, conducted at the end of 2009, the work atmosphere at Alma Media has continued to improve and the Group is now among the top 15% of all Finnish companies in this respect. During the spring of 2010, Group's business units reviewed the survey results and created concrete operat-

ing plans based on the results. The next survey will be carried out in late 2011.

**TRAINING COMPLEMENTS ON-THE-JOB LEARNING**  
Alma Media offers its employees a wide range of opportunities for renewal and professional growth. The Group uses the 70-20-10 model for competence development, under which 70% of all learning takes place on the job, for example through new projects and job rotation.

According to the model, 20% of learning takes place through other people, for example in the form of development discussions. Annually, approximately 80% of Alma Media's employees have a performance discussion. In late 2010, the company adopted a development and renewal tool known as KehU, which will further improve the practices related to performance discussions and is expected to result in an increase in the number of performance discussions conducted. The tool helps to ensure that all of Alma Media's people have a performance

discussion and that the matters agreed upon are documented in a consistent manner, which is also helpful if the employee's supervisor changes. KehU will also improve transparency and openness in goal setting.

Active learning, including training, constitutes the remaining 10% of competence development. In 2010, Alma Media's employees participated in a total of 1,740 internal training days. In addition to open training days organised by the company, employees complement their professional development by other types of training.

One of the focal points in the trainings organised in 2010 was management by coaching. Coaching programmes have been developed for management, supervisors and experts. Another area of emphasis in training was fighting bullying. A total of 12 workshops were organised on the subject, with some 300 Alma Media employees participating. The goal of the workshops was to familiarise employees with Alma

“ **Gender equality in pay improved by several percentage points in nearly all employee groups.** ”

Media's project against bullying, which started in 2009, and to disseminate information on how to prevent workplace bullying.

#### IMPROVED EQUALITY IN COMPENSATION

Equality and equal opportunities are at the core of Alma Media's corporate responsibility. Based on the equality audit carried out in summer 2009, there are no significant problems in the company related to equality and non-discrimination. Nevertheless, the planning of equality matters was highlighted as an area of development for the company.

Work on revising and improving equality plans and related equality training began in all of Alma Media's business units in 2010. While the contents of the plans are based on unit-specific needs, they particularly concern issues raised in the equality audit, such as the justification of salary differences, the principles governing temporary employment contracts and the division of tasks based on gender. In addition to gender equality, the plans also cover non-discrimination based on age, religion, conviction and sexual orientation.

Alma Media's equality plans include practical and detailed objectives, actions, schedules, responsible persons and metrics such as the equality index, which is measured once every two years. The equality index based on the most recent employee survey in late 2009 stood at 66.1 (compared to 63.9 in the previous survey).

The differences in compensation between genders at Alma Media reflect the average pay structure in Finland. As one of the measures to promote equality, the company-specific portion of the salary increase in spring 2010 was allocated in a manner that promoted gender equality in pay. In 2010, gender equality in pay at Alma Media improved by several percent-

age points in nearly all employee categories compared to the previous year.

Alma Media employs roughly an equal number of men and women. Offering women equal opportunities to advance to supervisory

the Group company in question or its products. Campaigns were also used to, among other things, find a name for a new printing machine project, eliminate time wasters and find ideas for brand development. A campaign is an effective way of providing direction for idea generation and inviting all employees to participate in the process.

Among the many initiatives already implemented are an idea for improving print quality at the Rovaniemi printing facility, an idea for improving the flow of information in Aamulehti's editorial office and organising the sorting of bio waste in the Siperia building. The year also saw the creation of a number of new product ideas, many of which are still in development and may be implemented in 2011. In my view, the main challenges for 2011 are to better refine the ideas we receive and to keep encouraging the generation of good ideas.

#### HIPPU PINTILÄ

HR Manager  
Aamulehti

*pssst...*



#### EVERYONE CAN MAKE A DIFFERENCE

► The year 2010 was marked by tremendous progress for Alma Media's initiative system, known as Pearl. I was proud to see unit after unit become enthusiastic about coming up with ideas and the opportunity to influence the entire Group's development. In 2010, a total of 2,522 Pearl initiatives were made by 579 different employees or groups of employees at Alma Media.

During the year, there were also two sessions of Pearl coffee breaks in all business units. The sessions are designed to introduce the idea generation process and the Pearl system to all employees. Pearl's user interface was improved based on user requests and now features, among other things, an easy-to-use "thumbs up" system for showing support for ideas. All ideas are visible to all users on Pearl, as I am a firm believer in ideas and initiatives improving when they can be commented on and refined further. Ideas also seem to tend to give rise to other new ideas.

Various business units organised campaigns to seek ideas for developing

In December 2010, 62% (68%) of all those in managerial positions were men and 38% (32%) women. At present, senior management includes 30% (29%) women, the Group Executive Team 11% (11%) and the Board of Directors of the parent company 14% (14%). This structure is typical both in media companies and in other industries.

#### VERSATILE COMPENSATION

The Group's principle is to reward its employees for improving operations and the financial result. The basic salary is determined by the employee's job content and the competitive situation in the employment market. Other aspects of the total compensation are defined in accordance with reward schemes drawn up on the basis of Alma Media's strategic objectives. All employees whose employment contract with Alma Media has lasted for more than six months are included in the incentive scheme.

In addition to salary, compensation at Alma Media comprises flexibility with regard to the employee's life circumstances and a number of personnel benefits at the Group and business unit levels. Full-time, temporary and part-time employees are entitled to the same benefits.

#### DIVERSITY'S GROWING SIGNIFICANCE

The significance of employee diversity is increasing in the aging and internationalising society. At Alma Media, this trend is reflected in, among other things, distribution operations, as a significant proportion of Alma Media's newspaper delivery personnel are of non-Finnish origin. For instance, in Pirkanmaa they represent a 14% share of delivery personnel.

Diversity is also reflected in different age groups being well represented. Supporting well-being at work and providing opportunities

for flexible working arrangements such as remote and part-time work can help match work with different life stages. Alma Media is adopting the average retirement age as a new metric for monitoring coping with work, employee diversity and corporate responsibility. In 2010, the average retirement age was 63 years.

#### Pay structure by gender

Ratio of basic salary of women to men by employee category

	2010	2009
Management	78%	74%
Upper clerical employees	88%	85%
Journalists	89%	85%
Clerical employees	83%	80%
Deliverers	102%	103%
Technical employees*	n/a	n/a
Graphic workers**	93%	n/a

\*\*The ratio of basic salary cannot be calculated as there are no women amongst technical employees.

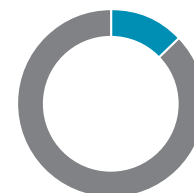
\*\*New reporting category in 2010.

In Finland, the average ratio of salaries of women to men is 82%.

#### Rates of injury and lost days

	2010	2009	2008
Injuries	137	135	154
Lost days	889	2,274	1,310

#### EMPLOYEES BY EMPLOYMENT CONTRACT TYPE, %



■ Fixed-term 13 %  
■ Permanent 87 %



■ Full-time 54 %  
■ Part-time 46 %

#### PENDING LAWSUIT ON DISCRIMINATION AT WORK

Alma Media does not discriminate against anyone in any circumstances. In March 2010, the Court of Appeal of Helsinki ordered Alma Media to pay damages to the appellant based on unfounded termination of a director contract in the amount of approximately EUR 80,000. The Supreme Court did not grant Alma Media a leave to appeal, thus the decision of the Court of Appeal remains unchanged. Alma Media contests this ruling. In relation to the same case, the President and CEO Kai Telanne has been sued for occupational discrimination. The case will come before the Helsinki District Court in 2011.

#### OCCUPATIONAL SAFETY HIGHLIGHTED IN PRINTING AND DISTRIBUTION

The majority of occupational accidents and accidents during work-related travel at Alma Media each year occur in printing and distribution operations due to the nature of their work. The majority of accidents happen in distribution operations; cases of slipping and falling, for instance, occur every winter. Occupational accidents in printing operations have been minimised with the help of training and specific operating policies. In distribution operations, measures such as the appropriate selection of materials for newspaper stacks have helped reduce the number of accidents. ■

*pssst...* 

#### PERSEVERANCE BEATS THE COLD FINNISH WINTER ▶

When I started working for Aamulehti at the turn of the millennium, Tampere was in the middle of a prolonged snowstorm. I nearly lost hope then, wading through knee-deep snow with more constantly coming down. I returned home with an extra 40 copies of the newspaper in my hand. I had failed to deliver the newspapers to all the subscribers I needed to. My girlfriend helped me find the lost mailboxes.

The following morning I decided that newspapers or storms would not get the better of me. Perhaps I possess some of the same guts and perseverance that Finns are known for. Now I feel that I want to keep doing this as long as my body holds up.

I have been working as a substitute deliveryman for Aamulehti, in what is now known as Alma Manu, for a little over 10 years. That's almost the entire time I have lived in Finland. I am originally from Uruguay, but I have spent a lot of time abroad, sailed the seas as a sailor and toured the world as a musician. Over the years, I grew tired of travelling and hotels. It's important to have a place to call home.

Getting a job as a newspaper deliverer for Aamulehti and Alma Manu wasn't too difficult. A friend of mine saw the job advertised in the paper and suggested that I should apply. I called Aamulehti, was invited for an interview and soon began working. A Finnish company hiring a non-

Finnish-speaker who has lived here for only a year is not something that should be taken for granted.

As a deputy deliverer I have become familiar with both Tampere and the neighbouring areas. I take my hat off to those delivery personnel who ride a bicycle all year round. I myself drive a car. My work is very independent. I like not having anyone breathing down my neck and being my own boss.

Alma Manu has quite a few English-speaking deliverers, at least here in Tampere. In addition to my delivery duties, I teach other English-speaking deliverers how to use the electronic delivery book and help new deliverers to get to know their routes. I'm not sure why they specifically gave that assignment to me. You'd have to ask the bosses, but at least it adds a nice bit of variety to my work.

#### ALBERTO SILVA

Newspaper deliverer  
Alma Manu Oy

# Product responsibility is an important part of social responsibility

Key issues for product responsibility at Alma Media are the reliability of products and services, responsible advertising and the confidentiality of customer data.

In advertising, responsibility issues may arise for example if an advertiser is suspected of criminal activity. Alma Media's newspapers and digital services each have their own guidelines regarding responsible advertising. Decisions are made case by case, and the ultimate decision-making power in newspapers rests with the Editors-in-Chief.

In Finland, newspapers have traditionally supported election campaign advertising as part of the promotion of democracy and well-being in society. Alma Media's newspapers and some of its online services have also granted discounts on election advertising. The discount rate has varied from one election to another, as well as between newspapers and online services. Election advertising pricing among regional papers is fully transparent, meaning that the discounts are granted according to the same principles to all candidates and parties.

The use of newspaper-specific customer registers is governed by, among other regulations, the Personal Data Act and the Data Protection Act. Alma Media also complies with the fair play rules of the Finnish Direct Marketing Association that provides ethical guidelines for marketing. ■

*pssst...* 

**A PARADISE FOR SCAMMERS OR A SITE FULL OF FANTASTIC FINDS?** ▶ Electronic commerce has grown by leaps and bounds over the past few years. Sadly, online scams have increased at an equally rapid rate. The unfortunate fact is that faceless online transactions can attract dishonest operators, which presents challenges for the developers of online services. Who bears the responsibility and how can the reliability of online sales and purchases be improved?

Alma Media's Mikko.fi website has offered a popular online platform for consumer-to-consumer commerce for over three years. During these years, we have observed a noticeable increase in scams. We constantly monitor the site, removing inappropriate items and terminating the accounts of dishonest users. There are a few tell-tale signs of scams: the item must be sent by post instead of being picked up in person, the price may be suspiciously low and the picture for a product advertised as unused has been copied from the manufacturer's website. We continuously screen the adverts on Mikko.fi to do our best to ensure the honesty of transactions.

The ultimate responsibility, however, lies with the consumer. The online marketplace is simply a platform for buying and selling. Sellers can sign in by using their online bank details as verification of their identity, in which case their true identity is known at least to the marketplace service provider. Prospective buyers are also encouraged to review sellers' feedback from other users, if there is any on the system.

When scams do occur, we make every effort to help. Fortunately scams constitute only a small, albeit fairly widely publicised, percentage of online transactions. The vast majority of transactions are completed reliably. When reliability issues are taken into consideration in the development of an online service and buyers refrain from transferring funds in advance to suspicious sellers, users can engage in online shopping without needing to worry. The mission of Mikko.fi is to help its visitors make fantastic finds, and we strive to keep this promise each and every day.

**RIIKKA WULFF**

Director  
Marketplaces



# Cultural responsibility implies participatory **presence** in communities

Supporting and promoting locality and communality are special characteristics of Alma Media's corporate responsibility.

The media has significant indirect impacts on society. Throughout their existence, Alma Media's newspapers have highlighted subjects that are important to local culture and identity, promoted good Finnish language and supported the cultural and economic development and vitality of their respective spheres of influence. For example, Aamulehti's mission is to promote well-being in Pirkanmaa. Kauppalehti, for its part, seeks to support success and well-being in its community of economic decision-makers, entrepreneurs and other influencers in the world of business throughout Finland. Promoting media literacy, particularly among young readers, is also part of Alma Media's cultural responsibility.

In recent years, the communality promoted by the social dimension of digital services has become one of Alma Media's significant social impacts and, as a result, a key area of responsibility. For instance, Alma Media's Vuodatus.net blog platform creates communities around various interests and hobbies. Alma Media's success in bearing its cultural responsibility is assessed in many ways, for instance based on the feedback received by newspapers and online services.

## RENEWAL IS THE PRECONDITION FOR LOCAL VITALITY

Genuinely local journalism and a strong presence are key elements of Alma Media's corporate responsibility. The Group's media play a strong participatory role in building and maintaining local solidarity, bringing people together and evoking discussion and debate.

In this changing world, local newspapers bear a certain responsibility for the well-being of their community by maintaining their own vitality and renewing themselves with the support of the local community. For example, Alma Media's newspapers Lapin Kansa, Pohjolan Sanomat and Kainuun Sanomat, published in Northern Finland, renewed their format, content and operating model in January 2011 through a process which strongly involved their readership. In addition to reader panels,

the changes to the newspapers are discussed on other forums as well, including Facebook, where each of the newspapers has an active fan page. Through increased mutual cooperation, the newspapers are able to serve their readers better by highlighting and interpreting subjects that are important to their respective regions.

## THE IMPORTANCE OF MEDIA LITERACY IS HIGHLIGHTED IN A FLOOD OF INFORMATION

Media literacy, or the ability to filter and assess information, is one of the preconditions for public dialogue. Alma Media's newspapers strive to promote Finnish media literacy and culture not only through their journalism, but also through playing an active role in schools. During the annual Newspaper Week, Alma Media's regional newspapers and some local newspapers provide around 100,000 copies free of charge to

“ Throughout their existence, Alma Media's newspapers have highlighted subjects that are important to local culture and identity.”

schools along with related content and media education material.

Aamulehti is particularly active in media education. During visits to the newspaper's headquarters, school children participate in virtual

workshops that shed light on what happens behind the scenes, learn about the challenges of newspaper publishing through games and get a new perspective on the newspaper. Like many other Alma Media's newspapers, Aamulehti

promotes media culture and a culture of public dialogue through discussion forums such as the traditional Aamulehti School Panels. ■

*pssst...*



**LOCAL NEWSPAPERS GIVE US OUR STORIES** ▶ "Who gives us our stories? – Tyrvään Sanomat."

This simple slogan effectively communicates the mission of Tyrvään Sanomat.

"Major private healthcare company investigating preconditions for operations in Sastamala."

"Disappointed entrepreneur aggrieved by municipal decision-making."

"Courageous couple acts quickly to save Seuratalo from fire."

These three headlines from a single issue of the local newspaper Tyrvään Sanomat are a typical example of how a local newspaper bears its cultural responsibility in its day-to-day operations. If not for the local newspaper, what media outlet would report these stories? While they are important subjects, they are unlikely to be reported by regional newspapers or other major media outlets. If not for the local newspaper, the quaint story of the courageous couple who put out the fire would not be told, the disgruntled entrepreneur's case would not be heard and the information about a potential business expansion in the area would not reach other entrepreneurs and job seekers.

Local newspapers naturally also bear the normal responsibilities related to the

economy, the environment and personnel, but the role of cultural responsibility is particularly highlighted in their case. The local newspaper is a mouthpiece for its community; the reader must feel confident that by reading the local newspaper he or she will know what is going on locally, what is the talk of the town, what problems there may be and what developmental steps are being taken. This is not limited to just news either, as the local newspaper also communicates the news of other local residents to its readers. When a local newspaper is doing its job well, it makes local life and stories accessible to everyone, from a young mother who has just moved into town with her family to a senior citizen who is no longer able to get out and about to find out what is going on in the community.

The operations of a local newspaper that fulfils its purpose and is necessary for its community can support the economic life of its circulation area and promote general vitality by increasing interaction, ensuring that information reaches those who need it and helping local people become and remain familiar with one another. Without the local newspaper, how would the people, businesses and other operators in the town or city know about each others' intentions, projects, wishes and needs? Information would only be

passed around in the form of rumours at the local petrol station's bar.

However, this locally important role is not automatic for a newspaper. It requires the newspaper to have the willingness and ability for active interaction, to know its readers and to show interest in them. It requires the courage to highlight subjects which some would prefer to keep quiet about, but which the local residents have the right to be aware of.

Local media also needs to recognise its responsibility as an influencer: what will it publish, what will it ignore and why? What is given attention to and in what light, what is not seen as important, what things are not uncovered due to a lack of ability or energy?

The local newspaper has the responsibility to take the bull by its horns and highlight local problems, but it also has a responsibility for the opposite: promoting the town or city it operates in and highlighting positive things. After all, balanced reporting is better than a negative tone, complaining about how bad the townfolk have it.

**MINNA ALA-HEIKKILÄ**

Editor-in-Chief  
Tyrvään Sanomat



“ The local  
newspaper  
*lets me know*  
the talk of the town. ”

“ It promotes  
the vitality of  
the entire  
*community.*”



Read more on page

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# Corporate Governance and cooperation

Alma Media Corporation applies the Finnish Corporate Governance Code for listed companies, published by the Securities Market Association on 15 June 2010, in its unaltered form. The company's Corporate Governance Statement, as required by the Code, Salary and Remuneration Report as well as other information on Alma Media's corporate governance is available on the company's website

► [www.almamedia.fi/corporate\\_governance](http://www.almamedia.fi/corporate_governance)

Responsibility for Alma Media Group's business operations lies with 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 supreme decision-making body of Alma Media Corporation is the General Meeting of Shareholders where shareholders exercise their decision-making power in matters belonging to the General Meeting.

## BOARD OF DIRECTORS

The tasks and responsibilities of the Board of Directors are determined by the Finnish Limited Liability Companies Act and the Articles of Association. The Board of Directors is responsible for the company's management and its appropriate organisation. 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 detailed tasks of the Board of Directors are set out in the Board's Charter.

The members of Alma Media Corporation's Board of Directors are Lauri Helve, Kai Seikku, Erkki Solja, Kari Stadigh (Chairman), Harri Suutari, Catharina Stackelberg-Hammarén and Seppo Paatelainen (Deputy Chairman).

The Board of Directors has established two permanent committees: the Audit Committee and the Nomination and Compensation Committee. The members of the Audit Committee are Kai Seikku, Erkki Solja, Catharina Stackelberg-Hammarén and Harri Suutari (Chairman). The members of the Nomination and Compensation Committee are Seppo Paatelainen, Lauri Helve and Kari Stadigh (Chairman).

In the assessment of the Board, the Board members, with the exception of Kari Stadigh and Seppo Paatelainen, are considered independent\* of the company and its significant shareholders. The Chairman of the Board of Directors, Kari Stadigh, Group CEO of Sampo Plc and Deputy Chairman of Alma Media's Board of Directors, Seppo Paatelainen, Chairman of the Board of Ilkka-Yhtymä Plc, are

considered independent of the company, but not of its significant shareholders.

None of the members of the Board of Directors belongs to Alma Media's acting management.

The Board of Directors evaluates its performance annually based on a written assessment and an interview with the chairman of the Board. The self-assessment process does not comprise a separate evaluation of economic, social or environmental responsibility.

## HEARING SHAREHOLDERS AND PERSONNEL

A shareholder is entitled to present a matter to the General Meeting of Shareholders if he or she requires it from the Board of Directors in writing and sufficiently in advance to allow the matter to be included in the notification of the General Meeting.

Representatives of Alma Media's various personnel groups meet the chairman of the Board of Directors and the President and CEO at least every three months before the respective Board meeting. ■

\* As defined by the Finnish Corporate Governance Code for listed companies by the Securities Market Association.

“ Alma Media's website contains plenty of up-to-date information on the company's governance. ”

# Management of corporate responsibility

At Alma Media, corporate responsibility means the way the Group, its business units and, ultimately, every employee act in terms of ecological, economic, social and cultural responsibility. The high priority assigned to corporate responsibility at Alma Media is reflected in the company's organisation of corporate responsibility.

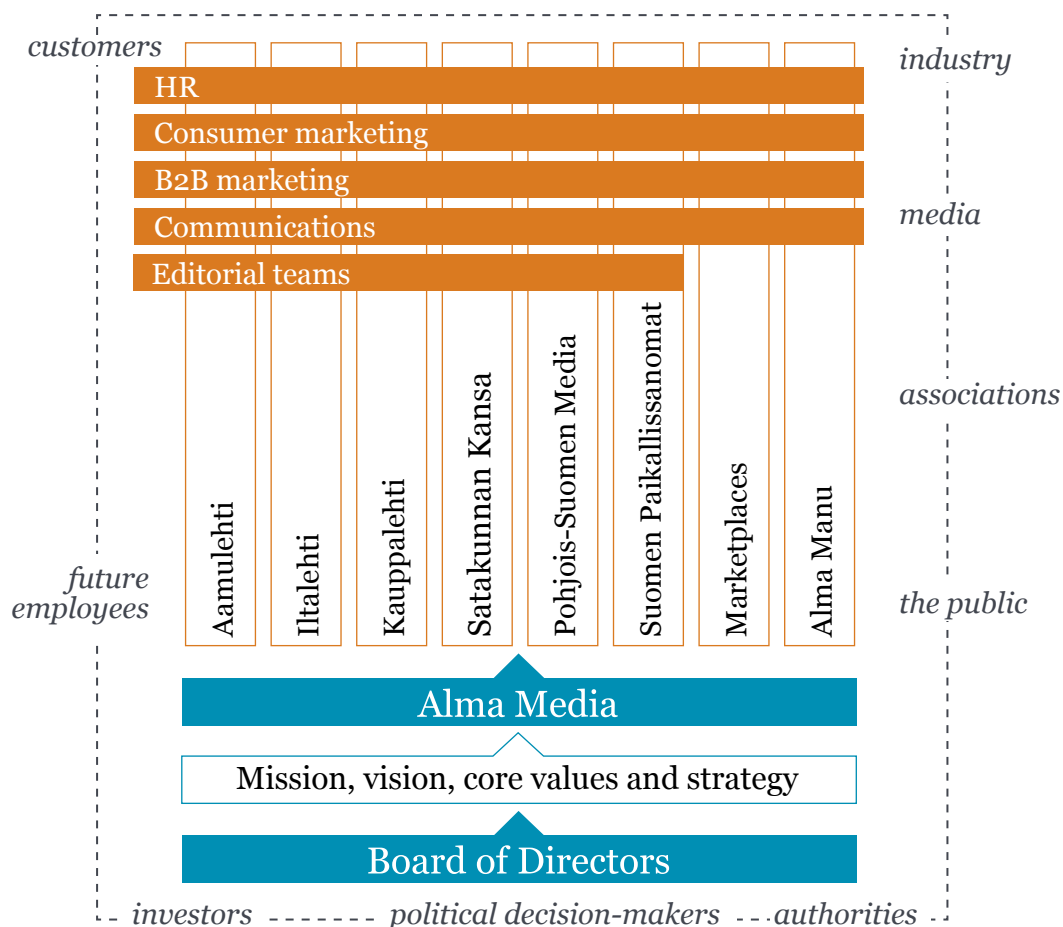
As with other matters, the guidelines for corporate responsibility are laid down by the Group management and, where necessary, the Board of Directors. The Group's corporate responsibility network covers all business units and chains and is at the core of corporate responsibility operations. The operation of the network is co-ordinated by Alma Media's corporate responsibility Co-ordinator. The network's task is to facilitate the flow of information regarding corporate responsibility matters at the Group, business unit and chain levels. The network also develops the responsibility of each business unit and chain in line with shared guidelines.

## KEY MEMBERSHIPS

Alma Media is a member of FiBS. FiBS (Finnish Business and Society) promotes economically, socially and ecologically responsible business in Finland. Alma Media aims to become a signatory of the UN Global Compact in 2011.

Alma Media's other memberships include those of the Finnish Newspapers Association, the Federation of the Finnish Media Industry as well as IAB Finland. The company also participates in the Next Media research project co-ordinated by the Federation of the Finnish Media Industry. ■

## Key actors in corporate responsibility at Alma Media



# Board of Directors of Alma Media Corporation



**KARI STADIGH**

Born 1955

Chairman of the Board since 2005,  
member of the Board since 1999  
Group CEO of Sampo plc  
MSc (Eng), BBA



**SEPPO PAATELAINEN**

Born 1944

Deputy Chairman of the Board  
since 2009  
MSc (Agr&For)



**LAURI HELVE**

Born 1943

Member of the Board since 2003  
Diploma of Journalism (University  
of Tampere)



**KAI SEIKKU**

Born 1965

Member of the Board since 2006  
President, Okmetic Oyj  
MSc (Econ & Bus Admin)



**ERKKI SOLJA**

Born 1954

Member of the Board since 2008  
CEO, Kiilto Family Oy  
MSc (Econ & Bus Admin)



**CATHARINA STACKELBERG-  
HAMMARÉN**

Born 1970

Member of the Board since 2009  
CEO, Marketing Clinic Group  
MSc (Econ)



**HARRI SUUTARI**

Born 1959

Member of the Board since 2005  
President & CEO, PKC Group  
Engineer

Information on the principal work experience as well as positions of trust of the members of the Board of Directors is available at [www.almamedia.fi/board-members](http://www.almamedia.fi/board-members).  
Information on the shareholdings of the members of the Board and entities controlled by them is presented on page 27 of the Financial Review and online at [www.almamedia.fi/insiders\\_shareholdings](http://www.almamedia.fi/insiders_shareholdings).

Photos: Aleksii Poutanen, Kauppalehti



# Group Executive Team of Alma Media



**KAI TELANNE**

Born 1964

President and CEO, Chairman of the Group Executive Team since 2005  
MSc (Econ)



**TUOMAS ITKONEN**

Born 1968

CFO since 2008  
MSc (Econ)



**JOUKO JOKINEN**

Born 1959

Senior Vice President, Executive Editor-in-Chief of Aamulehti since August 2010  
Bachelor of Arts (Jyväskylä University), Journalist (Sanoma School of Journalism)



**KARI KIVELÄ**

Born 1959

Senior Vice President, Publisher of Ittalehti since 2005  
MSc (Soc), MBA



**MIKKO KORTTILA**

Born 1962

General Counsel (Legal Affairs and M&A) and Secretary to the Board of Directors since 2007  
LLM, Master of Laws trained on the bench, eMBA



**JUHA-PETRI LOIMOVUORI**

Born 1964

Senior Vice President, KauppaLehti Group, Managing Director of KauppaLehti Oy since 2006  
MSc (Econ)



**RAIMO MÄKILÄ**

Born 1958

Senior Vice President, Marketplaces since 1999, in Alma Media since 1998  
MSc (Eng)



**MINNA NISSINEN**

Born 1968

Senior Vice President, Corporate Development and Chaining Operations since 2005  
MSc (Econ)



**RAUNO HEINONEN**

Born 1964

Vice President, Corporate Communications and IR Secretary to the Group Executive Team since 2007  
MSc (Soc)

Photos: Eriikka Ahopelto, Aamulehti

Information on the principal work experience as well as positions of trust of the members of the Group Executive Team is available at [www.almamedia.fi/group\\_executive\\_team](http://www.almamedia.fi/group_executive_team). Information on the shareholdings of the members of the Group Executive Team and entities controlled by them can be found in Financial Review, page 27 and at [www.almamedia.fi/insiders\\_shareholdings](http://www.almamedia.fi/insiders_shareholdings).

	GRI Indicator	Level of reporting	Page	Comments
1.	<b>STRATEGY AND ANALYSIS</b>			
1.1	CEO's statement	F	10-11	
1.2	Risks and opportunities	F	6-7, 24-25	
2.	<b>ORGANISATIONAL PROFILE</b>			
2.1	Name of the organisation	F		Cover
2.2	Primary products, services and brands	F	1	
2.3	Operational structure	F	1	
2.4	Location of headquarters	F	1	
2.5	Number of countries and location of operations	F	33	
2.6	Nature of ownership and legal form	F	1	
2.7	Markets served	F	1	
2.8	Scale of the reporting organisation	F	1	
2.9	Significant changes regarding size, structure or ownership	F	1	
2.10	Awards received in the reporting period	F	1	
3.	<b>REPORTING PRINCIPLES</b>			
3.1	Reporting period	F		Cover
3.2	Date of the most recent period	F		Cover
3.3	Reporting cycle	F		Cover
3.4	Contact point for questions regarding the report	F		Cover
3.5	Process for defining reporting content	F		Cover
3.6-3.8	Reporting boundary and limitations on the report scope or boundary	F		Cover
3.9	Data collection and calculation	F	47	
3.10	Restatements	F	27	
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement technique	F		Possible changes reported together with the relevant indicator
3.12	GRI content index	F	46-47	
3.13	External assurance	F		Cover
4.	<b>GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>			
4.1	Governance structure	F	42-43	
4.2	Independence of the Chairman of the Board	F	42-43	
4.3	Governance bodies and independent members	F	42-43	
4.4	Mechanisms for stakeholders and employees to have an influence	F	42-43	
4.5	Management's performance-based compensation	F		Online annual review
4.6	Process in place for the Board to ensure conflicts of interest are avoided	F		<a href="http://www.almamedia.fi/board_of_directors">www.almamedia.fi/board_of_directors</a>
4.7	Qualifications and expertise required from members of the Board	F		<a href="http://www.almamedia.fi/board_of_directors">www.almamedia.fi/board_of_directors</a>
4.8	Mission, values and code of conduct	F	8-9	
4.9	Procedures for the Board for overseeing management of sustainability, including risk management	F	24-25, 42-43	
4.10	Process for evaluating the Board's own performance	F	42-43	
4.11	Addressing precautionary approach	F	24-25	
4.12	Voluntary charters and other initiatives	F	43	
4.13	Memberships in associations	F	43	
4.14-4.16	Identification of stakeholders and approaches to stakeholder engagement	F	12-13	
4.17	Key topics raised through stakeholder engagement	F	12-13	

F=full coverage  
P=partial coverage

GRI Indicator	Level of reporting	Page	Comments
<b>ECONOMIC PERFORMANCE INDICATORS</b>			
EC1	Direct economic value generated and distributed	F	23
EC2	Financial implications, threats and opportunities related to climate change	F	25
EC4	Significant financial assistance received from the government	F	23
EC8	Investments and services provided for public benefit	P	23, 38–39
EC9	Other significant indirect economic impacts	F	23
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>			
EN1	Materials used	F	26–27
EN2	Percentage of recycled materials	F	27
EN3	Direct energy consumption by primary energy source	F	27
EN4	Indirect energy consumption by primary source	F	27
EN5	Energy saved due to conservation and efficiency improvements	F	13, 26–27
EN6	Initiatives to provide energy-efficient products or services	P	13, 26–27
EN7	Initiatives to reduce indirect energy consumption	F	13, 26–27
EN14	Strategies, current actions and future plans to manage impacts on biodiversity	P	13, 26–27
EN16	Total direct and indirect greenhouse gas emissions by weight	F	27
EN17	Other relevant indirect greenhouse gas emissions by weight	P	27
EN18	Initiatives to reduce GHG emissions and reductions achieved	F	3
EN20	VOC emissions	F	27
EN26	Initiatives to mitigate environmental impacts of products and services	F	3
EN27	Recycling of products	F	27
EN29	Environmental impacts of transportation	F	26–27
<b>SOCIAL PERFORMANCE INDICATORS</b>			
LA1	Total workforce by employment type and contract	F	32–36
LA3	Employee benefits	F	35
LA7	Rates of injury and lost days	P	35
LA10	Training	F	33
LA11	Programs for competence development and lifelong learning	F	33–34
LA12	Performance and career development reviews	F	33
LA13	Composition of governance bodies and breakdown of employees	F	33–36
LA14	Ratio of basic salary of men and women by employee category	F	35
HR4	Incidents of discrimination and actions taken	F	33–35
SO1	Programmes and practices that manage regional impacts	F	13, 38–39
SO6	Financial and in-kind contributions to political parties, politicians, and related institutions	F	37
SO8	Significant fines and non-monetary sanctions for non-compliance with laws and regulations	F	35
PR5	Practices related to customer satisfaction	F	13
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications	F	37

**CALCULATION AND DATA COLLECTION PRINCIPLES FOR CR REPORTING** The CR data in the Annual Review was collected from the Group's internal statistical systems, subcontractors and partners. The calculation principles are compliant with the GRI G3 Guidelines where appropriate with regards to the information available. Where significant deviations to the GRI G3 guidelines have been made, this is mentioned in conjunction with the figure in question. The figures pertaining to economic responsibility were taken from the financial statements. The numbers concerning environmental responsibility have primarily been collected from suppliers and the invoicing function. Average values provided by Statistics Finland and the company's electricity provider have been used in the calculations of carbon dioxide emissions. Information pertaining to social responsibility has been collected from HR information systems, the Group's insurance company and, with regards to journalism, the website of the Council for Mass Media. Certain figures are not comparable to those published last year due to more accurate reporting methods in use this year. This is mentioned separately where relevant. Reporting is developed and improved continuously to make it more accurate and comprehensive in the future.

# Alma Media's annual reporting 2010

Alma Media's annual reporting 2010 consists of two elements: The annual review, which includes corporate responsibility reporting, and the Financial review. Information on Alma Media's year 2010 is on offer in several different forms.



## Impressively in print

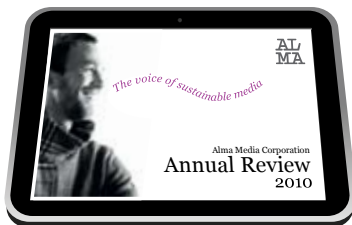
The printed annual review brings out the voice of sustainable media. The review highlights Alma Media's year 2010 in the light of business as well as corporate responsibility. The annual review is complemented by the Financial review, which includes the Report of the Board of Directors, financial statements and shareholder information.



## Sparking dialogue online

[annualreport2010.almamedia.fi](http://annualreport2010.almamedia.fi)

The annual review can also be read online. Online, the voice of sustainable media turns into a dialogue – everyone who is interested is welcome to comment the themes of the annual review. The Financial review can also be found online.



## Breaking the ground on iPad

*App Store (the annual review only)*

Sustainable media innovates and renews itself. Accordingly, the annual review can be downloaded on iPad free of charge through App Store. Take also a look at Alma Media's stakeholder publication DIALQ.



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