

2021 Remuneration report

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Introduction

The Posti Group Corporation (“Posti”) remuneration philosophy is designed to support the achievement of our strategic goals, 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 2021 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 keeps challenging 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. Sustainability is an important strategic priority for Posti, and it has been taken into account in the company’s short- and long-term reward programs. Occupational safety and reducing the accident frequency are part of the short-term rewarding program. The emissions target for 2030 set by Posti and validated by the Science Based Targets initiative, is part of Posti’s long-term management incentive program.

Remuneration 2017–2021

	2017	2018	2019	2020	2021
Chair of the Board of Directors EUR ¹	58,917	61,800	67,800	76,917	79,800
Deputy Chair of the Board of Directors EUR ²	41,890	42,600	49,800	71,156	52,200
Other Members of the Board of Directors average EUR	37,706	35,028	39,542	22,408	34,918
Members of the Board of Directors Total EUR	327,045	384,626	433,936	394,561	411,340
President and CEO EUR ³	782,194	987,764	1,023,355	631,190	910,993
Posti employee average EUR ⁴	31,504	32,902	33,514	35,065	36,981
Net sales MEUR	1,647.0	1,610.3	1,564.6	1,613.6	1 595.0
Adjusted operating result MEUR	42.4	44.8	39.0	66.1	59.8
Adjusted EBITDA MEUR					181.6

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.

Financial key figures are presented similarly than in financial statements each year. Figures from previous years are not restated for discontinued operations.

Supervisory Board and Board of Directors remuneration 2021

Supervisory Board remuneration

Posti has a governance model according to 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 Annual General Meeting (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 2021 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 2021 (EUR)

	Remuneration total
Aki Lindén, Chair	3,200
Heli Järvinen, Deputy Chair (as from 2 December 2021)	-
Atte Harjanne, Deputy Chair (until 2 December 2021)	2,400
Sari Essayah	2,000
Eeva Kalli	2,000
Kimmo Kiljunen	2,000
Mia Laiho	2,000
Rami Lehto	2,000
Pia Lohikoski	1,500
Mari Rantanen	2,000
Veronica Rehn-Kivi	1,500
Ari Tornainen	1,500
Paula Werning	1,500

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 2021 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 2021 (EUR)

Member on December 31, 2021	Monthly remuneration, total	Meeting fees: Board of Directors	Meeting fees: Committee	Total
Sanna Suvanto-Harsaae (Chair) Strategy Committee (Chair) Personnel Committee (Chair) Audit Committee	43,800	14,400	21,600	79,800
Per Sjödel (Deputy Chair) Strategy Committee	28,200	14,400	9,600	52,200
Raija-Leena Hankonen-Nybo m Audit Committee (Chair)	28,200	7,200	3,600	39,000
Harri Hietala Personnel Committee	25,200	7,200	2,400	34,800
Sirpa Huuskonen Personnel Committee	25,200	7,200	2,400	34,800
Kari-Pekka Laaksonen (as from 9 April, 2021) Strategy Committee (as from 9 April, 2021)	18,340	10,800	4,800	33,940
Frank Marthaler Audit Committee Strategy Committee	25,200	14,400	15,600	55,200
Minna Pajumaa Audit Committee Personnel Committee	25,200	6,600	6,000	37,800
Hanna Vuorela Strategy Committee	25,200	7,200	4,800	37,200
Satu Ollikainen Personnel Representative	0	6,600	0	6,600

President and CEO remuneration 2021

In accordance with our Remuneration policy, the President and CEO's remuneration consists of a 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 the 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 2021 was 50.4% of the total amount of remuneration paid to him in 2021. The total amount of fixed salary (including fringe benefits and insurance benefits) was 49.6% of the of the total amount of remuneration paid to him in 2021.

Total remuneration of the President and CEO 2021 (EUR)

Fixed salary including fringe benefits and insurance benefits	Short-term bonus related to 2020 performance	Long-term incentive relating to performance in 2018-2020 (LTI10) and Bridge incentive plan (2X)	Total
451,901	231,525	227,567	910,993

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 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% 2022: 32%
LTI 11 performance period 2019–2021 Payment period 2022	Profitability (EPS) Growth (Parcel and eCommerce net sales)	Over target	2022: 58%
LTI 12 performance period 2020–2022 Payment period 2023	Profitability (EPS) Zero Carbon Customer satisfaction		
LTI 2021–2023	Profitability (EPS) Zero Carbon Customer satisfaction		
LTI 2022–2024	Profitability (EPS) Zero Carbon Customer satisfaction Employee engagement index		

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 2020 (paid in 2021) 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 2020 performance was 51.45% of one-year salary.

Bonuses for performance in 2021 (paid in 2022) were based on adjusted Group EBIT, group net sales and group LTA1. The bonus paid to the President and CEO Turkka Kuusisto for 2021 performance was 45.44% 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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