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2020

Remuneration report

Introduction

The Posti Group Corporation (“Posti”) remuneration philosophy is designed to support the achievement of our strategic goals and reward proven results and excellent performance delivered in line with the Group’s strategy, culture and values. The remuneration philosophy supports the Group in attracting, keeping and motivating the best possible teams and talents to deliver the development and results of the Posti Group.

Remuneration of all personnel has as in previous years focused on timely remuneration for good performance. Spot rewarding is specifically targeted towards work in company operations at both individual and team levels.

“I am pleased that in 2020 we were able to reward so many of our Posti employees for their contribution to the overall success of the company. The COVID-19

pandemic challenged every one of us, and all our employees demonstrated great commitment, resilience and diligence in these difficult circumstances. I think that it was important that we directed funds to reward our production employees,” says Sanna Suvanto-Harsaae, Chair of the Board of Directors of Posti Group.

The target setting of the short- and long-term incentive plans emphasizes Posti's strategic priorities. In accordance with Posti's remuneration policy, in addition to a fixed salary, short-term and long-term incentives have been used to remunerate the President and CEO, whose targets are based on financial and strategic indicators, promoting long-term shareholder value. As part of the coronavirus situation, the President and CEO waived one-month salary during 2020, continuing to work normally.

Remuneration 2016–2020

	2016	2017	2018	2019	2020
Chair of the Board of Directors EUR ¹	63,600	58,917	61,800	67,800	76,917
Deputy Chair of the Board of Directors EUR ²	-	41,890	42,600	49,800	71,156
Other Members of the Board of Directors average EUR	40,069	37,706	35,028	39,542	22,408
Members of the Board of Directors Total EUR	384,153	327,045	384,626	433,936	394,561
President and CEO EUR ³	668,902	782,194	987,764	1,023,355	631,190
Posti employee average EUR ⁴	31,561	31,504	32,902	33,514	35,065
Net sales MEUR	1,607.6	1,647.0	1,610.3	1,564.6	1,613.6
Adjusted operating result MEUR	47.1	42.4	44.8	39.0	66.1

¹ Sanna Suvanto-Harsaae since May 14, 2020, Markku Pohjola March 27, 2017–May 14, 2020, Arto Hiltunen until March 27, 2017.

² Per Sjödelld since May 14, 2020, Suvi-Anne Siimes March 27, 2017–May 14, 2020.

³ Turkka Kuusisto since October 2, 2019, Heikki Malinen until October 1, 2019.

⁴ Posti's total employee benefits deducted by pensions and other social expenses and divided by amount of full-time equivalent personnel.

Supervisory Board and Board of Directors remuneration 2020

Supervisory Board remuneration

Posti has a governance model by which the management of Posti is the responsibility of the General Meeting of Shareholders, the Board of Directors and the President and CEO. In addition, the management of the company is supervised by the Supervisory Board. The Supervisory Board does not participate in remuneration- and reward-related decisions. The remuneration of the Supervisory Board is approved annually at the AGM. Supervisory Board members receive a fixed fee based on meeting attendance and they do not receive other benefits from Posti.

Meeting compensation in EUR payable to Supervisory Board members determined at the AGM in 2020 was:

	Fixed fee / meeting
Chair of the Supervisory Board	800
Deputy Chair of the Supervisory Board	600
Member	500

Supervisory Board members do not receive other benefits from Posti.

Supervisory Board remuneration 2020 (EUR)

	Remuneration total
Aki Lindén, Chair	4,000
Atte Harjanne, Deputy Chair	2,400
Sari Essayah	2,500
Eeva Kalli	2,500
Kimmo Kiljunen	2,500
Mia Laiho	2,500
Rami Lehto	2,500
Pia Lohikoski	2,500
Mari Rantanen	2,500
Veronica Rehn-Kivi	2,000
Ari Tornainen	2,500
Paula Werning	2,500

Board of Directors remuneration

The Board of Directors is responsible for the management of the company and the proper organization of its operations. Remuneration for the Board of Directors is approved annually at the AGM. The Board members receive a monthly fee (based on their role) and an additional meeting attendance fee. Board members do not receive other benefits from Posti. The fee structure for the Board of Directors, which consists of a monthly remuneration and a meeting remuneration has remained unchanged since 2010.

Remuneration in EUR payable to Board members determined at the 2020 AGM:

	Remuneration/ month	Remuneration/ meeting*
Chair of the Board of Directors	3,650	600
Deputy Chair of the Board of Directors	2,350	600
Member of the Board of Directors	2,100	600
Member of the Committee	-	600
Committee Chair other than Chair of the Board of Directors or Deputy Chair of the Board of Directors	2,350	600

* For Board members residing outside Finland the fee is paid in double i.e. 1,200 EUR per meeting.

Board of Directors remuneration 2020 (EUR)

Member on December 31, 2020***	Monthly remuneration, total	Meeting fees: Board of Directors	Meeting fees: Committee*	Total
Sanna Suvanto-Harsaae, Chair as from May 14, 2020	27,669	13,200	14,400	55,269
Per Sjödel, Deputy Chair as from May 14, 2020	27,095	18,000	12,000	57,095
Raija-Leena Hankonen as from May 14, 2020	17,169	6,600	1,800	25,569
Harri Hietala as from May 14, 2020	15,919	6,600	1,800	24,319
Sirpa Huuskonen as from May 14, 2020	15,919	6,600	1,800	24,319
Frank Marthaler	25,200	18,000	12,000	55,200
Minna Pajumaa	25,200	9,000	6,000	40,200
Hanna Vuorela as from May 14, 2020	15,919	6,600	3,600	26,119
Satu Ollikainen** Personnel representative as from November 16, 2020	0	1,800	0	1,800

Member (during year 2020)***	Monthly remuneration, total	Meeting fees: Board of Directors	Meeting fees: Committee*	Total
Markku Pohjola, Chair	16,248	2,400	3,000	21,648
Suvi-Anne Siimes, Deputy Chair	10,461	1,800	1,800	14,061
Eero Hautaniemi	9,348	2,400	1,800	13,548
Anna Martinkari	9,349	4,800	2,400	16,549
Arja Talma	10,461	2,400	1,800	14,661
Pertti Miettinen** Personnel representative until November 16, 2020	0	4,200	0	4,200

* 2020 Remuneration for Committees include the Committee meeting fees as well as fees for Board working group meetings before the Strategy Committee appointment May 20, 2020 AGM.

** Until the Annual General Meeting 2020, no Board fee was paid to members of the Board who are employed by a company belonging to the Posti Group.

*** Personnel Committee: Sanna Suvanto-Harsaae Chair since May 20, 2020, Per Sjödel until May 20, 2020, Harri Hietala since May 20, 2020, Sirpa Huuskonen since May 20, 2020, Minna Pajumaa, Markku Pohjola Chair until May 14, 2020, Suvi-Anne Siimes until May 14, 2020.

Strategy Committee: Sanna Suvanto-Harsaae Chair since May 20, 2020, Per Sjödel since May 20, 2020, Frank Marthaler since May 20, 2020, Hanna Vuorela since May 20, 2020.

Audit Committee: Sanna Suvanto-Harsaae since May 20, 2020, Raija-Leena Hankonen Chair since May 20, 2020, Frank Marthaler, Minna Pajumaa since May 20, 2020, Eero Hautaniemi until May 14, 2020, Anna Martinkari until May 14, 2020, Arja Talma Chair until May 14, 2020.

President and CEO remuneration 2020

In accordance with our Remuneration policy, the President and CEO's remuneration consists of fixed salary (including fringe benefits) and variable pay. Variable pay can be based on either short-term or long-term plans. The maximum amount of variable pay in relation to fixed salary is determined based on the state's remuneration guidelines as applicable at the time. Currently variable pay in total is capped at 120% of base salary. At target level, variable pay equals to 50% of base salary. The President and CEO has no supplementary pension.

The Board of Directors determines the remuneration of the President and CEO. The Board considers Posti's strategy and long-term targets when setting the criteria and targets for short- and long-term remuneration. The criteria selections aim to steer the President and CEO towards implementation of strategy

and achievement of sustainable financial results. Performance criteria shall be based on different financial, operative and strategic criteria. Financial and operative criteria aim to ensure Posti's profitability, operational efficiency and long-term sustainable development. Strategic criteria are used to emphasize areas of strategic development and business renewal. Posti aims to be in the frontline of developing responsible and sustainable business solutions and this shall be reflected in the President and CEO's performance-based remuneration as well.

The total amount of short-term bonus and long-term incentives paid to President and CEO Turkka Kuusisto in 2020 was 26% of the total amount of remuneration paid to him in 2020. The total amount of fixed salary (including fringe benefits, holiday pay and insurance benefits) was 74% of the of the total amount of remuneration paid to him in 2020.

Total remuneration of the President and CEO 2020 (EUR)

Fixed salary including fringe benefits, holiday pay and insurance benefits	Short-term bonus related to 2019 performance	Long-term incentive relating to performance in 2017 (LT19) and Bridge incentive plan (2X)	Total
434,865*	73,877**	122,447	631,190

*As part of the coronavirus situation, President and CEO Turkka Kuusisto waived one-month salary during 2020, continuing to work normally.

** Bonus paid in 2020; bonus paid to President and CEO Turkka Kuusisto for October 2–December 31, 2019 and the bonus paid to President and CEO Heikki Malinen for January 1–October 1, 2019.

Long-term incentive plans

The long-term incentive plans are monetary incentive schemes that are based on Posti Group performance.

Plan	Performance measures	Outcome	Payment as % of maximum
LTI 9 performance period 2015–2017 Payment period 2018–2020	Profitability (ROCE %) Growth (Net sales)	At target	2020: 8%
LTI 10 performance period 2018–2020 Payment period 2021	Profitability (EPS) Growth (Parcel BU net sales)	Over target	2021: 61%
Bridge incentive plan 2X performance period 1.7.–31.12.2018 & 1.1.–30.6.2019 Payment period 2020–2022*	Posti Group's adjusted EBIT Posti Group's consolidated customer satisfaction	Over target	2020: 32% 2021: 16%
LTI 11 performance period 2019–2021 Payment period 2022	Profitability (EPS) Growth (Parcel and eCommerce net sales)		
LTI 12 performance period 2020–2022 Payment period 2023	Profitability (EPS) Zero Carbon Customer satisfaction		
LTI 2021–2023	Profitability (EPS) Zero Carbon Customer satisfaction		

The maximum long-term incentive plan opportunity is 60% of one-year salary. In accordance with the terms of the incentive plan, the payment is conditional on a valid employment relationship at the time of the payment.

* Payouts: 40% in 2020, 20% in 2021 and 40% in 2022.

Short-term bonus

Bonuses for performance in 2019 (paid in 2020) were based on adjusted Group EBIT, adjusted free cash flow, SG&A efficiency and on individual strategic target. The bonus paid to the President and CEO Turkka Kuusisto for the whole year 2019 performance was 25.62% of one-year salary.

Bonuses for performance in 2020 (paid in 2021) were based on adjusted Group

EBIT, group net sales and SG&A efficiency. The bonus paid to the President and CEO Turkka Kuusisto for 2020 performance was 51,45% of one-year salary.

The maximum bonus opportunity for the short-term bonus is 60% of one-year salary. The bonus payment is conditional on a valid employment relationship at the time of the payment.

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