

SUSTAINABILITY
REPORT

2017



posti

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Sustainability at Posti

Sustainability has been a cornerstone of Posti's operations for nearly 400 years, since the early days of postal operations. Since then, our business operations and their geographical coverage have been significantly expanded. Our commitment to sustainability has become increasingly important – it is part of our strategy, it is based on our shared values, and our customers also expect it from us to an increasing extent.



Posti is a state-owned company that operates on market terms, whose financial responsibility is based on transparency and profitability. Posti wants to grow profitably, as only a financially sound company can implement its sustainability practices.

As a work community, Posti is equal, international and diverse. Posti's goal is to provide healthy and safe work and a healthy and safe working environment for its employees. In promoting safety at work, Posti's focus is on proactive measures.

Posti's environmental program aims to reduce our carbon-dioxide emissions by 30 percent by 2020, in relation to net sales (compared to 2007). Posti has joined the energy efficiency agreement period 2017–2025. The agreement is a voluntary commitment to improve energy efficiency.

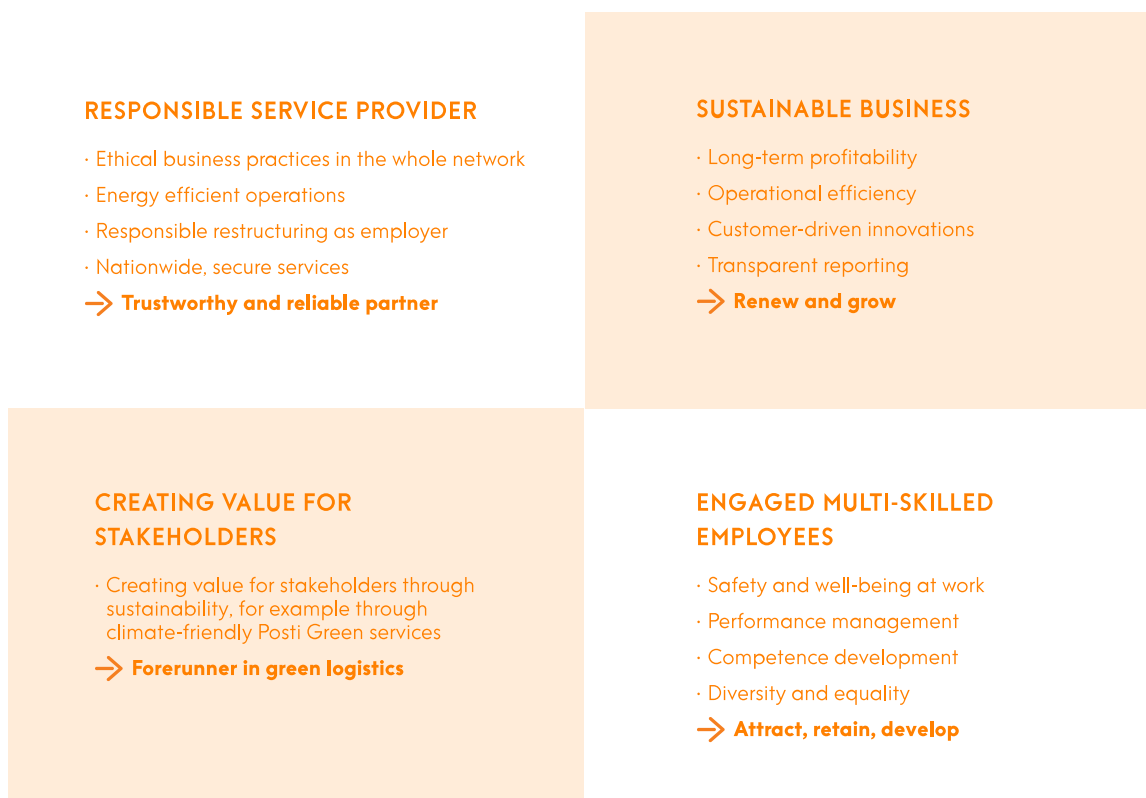
Posti exclusively uses electricity produced from renewable energy sources at its Finnish properties. Posti also has renewable energy production of its own. In late 2016, a total of 1,920 solar panels were mounted on the roof of the Vantaa logistics center. We obtained good monitoring data on the production of solar energy during the year.

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 customers.

Areas, indicators and targets 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 validated by the Management Board.

We divide our sustainability into four areas: 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 and addresses the relevant indicators and targets.



Indicators and targets of sustainability

Area of corporate responsibility	Indicator	Description	Realized in 2017	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.	2.6%	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.	1,458	2,500
Engaged multi-skilled employees	Personnel engagement index	Engagement index contains four items: pride, satisfaction, willingness to recommend, and engagement.	39%	-
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%	-30%

* Non-IFRS = excluding non-recurring items

Highlights and challenges during the year

Achievements

Posti's sustainability performance receives another gold-level rating

Posti was awarded a gold-level rating by the international research company EcoVadis for its sustainability performance. With a score of 72/100, Posti ranked among the top five percent of companies in all industries worldwide.

Posti's smart transportation pilot acknowledged in PostEurop sustainability contest

PostEurop sustainability contest PostEurop gave out Coups de Coeur sustainability awards for the fifth time. Posti's smart transportation pilot won first prize in the Society category. The jury appreciated Posti's method of combining long-term digital research with daily postal operations as well as the pilot's impact on health, safety and the environment.

Electric car fleet expanded by five new vehicles

Posti added five right-hand drive electric vans to its fleet. The electric vans are quiet and emission-free, which makes them particularly well suited for deliveries in urban areas and supports the achievement of Posti's environmental targets.

Development areas

Low dedication index

Although the results of the employee survey improved in each category, the important indicator that is the dedication index remained low compared to the industry average. The dedication index indicates the extent to which the personnel are motivated to contribute to and willing to strive for reaching the goals of the organization.

Further improvement needed to achieve the emissions reduction target

In 2017, Posti's total emissions relative to net sales were down 17 percent from the 2007 level. This means that further improvement is needed to achieve the target of a 30 percent reduction by 2020.

Safe work and a safe working environment for Posti employees

Serious occupational accidents leading to an absence of more than a month decreased by 21 percent from the previous year, but the LTA1 indicator of accident frequency remained high in Finland at 46. We will continue our systematic efforts to promote occupational safety and make Posti a zero-accident workplace.

Managing sustainability

At Posti, sustainability and responsibility are part of day-to-day work, management and risk management. Posti's management is based on the Group's corporate values: succeeding with the customer, driving for improvement and innovation, taking responsibility, and winning together. Good management supports the achievement of targets and fosters a positive work atmosphere.



Posti's corporate values are also the foundation of the Posti Corporate Responsibility Principles. Posti's sustainability guidelines take into account the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights and the UN Sustainable Development Goals (SDGs). The Global Compact principles comprise self-regulation pertaining to human rights, the environment and corruption. The UN Guiding Principles specify a company's responsibility with regard to human rights and call on companies to respect human rights. The UN Sustainable Development Goals contain guidelines aimed at ensuring sustainable development.



Posti is committed to operating in a responsible and ethical manner. Posti's Code of Conduct, which is aimed at the company's personnel, covers legal and regulatory compliance, good business practices, principles concerning equality and non-discrimination, the avoidance of conflicts of interest, the prohibition of unethical commercial practices and environmental responsibility. The Code of Conduct also documents the principles concerning the consequences of misconduct. The Code of Conduct also specifies the anonymous whistleblowing channels established by the Group for employees to confidentially report suspected cases of misconduct or other problems.

The Group's partners are required to adhere to the Posti Corporate Responsibility Principles. Posti's Supplier Code of Conduct covers legal and regulatory compliance, good business practices, principles concerning equality and non-discrimination, the avoidance of conflicts of interest, the prohibition of unethical commercial practices and environmental responsibility.

Sustainability is the responsibility of Posti's Vice President, Stakeholder Relations. The Vice President, Stakeholder Relations is a member of the Group Management Board. Matters related to sustainability are discussed at least once per year by the Board's Audit Committee and the Management Board.



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:

- 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- 11: Make cities and human settlements inclusive, safe, resilient and sustainable
- 12: Take urgent action to combat climate change and its impacts
- 13: Ensure sustainable consumption and production patterns

* 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.

Management of sustainability risks

The objective of Enterprise Risk Management (ERM) is to safeguard the achievement of Posti's strategic and key targets from unexpected risks and to enhance Posti's business opportunities and corporate image. For this reason, the process is designed to support the strategy and annual planning process.

The risk management unit prepares information security guidelines and supports the management in implementing them. In all Group companies, the management is responsible for the management of business risks.

Risks related to sustainability are updated at least twice per year as part of Posti's Enterprise Risk Management process. They are reported as a separate item in the Group's risk report. Sustainability risks are discussed by the corporate responsibility steering group, the Executive Board, the Board of Directors of Posti Group and the Board's Audit Committee.

Sustainability risks include, for example, potential information leaks and information security deviations as well as potential accidents that cause substantial damage to people or the environment.

Posti processes all information in strict confidence, taking information security requirements into account. In terms of protection, we see as particularly important customer and personnel information as well as Posti's and its partners' confidential information and the related systems and business processes.

Privacy is crucial in Posti's business. Posti's corporate security policies determine the minimum level for all of our countries of operation. They take into account the information security requirements of our customers, the business environment and risk management.

Sustainable business

Financial responsibility is based on profitable growth

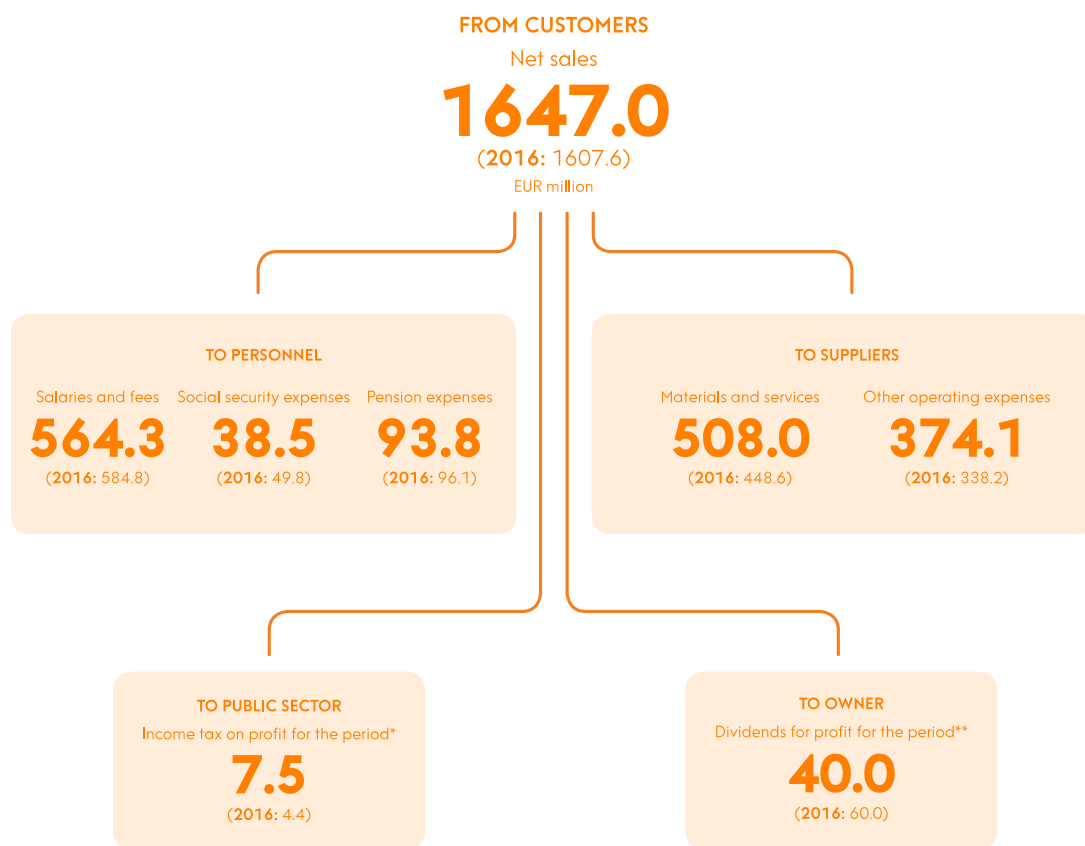
Posti's financial responsibility is based on transparency and profitability. We want to grow profitably, as only a financially sound company can implement its responsibilities in terms of society, personnel, the environment and all stakeholder groups. We plan our finances from a long-term perspective, anticipating changes in the market, customer demands and risk scenarios in Finland and abroad. Financial responsibility management is supported by our risk management policy, internal control principles and corporate governance principles.

We are a state-owned company that operates on market terms, and our operations are entirely based on the revenue received from our customers. We implement our financial responsibility by reforming our business operations and improving our profitability in line with our strategy.

Posti's financial targets are as follows:

- Adjusted operating result: 4%
- Return on capital employed: 10%
- Net debt/adjusted EBITDA: less than 2.0x
- Stable dividend growth.

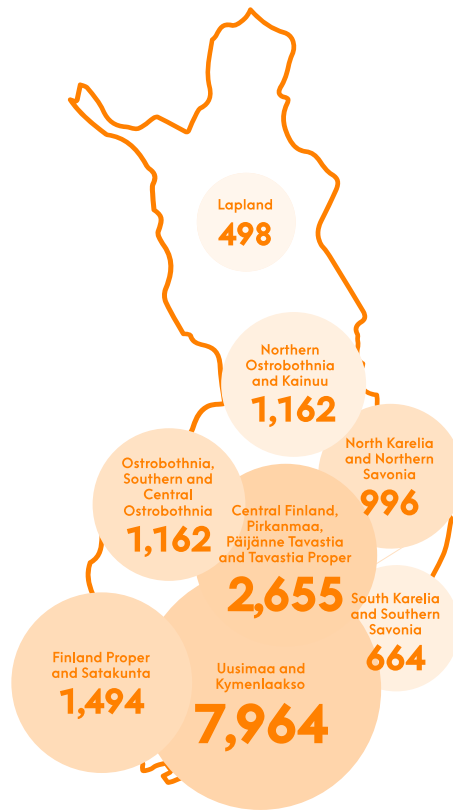
The financial impacts of our operations are very extensive, as our services are used by thousands of private and public sector operators every day, in addition to consumers.



* more information from the section Tax footprint

** Board of Directors' proposal to the Annual General

Posti is a significant regional employer throughout Finland. At the end of 2017, we had approximately 16,500 employees. In addition, we employed over 900 subcontractors in mail delivery and transport services. Most of them are small companies.



Tax footprint

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 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 85 % 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

2017, MEUR	Finland	Russia	Scandinavia	Other countries
Net sales	1,289.2	118.8	124.9	114.2
Result before taxes	-34.5	-20.1	2.4	-1.8
Number of personnel	13,599	2,243	195	795
Paid taxes	29.0	7.8	4.1	3.0
Remitted taxes	238.9	10.7	13.6	5.6
Received public support	0.0	0.0	0.0	0.1

2016, MEUR	Finland	Russia	Scandinavia	Other countries
Net sales	1,261.9	104.6	133.2	107.7
Result before taxes	-191.3	-3.2	7.2	0.5
Number of personnel	14,141	2,468	375	1,539
Paid taxes	46.3	6.8	5.0	3.4
Remitted taxes	261.7	8.0	16.7	6.8
Received public support	0.1	0.0	0.0	0.1

The Group's tax position in 2017

In 2017, the Group's effective tax rate was -20.0 % (2016: 21.5%). The effective tax rate is calculated based on accrual-based income taxes and changes in deferred taxes. The increase in the tax rate was significantly affected by non tax-deductible losses on the impairment of goodwill and the disposal of sold business. The Group's accrual-based income taxes for the financial year, excluding the effect of changes in deferred taxes, amounted to EUR 7.0 million.

Posti Group Corporation has several pending appeals lodged with the Board of Adjustment in the Large Taxpayers' Office. The appeals are mainly related to the utilization in Finland of losses recognized by foreign subsidiaries that were merged into the company in 2014 and 2015. The losses amount to approximately EUR 59 million in total. The appeals are still pending in the Board of Adjustment.

Posti Group's Finnish companies were subject to a tax audit in 2016 and 2017. According to the audit reports, the Group's Finnish companies are liable to pay approximately EUR 0.3 million in value added taxes, penalty interest and punitive tax increases. Posti considers the majority of the observations made in the audit reports to be unsubstantiated and erroneous, and Posti has lodged an appeal with the Board of Adjustment in the Large Taxpayers' Office.

Taxes paid by category and by geographical area

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

Paid taxes 2016, thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Income taxes	18,254	17 878*	319	16	41
Real estate taxes	2,868	1,931	937	0	0
Employer taxes	24,956	11,035	5,585	4,976	3,360
Environmental taxes	13,516	13,482	0	0	34
Other taxes	1,970	1,970	0	0	0

* Contains 10,188 thousand euros income taxes which have been paid during the year 2016, but will be directed for the year 2015.

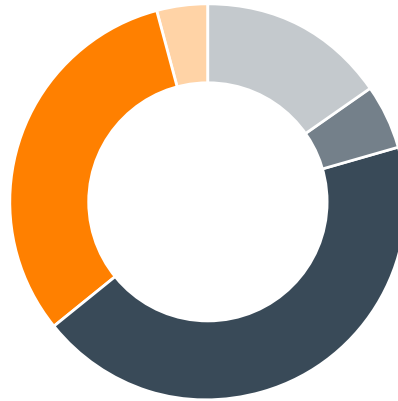
Remitted taxes by category and by geographical area

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

Remitted taxes 2016, thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Value added taxes	165,150	148,659	4,862	10,083	1,546
Salary taxes	127,560	112,920	2,878	6,627	5,135
Other taxes	548	165	300	0	83

Paid taxes and fees

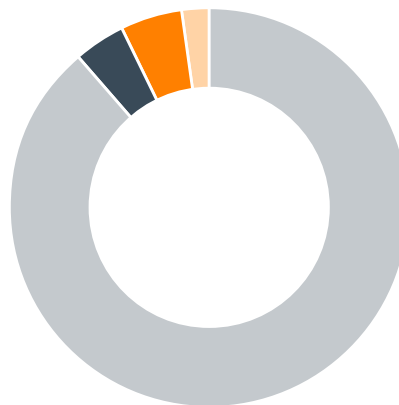
total 43.9 MEUR



Income taxes 6.8 MEUR Real estate taxes 2.3 MEUR Employer taxes 19.1 MEUR
 Environmental taxes 13.8 MEUR Other taxes 1.8 MEUR

Remitted taxes by geographical area

total 268.8 MEUR*

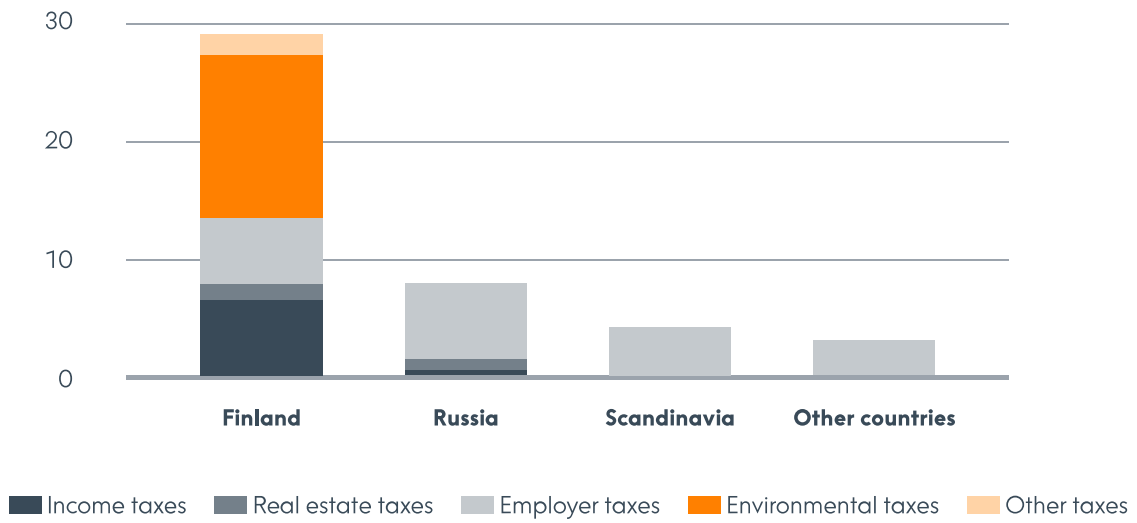


Finland 238.9 MEUR Russia 10.7 MEUR
 Scandinavia 13.6 MEUR Other countries 5.6 MEUR

* of which value added taxes 153.8 MEUR, salary taxes 114.7 MEUR and other taxes 0.3 MEUR.

Paid taxes by type and geographical area

total MEUR



Posti in the society

Posti's most significant task in society is to ensure a smooth daily life for Finnish consumers and businesses. Each weekday, Posti visits the front door of some 2.8 million Finns, and serves approximately 200,000 business customers per year.



Our well-functioning and efficient service network enables us to provide reliable services for all of our customer groups in a socially responsible manner. We deal ethically, openly and transparently with all of our stakeholders. We use various channels to provide our stakeholders with information and enable them to interact with us.

Posti is the largest logistics company in Finland. We have over 320,000 m² in warehousing capacity in Finland, more than 3,900 vehicles, and we drive over 117 million kilometers on Finnish roads every year. We offer the most comprehensive nationwide logistics network.

We ensure that the letter and parcel services that fall within the scope of universal service obligation are available to everyone. We are the only operator in Finland to provide five-day delivery services that cover the entire country. The universal service obligation covers the entire country, with the exception of the Åland Islands. The obligation is monitored by the Finnish Communications Regulatory Authority.

During the year, Posti delivered items that fall within the scope of the universal service obligation on five weekdays to all households in accordance with the Postal Act. In areas that are difficult to reach, we deviated from the five-weekday obligation in the case of approximately 116 households, with the maximum allowed number being 1,000. Posti processed 2,847 inquiries related to normal letters during the year. Of these inquiries, 189 items were declared as having been lost. The average response time for customer feedback was 5 days. Inquiries related to letter items represented 0.00040 percent of the total volume.



Postal Act reforms entered into force in 2017

As a result of digitalization, the postal industry is undergoing a historic transformation both in Finland and elsewhere around the world. More than 90% of the communications of consumers and companies are now in electronic form. The unfortunate fact is that the volume of paper letters and publications is falling continuously. With lower delivery volumes, delivery costs per letter and publication are increasing, which is why the new Postal Act was introduced to reform mail delivery.

The amendment to the Postal Act that entered into force on September 15, 2017, applies to universal service products, namely stamped letters and cards. For parcels, the universal service obligation covers parcels sent to addresses outside Finland and paid for with stamps. The delivery of newspapers and magazines is not covered by the Postal Act.

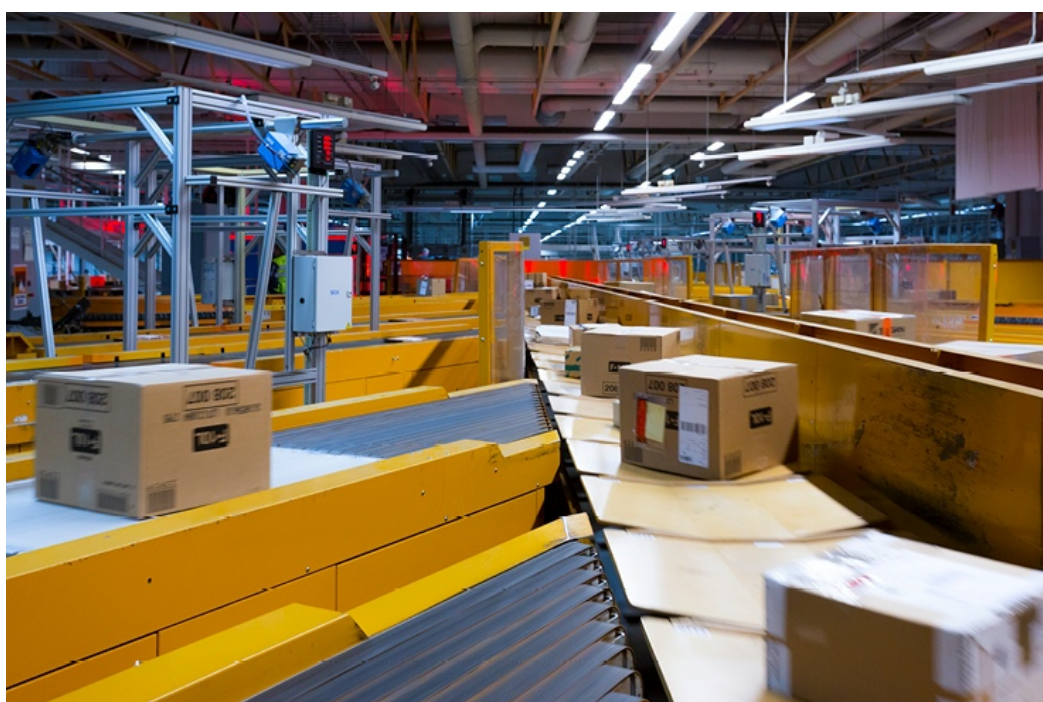
The reforms did not lead to direct changes for citizens. Five-day delivery of universal service letters continues in a large part of Finland, namely the areas that do not have early-morning delivery networks maintained by newspapers. In these areas, Posti will be required to arrange competitive bidding for delivery in 2018.

In urban areas, delivery on at least three days per week is allowed if the area in question has an early-morning delivery network for newspapers.

The provisions concerning delivery speed were amended to specify that at least 50 percent of universal service letters, i.e. stamped letters and cards, must be delivered by the fourth weekday.

Ethical business practices in the whole supply chain

Posti is committed to sustainable business and bearing its responsibility with respect to society, the environment and all of its stakeholders.



Posti has a Group-wide uniform sourcing policy that defines how the sourcing function and supplier cooperation are managed. The sourcing policy supports Posti's strategy, environmental program and the Posti Corporate Responsibility Principles. It outlines decision-making responsibilities and responsibility boundaries, and it specifies the minimum requirements for the sourcing organization.

As part of responsible sourcing, Posti has defined its [Supplier Code of Conduct](#) . It covers legal and regulatory compliance, good business practices, principles concerning equality and non-discrimination, the avoidance of conflicts of interest, the prohibition of unethical commercial practices and environmental responsibility.

The Group's partners are required to adhere to the Posti [Corporate Responsibility Principles](#). They take into account the UN Global Compact principles, the UN Guiding Principles on Business and Human Rights and the UN Sustainable Development Goals.

In 2017, the Group deployed a new application environment for strategic sourcing. Known as the Posti Sourcing Portal, it is intended to enhance the management of suppliers, sourcing events and sourcing agreements, increase automation and transparency as well as improve cooperation between sourcing, suppliers and stakeholders. The Group also started a project to implement a new e-ordering application and automated invoice processing for Posti.

The Sourcing Portal improves Posti's capacity to monitor the sustainability of the supply chain. Registering 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.

A partner that enables growth

Through category management, Posti has identified key suppliers with which the company develops partnerships that enable mutual growth. In total, Posti has nearly 8,000 suppliers, of which roughly 100 are considered key suppliers. Posti looks to develop joint innovation activities with key suppliers with the aim of achieving mutual benefits by finding new and better ways of doing things.

Posti purchases services and products from Finnish companies for more than EUR 600 million each year. In 2017, about 96 percent of all of Posti's purchases in Finland were from domestic suppliers.

Posti understands its customers' needs regarding the sustainability of the supply chain and aims to audit all key suppliers according to a uniform process and model.

Posti's sustainability performance receives another gold-level rating

Posti was awarded a gold-level rating for its sustainability performance by the international research company EcoVadis in 2017. With a score of 72/100, Posti ranked among the top five percent of companies in all industries worldwide.

EcoVadis helps businesses monitor their suppliers' and partners' operating practices related to ethical, social and environmental issues in more than 110 countries. EcoVadis assesses suppliers annually based on their overall sustainability performance.

Posti is also a member of Sedex (Supplier Ethical Data Exchange), the world's largest cooperation platform for sharing information on ethical supply chains. Sedex has over 38,000 members representing more than 30 industries in over 150 countries.



Stakeholder engagement

It is important for Posti to actively engage its stakeholders. Posti keeps in contact with its stakeholders through open communication and dialog. Stakeholder relations are managed with confidentiality, integrity and fairness. Posti's key stakeholders are customers, personnel, personnel organizations, the state as our owner, political decision-makers, the authorities, associations, and the media as well as our partners in subcontracting, research and the industry.



Posti conducted an extensive stakeholder survey at the turn of 2015–2016. The survey assessed stakeholders' views regarding the regulation of the postal industry, the future of the industry, as well as their perceptions related to sustainability. Most of the second-phase amendments of the Postal Act reform entered into force in 2017. Posti has actively engaged in discussions with its stakeholders throughout the different phases of the Postal Act reform process. The next extensive stakeholder survey will be conducted after the amendments have entered into force. The reform of the Postal Act has initiated a lot of discussion, some of which has been quite emotional.

Posti engages in active dialog with its partners and networks regarding the industry and the focus areas' 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.

Focus on measuring the customer experience

The customer experience is very important for Posti. Posti requests feedback from its customers on a continuous basis to support the development of its operations. In recent years, Posti has developed its measurement of customer satisfaction and adopted new customer satisfaction indicators.

The goal is to quickly obtain concrete feedback on specific transactions. Ongoing automated questionnaires conducted at the time of the transaction produce more accurate data than traditional interviews conducted less frequently. When feedback can be linked to specific transactions, corrective action is easier and faster to take.

Posti currently has several customer experience measurement points linked to specific transactions. Examples of these transactions include parcel deliveries, customer service situations in various channels and transactions that take place on electronic service platforms. The goal is to quickly obtain concrete feedback on specific transactions. Ongoing automated questionnaires conducted at the time of the transaction produce more accurate data than traditional interviews conducted less frequently. When feedback can be linked to specific transactions, corrective action is easier and faster to take.

Posti also conducts customer satisfaction surveys targeted at the decision makers of business customers. Instead of focusing on specific transactions, these surveys focus on the customer–supplier relationship in a broader sense as well as the customers' expectations towards Posti as a partner.



Posti joined Finland's centenary celebrations

All of Finland celebrated a special milestone in 2017. Posti was also involved in the Finland 100 festivities in many ways during the year. Among other things, Posti published a stamp booklet entitled Finland 100 – The Faces of Finland. Each stamp and each of the 60,000 booklets is unique. The stamps consist of photos of faces sent by thousands of Finns, assembled on the sheet using a special mosaic technique.

In addition to publishing the Finland 100 stamps, Posti put together a book of congratulations to the 100-year-old Finland and delivered it personally to the President of the Republic. More than 20,000 names and congratulatory messages were collected for the book throughout the year in different parts of Finland and the world from Finns, Finnish expatriates and friends of Finland. The first congratulatory messages were written in Nuorgam Posti's northernmost service point, on January 9th of the jubilee year. The book then made the rounds through some 50 Finnish municipalities before ending up in Helsinki.

Posti also celebrated the centenary by giving stamps and postcards to all 60,000 third-graders in Finland as a gift. The theme of the postcards was gratitude.

Posti also organized an Open House event in four locations to give people the opportunity to learn more about Posti's operations. The events were part of the national Open House week under the Made By Finland campaign created by the Association for Finnish Work to celebrate the centenary of Finland's independence.

Personnel development

Posti is the largest private employer in Finland. As a work community, Posti is equal, international and diverse.



The constantly changing business environment and the pursuit of new growth give rise to new competence requirements. Posti 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 Posti's 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. The digital transformation of our business environment calls for new know-how, the capacity to learn new things and the ability to quickly adapt to changing circumstances.

At the supervisor and expert level, special focus is placed on supporting change management. In production, the line management training program for supervisors will continue with a focus on regionality and ensuring that the themes of the training are current. Good management is reflected not only in higher productivity, but also the commitment, well-being and competence development of Posti's personnel.

A responsible employer

Posti's VOICE employee survey is aimed at all employees. The questionnaire was conducted in September in Finland, Russia, Estonia, Latvia and Lithuania. More than 11,200 Posti employees completed the questionnaire, which represents 70 percent of all personnel (2016: 70%).

The scores improved slightly in all areas of the survey compared to the previous year. The dedication index was 39 percent (38%) and the performance facilitation index was 54 percent (52%). The dedication index indicates the extent to which the personnel are motivated to contribute to and willing to strive for reaching the goals of the organization. The performance facilitation index measures the extent of the organization's commitment to producing excellent customer service and high-quality products or services and to basing its operations on the practices of continuous improvement.

The results of the questionnaire have been discussed by the Executive Board. A number of common themes were included in the action plan for 2018: prioritizing activities, highlighting the positives, management having an active presence in day-to-day operations and increasing dialog within the organization.

OpusCapita conducted a Trust Index employee survey in accordance with the Great Place to Work concept in late 2017. The questionnaire was completed by 319 employees, which represents 80 percent (84%) of all personnel. The Trust Index questionnaire is based on the idea that a great place to work is one where employees have trust in the management, take pride in what they do and enjoy working together with their colleagues. The questionnaire measures the achievement of these goals and the company's management culture from the employee's perspective. The Trust Index for 2017 was 62 percent. This represents a decrease from the previous questionnaire, but the internal comparison is not entirely relevant due to organizational restructuring measures. OpusCapita benchmarks its performance against the largest multinational corporations in Europe. The target is to elevate the result to a level above 80 percent.

Responsible Summer Job campaign

Posti received a total of 9,500 summer job applications and provided summer jobs to approximately 2,400 people across Finland. While the majority of the summer workers were employed in mail and publication delivery operations, some also worked in sorting, transport, warehouses, customer service and administration.

As in previous years, Posti again participated in the national Responsible Summer Job campaign. The campaign has seen Posti make a commitment to the principles of a good summer employer.

A summer job gives young people the opportunity to learn more about working life. Posti wants to offer young people unique experiences and diverse duties. A large proportion of Posti's summer workers are students, many of whom come back to work summers at Posti time after time.



Multicultural employer

Posti has extensive experience of managing diversity and employing people with immigrant backgrounds. In Finland alone, our employees represent more than 80 nationalities. In 2017, Posti organized two recruitment events in cooperation with the Ohjaamo services of Helsinki and Vantaa, which led to about 30 people being hired in a permanent employment relationship in early-morning delivery in the capital region. Ohjaamo is an easy-access service point for young adults under 30 years of age. It provides diverse information and guidance on topics such as career planning, education and employment. Posti has been a member of Diversity Charter Finland since 2012. We were among the first companies in Finland to sign the charter. The dimensions of diversity include age, sex, ethnic origin, sexual orientation, operational capability and religion, among other aspects.

On the path toward an accident-free workplace

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.



Posti's goal is to provide healthy and safe work and a healthy and safe working environment for its employees. In promoting safety at work, Posti's focus is on proactive measures. Accident prevention is a shared responsibility.

Mail is delivered on at least four days a week, regardless of the weather. The frequency of occupational accidents remains regrettably high. A total of 1,905 accidents were recorded in 2017 (2016: 1,845). These figures include occupational accidents at the workplace as well as commuting accidents which led to an absence.

Improving and promoting occupational safety are important development areas for Posti. This work is done consistently in three areas:

1. A systematic approach to the management of occupational safety
2. Increasing competence and awareness
3. Procedures, working methods and tools

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

Developing procedures and competencies

Managing safety risks lays the foundation for a safe operating environment. Workplace surveys and risk assessments are ongoing activities at Posti.

Posti is implementing company-level minimum requirements for occupational safety in order to adopt systematic approaches and harmonize working methods. These areas are developed continuously and compliance is evaluated by internal assessment processes.

In 2016, Posti partnered with the Institute of Marketing to launch a Specialist Qualification in Management focused on occupational safety management. The first batch completed the program in fall 2016 and the second batch started in spring 2017. The training program is aimed at supervisors and it includes more than 20 participants. The results of the program can be seen in the work community as a whole. By promoting and strengthening occupational safety procedures, the participants in the program help build a culture of safety at work.

Posti provided Occupational Safety Card training to nearly 350 transport professionals and 120 supervisors in 2017. We also organized driving style training to employees who deliver mail by car. The participants were Posti employees from Central Finland and the capital region. The training took place in eight groups and included both theory and practice. The effectiveness of the training will be evaluated by monitoring the driving style index.

In fall 2017, Posti piloted several mobile applications for reporting on and managing occupational safety. The aim is to activate and engage the personnel to make observations and to reduce the time spent on reporting.

In late 2017, we started a slipping prevention campaign aimed at all personnel. As part of the campaign communications, we established a Facebook group where employees, supervisors and experts can discuss safety and best practices in general and post warnings about hazardous weather conditions.



Award-winning smart transportation pilot aims to improve traffic safety

In spring 2017, Posti participated in a smart transportation pilot that investigated opportunities for improving traffic safety through digitalization. The Posti truck, equipped by TTS Työteho-seura and VTT Technical Research Centre of Finland, carried various cameras and sensors to provide the driver with real-time information on the weather conditions and potential obstacles on the road. In the future, this information will be available to all road users.

The pilot also included comparing the automatic observations with the driver's reactions. The reliability of the information produced by the tracking equipment will be vitally important in automated vehicle functions, i.e. robot cars, of the future. The pilot was carried out in the usual business transportation for three months between Helsinki and Oulu. The vehicle operated the 540-kilometre route 20 hours a day.

Good results achieved through work ability management

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. Several measures related to ensuring work ability produced good results in 2017, leading to Posti's sick leave rate declining to 5.9 percent from the previous year's level of 6.6 percent.

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.

Posti uses the OmaTyöterveys telephone service, which is how all Posti employees establish first contact with occupational health care. The telephone service involves health care professionals assessing the employee's situation, providing health-related counseling, granting short-term sick leave and, if necessary, referring the employee to occupational health care. The new service means that employees do not need to travel while sick to visit occupational health care in circumstances where there is no need for an in-person appointment, when treatment and rest at home are adequate.

Supervisors have access to the EsimiesKompassi (Supervisor Compass) system to support the management of absences and work ability. The feedback has been positive and the work ability management system has provided concrete support in the day-to-day management of 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.



EUR 920,000 to be invested in well-being at work

Posti has a [Foundation for Well-being at Work](#) (in Finnish), established in 2006 with the purpose of helping personnel in the mail communications and logistics industry remain available to the labor market longer than before and supporting the physical health, mental wellness, rehabilitation and related holiday and sports activities of the current and retired employees of Posti Group's Finnish companies (including OpusCapita) and their family members. The Foundation's operations are divided into two areas: measures to improve well-being at work and research activities. The measures to improve well-being at work include fitness overhaul programs and other measures aimed at increasing physical activity. The Foundation's research activities are aimed at influencing the work and working conditions in the mail communications and logistics industry. The operating expenses for 2018 are estimated at EUR 920,000.

Indicators

Occupational safety indicators

Posti monitors the frequency of workplace accidents that lead to absences (LTA1: occupational accidents per million working hours). In 2017, the LTA1 figure was 46 (43) for Finland. For other operating countries including Russia, the figure was 13. This figure includes occupational accidents that occurred during working hours and led to an absence of at least one day (excluding Flexo and Posti Kotipalvelut). Taking commuting accidents into account, the total number of occupational accidents in 2017 was 1,905 (1,845).

A large proportion (54 percent) of the accidents lead to a short-term absence from work. In 2017, the number of accidents that led to more than a month-long absence from work was 105 (107).

Personnel-related indicators

At the end of the 2017 financial year, the number of personnel stood at approximately 20,000. In Finland, the company employed about 16,500 people at the end of the financial year, which makes it one of the country's largest private-sector employers.

Of the personnel, 84 percent are covered by collective agreements. In Finland, 99 percent of the personnel are covered by collective agreements. The Baltic countries, Poland and Russia do not have binding collective agreements but Posti complies with the local labor law in these countries. The employees represented by the labor protection committee make up 83 percent of Posti's total personnel. In Finland, the ratio between the basic salaries of women and men was 97 percent.

Women made up 37 percent and men 63 percent of the Group's employees. Posti's Supervisory Board has 12 members and the Board of Directors has eight members. The Executive Board is composed of nine members, and the Management Board is composed of 15 members. The Supervisory Board and the Board of Directors have had an equal number of men and women as members, while men have constituted the majority of the Executive Board and Management Board.

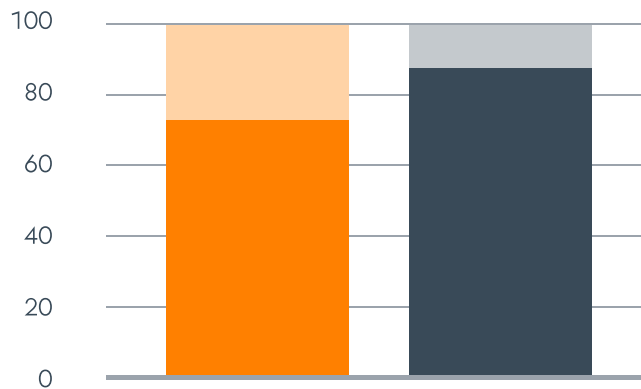
The share of the personnel within the scope of regular personal development discussions and performance reviews is approximately 2,000 people. The discussions are held at least twice a year. With the people working in production in Finland, the accomplishments of the previous year as well as the objectives and targets for the coming year are discussed with the working group once a year. In addition, a personal discussion is held in relation to personal development and well-being at work.

Posti received a total of over 38,000 job applications during the year. In Finland, Posti signed 1,107 new permanent employment relationships (acquisitions not included). There is substantial seasonal variation in Posti. The number of seasonal employees is highest in the summer and around Christmas. Posti provided summer jobs to 2,400 people. During the Christmas peak period, Posti employed 3,700 seasonal assistants across Finland. Most of the seasonal assistants worked in mail delivery, sorting and transportation.

Below you can find more information about personnel-related indicators.

Breakdown of employment contracts

%



■ Full-time employees 14,652 (73%)
 ■ Part-time employees 5,362 (27%)
■ Permanent employees 17,636 (88%)
 ■ Fixed-term employees 2,378 (12%)

Length of employees' career

%



Less than 1 year 18% 1-5 years 19% 6-10 years 18%
11-15 years 11% 16-20 years 8% More than 20 years 26%

Age distribution of personnel

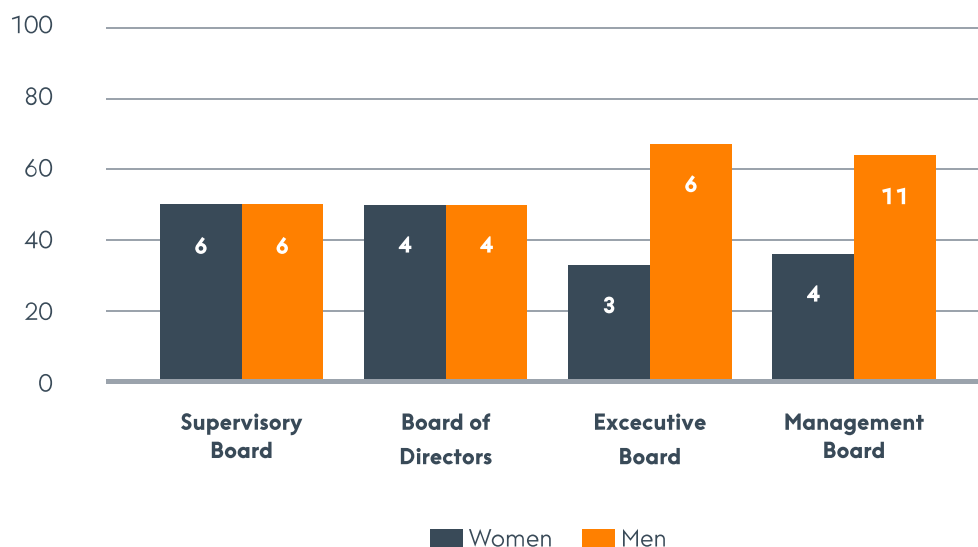
%



Under 25 10% 25-34 23% 35-44 21%
45-54 25% 55 or older 21%

Number of women and men in leadership roles

%



Personnel per country on December 31, 2017

	2017	2016	2015
Finland	16,595	16,052	16,874
Russia	2,493	2,553	2,809
Poland	128	620	568
Sweden	147	229	260
Estonia	337	378	419
Norway	38	144	157
Denmark	0	0	0
Latvia	81	94	164
Lithuania	92	278	259
Germany	100	146	88
Other (USA)	3	3	0
Total	20,014	20,497	21,598

Employee leaving rate in Finland

Permanent employments, Finland*	Permanent employments	Leaving rate, Finland	Leaving rate
Females	33%	Females	12.3%
Under 25 years	3%	Under 25 years	34.9%
25–34 years	17%	25–34 years	11.0%
35–44 years	22%	35–44 years	11.1%
45–54 years	30%	45–54 years	6.9%
55 years or older	28%	55 years or older	16.0%
Males	67%	Males	12.2%
Under 25 years	5%	Under 25 years	31.7%
25–34 years	21%	25–34 years	16.7%
35–44 years	21%	35–44 years	11.0%
45–54 years	29%	45–54 years	4.7%
55 years or older	24%	55 years or older	12.8%
		Total	12.2%

* Total leaving rate 12,2% without seasonal employees

Sickness related absences, accidents and retirement*

	2017	2016	2015	2014	2013
Sickness related absences (%)	5.9	6.6	6.2	6.2	5.7
Lost time accidents (number)	1,145	982	1,046	1,089	1,306
Accident frequency, LTA1	46	43	43	41	47
Disability pensions	55	77	68	78	76
Part-time disability pensions	55	80	80	62	74
Total disability pensions	110	157	148	140	150
Average age for retiring on disability pension	55.4	56.2	56	56.3	56.7
Average retirement age	61.3	61.4	62.5	62.5	60.9
Retired	269	281	320	301	342

* Group level, Finland

A pioneer of green 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).



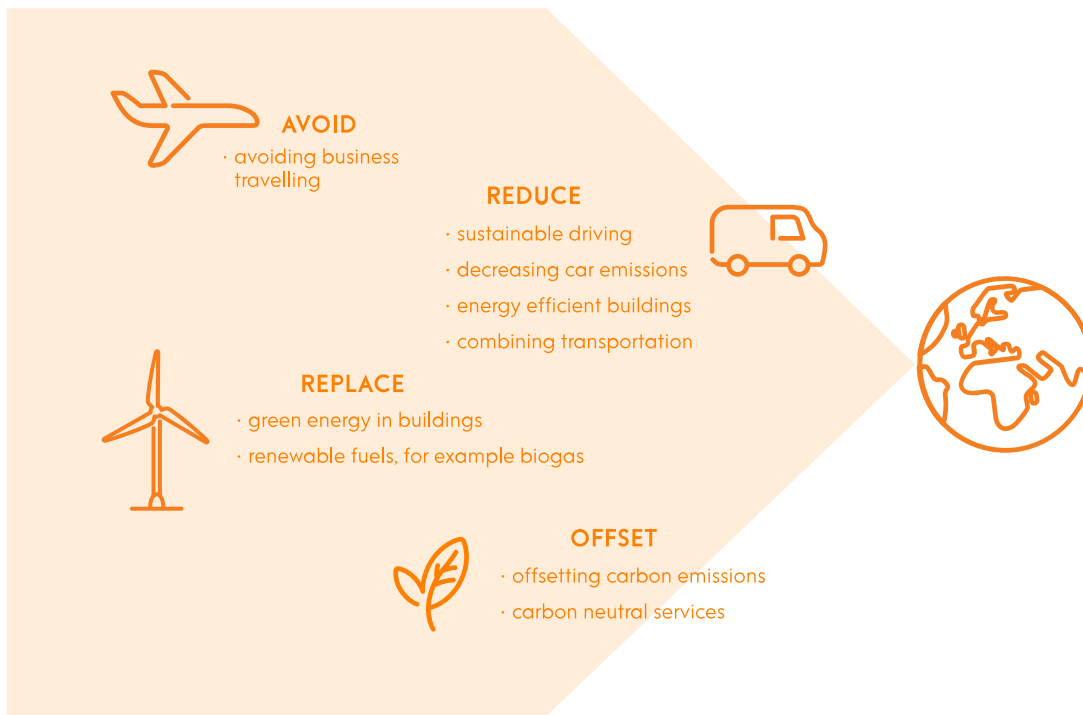
Environmental issues are discussed both in the Management Board and the Audit Committee at least once a year as part of more extensive corporate responsibility reporting. The targets for environmental work are determined by the corporate responsibility steering group. The business groups determine more detailed operating programs as part of their management model. [Posti's quality and environmental policy](#) covers all countries of operation.

Employees' awareness of environmental issues is promoted through training and employee orientation as part of the ISO 14 001 management system. Environmental issues are also regularly discussed in the channels of internal communication. At the end of 2017, certified environmental management systems covered 87 percent (83 percent) of the Group's employees. The warehouses in Russia also follow an environmental management system pursuant to ISO 14 001.

Posti’s environmental program aims to reduce carbon-dioxide emissions by 30 percent by 2020, in relation to net sales (compared to 2007). By 2017, Posti’s emissions relative to net sales had declined by 17 percent. Absolute carbon-dioxide emissions have been reduced by more than 34,000 metric tons of carbon-dioxide (20 percent) from 2007 to 2017.

To ensure sustainable development, Posti has undertaken to:

- comply with all applicable environmental laws and standards, including ISO 14001;
- reduce the fuel consumption of its vehicles;
- reduce the energy consumption of its facilities;
- improve recycling and reduce landfill waste;
- consider environmental aspects in sourcing, subcontracting and investment decisions;
- engage in open discussion with its stakeholders to minimize its environmental impact;
- ensure sufficient resources for maintaining and continually improving its environmental operations; and
- report its environmental impact annually and provide employees with information and the opportunity to operate in an environmentally efficient manner.



Recycling of work clothing

Posti uses a recycling model to maximize the life cycle of valuable and usable work clothing. Extra, usable work clothing is sent to the warehouse of the work clothing supplier, where the clothing is washed, repaired and labelled as recycled. In the warehouse, recycled work clothing is placed on top of the piles. When ordering new work clothing, recycled clothing is always received first. Work clothing that is unfit for recycling ends up being utilized in energy production or as mixed waste.

Up to 99 percent of waste already recovered

Posti has centralised its waste management services to a single operator in Finland. This ensures energy efficiency and cost-effectiveness. The aim of waste management is to increase the amount of recoverable waste and minimize landfill waste. Posti aims to improve the recovery rate by one percent every year. In 2017, the recovery rate was 99 percent and the recycling rate was 65 percent. Each of Posti's ISO 14001 certified operating locations has a documented waste management plan. It includes a list of what waste fractions the property collects, related operating models, and illustrations of the placement of waste containers at the property. The volumes of waste per fraction are presented in more detail under [Indicators](#).

Energy-efficient operations

Posti was among the first to join the new energy efficiency agreement period 2017–2025. The agreement is a voluntary commitment to improve energy efficiency. Posti signed the agreement for the second time.

Posti aims to reduce the energy consumption of its facilities by 10.5 percent during the review period 2014–2025. The relevant measures concern the properties with the highest rates of energy consumption. In 2017, Posti continued to replace lighting technology and implement changes to lighting control. Lighting is responsible for nearly 60 percent of the energy consumption in Posti's facilities. The electricity consumption reduction target of three percent was exceeded but, for heating energy, the achieved reduction of two percent fell short of the target of three percent.

Three new electric car charging stations were built at Posti's head office in late 2017. The charging stations can be used to charge six vehicles at a time.

Reducing energy consumption by solar energy and lighting solutions

Posti uses electricity produced from renewable energy sources at all of its Finnish properties. In late 2016, Posti mounted 1,920 solar panels on the roof of the logistics center in Vantaa. The nominal power of the plant is 500 kW. Its calculated annual output is 450,000 kWh. This is equal to the annual consumption of approximately 25 detached houses. Posti uses all of the energy itself, because the logistics center operates around the clock.

The Vantaa logistics center's investments in LED lighting and the solar power plant have already produced substantial savings. In July 2017, for example, the combination of solar power and new lighting solutions led to a reduction of 35 percent in consumption compared to July of the previous year. The annual savings effect is 20 percent.

The annual output of the solar power plant was slightly lower than its calculated output due to the summer being cooler than average. The number of sunny days was lower than usual.



Significant transport cost benefits through the improvement of utilization rates

The environmental efficiency of transport operations is improved primarily by planning routes efficiently, ensuring a high utilization rate, combining deliveries, and driving in an environmentally responsible manner.

Posti currently uses the same vehicles for transporting printed mail items, parcels and freight. The fleet is renewed continuously to respond to changing needs. The utilization rates of vehicles have continued to improve considerably due to route optimization and the combining of transports. Maintaining a high fleet utilization rate is part of the day-to-day management of production operations.

The improved utilization rate has brought cost benefits through lower vehicle costs and the vehicles' reduced fuel and servicing costs. The average fuel consumption of delivery vehicles turned to a decrease in 2017.

The vehicles' loading rates, volumes and the weights of the transported loads have increased. These have a direct impact on fuel consumption.



Green Office system engages the personnel in day-to-day environmental awareness

Posti's head office has been part of the WWF Green Office environmental program since 2014. Green Office is a practical environmental management system for offices. It helps workplaces reduce their environmental impacts, achieve savings in energy and material consumption as well as mitigate climate change. The program aims to reduce the ecological footprint and greenhouse gases. Even small acts are significant when there are many people involved. In 2016, the greenhouse gas emissions of offices were reduced by a total of 4,400 tons compared to the previous year. In total, the offices participating in the Green Office initiative have achieved savings of some 55,300 tons in greenhouse gas emissions in 2007–2016.

Posti Green creates added value for customers

The vast majority, i.e. approximately 90 percent, of Posti's carbon-dioxide emissions in Finland arise from transports and vehicle emissions. As the largest transport and delivery company in Finland, Posti plays a major role in the development of eco-friendly and energy efficient transportation systems.



Climate change is a global issue. Posti wants to contribute to mitigating climate change while serving as an example of sustainability to others. Posti's successful environmental management also helps its customers reduce their environmental impact through the use of Posti's services.

All of Posti's services in Finland are carbon neutral Posti Green services. For customers, this means that the products and services they use do not cause carbon-dioxide emissions that they are accountable for. We also provide Posti Green emissions reporting free of charge to our customers.

The carbon-dioxide emissions arising from transport are reduced by combining transports and using 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.

Economic and safe driving habits make a difference

Every vehicle in Posti's own use is equipped with a system that monitors driving habits. The system is a daily tool in production activities, including supervisory work, planning, and operations management. The driving habit monitoring system collects data on the kilometers driven, as well as telematics and GPS data, which are used in periodic servicing and dispatching.

Since the deployment of the system, Posti has successfully reduced fuel and servicing costs. It has also been successful in improving occupational safety. The trend in insurance statistics has also been positive and the damage repair costs have fallen.

The scope of the monitoring now covers approximately 8,000 people. Every driver receives a regular report, or a link through which to print a report, on their own driving habits. The report allows drivers to monitor the development of their driving habits. A personal driving habit index helps drivers to develop a more economic way of driving (ecodriving) and promote safe driving habits. If necessary, driving habits are intervened in according to the process.

The data collected with the driving habit monitoring devices and the usage targets are developed actively. Development targets include the safety of production, efficiency, quality, customer experiences and new services.

Alternative vehicles and renewable energy

As the largest transport and delivery company in Finland, Posti plays a major role as a developer of eco-friendly transportation systems. We are pioneers in testing new vehicle models and technologies. We are also an active participant in testing alternative fuels.

In fleet decisions, Posti considers the vehicle's full life cycle cost-effectiveness as well as its day-to-day usability with respect to the high demands of Posti's delivery and transport operations. Posti's fleet of more than 3,900 commercial vehicles in Finland recorded a total of 117 million kilometers in 2017 (114 million km). Posti's subcontractors logged in roughly 104 million kilometers (80 million km).

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.

Posti added its first ethanol diesel truck to the fleet in 2017. 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.

Posti also purchased five new right-hand drive electric vans. In addition to electric cars, we are testing vehicles such as electric freight scooters in our mail delivery operations, and we also have electrically assisted delivery carts and bicycles in use.

Increasing the number of electric cars in delivery is challenging. Electric cars that are compatible with the winter conditions in Finland and meet the criteria set by every aspect of delivery have so far not been available on the market. The car must be able to transport enough load and to operate at least reasonable routes without recharging in between, also in winter conditions. A further challenge is that the coverage of the charging network is not yet sufficient.

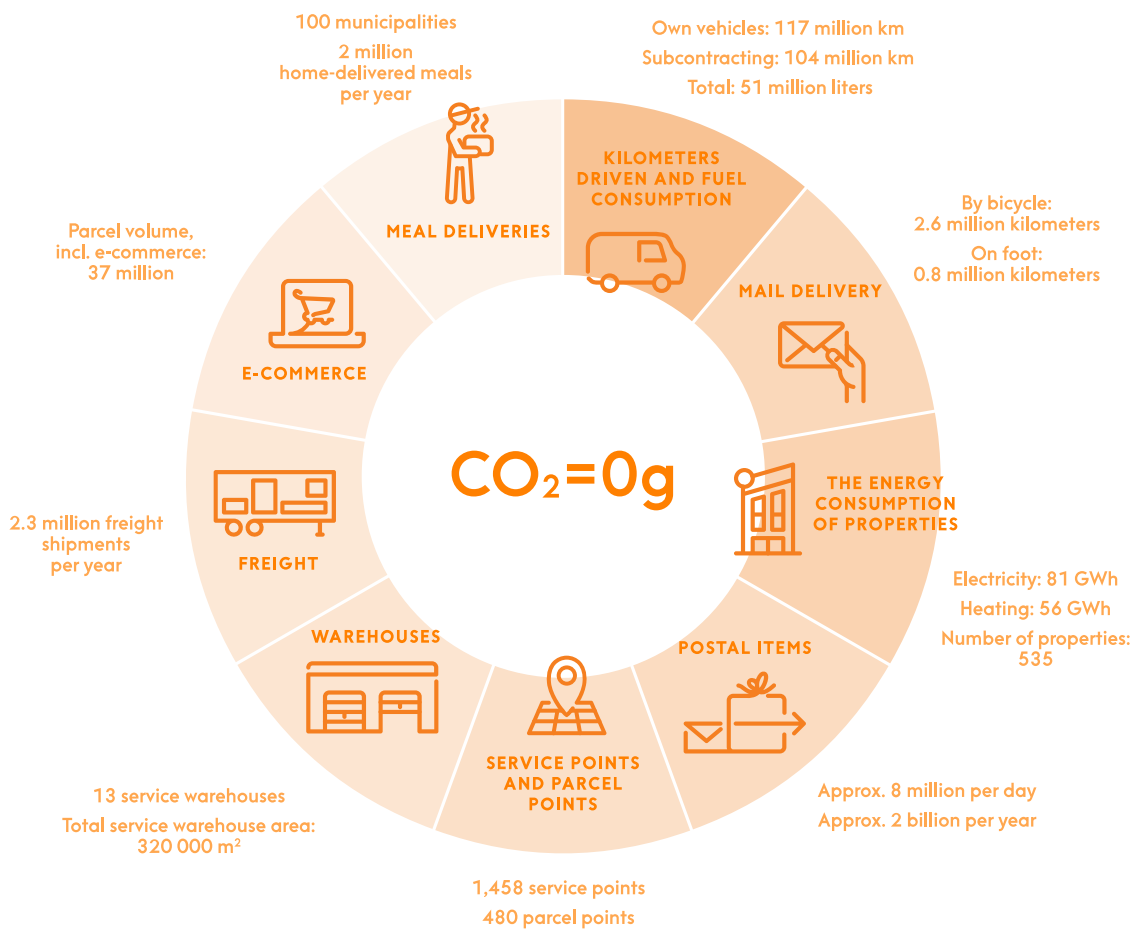
During the reporting year, Posti added its first HCT (High Capacity Transport) truck to its fleet. Used in food transport, the HCT truck has a transport capacity of approximately 200 m³, which is 30 percent higher than our normal-sized trucks. This significantly reduces the carbon-dioxide emissions from transport.

Mail is also delivered on bicycles and on foot. Every day, around 1,750 delivery routes – approximately 38 percent of all routes – are gone through with delivery bikes and delivery carts, on foot. The majority of the delivery bikes and carts are electrically assisted.

Posti Green service model

All of Posti's services in Finland are carbon neutral Posti Green services that generate no emissions for customers.

The product-specific Posti Green calculation process and customer reporting was verified by a third party in summer 2016.



Indicators

EN3 Energy consumption within the organization

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

EN15–EN17 The Group's CO₂ emissions

Tons	2017	2016	2015	2014	2013
Fuel use in transport – Posti's vehicles, Scope 1	54,020	52,532	50,014	53,396	60,406
Fuel use in buildings – energy generation, Scope 1	7,775	8,818	8,900	15,020	9,268
Electricity and heat use in buildings, Scope 2	31,256	39,068	40,266	44,199	38,272
Subcontracted transport by vehicles* and air, Scope 3	102,031	62,524	65,298	70,801	73,490
Business travel flights, Scope 3	1,406	1,358	1,512	2,139	2,190
Total	196,488	164,300	165,991	185,555	183,625

* The scope of subcontracted transport was expanded to cover also Russia and the Baltic states.

EN23 Waste management in Finland

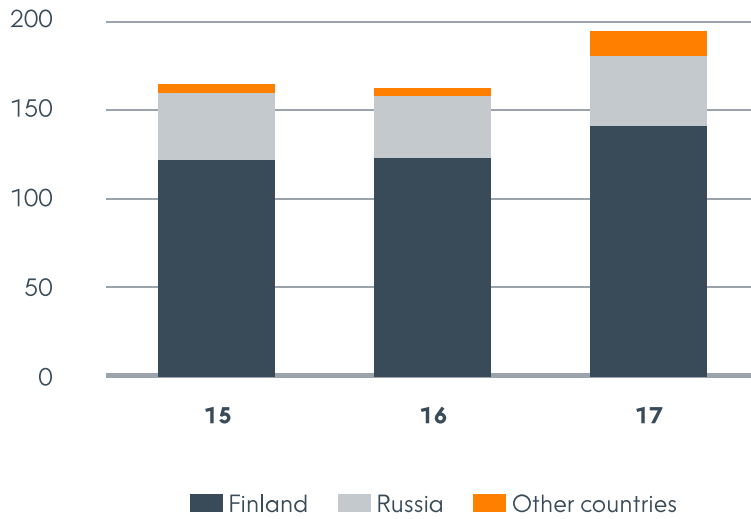
Properties included in waste management agreement, tons*	2017 Finland	2016 Finland	2015 Finland
Recycle and reuse	8,272	8,308	8,463
Other recover	4,180	3,779	3,747
Inceneration	484	489	367
Final disposal	65	82	173
Hazardous waste**	1,043	537	471
Recycle and reuse	943	462	444
Final disposal	100	74	27
Total	14,044	13,194	13,221
Recovery rate, %	99%	99%	98%

* Excluding properties where waste management is included in the rent. Reporting of the fractions of waste has been refined since 2015.

** of which 915 (443) tons is refrigeration devices and Waste Electrical and Electronic Equipment (WEEE).

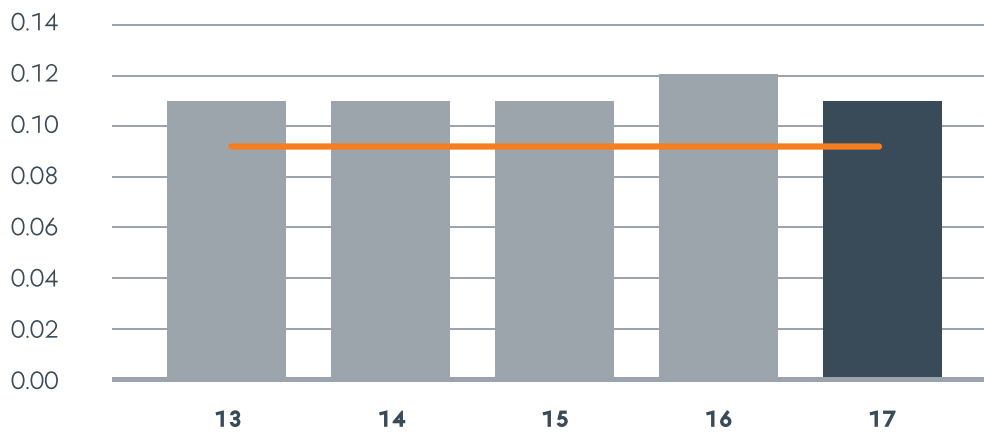
Carbon dioxide emissions

1,000 tn



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 34,000 carbon dioxide tons (20%) from year 2007 to 2017.

GRI reporting

This corporate responsibility report is based on the GRI G4 guidelines (the Global Reporting Initiative). In addition, Posti complies with the reporting requirements of its owner, the Finnish State.

In accordance with the GRI guidelines, Posti focuses on factors that are key to its operations and essential to its stakeholders. Posti's corporate responsibility report covers the key areas of economic, social and environmental responsibility. The report has not been subject to third-party assurance. According to Posti's estimate, the corporate responsibility report corresponds to the G4 Core application level of the GRI guidelines. A summary of the comparison between the report contents and the reporting guidelines is presented in the [GRI index](#).

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). Key indicators for the different areas of sustainability are reported to the Audit Committee of the Board of Directors at least once per year.

Unless otherwise mentioned in context, the reporting covers all operations of the parent company and subsidiaries. Reporting covers all Group functions in all countries of operation. The coverage of the indicators is reported in connection with the indicators.

For figures related to personnel, the key indicators have been calculated in accordance with the Accounting Standards Board's general guidelines on annual reports. In GRI reporting, the information concerning personnel is primarily based on the Group's personnel in Finland.

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 in Finland, Russia and the Baltic states. 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 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. Posti's financial communication is described in more detail in the disclosure policy for financial communication.

Contact details

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GRI content index

Code	GRI Standard Disclosures	Reference page	Remarks
Strategy and Analysis			
G4-1	CEO's statement	Posti Group's Financial Statement Release 2017	
G4-2	Key impacts, risks, and opportunities	Board of Directors' Report	
Organizational Profile			
G4-3	Name of the organization		Posti Group Corporation
G4-4	Primary brands, products, and services	Board of Directors' Report	
G4-5	Location of the organization's headquarters		Posti Group's headquarters is based in Helsinki.
G4-6	Number of countries and names of countries with major operations or that are relevant to sustainability issues	Board of Directors' Report	
G4-7	Nature of ownership and legal form	Share capital and shareholding	
G4-8	Markets served	Board of Directors' Report	
G4-9	Scale of the reporting organization	Board of Directors' Report	
G4-10	Total workforce by employment type, employment contract, region and gender	Indicators for people responsibility	
G4-11	Percentage of total employees covered by collective bargaining agreements	Indicators for people responsibility	
G4-12	Organization's supply chain	Ethical business practices throughout the supply chain	
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Board of Directors' Report	
G4-14	Whether and how the precautionary approach or principle is addressed by the organization		The precautionary approach and principle has been taken into account in accordance with statutory requirements.

G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Managing sustainability
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Stakeholder engagement
Identified Material Aspects and Boundaries		
G4-17	List of stakeholder groups engaged by the organization	Board of Directors' Report, Group companies
G4-18	Process for defining report content and Aspect Boundaries	GRI reporting
G4-19	Material Aspects	Sustainability at Posti
G4-20	Aspect Boundary for each material aspect within the organization	GRI reporting
G4-21	Aspect boundary for each material aspect outside the organization	GRI reporting
G4-22	Restatements of information provided in previous reports	GRI reporting
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	GRI reporting

Stakeholder Engagement

G4-24	List of stakeholder groups engaged by the organization	Stakeholder engagement
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder engagement
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Stakeholder engagement

Report Profile

G4-28	Reporting period	GRI reporting	
G4-29	Date of most recent previous report		March 23, 2017
G4-30	Reporting cycle		Annually
G4-31	Contact point for questions regarding the report or its contents	GRI reporting	
G4-32	GRI content index		Self-assessment has been made, no external assurance.
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	GRI reporting	

Governance

G4-34	Governance structure of the organisation and committees	Corporate Governance Statement
G4-35	Delegating authority	Managing sustainability
G4-36	Executive-level positions with responsibility for economic, environmental and social topics	Managing sustainability
G4-37	Consultation with stakeholders	Stakeholder engagement
G4-42	Board of Directors' role in setting purpose, values and strategy	Corporate Governance Statement
G4-45	Board of Directors' role in the identification and management of risks	Corporate Governance Statement
G4-46	Reviewing the effectiveness of risk management	Corporate Governance Statement
G4-47	Frequency of risk reviews	Corporate Governance Statement
G4-48	Formal approval of the organisation's sustainability report	Managing sustainability
G4-49	Communicating critical concerns	Corporate Governance Statement
G4-51	Remuneration policies for the Board and senior executives	Remuneration Statement
G4-56	Organization's values, principles, standards and codes	Managing sustainability
G4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	Code of Conduct
G4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	Code of Conduct

Code	Indicators	Reference page	Remarks
Generic Disclosures on Management Approach			
<i>Category: Economic</i>			
G4-EC1	Direct economic value generated and distributed	Sustainable business, Tax footprint	
G4-EC4	Financial assistance received from government	Other operating income	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Ethical business practices throughout the supply chain	
<i>Category: Environmental</i>			
G4-EN3	Energy consumption within the organization	Indicators for environmental responsibility	
G4-EN5	Energy intensity	Indicators for environmental responsibility	
G4-EN6	Reduction of energy consumption	Energy-efficient operations	
G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Indicators for environmental responsibility	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Indicators for environmental responsibility	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (scope 3)	Indicators for environmental responsibility	
G4-EN18	Greenhouse gas (GHG) emissions intensity	Indicators for environmental responsibility	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	A pioneer of green logistics, Posti Green creates added value for customers	
G4-EN23	Total weight of waste by type and disposal method	Indicators for environmental responsibility	

G4-EN24	Total number and volume of significant spills		There were two incidents of hazardous substances being spilled into the environment during the reporting period. In the first incident, an estimated 300–400 liters of plant protection agents were spilled on the ground in a groundwater area due to a container coming loose from a truck and trailer combination. In the second incident, a mistake made in the lifting of a barrel at a terminal yard resulted in approximately 150 liters of paint being spilled in the yard. In both incidents, clean-up began immediately in accordance with the relevant instructions and in cooperation with the Fire Brigade.
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Posti Green creates added value for customers	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		No significant fines or sanctions during the reporting period.
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization’s operations, and transporting members of the workforce	Indicators for environmental responsibility	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Ethical business practices throughout the supply chain	

Category: People

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Indicators for people responsibility	Covers mainly only operations in Finland. More information is available on Indicators for people responsibility.
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G4-LA4	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements		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.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	On the path toward an accident-free workplace, Indicators for people responsibility	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Indicators for people responsibility	
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Indicators for people responsibility	
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Ethical business practices throughout the supply chain	
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		There were five grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms during the reporting period. After addressing the matters, corrective actions were taken in two cases.
G4-HR3	Total number of incidents of discrimination and corrective actions taken		No confirmed discrimination incidents.
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Ethical business practices throughout the supply chain	
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms		No reported grievances about human rights impacts.

Category: Society

G4-SO4	Communication and training on anti-corruption policies and procedures	Statement of non-financial information	
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G4-SO5	Confirmed incidents of corruption and actions taken		No confirmed incidents of corruption.
G4-SO6	Total value of political contributions by country and recipient/beneficiary		Posti Group does not support any political parties or institutions.
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		No legal actions for anti-competitive behaviour or significant fines or other sanctions for non-compliance with laws and regulations.
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Legal proceedings	No significant fines or sanctions during the reporting period.
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Ethical business practices throughout the supply chain	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		None during the period under review.
G4-PR5	Results of surveys measuring customer satisfaction	Stakeholder engagement	
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		None during the period under review.
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Posti in the society	
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Legal proceedings	No significant fines or sanctions during the reporting period.

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