

Sustainability at Posti / What is Posti like today? / Highlight and challenges during the year / Why is digitalization so important to Posti? / How is Posti combatting Climate Change? / 



About this report:
Welcome to read Posti Group's Sustainability Report 2018. As usual, the report has been made according to the GRI guidelines, but in this year's report customer perspective is emphasized in the structure.

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About this report



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Providing an excellent customer experience is at the heart of everything we do at Posti. In addition to speed, quality and reliability also environmental values play an increasingly significant role in the daily life of our customers.

Today, all of our services in Finland are 100% carbon neutral for our customers. Going forward, we want to remain the first choice of our customers as an environmentally friendly transport and delivery partner.

You are reading Posti Group's sustainability report for 2018. This report describes the actions taken by Posti during the year to make progress towards its targets in the areas of economic, social and environmental responsibility. As in previous years, this report is based on the international Global Reporting Initiative (GRI) framework, but the structure of this year's report emphasizes the customer perspective.

In Finland alone, Posti comes into contact with nearly 2.8 million consumers on a daily basis and serves some 200,000 business customers each year. The results of stakeholder and brand surveys indicate that, from the customer perspective, responsibility is primarily associated with the quality of operations, keeping promises, reliability and continuity. In addition to issues related to environmental and social responsibility, the significance of the personal service experience is highlighted.

Sometimes, customer views regarding Posti's responsibility can even be contradictory with Posti's objectives: for instance, securing Posti's future by developing new businesses and digital services is perceived as irresponsible behavior by some consumers. This report presents answers to questions related to

these themes using a Q&A structure. The questions are based on feedback received from customers and other stakeholders. The answers were written by Posti's reporting team.



We hope you enjoy reading this report!

Heikki Malinen
President and CEO



What is Posti today?

Posti in brief

Posti is Finland's leading postal and logistics service provider. Our core business operations include postal services, parcel and eCommerce as well as logistics solutions. We have the most comprehensive service network in Finland, and on weekdays we visit around three million households and businesses. We manage the flow of everyday life in 11 countries. Our net sales in 2018 amounted to EUR 1.6 billion.

Letter volumes are declining while parcel volumes are breaking records. The change is clear to see: last year, we delivered more parcels and goods than ever before – some 44 million parcels in all.

Posti renewed its organization and operating model to better correspond to market needs and e-commerce growth. Posti Group's business was divided into five business groups, three of which are new. The new business groups became operational on January 1, 2019.



Postal Services



Parcel & eCom-merce



Logistics Solutions



Itella Russia



OpusCapita

The former business groups were Postal Services, Parcel and Logistics Services, Itella Russia and OpusCapita.

Posti's net sales mount to EUR

1.6 billion

Employees

18,500

We visit the front door of about

3 million
Finns every day

We delivered some

44 million
parcels

Sustainability at Posti

Posti's sustainability is based on the company's values, commitments and the decision-in-principle of its owner, the state, indicating that state-owned companies should be held as examples of a high standard of corporate social responsibility and sustainability.

At Posti, sustainability is part of day-to-day work, management and risk management. The company's decision-making takes into account not only financial factors, but also the social and environmental impacts of its operations. Posti's management is based on

shared values: succeeding with the customer, driving for improvement and innovation, taking responsibility, and winning together.

Posti is committed to the fundamental principles of the UN Global Compact initiative with regard to labor, the environment, anti-corruption and human rights. In addition, Posti is committed to observing human rights in its own operations and in its subcontractor supply chain in accordance with the UN principles pertaining to businesses and human rights. Posti has

also issued a [social sustainability commitment](#) of its own as part of Finland's national objectives related to the implementation of the UN Agenda 2030. Furthermore, the company is committed to promoting five sustainable development goals as part of the industry cooperation of the International Post Corporation (IPC).

Posti's values and sustainability principles take concrete form in the [Code of Conduct](#), which sets out the appropriate procedures for various situations. Posti's subcontractors and suppliers are required to observe the same procedures and principles, and they are documented in more detail in the [Supplier Code of Conduct](#), which applies to all suppliers without exception.

Posti's sustainability function was moved from the communications unit to the cross-organizational Operational Excellence unit as part of the renewal of Posti's operating model, which entered into effect on January 1, 2019. In the new Operational Excellence unit, sustainability is managed and developed as part of the development of the Group's quality, environmental and occupational safety management systems. The Operational Excellence unit is under the leadership of the Executive Board member in charge of the Postal Services business group.

Sustainability-related issues are discussed at least twice a year by the Executive Board and the Audit Committee of the Board of Directors.

Indicators and targets of sustainability

Area of corporate responsibility	Indicator	Description	Realized in 2018	Target in 2020
Sustainable business	Adjusted operating result, %*	Operating result as a percentage of net sales. The operating result equals the result reported in the income statement after the deduction of all expenses and depreciation and amortization, but before the deduction of financial items and taxes.	2.8%	4%
Responsible service provider	Number of Posti's service points	Posti aims to be the number one service provider for postal and logistics customers. Accessible and reliable services are in the core of Posti's business. The indicator includes the service points maintained by Posti and its partners, parcel points, delivery pickup locations and business service points.	1,933	2,700
Engaged multi-skilled employees	Personnel engagement index**	Engagement index contains four items: pride, satisfaction, willingness to recommend, and engagement.	n/a	-
Environmental responsibility	Carbon dioxide emissions	The primary goal of Posti's environmental program is to reduce carbon dioxide emissions by 30% by 2020 (compared to 2007; emissions in relation to net sales).	-17.7%	-30%

* Non-IFRS = excluding non-recurring items

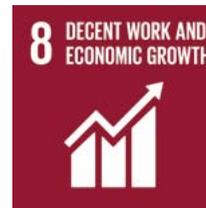
** The company did not conduct a Group-wide job satisfaction survey during the reporting year due to the change of service provider.

The UN Sustainable Development Goals in the postal and logistics industry



Posti is an active participant in the sustainability efforts of the International Post Corporation (IPC). In 2017, IPC conducted

an extensive stakeholder survey to determine stakeholder views and expectations regarding the postal and logistics industry's potential contribution toward achieving the UN Sustainable Development Goals. Five SDGs were highlighted by the survey as the most relevant to the industry:



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Ensure sustainable consumption and production patterns



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Take urgent action to combat climate change and its impacts



Make cities and human settlements inclusive, safe, resilient and sustainable

In a summit held in New York on September 25–27, 2015, UN member states agreed on the UN Sustainable Development Goals and the agenda that will guide sustainable development efforts until 2030. The 2030 Agenda for Sustainable Development aims at eradicating extreme poverty and promoting sustainable development in a manner that balances the environmental, economic and social dimensions.

Areas of sustainability

Posti updated its material areas and targets of sustainability in 2016. The materiality analysis consisted of an information collection stage based on interviews with key individuals, stakeholder perspectives, and an analysis of the megatrends and peer companies. Based on the results of this work, the corporate responsibility steering group updated Posti's material sustainability aspects in a workshop, the results of which were confirmed by the Executive Board.

Posti's sustainability is divided into four themes: responsible service provider, sustainable business, creating value for stakeholders, and engaged multi-skilled employees. The figure below describes the content of each area in more detail.

As a work community, Posti is equal, international and diverse. We respect people of all kinds. Posti's goal is to provide healthy and safe work and a healthy and safe working environment for its employees. Posti's environmental program aims to reduce our carbon-dioxide emissions by 30 percent by 2020, in relation to net sales (compared to 2007). Since 2011, Posti has provided its customers with carbon neutral mail delivery in Finland at no extra cost. Today, all of Posti's services in Finland are carbon neutral Posti Green services that also include emissions reporting for business customers.

The focus of Posti's financial responsibility is on transparency and profitability, as only a financially sound company can realize its responsibilities in terms of society, personnel, the environment and all stakeholder groups. Posti reports on its tax footprint in accordance with the guidelines issued by its owner, the Finnish state.

Areas of sustainability



Highlights and challenges during the year

Achievements



Another gold-level rating for Posti's sustainability

Posti was awarded a gold-level rating by the international research company EcoVadis for its sustainability performance. With a score of 73/100, Posti ranked among the top one percent of companies assessed by EcoVadis in all industries worldwide.

EcoVadis is a responsible sourcing network for buyers and suppliers. It includes 50,000 suppliers representing 190 different industries and 150 countries. The system assesses and scores the overall sustainability performance of suppliers annually in the areas of environmental responsibility, social responsibility, business ethics and sustainable sourcing

Smarter and greener delivery with new light electric vehicles

In 2018, Posti significantly expanded its fleet of electric vehicles with 200 new electric freight scooters and 250 electrically assisted delivery carts. The vehicles can be used to deliver mail as well as small e-commerce items. The purchase of the new light vehicles is a part of Posti's environmental program that aims to decrease carbon-dioxide emissions by 30% by 2020 in relation to net sales (compared to 2007).



Positive developments in safety at work

Posti's strong focus on the development and management of safety at work is starting to be reflected in improved key indicators of occupational safety. In 2018, the LTA1 measuring the accident frequency dropped to 43. Serious occupational accidents decreased by 12% compared to the previous year. The number of safety observations rose to over 13,000.

Development areas



More work needed to achieve the emissions reduction target

By the end of 2018, Posti's total emissions relative to net sales have decreased by 17.7%. Further improvement is needed to achieve the target of a 30 % eduction by 2020.



Monitoring subcontractor sustainability

We require our suppliers to commit to Posti's sustainability criteria, which are documented in the [Supplier Code of Conduct](#). In 2019, we aim to develop tools for monitoring the sustainability of suppliers and subcontractors. The tools will be used in parallel with the existing self-assessment practices.



Who help Finns
in everyday life?

People

Posti is one of the largest and most international employers in Finland.
Our employees in Finland represent more than 80 nationalities.

As a work community, Posti is equal, international and diverse. We respect people of all kinds.

Posti's goal is to provide a healthy and safe working environment for employees and to promote the personnel's well-being at work. Work ability and well-being at work are supported by diverse wellness services, such as a sports program, events organized by the Foundation for Well-being at Work, occupational health care services and support for workplace meals. In the face of constant changes in the business environment, new competence requirements emerge all the time. Posti continuously develops the competence of its personnel in new services and their ability to address the opportunities of digitalizing business. Needs are assessed in personal target and development discussions.

Skilled and motivated personnel are an essential starting point for success and good results. Professional development is supported by providing employees with opportunities for on-the-job learning, support for self-motivated study and access to a range of training courses. At the supervisor and expert level, special focus is placed on supporting change management. Good management is reflected not only in higher productivity, but also the commitment, well-being and competence development of Posti's personnel.



Job applications
36,400

New permanent employment
1,400

Summer jobs to
2,200
people

Seasonal assistants
3,400

Posti's people in figures

At the end of the 2018 financial year, the company's number of personnel was about 18,500. In Finland, the company employed about 16,500 people at the end of the financial year. Of the company's entire personnel, 86 percent are covered by collective agreements. In Finland, 99 percent of the personnel are covered by collective agreements. The employees represented by the labor protection committee make up 85 percent of Posti's total personnel.

Women made up 40 percent and men 60 percent of the Group's employees. In Finland, the ratio between the basic salaries of women and men was 96 percent. With production employees, the performance over the previous year as well as the objectives and targets for the coming year are discussed in groups once a year. In addition, a personal discussion is held in relation to personal development and well-being at work. The proportion of the personnel within the scope of regular performance reviews is approximately 2,000 people.

Posti received more than 36,000 job applications during the year. In Finland, Posti signed 1,406 new permanent employment relationships. Posti provided summer jobs to 2,230 people and employed about 3,400 seasonal assistants across Finland in the run-up to Christmas. Most of the seasonal assistants worked in mail delivery, sorting and transportation.

Employees in

3

generations

Women

40%



1. Lapland 469
2. Northern Ostrobothnia and Kainuu 886
3. Ostrobothnia, Southern and Central Ostrobothnia 1,139
4. Central Finland, Pirkanmaa, Päijänne Tavastia and Tavastia Proper 2,939
5. North Karelia and Northern Savonia 916
6. South Karelia and Southern Savonia 621
7. Finland Proper and Satakunta 1,344
8. Uusimaa and Kymenlaakso 7,362



Q: What do you do for living?



Richard Walburn

Who are you and what do you do for a living? Richard Walburn, Head of Partnerships, Alliances & Posti Scandinavia International e-Commerce. I divide my work time between Scandinavian office and Postintaival in Helsinki.

How long have you worked at Posti? I have worked at Posti for 3,5 years.

What is the last thing a customer asked you? Do you require your subcontractors to adhere to a "Code of Conduct"?



Jani Rahja

Who are you and what do you do for a living? My name is Jani Rahja and I am responsible for putting Intelligent Automation into practice in Posti. Intelligent automation means software bots and virtual assistants.

How long have you worked at Posti? I have worked at Posti for over a year.

What is the last thing a customer asked you? My customers include all of Posti's units and businesses. The most common question I get: How could automation help us solve this problem?



Katja Vuorenheimo

Who are you and what do you do for a living? My name is Katja Vuorenheimo, and I work as a Process Manager in the Continuous Improvement & Technology team of the Supply Chain Outsourcing unit belonging to the Logistics Solutions business group. My area of responsibility includes matters related to quality and certificates.

How long have you worked at Posti? I have worked at Posti since January 2004. I started as a part time worker who helped out in couple of days a week.

What is the last thing a customer asked you? The most recent question I was asked by a customer was about last year's emissions reporting.



Merja Vilppula

Who are you and what do you do for a living? My name is Merja Vilppula. I work in early-morning delivery in Helsinki.

How long have you worked at Posti? I have worked at Posti over 30 years. I am now 73 years old and I will continue to work as long as I am healthy.

What is the last thing a customer asked you? One customer asked if I could do snowclearing for them.



Elina Malkamäki

Who are you and what do you do for a living? My name is Elina Malkamäki and I work as a nurse at Posti's home services in Helsinki. Posti's home services include home care, home-based healthcare, personal assistance services and remote care services.

How long have you worked at Posti? I have worked at home services for 1,5 years. The best thing about my work is my customers.

What is the last thing a customer asked you? My customer asked me who would visit him during the next shift.



Anna Piela

Who are you and what do you do for a living? My name is Anna Piela and I work as a producer for Posti Next. My job is diverse and varies between developing agile procedures and innovation processes to communications, marketing and event production.

How long have you worked at Posti? I have been at Posti for only four months

What was the last piece of feedback you got from a customer? My customers are mainly internal customers, and the last piece of feedback was a thank you for an interesting, energizing and well-organized event.

Q: How is non-discrimination realized in Posti's day-to-day operations?

A:

Posti's goal is to realize gender equality and general non-discrimination among personnel in all areas of working life. Posti promotes and monitors a management culture that fosters equality and non-discrimination in various ways, including regular equality and non-discrimination surveys.

In practice, the realization of equality means that everyone is guaranteed equal opportunities, regardless of gender, for pursuing training, career advancement and diverse tasks at work. Employees receive the same pay for work of equal value.

Non-discrimination includes the prohibition of discrimination based on gender, age, ethnic or national origin, citizenship, language, political views, religion, personal convictions, opinions, health, disability, gender identity or other personal grounds.

Posti's senior management is committed to promoting equality and non-discrimination as well as the implementation and monitoring of the equality and non-discrimination program.

The objectives set out in the equality and non-discrimination program for 2016–2018 include, among other things:

- the balanced distribution of duties and workload
- equal treatment related to age
- active intervention against harassment, workplace bullying and sexual harassment (zero tolerance)
- promoting the use of family leave by men



Letterboxes decorated with rainbows to celebrate equality

A number of Posti's letterboxes in central Helsinki were decorated with rainbows for Helsinki Pride week from June 25 to July 1, 2018. It is important for Posti to promote equality, non-discrimination and human rights in daily life and in society as a whole. It is essential to Posti that each employee is accepted as they are.

The theme of Helsinki Pride 2018 was voice and giving a voice to those whose voices are rarely heard in society. To celebrate this theme, we brought the correspondence of Touko Laaksonen, better known as the artist Tom of Finland, to the eyes of the public again. Laaksonen's correspondence was first placed on public display at the exhibition "Sealed with a Secret – Correspondence of Tom of Finland" at Vapriikki museum in Tampere in 2014.

CASE:

Posti's employees represent more than 80 different nationalities

Posti has a long track record of employing people with immigrant backgrounds. Posti regularly has job vacancies that do not require Finnish language proficiency or a specific educational background. One example of such jobs is the early-morning delivery of newspapers.

Delivering newspapers is the first step to Finnish working life for many people. In 2018, Posti hired about 1,950 people in early-morning delivery operations in the capital region alone, with immigrants representing 85 percent of this total.

"The Finnish economy is doing well right now and there are lots of jobs available, so it isn't easy to find employees for early-morning delivery work. It's a job that requires an independent approach, good physical condition and the ability to work at night. For people who meet these requirements, early-morning delivery is an excellent path to employment," says Recruitment Manager **Sari Salmela**.

According to Salmela, the immigrants who work in early-morning delivery come from very diverse backgrounds. Some are highly educated and may have migrated to Finland due to marriage, for example. As the number of asylum seekers has increased, Posti has also employed a growing number of people from that group.

Recruitment hub established in Pasila

To make the process for recruiting immigrants as smooth as possible, Posti established a recruitment hub in Pasila last year. The hub is staffed by five recruiters who are used to working with people with foreign backgrounds. Recruitment events for target audiences such as asylum seekers are regularly organized at the hub.

Posti engages in effective cooperation with the Finnish Immigration Service to manage permit-related issues. Even for immigrants who have entered Finland without identification documents, we can get their permits verified and employment contracts signed. Soon we will have access to a web service that enables us to check an asylum seeker's information right away in order to draw up an employment contract," Salmela explains.

Orientation before work

One important step on the path to employment is a comprehensive employee orientation that includes a detailed review of occupational safety. Posti has carried out various pilot projects related to the training of employees from immigrant backgrounds. In 2018, training was organized with the aim of helping employees obtain a Finnish driving license. Finnish language classes have also been part of the training offering.



Lately, we have started to increasingly think about ways to create career paths. In early-morning delivery, for example, the next step is to become a supervisor of the delivery room, or a delivery captain as we call it.

Strong focus on occupational safety is starting to produce results

Posti's goal is to provide healthy and safe work and a healthy and safe working environment for its employees. Occupational safety has been systematically developed at Posti over the past few years, and the results are starting to show in the form of improved key indicators. The efforts take place in three areas: systematic occupational safety management, increasing competence and awareness, and the development of working methods and tools.

In promoting safety at work, Posti's focus is on proactive measures and the development of operating culture. The shift from a reactionary occupational safety culture to a proactive approach means that promoting occupational safety no longer depends on monitoring, but rather stems from the individuals themselves.

The number of safety observations related to proactive safety improvement increased by 15 percent at Posti, to 13,463 observations (11,699). The accident frequency,

as measured by the LTA1 indicator, was 43 (46) in Finland, representing a year-on-year improvement of 7 percent. Serious occupational accidents leading to an absence of more than a month decreased by 12 percent from the previous year.

In spite of the positive development, occupational accidents still occurred during the year. A total of 899 accidents were logged in 2018 (1,145). These figures include occupational accidents at the workplace as well as commuting accidents that led to an absence.

The circumstantial factors influencing occupational accidents are illustrated by the risk map below. For example, Posti's delivery operations involve physical tasks in changing conditions, which increases the risk of accidents.

Occupational safety risks at Posti



Occupational safety highlights in 2018

Good safety management, the competence of personnel and maintaining awareness of occupational safety issues help us improve our best practices and develop our culture. Appropriate tools and methods ensure a smooth workflow.

At Posti, we are committed to the following occupational safety principles:

1. Safety comes first
2. The responsibility for safety management belongs to Posti's leadership and managers
3. Safety starts with me
4. Posti is committed to working together throughout the organization to develop our safety
5. Workplace safety improvement at Posti is consistent and systematic

In 2018, occupational safety was promoted by the following means, for instance:

- The promotion of a proactive workplace culture led to more than 13,000 safety observations, 9,800 safety updates and 1,700 logged measures related to investigations.
- Early in the year, Posti campaigned to prevent accidents involving slipping, resulting in: a reduction of more than 100 slipping incidents compared to the previous winter.
- A Facebook group with 1,200 members comprising Posti's employees, supervisors and specialists actively campaigned to promote occupational safety and well-being as well as climate-related issues.
- In the summer, an "Accident-free days" competition was held with the aim of having accident-free days in delivery operations.
- Occupational Safety Card training was provided to employees working in transport as well as to supervisors working in operations unit.
- Weekly Power BI reporting was introduced in the area of occupational safety.

Finland won bronze at the postal industry's international driving skills competition



Deliverer Seppo Uusikorpi and Head of Safety Marjo Rehn finished in third place as Posti's representatives at the

International Post Corporation's Driver's Challenge in Portugal. The competition tested the participants' vehicle handling skills as well as their ability to drive in an economical, environmental and safe manner and provide good customer service.

Posti received the best score among all teams in the test of energy-efficient driving, which is a testament to the success of our efforts to promote an eco-friendly driving style.

Good results achieved through work ability management

Posti aims to promote well-being for its personnel and their ability to cope with work to ensure that employees are motivated and healthy.

Ensuring well-being at work at the practical level is part of the daily work of supervisors. All Posti employees have the opportunity to influence their own well-being as well as the well-being of the work community.

The postal industry is undergoing a major transformation, which is why Posti invests continuously in maintaining and supporting the work ability of its personnel. Supervisors, work ability experts and occupational health care play a key role in successful work ability management. Posti's Well-being at Work Team aims to increase the work ability-related competencies of supervisors and incorporate work ability management into their daily management routines.

Everyone is responsible for their own well-being and for maintaining their work ability. At the workplace, the supervisor is always responsible for ensuring work ability. Measures that are mutually agreed on by the supervisor and employee play a key role in supporting work ability. Employees can agree with their supervisors on solutions such as the use of assistive tools, short-term work arrangements or the acquisition of new skills. In addition to the supervisor, the HR managers, the Work Ability Manager, work ability expert, occupational health and safety personnel and occupational health care also provide support in ensuring work ability.

In addition to occupational health care services, Posti provides a diverse range of well-being services to employees. They include various sports and fitness services, support for independent physical exercise as well as support for workplace meals.

Alternative duties help employees get back to work



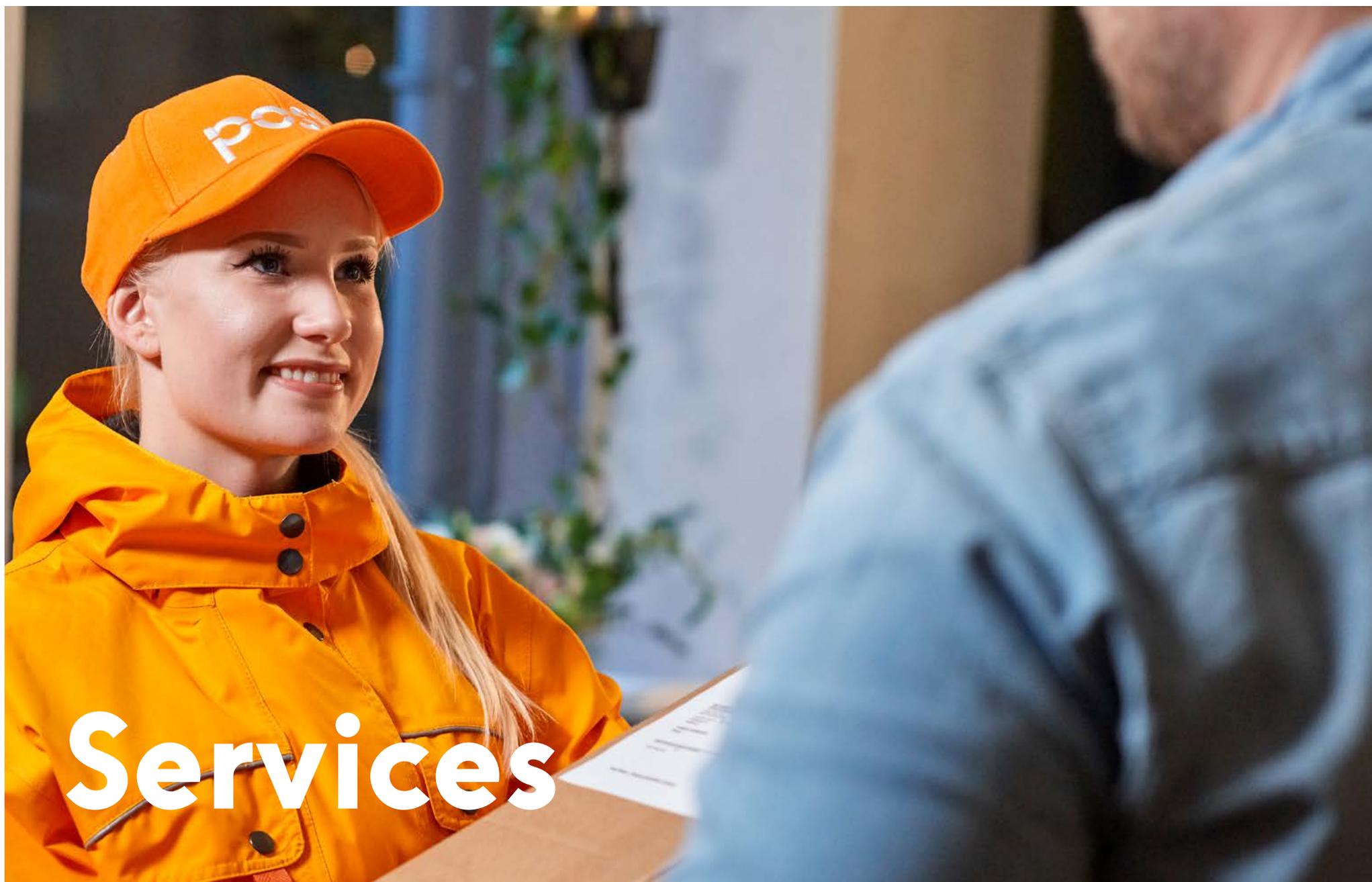
Posti offers various arrangements to employees with partial work ability, ranging from temporary work to alternative duties. Delivery employee Jari Haaranen was offered less strenuous work at the postal center because he suffered from chronic hip ailment.




 Posti cooperates with several higher education institutions in order to ensure the availability of competent employees now and in the future. The aim of the cooperation is bilateral sharing of knowledge and further development of the industry. The forms of cooperation include for example lectures, case studies and student projects. In the picture Posti employees are at the Aalto University ARENA fair in 2018.

Highlights of well-being at work in 2018

- Several measures related to ensuring work ability produced good results in 2018, leading to a continued slight decline in Posti's sick leave rate, to 5.8 percent from the previous year's level of 5.9 percent.
- With support from the Foundation for Well-being at Work and in cooperation with Mehiläinen, Posti carried out Taming Pain, a project aimed at providing some 5,500 employees with early and effective intervention to manage musculoskeletal symptoms and support their treatment by occupational physiotherapy, among other things. This led to an 18% decrease in physician's visits related to musculoskeletal complaints in the municipalities where the project was carried out.
- Sick leave due to shoulder, knee and back pain was reduced by as much as 30–50% during the one-year follow-up period.
- Work ability specialists participated in 680 occupational health negotiations during the year. As a new procedure, some 50 work ability clinics were organized for supervisors during the year.
- Posti partnered with representatives of the occupational health care provider and Ilmarinen to organize a training day with more than 100 participants.
- New operating models introduced for personnel included a digital clinic and electronic health examinations for employees in the relevant age groups.
- Posti Group's Foundation for Well-being at Work spent EUR 950,000 on promoting employee well-being by organizing activities such as fitness overhauls and well-being coaching as well as recreational and cultural events with more than 3,000 participants in total. Funding was also allocated to development programs aimed at promoting well-being at work.



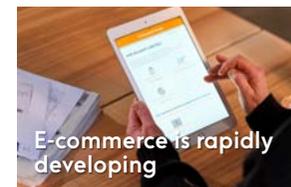
Services

Services

Posti has a strong presence in the daily life of Finns through its mail delivery services, but its range of services is much broader than that.

Did you know that Posti can manage logistics outsourcing solutions, from transport to warehousing as well as in-house logistics on customers' premises?

Elsewhere, Posti's home services provide comfort and assistance to help people live at home longer. Posti also offers comprehensive solutions related to the digital sending and receiving of invoices and documentation.



For consumers:

- Posti service points: shops, partner outlets, pop-up outlets
- Parcel lockers
- Letter and mailboxes
- Mail delivery, door-to-door delivery



For businesses:

- Freight services
- Logistics
- In-house logistics



For municipalities:

- Food logistics
- Home services

A total of service points

1,900

Parcel lockers

1,000

Meal deliveries in approximately

100

municipalities

A total of Christmas meals shipped through food terminals

20

million kilograms

Q: Why are Posti offices being closed?



A:

Many people might think that Posti's services have deteriorated. However, the good news is that postal services are now available at more locations than before. Posti's retail network currently includes more than 1,900 outlets and parcel lockers. The number of postal agency shops has remained largely unchanged in recent years, but the number of parcel lockers has been increased substantially in response to the growth of e-commerce.

"We expect continued growth in e-commerce. We want to keep up with these developments and provide the most comprehensive network of pickup points in Finland to ensure that our customers can receive their items conveniently. We have increased the number of parcel lockers considerably in recent years. We reached a thousand in 2018 and we are aiming to hit 1,500 in 2019," says **Lasse Huttunen**, Director, Retail Network.

"Digital services, such as the OmaPosti application, combined with a dense network of parcel lockers bring Posti close to the routes people take in their daily life. With these services, people no longer need to be tied down to a particular Posti."

The number of Posti service points has increased to equal the level seen in the 1990s

A look at the history of postal offices in Finland reveals that the number of Posti's service points decreased particularly in the late 1980s. The reason for this was that Postipankki's banking services were offered not only at the bank's branches but also at postal offices. The bank scaled back its cooperation with Posti

in the late 1990s, leading to a decrease in the number of postal offices providing banking services. This was in line with the general development of the financial industry.

As the years went by, banks reduced the number of branches serving private customers while introducing more online and mobile services. At the same time, the number of Posti's service points has seen an upward trend and increased to the same level it was at in the 1990s.

Bringing services closer to daily life

With letter volumes falling, customers increasingly visit a Posti service point for the purpose of sending or receiving a parcel. This is why Posti's retail network consists of not only Posti's own outlets, but also service points managed by Posti's partners as well as parcel lockers.

Posti operates on market terms and is the only national postal service in the Nordic region not to receive any public subsidies. The size and density of the local population and the demand for services determine the number and type of service points. The development of Posti's retail network also adheres to the criteria specified in the Postal Act and the Government Decree on the Location of Postal Services.

Posti's retail network is regularly reviewed. In response to the growth of e-commerce, it is important to provide quick and flexible services in locations frequented by customers.

Q: Why isn't mail delivery what it used to be?



”Posti’s high-speed deliveries give Finnish online retailers an advantage over their foreign rivals. With our new express deliveries, people can have their online purchases delivered to their front door within 1–2 hours of placing the order,” says Head of Sales Henrik Hahtovirta from Posti’s Parcel Services.

A:

Posti’s core businesses are mail, parcel and logistics services. In line with our strategy, Posti will continue to focus on these core businesses, which accounted for as much as 90 percent of the Group’s total net sales in 2018.

In the coming years, the focus of Posti’s operations will increasingly shift to parcel and logistics services, as the popularity of e-commerce will create strong growth in the demand for parcel services. Posti invests in building a comprehensive and quick delivery network and providing a first-class service experience. In addition to our efforts in e-commerce and logistics, preserving the strong position of the traditional print medium for as long as possible is very important to Posti.

Posti’s strong operating capacity is underscored by the fact that we delivered more parcels than ever before in 2018, a total of 44 million items. We have expanded our network of parcel lockers, with the 1,000th Posti Parcel Locker opened late in the year. With more than 1,900 service points, Posti has the most comprehensive service network in Finland.

In a sense, it’s true that mail delivery isn’t what it used to be. In fact, customers are now served faster than ever. In 2018, we introduced same-day e-commerce deliveries six days per week and launched Sunday delivery of parcels in 12 cities. These services will be expanded further in 2019. The opening hours of Posti’s service points have also been extended.

In general, mail delivery in Finland remains very reliable and punctual. Posti handles more than eight million items daily on average.

Pursuant to the Postal Act, at least 50% of domestic stamped letters must be delivered on the fourth weekday following the mailing of the item at the latest, and at least 97% by the fifth weekday at the latest. In 2018, 99.5% were delivered by the fourth day and 99.7% were delivered by the fifth day.

While mistakes do happen occasionally, Posti frequently receives complaints regarding delivery errors committed by other delivery operators. Many mail recipients are not yet used to the idea that there are now 15 other delivery operators carrying letters in addition to Posti. In 2018, some 117,000 letters incorrectly delivered by other operators were returned to Posti.

Q: How does Posti measure quality?



A: Posti monitors mail deliveries in many different ways, manages delivery operations based on information gathered from various sources and takes immediate action when deviations are observed. Precise daily reporting is used to manage work and resources as needed. Internal indicators are a way to highlight problems and take immediate action in response to them. Posti also evaluates its services on an ongoing basis using external surveys.

Quality monitoring starts from the moment an item is mailed. Each day, Posti collects items from over 5,000 letterboxes, 900 service points, 1,000 parcel lockers, several printing facilities and the operating locations of Posti's corporate customers. Indicators and observations quickly reveal the efficiency of collection and mailing operations in Finland.

Post monitors quality continuously. In addition to internal metrics, Posti uses external research institutes to measure, for example, the speed of mail delivery.

"Posti's Quality Managers are responsible for quality in their respective areas. Every day, we review every step of the process with them, using internal performance indicators and observations. This gives us an overall picture of how the process is going, whether sorting is going smoothly and how we

are doing in our delivery and transport operations. If we detect any deviations, we take immediate action," says **Marko Enberg**, head of Quality & Efficiency at Posti.

Posti operates at a good quality level

"I would argue that Posti's quality is better than its reputation. Our quality is very good compared to our domestic and international peers, for example," Enberg says. One concrete example of monitoring production quality is the universal service letter delivery speed survey, which is conducted by an independent external research institute. The institute sends universal service letters on a regular basis to addresses in different parts of Finland to collect data on their delivery speed. Some 10,000 test letters are sent throughout the country each month.

Letter delivery speed is a concrete indicator of mail processing, but perceptions of quality are equally important. Recognizing this, Posti conducts many surveys to gauge the views of its customers, stakeholders, members of the public and the decision-makers of Finnish society. Some of these surveys are broad in scope and they assess Finns' perceptions of Posti in a general sense. The surveys are also used for evaluating more detailed aspects of the customer experience, such as receiving parcels via parcel lockers.

Q: I received an incorrectly delivered letter. How did this happen and what should I do?



A: If you receive an incorrectly delivered letter, first find out which company delivered it. For many mail recipients, it is still surprising that mail is delivered by companies other than Posti.

Corporate letters, i.e. letters sent by contract customers, such as invoices, are delivered throughout Finland by up to 14 other delivery companies in addition to Posti. These other companies deliver letter mail in early-morning newspaper delivery areas in connection with newspaper delivery during the night time, whereas Posti delivers letters in its daytime delivery.

Unfortunately, many consumers are not aware that mail delivery is now open to free competition in Finland. This is confirmed by the fact that, each week, consumers drop off thousands of incorrectly delivered letters in Posti's yellow letterboxes. However, these letters were actually delivered by other delivery companies.

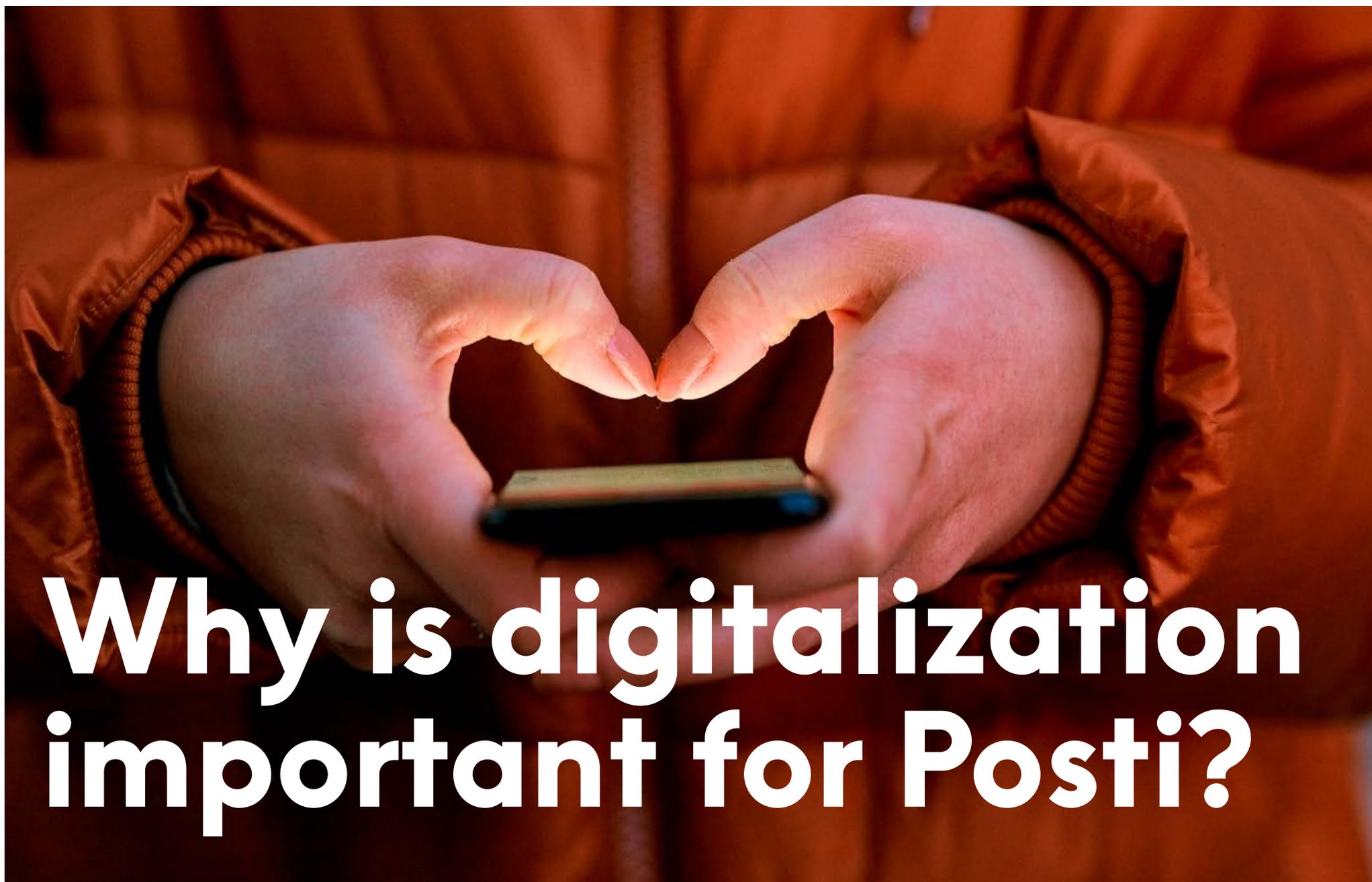
"If a letter recipient has received another recipient's letter, the first thing to do is to check which delivery company is responsible for the delivery. The delivery company can be identified from the letter combination on the envelope. If you have not received a letter you are expecting, in practice, you have to ask the sender about it," says **Kaj Kulp**, Vice President, Mail and Direct Marketing Services at Posti.

According to the Postal Act, each postal company must arrange a service for returning mail items that they have delivered incorrectly. If you receive a letter delivered by Posti that is intended for someone else (e.g. for a former resident), you can write "delivered incorrectly" on the item and then drop it off in the nearest Posti letterbox. Posti will then deliver it to the correct recipient. You must never open or destroy an incorrectly delivered letter.

"This year, 117 000 incorrectly delivered mail items have been returned to Posti, even though these items were delivered by companies other than Posti. The company responsible for the delivery is always responsible for any delivery errors, too. In general, mail delivery in Finland is very reliable and punctual. Posti handles more than eight million items daily on average, with some 13,000 postal industry professionals managing their transport, sorting and delivery. Posti works constantly to ensure that letters are delivered without errors and disruptions.

The delivery of letters from senders to recipients involves more processing steps than larger batches of letters sent by businesses. Individually mailed letters are usually left in letterboxes and then picked up to be transported to sorting centers. In sorting centers, stamped letters go through processing and stamping steps. While quality is a high priority, mistakes do happen. The usual reason for the incorrect delivery of a letter is human error.

In general, mail delivery in Finland is very reliable and punctual. Posti works constantly to ensure that letters are delivered without errors and disruptions.



Why is digitalization important for Posti?

Digitality

Our daily life is changing. While digitalization is dramatically reducing the delivery volumes of letters and publications, it also presents many opportunities for Posti.

We take advantage of digitalization to ensure that everyone wins: for our customers, it creates an even better service experience. For Posti, new technology and automation provide greater efficiency and help maintain high quality.



Posti's mobile applications already have hundreds of thousands of active users each month. The application allows users to track and redirect their items; for instance, to route a parcel to a conveniently located parcel locker.



Posti proudly presents: one of our key digital projects, Posti Mobile, known around here as PoMo. Today, almost all of our delivery personnel have a PoMo device. Posti's drivers and subcontractors won't have to wait much longer to get theirs.



Mail tracking: tracking and redirecting has been possible for registered items for several years. Now, as one of the first postal operators in the world, we are developing digital tracking for all addressed items.

OmaPosti Mobile app has over

250,000

monthly users

Online purchases delivered within

1-2

hours

Sorting machines can get through about

48,000

items per hour

OCR machines can recognize postal codes in

65%

hand-written cards

Q: Why is digitalization so important to Posti?



A:

Posti has nearly 400 years of history in mail delivery. While this heritage comes with a significant responsibility, we also recognize that digitalization is rapidly changing society, commerce and customer needs. This means that Posti must engage in a process of renewal, to respond to these changes and invest in digitality, state-of-the-art technological solutions and artificial intelligence.

While digitalization dramatically reduces the delivery volumes of letters and publications, we believe it also presents many opportunities for Posti. One of the four main objectives of our strategy is to take advantage of digitalization in improving Posti's services. We innovate new digital services and improve our existing functions with the help of digitalization. This enhances the customer experience.

One concrete example of a new digital service that makes daily life easier for consumers is Posti's OmaPosti mobile application released in June 2018. It can be used for the administration of invoices as well as tracking and redirecting items. The OmaPosti electronic mailbox already has more than a million registered users.

We are currently building a tracking solution for addressed mail to allow our customers to track the process from start to finish. Posti has also worked with Telia on piloting a new smart letterbox based on NB-IoT technology. The letterbox is able to communicate when it needs to be emptied.

The use of technology enables us to improve the cost-effectiveness of our operations and keep rising delivery costs under control. We are currently investing in new sorting technology that allows us to combine digital services with traditional products, thereby extending the lifecycle of printed products.

In order to improve delivery efficiency and quality, Posti has digitized all of its delivery route data. This means that Posti now has one of the world's most advanced digital delivery information systems. Posti has also acquired Posti Mobile smart devices for more than 8,000 delivery employees. The devices include electronic delivery books, map applications and delivery routes. The electronic delivery book ensures that delivery employees know exactly where to deliver items.

Posti has also equipped its entire fleet with driving habit monitoring devices to collect data that is analyzed with respect to routes, speeds and kilometers driven. The collection of data on fleet operations is part of Posti's environmental responsibility. More advanced algorithms and optimization allow us to plan our routes even better than before, reducing unnecessary driving and increasing the fleet utilization rate. Fewer kilometers driven also means less fuel consumed, reduced CO₂ emissions and lower costs.

Posti has equipped its vehicles with driving habit monitoring devices. Fewer kilometers driven means less fuel, reduced emissions and lower costs.

Sorting machines improve quality and speed

The number of traditional letter deliveries has halved during the last decade. However, print is not dead and it is still important alongside digital services.

Fast and efficient sorting of items is an important part of mail deliveries. Seasonal variation in mail volumes and quickly changing needs of sending customers are part of the modern world. This requires new technologies and efficient utilization of automation. Sorting machines are an important part of the picture, and Posti has decided to acquire more of them.

"By utilizing technology and developing our services together with our customers, we can slow down the increase in costs and extend the lifecycle of print, although digitalization inevitably will decrease delivery volumes," says **Yrjö Eskola**, Senior Vice President, Postal Services.

No other company in the postal sector in Finland has the same level of sorting service as Posti. It is an important competitive advantage whose impact is reflected in the speed and accuracy of our delivery services.

"The customers of our parcel services are accustomed to tracking their items. We are currently building a tracking solution for addressed mail to allow our customers to connect to our systems and track the process from start to finish in the near future."



Posti is building a tracking solutions for addressed mail – customers can track the process just like they do in parcels.



 The sorting machines can easily be called the heart of Posti. They sort the mail quickly and securely. They can even read handwritten addresses fully automatically, without any help from the human eye.

CASE:

How can sorting machines read hand-written cards?

Personal hand-written cards are still part of the Christmas and Valentine's Day traditions of millions of Finns. The majority of these cards are written by hand. The handwriting ranges from elaborate cursive script to clear block letters and sometimes shaky writing.

Who could possibly read all of these addresses? A machine can. At Posti, the majority of the addresses on cards and letters are read fully automatically, without any help from the human eye. OCR, or optical character recognition, is a feature of all of Posti's letter sorting machines.

Machine sorting is extremely fast. When Posti's fastest and most experienced employees can sort approximately 1,000 items per hour, a machine can get through about 48,000 items in the same amount of time. At the same time, it automatically checks Posti's address database to confirm whether the recipient resides at the address given. If not, a new address label is printed for the item.

In spite of their impressive capabilities, there are limits to what the machines can do. In the run-up to Christmas, when Posti processes a particularly large number of handwritten cards, the machines are assisted by some 90 video coders on each shift.

Posti introduced its first OCR machines 25 years ago. Over the years, they have developed in terms of their speed and accuracy. Today's OCR solutions use machine learning based on neural networks, which allows them to learn new skills, such as new fonts or different types of handwriting.

OmaPosti – Posti in your pocket

OmaPosti is a digital service for managing parcels, letters and invoices. It is available as a mobile application and via a browser-based interface. OmaPosti allows customers to easily manage mail from their smartphones, regardless of where they are.

OmaPosti is a service that makes daily life easier by providing a range of features for managing parcels, letters and invoices. For parcels, OmaPosti allows customers to pay for shipping and track items. Customers can also use the service to choose a default pick-up point for all parcels. OmaPosti also notifies customers when their parcels are ready for pick-up.

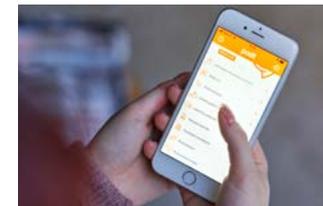
In addition to parcel information, OmaPosti can be used for managing electronic invoices. Invoices sent to Netposti accounts can be automatically forwarded to OmaPosti. OmaPosti notifies customers of due dates and archives their invoices. OP Bank customers can even pay their invoices directly in OmaPosti via the Pivo payment application. The aim is to continue the development of OmaPosti to allow all users to pay their invoices via the application, regardless of which bank they use. No service fees are charged for the payment of any invoices via the OmaPosti application. In addition to

managing invoices, customers can direct letters from companies and the public authorities to OmaPosti. Examples of such letters include payslips, appointment confirmations and laboratory test results.

From the customer's perspective, the biggest advantage of OmaPosti is its speed and convenience: OmaPosti is always with you, right in your back pocket.

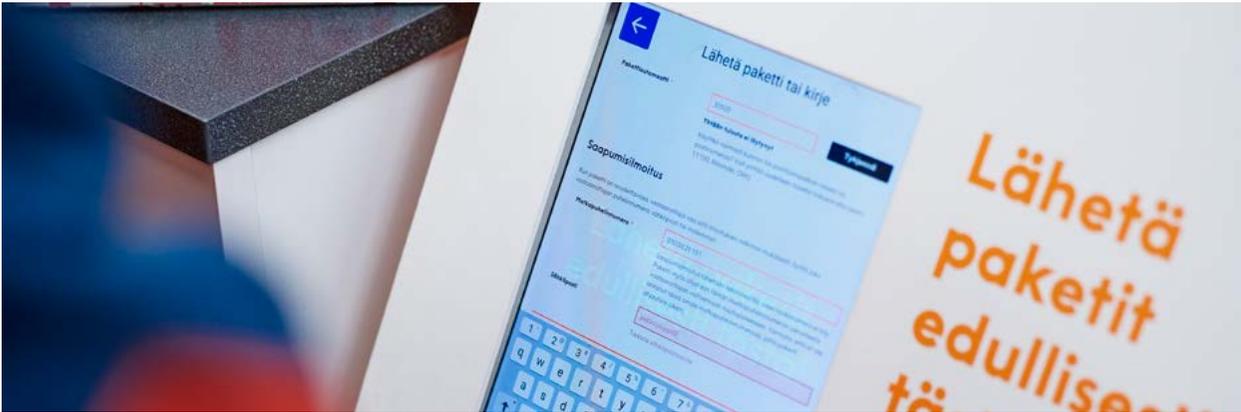
The OmaPosti mobile application is popular among Posti's customers and the number of users is growing steadily. At the time of writing, the mobile application had as many as 250,000 active monthly users. OmaPosti can be accessed by a Posti username created on the Posti website. The OmaPosti mobile application is available on the Android and iOS platforms. The web-based version can be accessed by mobile phones as well as tablets and desktop computers.

Case: introducing a social media customer service employee



We help customers with issues related to individual items as well as Posti's services

in general. On social media, we also ensure that discussions remain appropriate and protect our customers' information security where necessary.



How does digitalization speed up services?

How can customer wishes be fulfilled by offering quick deliveries while minimizing the impact on the environment?

Delivery routes haven't been spared the effects of the transformation of the postal industry. The volumes of letter mail may have declined, but delivery employees now deliver smaller parcels to mailboxes, larger parcels to parcel lockers and meals to people's doors. At the same time, Posti's fleet has grown more diverse and customer wishes have changed. To improve the e-commerce customer experience and respond to consumer needs, Posti has launched new express delivery services.

"Studies show that consumers want even faster delivery of their online purchases, and express delivery is seen as important. In response to this trend, we are piloting express deliveries of e-commerce items in Helsinki. Orders can be delivered to customers' homes or workplaces

using electric scooters as fast as 1–2 hours from the time of purchase," says **Ville Vasaramäki**, Head of e-Commerce Concepts at Posti.

Delivery route planning and optimization benefits customers and the environment

How to find an efficient solution to the complicated puzzle of delivery operations? The answer is the optimization of delivery routes using digital data and optimization algorithms.

Posti has combined publicly available road data with Posti's own data. The outcome is the world's most accurate street data that includes information on various potential modes of transport, different types of roads ranging from motorways to small residential roads as well as more than three million mail delivery points.

This data gives us access to accurate estimates of the distance and time needed for delivery routes. We can then decide how—and with what type of vehicle—the delivery should be made," says production planner **Hannu Huhtamäki**.



Posti's delivery employees use Posti Mobile, better known as the PoMo phone. It lists addresses in the order of delivery. The device also includes other information, such as publishers' subscription details, updated once a day. If a customer has suspended their subscription, the mail carrier can see it on the device.

Route optimization benefits customers, the environment and Posti's employees. When the routes are determined, we can easily calculate how many apartment buildings without elevators there are on the route, for instance. This makes it possible to assess the route's workload accurately, which has helped increase job satisfaction among our delivery personnel.

"Through efficient route planning, the combination of transports, a high degree of fleet utilization and an eco-friendly driving style we can improve the environmental efficiency of our transport operations," Huhtamäki says, describing the benefits of route optimization.

Posti's delivery vehicles collect data that benefits Finns

Every weekday, Posti's fleet of approximately 3,700 delivery vehicles traverses Finland's roads, chalking up a total distance that corresponds to more than six times around the world. How does this benefit Finns, other than ensuring that items get delivered?

Posti Street Data is a service that collects information on the condition of streets and roads during Posti's routine delivery and transport operations. Technology designed to observe the environment helps monitor road conditions, prevent property damage and personal injuries and increase traffic safety.

Posti's vehicles use a system developed by Vaisala to generate data on road conditions. The system is based on accurate optical sensors and modern machine vision that reads road conditions, imitating human understanding.

The service can be used to generate up-to-date information on the condition of streets, roads and traffic signs, weather conditions and exceptional circumstances related to traffic. The data to be analyzed is collected and processed anonymously.

As the service is based on Posti's comprehensive delivery and transport network, the collection of data does not require any additional driving or cause any increased impact on the environment.

The service was first introduced in Espoo, where Posti collects data on the road network and urban environment while carrying out normal delivery operations.



Is it slippery outside, are the traffic signs OK, and what about the condition of streets and roads? Posti street data collects information that can be used by the cities.



Artificial intelligence and machine vision are gaining ground at work, at home, and also behind the wheel. Connected to Posti's vehicles, the machine vision application also brings safety to traffic, as machine vision can be harnessed to serve road and street maintenance.



"Up-to-date remote monitoring gives the city better visibility into road conditions, allowing us to perform repairs faster," says **Toni Korjus**, Infrastructure Services Manager at the City of Espoo.

LocalTapiola also uses the road data collected by Posti to reduce accidents and damage incidents. In the pilot stage, LocalTapiola warns its customers in Kivenlahti, Espoo, of especially slippery or difficult road conditions and provides information on road conditions in the residential area with the help of a map service.

"We are always looking for new ways to reduce accidents." The goal of this project is to reduce slipping-related injuries as well as traffic accidents caused by winter conditions," says **Jukka Kinnunen**, Managing Director for the capital region at LocalTapiola.

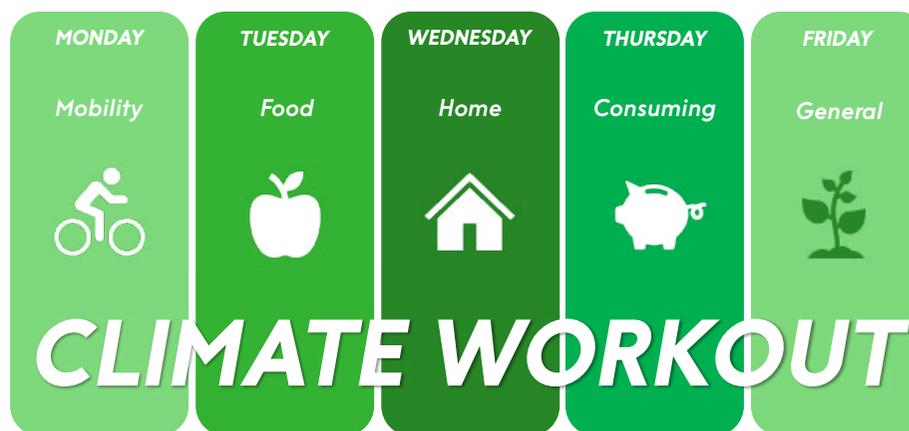
Posti's Street Data service won the New Business Diversification of the Year category in 2018 in a competition organized by Postal and Parcel Technology International.



How is Posti combatting Climate Change?

Climate change

Climate change is a global issue, and traffic accounts for 20% of Finland's greenhouse gas emissions. Posti wants to do its part in mitigating climate change and act as an example to others. Posti's successful environmental management also helps its customers reduce their environmental impact through the use of Posti's services. As a large transport and delivery company, Posti plays an important role in promoting environmentally-friendly logistics.



Posti had a climate theme week in the autumn, with 2,000 employees practicing more climate-friendly day-to-day action with regard to mobility, food, housing and consumption.

Target to reduce emissions by

30%

by 2020

Relative emissions decreased by

18%

from 2007

Absolute emissions have decreased by

42,000 tCO₂e

from 2007

ISO14 001 covers

77%

of the Group personnel

Q: Why does it say "ilmastoystävällinen kuljetus" ("climate-friendly transport") on Posti's vehicles?



A:

In 2011, Posti won an award as the world's first postal service with 100% carbon neutral postal delivery. Today, all of Posti's services in Finland are carbon neutral Posti Green services; that is why it says "climate-friendly transport" on our vehicles and our payment indications include the mark "Posti Green". As part of Posti Green, we also provide corporate customers with emissions reporting free of charge.

Posti is involved in **international climate projects** to increase energy efficiency and renewable energy, such as a project to develop more efficient cooking plants in Ghana and the construction of a local biomass power plant in the state of Punjab in India. The renewable energy generated replaces fossil fuels and reduces emissions. The projects also have a regional job creation effect.

During 2018, Posti acquired 200 new electric freight scooters, powered by electricity generated using renewable energy sources.

In practice, carbon neutrality means that the emissions arising from transport are reduced through efficient combinations of transport and use of route planning, smooth and safe driving styles and the renewal of the fleet. The remaining emissions are compensated for by participating in certified climate projects.

If transporting a letter produces 30 grams of carbon dioxide, or transporting a parcel produces approximately 600 grams, we use Gold Standard- or VCU-certified climate projects to ensure that an equal amount of emissions is reduced somewhere else.



A pioneer of green logistics

As the largest transport and delivery company in Finland, Posti plays a major role in promoting sustainable logistics. Posti's environmental management is based on environmental management standards, particularly ISO 14001, as well as legal and official requirements and the UN's Global Compact principles and Sustainable Development Goals (SDGs). **Posti's quality and environmental policy** covers all countries of operation, and its certified management systems cover 77% of the Group's personnel.

Posti aims to reduce its carbon dioxide emissions by 30% by 2020, in relation to net sales (compared to 2007). By 2018, Posti's emissions relative to net sales had declined

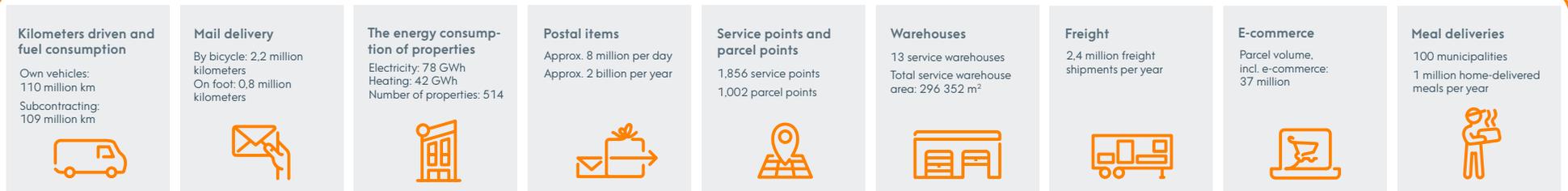
by 18 percent. Absolute carbon dioxide emissions have been reduced by more than 40,000 metric tons of carbon dioxide equivalent (20%) from 2007 to 2018. Transport and emissions from vehicles represent over 90% of greenhouse gas emissions in Finland. In order to reach the goal for 2020, we will improve the environmental efficiency of transport operations primarily by planning routes efficiently, ensuring a high utilization rate, combining deliveries, and driving in an environmentally responsible manner.

In addition to vehicles, Posti has also focused on buildings in its systematic efforts to improve energy efficiency. Posti is party to the voluntary energy efficiency

agreement for properties, aiming to reduce the energy consumption of business premises by 10.5 percent between 2014 and 2025. In 2018, electricity generated with renewable hydropower accounted for 37 percent of the electricity consumption of the properties.

All of Posti's own vehicles have driving style monitoring systems in use. The scope of the monitoring now covers approximately 3,700 vehicles and 8,000 people. Each driver is regularly provided with a report on their driving style, allowing them to monitor and develop their economic and safe driving styles.

CO₂ = 0g





Posti added two new LNG combination trucks to the fleet in 2018. The use of LNG reduces greenhouse gases by up to 24%.

Vehicles do matter

New vehicle technology and fuels have a significant impact on reducing emissions from traffic. Posti is actively engaged in testing new vehicles using alternative energy sources, with the aim of adopting the best vehicle solutions for our normal work use.

Posti's fleet of alternative vehicles includes some 40 biogas vehicles that run on the 100-percent renewable Finnish Gasum biogas. Its use does not generate fine particulate matters harmful to health, and the greenhouse gas emissions during the fuel's life cycle are minor.

In 2018, Posti commissioned 200 new electric freight scooters and 250 new electric maxi-delivery carts around Finland. The majority of delivery carts and bicycles are electric, and the company also has electric delivery vehicles.

Posti added two full-trailer combination trucks powered by liquefied natural gas (LNG) to its fleet during 2018. According to a life cycle analysis of fuels, the use of LNG reduces greenhouse gases by up to 24% in comparison to fossil diesel. Posti will have the new LNG-powered combination trucks in demanding and efficient use.

Moreover, the company already has an ethanol diesel truck in use. The purchase of the 18-ton truck powered by an ethanol diesel engine is related to Posti's aim of testing alternative fuel vehicles and adopting the best vehicle solutions in day-to-day operations. RED95 ethanol diesel reduces the fossil-based CO₂ emissions of heavy transport by as much as 90 percent and local emissions by as much as 80 percent. RED95 ethanol diesel is produced from Finnish waste at Finnish production plants.



What is Posti's Tax Footprint?

Tax footprint 2018

In its tax footprint reporting, Posti adheres to the country-specific tax reporting guidelines for companies of which the state is the majority shareholder, provided by the Ownership Steering Department on October 1, 2014.

Tax strategy

All companies in the Group have committed to operating responsibly and to meeting all obligations and requirements defined by the valid legislation of each country. Posti Group companies pay their taxes in the countries in which their actual business operations take place. All taxes are to be paid on time without delay. The Group's long-term target is to ensure that the Group's effective tax rate is at the same level as the corporate income tax rate valid in Finland at any given time.

According to the Group's tax strategy, taxation is always a consequence of business operations, which means that tax solutions must also be based on business needs. Posti does not practice tax planning that would aim at artificially decreasing the Group's taxable income. In tax-related issues, the Group operates within the framework of legislation and legal practice in planning the taxable profit of Group companies. This can include the utilization of tax losses accrued in a subsidiary or the granting of group contributions, for example. In transfer pricing between subsidiaries, Posti aims to always ensure that the prices are market-based. To clarify taxation



* more information from the section Tax footprint
** Board of Directors' proposal to the Annual General Meeting

practices, some situations may involve contacting the tax authorities for either verbal guidance or a written decision on the taxation treatment of the planned action

Management of tax-related issues

The management of tax-related issues is centralized to the Group Finance unit, which is responsible for managing and monitoring tax-related issues at the Group level. Decisions related to taxation are made at the Group level. Significant matters of principle are presented to the parent company's Board of Directors for decision-making. The Group's CFO reports regularly on taxation-related issues to the Group's Audit Committee. The key task of the management of tax-related issues is to ensure that all Group companies comply with the regulations of tax legislation in all countries of operation. Tax risk management is part of the Group's risk management process.

Principles observed in tax reporting

Posti reports its tax footprint openly and transparently. The Group highlights potential decisions by the tax authorities and appeals concerning decisions by the tax authorities where such decisions and appeals have a material impact on the Group's tax position.

The information presented in this report is based on information collected from the Group's accounting

systems. Taxes refers to taxes or tax-like fees paid to public sector entities, whether they are paid or remitted by the company. The nature and amount of taxes vary significantly from country to country. Taxes payable refers to taxes paid by the Group companies which are, as a rule, expensed in the company's financial statements. Taxes remitted refers to taxes or fees collected by the companies which are remitted to tax collectors, often on behalf of parties other than the company itself.

The company has restricted its tax reporting to only cover substantial operating countries. Based on this decision, country-specific tax information is only presented for Finland and Russia. Approximately 87 % of Posti Group's net sales come from these countries. According to the Group's strategy, these countries are its main markets. Other operating countries are grouped under Scandinavia and Other countries. Posti also uses the same geographical categorization in its consolidated financial statements.

For countries other than Finland and Russia, information is presented on a country group-specific basis as the information reported is not of material importance and the presentation of country-specific information might jeopardize the non-disclosure of confidential information, such as customer or pricing details. From the Group's

perspective, the amount of information reported is not of material importance when the taxes payable for an individual country do not exceed EUR 5 million.

The Group operates in 11 countries. In addition, Posti has companies in countries where the Group no longer has business operations. When assessing the materiality threshold, net sales of EUR 1 million for each individual subsidiary is considered the threshold for non-materiality. Non-material companies are excluded from the reporting, as the amount of taxes paid by the companies is minor in proportion to the figures disclosed by the Group. These companies are in the categories Scandinavia and Other countries. Posti does not have any operations or companies in countries classified as tax havens, where the corporate income tax rate is significantly lower than the Finnish corporate tax rate. The information presented below is based on the financial statements of separate companies and the information has not been consolidated.

The Group's tax footprint

Finland	2018	2017
Net sales	EUR 1,296.3 million	EUR 1,289.2 million
Result before taxes	EUR 8.7 million	EUR -34.5 million
Number of personnel	13,224 employees	13,599 employees
Paid taxes	EUR 26.7 million	EUR 29.0 million
Remitted taxes	EUR 229.2 million	EUR 238.8 million
Received public support	EUR 0.0 million	EUR 0.0 million
Russia	2018	2017
Net sales	EUR 103.0 million	EUR 118.8 million
Result before taxes	EUR 4.8 million	EUR -20.1 million
Number of personnel	1,780 employees	2,243 employees
Paid taxes	EUR 6.6 million	EUR 7.8 million
Remitted taxes	EUR 9.0 million	EUR 10.7 million
Public support received	EUR 0.0 million	EUR 0.0 million
Scandinavia	2018	2017
Net sales	EUR 105.9 million	EUR 124.9 million
Result before taxes	EUR 2.5 million	EUR 2.4 million
Number of personnel	176 employees	195 employees
Paid taxes	EUR 3.4 million	EUR 4.1 million
Remitted taxes	EUR 8.8 million	EUR 13.6 million
Public support received	EUR 0.0 million	EUR 0.0 million
Other countries	2018	2017
Net sales	EUR 105.1 million	EUR 114.2 million
Result before taxes	EUR 1.8 million	EUR -1.8 million
Number of personnel	801 employees	795 employees
Paid taxes	EUR 3.2 million	EUR 3.0 million
Remitted taxes	EUR 6.6 million	EUR 5.6 million
Received public support	EUR 0.0 million	EUR 0.1 million

The Group's tax position in 2018

In 2018, the Group's effective tax rate was 85.0 % (2017: -20.0%). The effective tax rate is calculated based on accrual-based income taxes and changes in deferred taxes. The tax rate was significantly affected by non tax-deductible impairment on goodwill. The Group's accrual-based income taxes for the financial year, excluding the effect of changes in deferred taxes, amounted to EUR 5.2 million.

Posti Group has several pending tax disputes in Finland. The most significant disputes are mainly related to the utilization in Finland of losses recognized by foreign subsidiaries that were merged into Posti Group Corporation in 2014 and 2015. The losses amount to approximately EUR 59 million in total. The Board of Adjustment rejected the company's appeals concerning these disputes after a vote. Furthermore, the Board of Adjustment approved the appeal submitted by the tax recipients' representative. The company considers the Board of Adjustment's decisions to be erroneous and has petitioned the Supreme Administrative Court for the right to appeal.

Posti Group's Finnish companies were subject to a tax audit in 2016, which was completed in January 2018. Based on the audit reports, the Group's Finnish companies were found liable to pay approximately EUR 1.1 million in value added taxes, penalty interest and punitive tax increases. Posti considers the findings to be erroneous for the most part and submitted appeals to the Board of Adjustment. The Board of Adjustment approved a small minority of Posti's demands and rejected a majority of the appeals after a vote. One appeal is still pending. Posti lodged appeals with the Administrative Court regarding the appeals rejected by the Board of Adjustment. Based on the audit reports, Posti recognised EUR 0.1 million in expenses arising from paid penalty interest and punitive tax increases in the 2018 financial year.

Taxes paid by category and by geographical area in 2018 and 2017:

Paid taxes 2018

thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Income taxes	6,515	5,998	489	8	20
Real estate taxes	2,246	1,384	862	0	0
Employer taxes	16,131	4,380	5,208	3,389	3,154
Environmental taxes	13,204	13,189	0	0	35
Other taxes	1,812	1,810	0	0	2

Paid taxes 2017

thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Income taxes	6,798	6,368	414	15	1
Real estate taxes	2,338	1,331	1,007	0	0
Employer taxes	19,092	5,648	6,397	4,132	2,915
Environmental taxes	13,838	13,799	0	0	39
Other taxes	1,830	1,830	0	0	0

Remitted taxes by category and by geographical area:

Remitted taxes 2018

thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Value added taxes	143,037	130,860	6,118	4,995	1,064
Salary taxes	109,721	98,356	2,653	3,759	4,953
Other taxes	867	30	259	0	578

Remitted taxes 2017

thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Value added taxes	153,761	137,577	7,176	7,965	1,043
Salary taxes	114,683	101,260	3,246	5,677	4,500
Other taxes	336	19	309	0	8

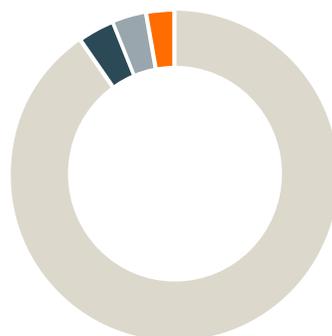
Tables and graphs

Paid taxes and fees
total MEUR



- Income taxes 6.0 MEUR
- Real estate taxes 1.4 MEUR
- Employer taxes 4.4 MEUR
- Environmental taxes 13.2 MEUR
- Other taxes 1.8 MEUR

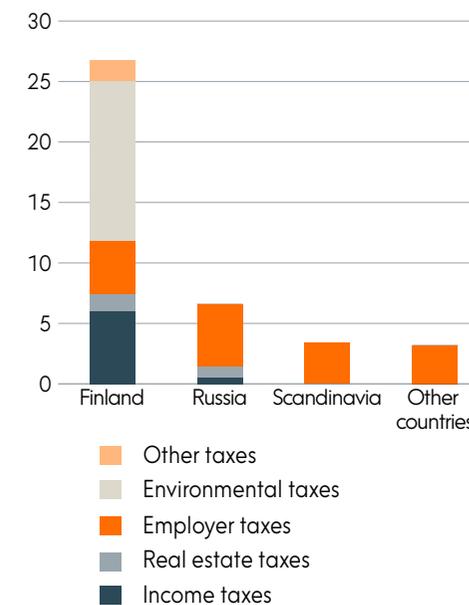
Remitted taxes by geographical area,
total 253.6 MEUR *

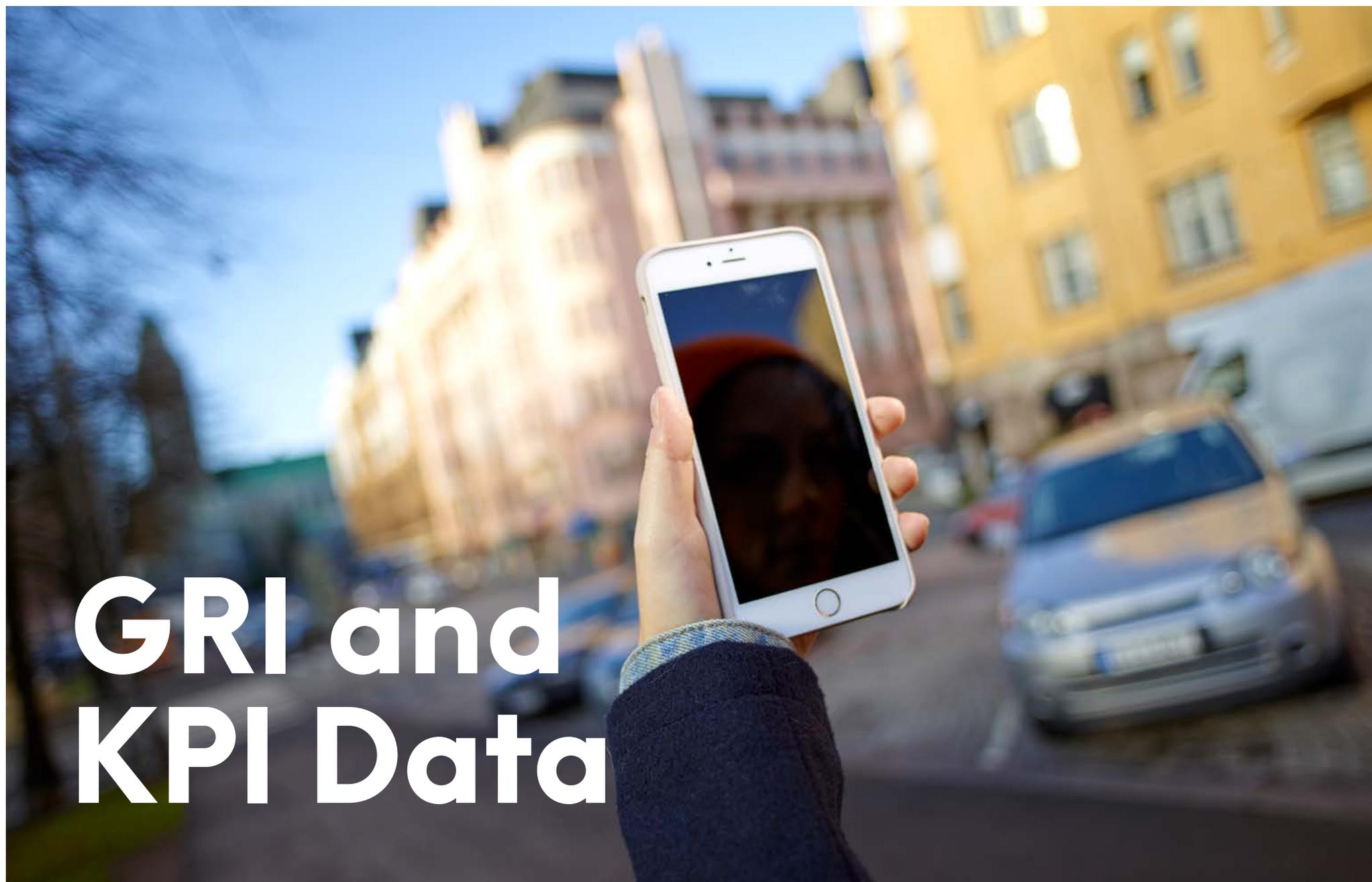


- Finland 229.2 MEUR
- Russia 9.0 MEUR
- Scandinavia 8.8 MEUR
- Other countries 6.6 MEUR

* of which value added taxes 143.0 MEUR, salary taxes 109.7 MEUR and other taxes 0.9 MEUR.

Paid taxes by type and geographical area,
total MEUR





GRI and KPI Data

GRI Index

Disclosure number	GRI Standards 2016	Location
ORGANIZATION		
102-1	Name of the Organization	Posti Group Corporation
102-2	Activities, brands, products and services	Board of Directors' Report 2018
102-3	Location of headquarters	Posti Group's head office is located in Helsinki, Finland.
102-4	Location of operations	Posti Group operates in 11 countries: Finland, Russia, Sweden, Norway, Estonia, Latvia, Lithuania, Poland, Germany, Switzerland and the United States.
102-5	Ownership and legal form	Share capital and shareholding
102-6	Markets served	Board of Directors' Report
102-7	Scale of the organization	Posti Group had approximately 18,500 employees at the end of 2018.
102-8	Information on employees and other workers	People responsibility indicators
102-10	Significant changes to the organization and its supply chain	Board of Directors' Report
102-11	Precautionary principle or approach	The precautionary principle has been observed in compliance with the legal requirements.
102-12	External initiatives	p. 4-5 Managing responsibility
102-13	Membership of associations	Posti engages in active dialogue with its partners and networks regarding the industry and the focus areas of sustainable development. These partners and networks include the international postal industry associations PostEurop, UPU (Universal Postal Union) and IPC (International Post Corporation), Service Sector Employers PALTA, the Finnish Business & Society (FIBS) network, Diversity Charter Finland and the Global Compact network. Posti is a member of the aforementioned associations and networks.
STRATEGY		
102-14	Statement from senior decision-maker	p. 1, About this report
102-15	Key impacts, risks and opportunities	Statement of non-financial information, Board of Directors' Report 2018

Disclosure number	GRI Standards 2016	Location
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behavior	p. 4-6 Sustainability
102-17	Mechanisms for advice and concerns about ethics	Code of Conduct: https://www.posti.com/en/sustainability/managing-responsibility/code-of-conduct/
GOVERNANCE		
102-18	Governance structure	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-19	Delegating authority	p. 4-6 Sustainability
102-20	Executive-level responsibility for economic, environmental and social topics	p. 4-6 Sustainability
102-21	Consulting stakeholders on economic, environmental and social topics	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-22	Composition of the highest governance body and its committees	Composition of the Board of Directors: https://www.posti.com/en/governance/corporate-governance/board-of-directors-and-its-committees/
102-23	Chair of the highest governance body	The Chair of Posti's Board of Directors is not an executive officer in the organization. More information on the Board and its committees: https://www.posti.com/en/governance/corporate-governance/board-of-directors-and-its-committees/
102-24	Nominating and selecting the highest governance body	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-25	Conflicts of interest	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-26	Role of highest governance body in setting purpose, values and strategy	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-28	Evaluating the highest governance body's performance	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-29	Identifying and managing economic, environmental and social impacts	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-30	Effectiveness of risk management processes	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-31	Review of economic, environmental and social topics	Corporate Governance Statement: https://www.posti.com/en/governance/reports-and-presentations/Corporate-Governance-Statements/
102-32	Highest governance body's role in sustainability reporting	p. 4 Sustainability at Posti
102-33	Communicating critical concerns	Code of Conduct: https://www.posti.com/en/sustainability/managing-responsibility/code-of-conduct/
102-35	Remuneration policies	Remuneration Statement: https://www.posti.com/en/governance/corporate-governance/remuneration-statement/

Disclosure number	GRI Standards 2016	Location
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Posti's closest stakeholders are customers, employees, employee and employer organizations, the owner, political decision-makers, the authorities, business partners, interest groups, environmental organizations, postal industry organizations and the media.
102-41	Collective bargaining agreements	In Finland, 99% of Posti's personnel are covered by collective labor agreements. The corresponding figure for the Group as a whole is 86%.
102-42	Identifying and selecting stakeholders	It is important for Posti to actively engage its stakeholders. Posti keeps in contact with its stakeholders through open communication and dialog.
102-43	Approach to stakeholder engagement	Stakeholder relations are managed with confidentiality, integrity and fairness.
102-44	Key topics and concerns raised	https://www.posti.com/en/sustainability/stakeholders/
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Board of Directors' Report 2018, Group companies
102-46	Defining report content and topic Boundaries	p. 51 Reporting principles
102-47	List of material topics	p. 4 Sustainability at Posti
102-48	Restatements of information	p. 51 Reporting principles
102-49	Changes in reporting	p. 51 Reporting principles
102-50	Reporting period	January 1–December 31, 2018
102-51	Date of most recent report	22.3.2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	p. 51 Reporting principles
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards 2016.
102-55	GRI content index	p. 45 GRI index
103	MANAGEMENT APPROACH	
103-1	Explanation of the material topic and its Boundary	p. 51 Reporting principles
103-2	The management approach and its components	p. 4 Sustainability at Posti

Disclosure number	GRI Standards 2016	Location
200	ECONOMIC RESPONSIBILITY	
201	Economic Performance	
201-1	Direct economic value generated and distributed	p. 39 Tax footprint
201-3	Defined benefit plan obligations and other retirement plans	Defined benefit pension plan obligations, Financial statements 2018
201-4	Financial assistance received from government	Public assistance, Financial statements 2018
203	Indirect Economic Impacts	
203-1	Infrastructure investments and services supported	Financial statements 2018
203-2	Significant indirect economic impacts	p. 39 Tax footprint
	Procurement Practices	
204-1	Proportion of spending on local suppliers	Posti purchases services and products from Finnish companies for more than EUR 600 million each year. In 2018, about 96 percent of all of Posti's purchases in Finland were from domestic suppliers.
205	Anti-corruption	
205-1	Operations assessed for risks related to corruption	The assessment of corruption risks is part of the Group's risk assessment procedure, which covers all business units and countries of operation.
205-2	Communication and training about anti-corruption policies and procedures	Posti has an Employee Code of Conduct and a Supplier Code of Conduct. They address topics including anti-corruption practices. All Posti employees are required to complete training related to the Code of Conduct. As of December 31, 2018, 74% of the Group's employees had completed the training.
205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption during the reporting period.
206	Anti-competitive Behavior	
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	As of December 31, 2018, Posti had five cases related to competition law pending with the Finnish Competition and Consumer Authority.

Disclosure number	GRI Standards 2016	Location
300	ENVIRONMENTAL IMPACTS	
302	Energy	
302-1	Energy consumption within the organization	p. 54 Key indicators of environmental responsibility
302-2	Energy consumption outside of the organization	p. 54 Key indicators of environmental responsibility
302-4	Reduction of energy consumption	p. 34-36
302-5	Reductions in energy requirements of products and services	p. 34-36
305	Emissions	
305-1	Direct (Scope 1) GHG emissions	p. 54 Key indicators of environmental responsibility
305-2	Energy indirect (Scope 2) GHG emissions	p. 54 Key indicators of environmental responsibility
305-3	Other indirect (Scope 3) GHG emissions	p. 54 Key indicators of environmental responsibility
305-4	GHG emissions intensity	p. 54 Key indicators of environmental responsibility
305-5	Reduction of GHG emissions	p. 34-36
306	Effluents and Waste	
306-2	Waste by type and disposal method	p. 54 Key indicators of environmental responsibility
307	Environmental Compliance	
307-1	Non-compliance with environmental laws and regulations	No fines or sanctions during the reporting period.
308	Supplier Environmental Assessment	
308-1	New suppliers that were screened using environmental criteria	Posti has a Sourcing Portal that is mandatory for all suppliers. Registration on the Sourcing Portal is a precondition for being approved as a Posti supplier. When registering on the portal, the supplier agrees to comply with Posti's Supplier Code of Conduct and provides the requested information regarding its quality and environmental management systems.
	SOCIAL RESPONSIBILITY	
401	Employment	
401-1	New employee hires and employee turnover	p. 10 p. 52
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 16
402	Labor/Management Relations	
402-1	Minimum notice periods regarding operational changes	The minimum notification time is between 14 days and 6 months depending on the duration of the employment relationship, and it is included in most of the collective agreements that are applied in the Group.
403	Occupational Health and Safety	
403-1	Occupational health and safety management system	The employees represented by the labor protection committee make up 86% of Posti's total personnel.
403-2	Hazard identification, risk assessment and incident investigation	p. 14 p. 52

Disclosure number	GRI Standards 2016	Location
404	Training and Education	
404-1	Average hours of training per year per employee	Average training hours per employee in Finland were 1.6 h. The figure includes training lasting over an hour.
404-2	Programs for upgrading employee skills and transition assistance programs	p. 16-17
404-3	Percentage of employees receiving regular performance and career development reviews	p. 10
405	Diversity and Equal Opportunity	
405-1	Diversity of governance bodies and employees	p. 52
405-2	Ratio of basic salary and remuneration of women to men	p. 10
406	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	There were no confirmed incidents of discrimination at Posti during the reporting period.
412	Human Rights Assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	Corporate responsibility and compliance risks are assessed as part of the Group's risk management process.
412-2	Employee training on human rights policies or procedures	Employee Code of Conduct training is mandatory for all employees. As of December 31, 2018, 74% of the Group's employees had completed the training.
414	Supplier Social Assessment	
414-1	New suppliers that were screened using social criteria	Posti has a Sourcing Portal that is mandatory for all suppliers. Registration on the Sourcing Portal is a precondition for being approved as a Posti supplier. When registering on the portal, the supplier agrees to comply with Posti's Supplier Code of Conduct and provides the requested information regarding its quality and environmental management systems.
415	Public Policy	
415-1	Political contributions	Posti Group does not make political contributions to individuals or parties.
416	Customer Health and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No significant incidents of non-compliance with regulations and principles during the reporting period.
417	Marketing and Labeling	
417-3	Incidents of non-compliance concerning marketing communications	No significant incidents of non-compliance with regulations and principles during the reporting period.
418	Customer Privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Posti has not received any privacy related complaints from regulatory bodies in 2018. Total number of registered and investigated cases related to data privacy was 37. The number of cases concerning breaches of customer privacy notified to the data protection authorities was 5.

Reporting principles

Posti's sustainability reporting complies with the GRI guidelines and the reporting requirements of its owner, the Finnish State.

This corporate responsibility report is based on the Global Reporting Initiative (GRI) guidelines and it has been prepared in accordance with the Core level. Area-specific standards have been reported for the areas of economic, social and environmental responsibility, which are essential to Posti. This is the company's first report prepared in accordance with the GRI standards. The report has not been subject to third-party assurance. A summary of the comparison between the report contents and the reporting guidelines is presented in the [GRI content table](#).

Reporting boundary

Posti's sustainability aspects, environmental indicators and HR indicators are reported annually for the same period as the financial figures (January 1–December 31). Unless otherwise mentioned in context, the reporting covers all operations of the parent company and subsidiaries in all countries of operation. The coverage of the indicators is reported in connection with the indicators.

The data and key indicators pertaining to financial

responsibility are taken from the consolidated financial statements. Posti's financial reports follow the International Financial Reporting Standards.

For figures related to personnel, the key indicators have been calculated in accordance with the Accounting Standards Board's general guidelines on annual reports.

The indicators for environmental responsibility cover the Group's operations with the greatest environmental impact in all of its countries of operation. The environmental impacts of transport subcontracting are taken into account with regard to Finland, Russia and the Baltic countries. The environmental accounting applies the WBCSD (World Business Council for Sustainable Development) Greenhouse Gas (GHG) protocol and the GHG Inventory Standard for the Postal Sector protocol, which includes more detailed instructions for the postal industry.

The environmental accounting method was developed in 2018 to cover all significant greenhouse gas emissions

(equivalents) contributing to climate change and follow the market-based approach in accordance with the GHG protocol. At the same time, the emission factors were updated to match most recent information, such as the newest country-specific statistics of emissions from the energy network. Therefore, the results of the accounting for 2018 are not directly comparable with previously reported results. In order to facilitate comparison, the results of the 2007 and 2017 baseline were adjusted to match the changes in the accounting method. Due to the change in the accounting method, the company will update all of its climate objectives to cover all greenhouse gases in 2019.

Contact details

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KPI Data: People

Personnel per country on December 31, 2018

	2018	2017	2016	2015
Finland	15,676	16,595	16,052	16,874
Russia	1,873	2,493	2,553	2,809
Poland	108	128	620	568
Sweden	142	147	229	260
Estonia	408	337	378	419
Norway	36	38	144	157
Denmark	0	0	0	0
Latvia	95	81	94	164
Lithuania	93	92	278	259
Germany	89	100	146	88
Other (USA)	2	3	3	0
	18,522	20,014	20,497	21,598

Employee leaving rate in Finland

Permanent employments, Finland*	permanent employments
Females	35%
under 25 years	6%
25–34 years	18%
35–44 years	23%
45–54 years	28%
55 years or older	26%
Males	65%
under 25 years	5%
25–34 years	21%
35–44 years	22%
45–54 years	28%
55 years or older	24%

*Total leaving rate 16.1 % without seasonal employees

Leaving rate, Finland	Leaving rate
Females	13.9%
under 25 years	39.9%
25–34 years	18.0%
35–44 years	13.4%
45–54 years	9.8%
55 years or older	10.6%
Males	17.2%
under 25 years	62.0%
25–34 years	30.8%
35–44 years	15.5%
45–54 years	6.9%
55 years or older	9.7%
Total	16.1%

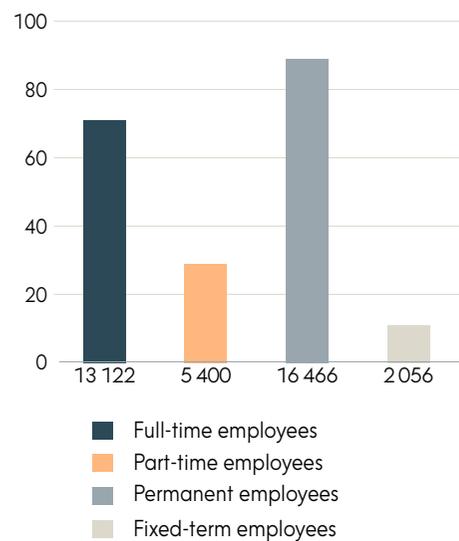
Sickness related absences, accidents and retirement, Finland

	2018	2017	2016	2015	2014
Sickness related absences (%)	5.8	5.9	6.6	6.2	6.2
Lost time accidents (number)	899	1,145	982	1,046	1,089
Accident frequency, LTA1	43	46	43	43	41
Disability pensions	63	55	77	68	78
Part-time disability pensions	82	55	80	80	62
Total disability pensions	145	110	157	148	140
Average age for retiring on disability pension	57.6	55.4	56.2	56	56.3
Average retirement age	62.1	61.3	61.4	62.5	62.5
Retired	271	269	281	320	301

People

Breakdown of employment contracts*,

100%



*Group

Length of employees' career*,

100%



*Group

Age distribution of personnel*,

100%



*Group

KPI Data: Environment

302 1-2: Energy consumption within and outside of the organization

Terajoules (TJ)	2018	2017	2016	2015	2014	2013
DIRECT ENERGY CONSUMPTION						
Renewable						
Biogas	1	2	2	1	4	2
Non-renewable – facilities and own vehicles						
Natural gas	194	139	157	158	267	165
Fuel oil	0	0	0	0	1	1
Other heating fuels	2					
Traffic fuel	714	786	766	730	778	879
INDIRECT ENERGY CONSUMPTION						
Renewable						
Electricity, Finland	104	292	306	313	337	265
Non-renewable						
Electricity, other countries	126	167	187	204	207	303
Electricity, Finland	178					
District heating	196	244	271	278	324	352
Traffic fuel – outsourced, Finland	949	1,121	804	805	913	951

305 1-3: The Group's GHG Emissions

Tons, CO ₂ e	2018*	2017*	2016	2015	2014	2013
Fuel use in transport – Posti's vehicles, Scope 1**	50,094	54,680	52,532	50,014	53,396	60,406
Fuel use in buildings – energy generation, Scope 1	10,968	7,229	8,818	8,900	15,020	9,268
Electricity and heat use in buildings, Scope 2	42,357	34,935	39,068	40,266	44,199	38,272
Subcontracted transport by vehicles and air, Scope 3**	118,116	107,049	62,524	65,298	70,801	73,490
Business travel flights, Scope 3	1,153	1,405	1,358	1,512	2,139	2,190
Total	222,689	205,297	164,300	165,991	185,555	183,625

306-2: Waste by type and disposal method, Finland

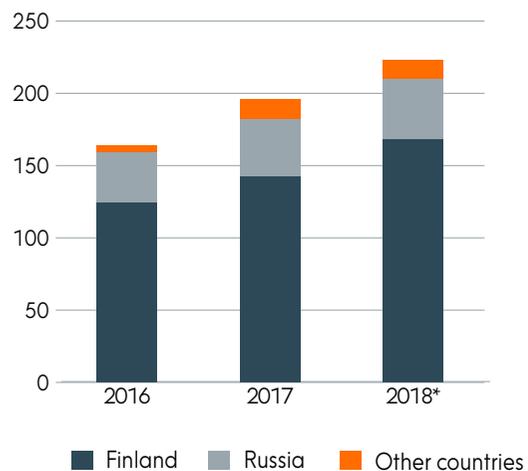
Properties included in waste management agreement, tons*	2018	2017	2016
Recycle and reuse	9,133	8,272	8,308
Other recover	4,529	4,180	3,779
Incineration	494	484	489
Final disposal	55	65	82
Hazardous waste	462	1,043	537
Recycle and reuse	355	943	462
Final disposal	107	100	74
Total	14,674	14,044	13,194
Recovery rate, %	99%	99%	99%

* Excluding properties where waste management is included in the rent.

*In 2018, the calculation method was developed to cover all significant greenhouse gas emissions (equivalents) affecting climate change, not only carbon dioxide and to follow the market-based method according to Greenhouse Gas Protocol. Additionally, emission factors were updated to reflect the latest information, such as the latest country-specific statistics on energy network emissions. As a result, the results of 2018 are not directly comparable with the old published results. To enable comparison the result for 2017 was adjusted to reflect the changes in calculation method.
**Biogenic emissions Scope 1: 2.1 tonnes of carbon dioxide, Scope 3: 3147.4 tonnes of carbon dioxide.

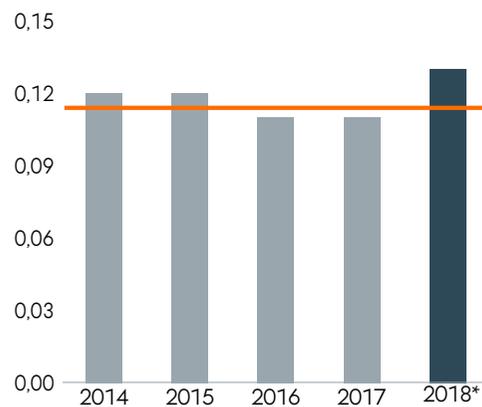
Environment

Carbon dioxide emissions,
1,000 tn



*In 2018, the calculation method was developed to cover all significant greenhouse gas emissions (equivalents) affecting climate change. Emissions in 2018 are reported in carbon dioxide equivalents and are not directly comparable with the old results.

Carbon dioxide emissions
relative to net sales in Finland,
kg/EUR



Target at -30% by 2020 (compared to 2007)

Absolute CO₂ emissions have decreased by over 42,000 metric tons of carbon dioxide equivalent (20%) from year 2007 to 2018.

posti