2023 Remuneration Policy

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Posti Group Remuneration Policy

Introduction

Posti Group Corporation ("Posti" or "the Company") Remuneration Policy offers a framework for remuneration of the Board of Directors ("the Board"), the Supervisory Board and the President and CEO ("the CEO") of Posti Group Corporation as recommended on the Finnish Corporate Governance Code and required by the Finnish Securities Market Act and Limited Liability Companies Act as applicable. What is said about the CEO in this policy, shall also apply to possible Deputy CEO.

Sustainability has long been at the core of Posti's strategy and is an integral part of Posti's values and purpose. Posti wants to act responsibly and develop sustainable products and services. This, in accordance with Posti's sustainability strategy, is among the principles which are also reflected in the performance-based remuneration of Posti's CEO.

Remuneration Policy is approved by the Board of Directors, based on a preparation by the Board's Personnel Committee. The Board is responsible for proper execution of the Remuneration Policy while it delegates the preparation and supervision thereof to the Board's Personnel Committee. The Personnel Committee continuously monitors and evaluates the Remuneration Policy in order to ensure its alignment with Posti's strategy, corporate culture and shareholder's interests.

The Board of Directors proposes the remuneration principles for the members of the Board of Directors as part of the Directors' Remuneration Policy. The AGM makes the final decision on the Board of Directors' remuneration.

Foundation

This Remuneration Policy sets the principles for remuneration that attracts, keeps and motivates the best possible management to drive the Company's long-term performance in align with stakeholder interests and target corporate culture. The Remuneration Policy contributes to maximizing shareholder value by ensuring that remuneration is market competitive making it possible to attract and retain the best talent.

The CEO's compensation principles set out in this Policy, are consistent with general compensation principles applied to all Posti employees, i.e. remuneration is based on Posti performance that is measured not only based on financial performance, but also on the achievement of Posti's strategic targets. Additionally, also CEO's remuneration reflects the competencies and efforts required to fulfill the requirements of the position, as is the practice when determining the compensation of other Posti employees as well. However, when comparing to the typical Posti employee, the earning opportunity from performance-based incentive plans constitutes a more significant portion of the CEO's total compensation in order to further emphasize the linkage between Posti performance and executive pay and to ensure alignment with shareholder's interests.

Remuneration of the Board of Directors and the Supervisory Board

The General Meeting decides on remuneration paid to the members of the Board of Directors and the Supervisory Board as laid down in the Finnish Limited Liability Companies Act. The decision is made for one year at a time and is based on the proposal made by the Government Ownership Steering.

In the remuneration of the members of the board of directors, the State will adhere to the principles of openness, equity and market consistency. The State must be able to appoint competent people to the boards of directors of state-owned companies. When deciding on the remuneration of board members, the requirements imposed by the company's market situation and the international nature of the work carried out in the board and the requirement of increasing the shareholder value must be taken into account. In the State's view, the remuneration paid for board work is not pensionable income.

According to the main principle and unless otherwise decided by the General Meeting, those Board members who are Posti employees do not receive any remuneration for Board work.

Remuneration of the CEO

Description of the decision-making process

The Personnel Committee is responsible for planning the remuneration of the CEO. The Board of Directors determines the remuneration and other terms of employment of the CEO. The Board of Directors also sets personal targets for the CEO under the short-term and long-term incentive plans approved by the Board, and monitors the fulfilment of these targets and decides on the payout thereunder. As a main rule, each decision is made based on proposals of the Personnel Committee. A person belonging to the management of Posti Group shall not serve as a member of the Personnel Committee and general rule on conflicts of interest are applicable also in decision-making on remuneration.

Total Remuneration Mix

The 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 performance. The maximum amount of variable pay in relation to fixed salary is determined by the Board of Directors in connection with the launch of each individual STI and LTI plan 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 CEO has no additional pension.

General Meeting	Decides on the remuneration for the Board of Directors and the Supervisory Board.
Board of Directors	Decides on CEO remuneration and other terms of employment. Decides on short-term and long-term incentive plans. Sets the personal targets and approves the payouts of these plans.
Personnel Committee of the Board	Prepares CEO remuneration proposals to the Board.

Element	Purpose	Structure	Maximum limits
Salary + Benefits	Salary is the fixed part of remuneration.	Total salary includes monthly salary, benefits and holiday pay. Benefits include fringe benefits in accordance with the Company policy (e.g. medical expense, risk and life insurance, car and mobile phone). Salary and benefits are reviewed annually.	Salary and benefits should be competitive with the external market and reflect the scale and complexity of the business.
Short-term bonus	Cash-based bonus to reward for the achievement of Posti's strategic priorities and short-term business plan.	Performance is measured for maximum of one year and the reward is paid in cash after the performance period has ended. The short-term bonus targets are based on Group financial and strategic targets (including business level targets where appropriate) and individual strategic projects as determined by the Board.	Capped at 60% of annual base salary.
Long-term incentive	The long-term incentive (LTI) plan is a monetary incentive scheme that supports the delivery of long-term shareholder value creation and achievement of strategic and financial targets.	The long-term incentive plan is based on Group performance measured typically over minimum of three years. The awards will be paid in cash after the end of the performance period.	Capped at 60% of annual base salary.

Performance Criteria and Target Setting

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 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, such as EPS and ROCE, 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 reflect to CEO's performance-based remuneration as well.

The Board shall annually set minimum and maximum levels for the chosen criteria and determine the amount of remuneration to be paid upon such levels of performance. When setting the targets, the Board shall also determine how the outcome of each performance criteria is calculated or otherwise determined. The Board shall approve the payout levels of short- and long-term incentive plans.

Long-term Incentive Timeline

In order to promote the alignment of executive remuneration with the Company strategy and long-term shareholder value, the total timespan of long-term remuneration is typically minimum of 3 years. Within each plan period there may be one or several performance criteria. Each performance criteria shall have a measurement period of one to three years, depending on what the Board sees appropriate in the strategic phase of the Company at the time of criteria setting.

Claw Back and Deferral

Should the Board consider it necessary, the Board may reduce the rewards payable under Posti's incentive plans or defer their payment. The Board may do so in case of a) exceptional and unexpected events or changed circumstances in Posti or in its operating environment, b) unexpected material changes in the Posti's structure or strategy or c) particularly and unexpectedly weak financial result, outlook or distressed financial position.

The Board shall have the right to cancel the remuneration in whole or in part if the CEO has intentionally or by gross negligence caused a falsification of the financial or other data, based on which the remuneration has been determined or measured.

Contractual Arrangements

The Board approves and decides on the contractual arrangements for the CEO. CEO contract is made until further notice, with a maximum of six (6) months notice period, and compensation during the notice period and the severance pay, jointly, not exceeding 12 months fixed salary (or another maximum amount as determined in the state's remuneration guidelines).

Exceptional Circumstances

It is in the interest of Posti and its shareholders that the Board is able to temporarily deviate from certain principles defined in the Remuneration Policy. Hence, the Board may deviate from the Remuneration Policy in case of recruitment of a new CEO; significant merger, acquisition, demerger, sale of assets or other M&A transaction or corporate restructuring event; significant change in Posti's strategy; or changes in legislation, regulation, taxation or equivalent.

Changes may apply to remuneration components, contract clauses, incentive plan structures and mechanisms, as well as incentive plan timelines, criteria and earning opportunities, as seen necessary in order to ensure the development of the long-term shareholder value of Posti.

Any deviation from the Remuneration Policy shall be communicated transparently to the shareholders.

Remuneration Policy Revision and Revision History

Posti's Remuneration Policy complies with the state's remuneration guidelines as applicable at the time. Should the state's guidelines change, the Personnel Committee shall assess whether these changes should be reflected in Posti's Remuneration Policy. If the Remuneration Policy must be changed, the changes are prepared the Personnel Committee and approved by the Board. Any significant changes to the Remuneration policy shall be described and explained in the Policy and summarized for the next General Meeting.

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