

[www.posti.com/en/sustainability](http://www.posti.com/en/sustainability)



**2020**

# Sustainability report



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# Posti's direction

**WE UPDATED our purpose, values and our Group's strategy – why we exist and how we intend to fulfil that purpose. Sustainability is at the core of both our purpose and our new strategy.**

# President and CEO's review

LAST YEAR WAS an exceptional one. For us at Posti, it was also a pivotal year in many ways. The COVID-19 pandemic challenged the prerequisites for our work. However, despite the demanding circumstances, we succeeded in looking after the health and safety of each other and our customers, and we kept the wheels of society running under the very exceptional conditions.

At the same time, we worked on fundamental questions. Why do we exist and where are we heading? How can we best serve people's changing needs and continue to contribute to solving our shared climate crisis?

In response to these questions, we updated our purpose, our shared values and our Group's strategy. Tomorrow's Posti is a modern delivery and fulfillment company.

In particular, we act responsibly towards our personnel and partners. As the world changes, Posti also needs to change. However, the journey must also be humane at the same time.

We also updated our sustainability program last year. Our previous long-term emissions goal was to reduce total emissions in Finland in proportion to net sales by 30 percent compared to the level of 2007 by 2020. We exceeded that target, as the reduction relative to net sales was 37 percent. Now it is time to set the bar a lot higher.

Sustainability plays a central role in Group strategy, and sustainable choices are part of our day-to-day work. We do not settle for a good basic level when it comes to climate; we want to set an example for others. We not only take part in the joint effort but also want to build the most advanced solutions in our industry. Therefore, the ambitious goal we set at the end of 2019 of zero emissions by 2030 is one of the cornerstones of our new strategy as well.

Last year, we joined the Science Based Targets initiative to ensure that all of our targets are in line with the latest climate science.



Our journey towards that goal progressed well last year. Our emissions decreased by 14 percent.

We also made progress in other areas of sustainability. COVID-19 increased people's online shopping, which raised the parcel volumes we delivered to a record-high level. Despite the higher volumes, we succeeded in improving safety at work and the number of occupational accidents, for example, decreased by 11 percent. The changed situation forced us to come up with new ways of developing well-being at work and competence development, and we will continue to use these lessons learned also after the situation hopefully calms down.

The early 2020s have shown that society needs sustainable delivery and logistics expertise that can competitively take care of the environment, people and the economy. The movement of parcels has always been a prerequisite for and sign of an active society. When push comes to shove, it is a vital condition.

In previous centuries, there have been many journeys: from the wilderness to cities, from overseas to the old cottage table, across front lines and from the front to home. Today, we handle everything from paper machine components to peer-to-peer trading clothes. Responsibly delivering what matters to you – on your terms.

We are committed to building an even stronger company that provides increasingly sustainable delivery and logistics services, and we are engaged in long-term work to this end together with our personnel. You are holding our most recent sustainability report. In it, we openly tell you about what we have achieved during the year and where we are heading – even if it takes years to get there.

We hope you enjoy reading this report!

**TURKKA KUUSISTO, President and CEO**

PURPOSE

**Responsibly delivering what matters to you – on your terms.**

VISION

**Tomorrow's Posti is a modern delivery and fulfillment company with progressive profitability.**

VALUES

**Reliable**

We are a transparent partner and employer, and we communicate openly. We keep our promises and take ownership also when the unexpected happens.

**Respectful**

We take responsibility for our people, planet and that what we do is meaningful. We feel proud of who we are and what we do together. We respect our colleagues, customers and partners.

**Progressive**

We continuously improve our competencies and business to better serve our customers. We are curious and open for change and want to be a proactive frontrunner.

# Posti in brief

Our net sales EUR  
**1,613.6**  
million

Our adjusted operating result EUR  
**66.1** million

Our personnel  
**21,000**  
at the end of 2020

Number of parcels  
**+27%**  
in Finland and the Baltic countries

We visit daily approximately  
**3 million**  
doors

6 business groups:

Postal Services, Parcel & eCommerce, Freight Services, Transval, Aditro Logistics and Itella Russia.

Posti has business operations in 8 countries. According to our new strategy, we seek growth in Finland, Sweden and the Baltic countries.



# Sustainability highlights



## Reducing emissions

Our previous emissions goal extending to 2020 was exceeded, and we are well on our way to our new goal of zero emissions by 2030. Last year, our emissions decreased by 14 percent.

## Sustainability guides our work

We updated our sustainability program, and it steers us towards increasingly ambitious sustainability work. Sustainability also plays a significant role in our new, recently updated purpose and our Group's strategy.

**-13%**

despite increased transport volumes, the accident frequency rate improved

**EUR 47.8 million**

we paid taxes in all our countries of operation last year



## COVID-19

COVID-19 marked the past year, but it also brought lots of successes with it: we succeeded in our operations as an agent of national security of supply, competence development took major leaps forward and internal communication succeeded. We also progressed in terms of occupational safety.



Posti rose to the platinum level in the ranking of responsibility by the international research company EcoVadis. The platinum level is the company's highest possible ranking. The previous ranking was the gold level. With a score of 77/100, Posti ranked among the top one percent of companies in all industries worldwide. The rating was awarded in February based on last year's performance.

EcoVadis helps businesses monitor their suppliers' and partners' operating practices related to ethical, social and environmental issues. EcoVadis assesses suppliers annually based on their overall sustainability performance and it has currently 50,000 subscribers, spread across 150 countries and 190 industries.



# Posti's strategy

We updated our purpose, values and our Group's strategy – why we exist and how we intend to fulfil that purpose.

THROUGHOUT ITS HISTORY, Posti has delivered things that matter to people. The things transported have changed over the years, but the responsibility for delivery has not. In the 17th century, we rowed across the Archipelago Sea. Now, we travel by bike, electric freight scooter and truck. Early on we delivered letter written with quills, followed by telegrams and typewritten and digitally printed messages.

During the past ten years, however, the world's accelerating rate of change made this difficult. Digitalization and changes in people's behavior have decreased the volume of mail delivered: letter mail has decreased by 70 percent in the course of slightly over ten years. The transformation is not over: the volume of letter mail is estimated to decrease to one-half of the current volume over the next three years. We will deliver letter mail, newspapers and other paper items for as long as there is



something to deliver. However, the trend is inevitable, and we must together see to managing the change in a controlled and responsible way that takes our personnel into account.

As the volume of letter mail decreases, it was necessary to generate new business in its place. Already more than a decade ago, we began to explore a new foothold in a world that is digitalizing, urbanizing and fighting against climate change at an increasing pace. In hindsight, it is possible to smile at some of the experiments, but some grew into internationally trailblazing success stories, such as the densest parcel locker network on the planet.

**Tomorrow's Posti is a modern delivery and fulfillment company**

We have now arrived at an inflection point where we once again direct our expertise to serve people and the society as day-to-day life requires. Last year, parcel and e-commerce business and logistics services developed in a way that made our future clear. Now and in the future, parcels and material flows are at the core of our operations. The Posti of the future is a modern delivery and fulfillment company. Parcel traffic and contract logistics in Finland, Sweden and the Baltic counties in the end-to-end value chain are at the core of our growth.

The speed, fluidity and convenience that have been seen in consumer e-commerce in recent years are now making their way to B2B logistics. New value chains that bring logistics services and online stores together will emerge.

This means, for instance, that freight and shipments go through us; they are stored, collected and delivered by us, and their movement is controlled in our systems. People and artificial intelligence together serve the recipient's wishes and needs.

When a consumer orders something from an online store, our work has begun already long before the order is placed. Our hands and systems have moved goods to production and from production to warehouse – in an optimized way, making use of industrial-level digitalization and combining different freight flows and warehouses.

We have sent, received and shelved the finished products in the shop. And when the customer clicks to confirm the purchase, we are involved again, all the way to the home door.

All of this takes place profitably, and soon also without emissions – in a way that serves the present and builds a better tomorrow.

# Our work begins long before the order has been placed.



**Our purpose and values**

Our clarified purpose crystallizes both our professional pride based on centuries of experience and our continuous desire to keep ahead of our times: **Responsibly delivering what matters to you – on your terms.**

We challenge both ourselves and the entire industry by carrying out increasingly sustainable and reliable deliveries from the point of view of the environment, society and economy. We want to make our customers' lives more functional and therefore continuously develop flexibility, traceability and minimize friction.

We asked all Posti employees in an open survey about what makes us proud of our work and what we want our company to look like in the future. Posti's long history, its important social role, the significance of the work, forward-looking expertise and the sustainability of the work emerged as strong factors. Therefore, our revised values – **reliable, respectful and progressive** – provide a strong foundation for implementing the purpose of our existence.

We are reforming our operations so that we can responsibly deliver the things that matter to you, on your terms.



### Customer-centricity

Our service culture is based on putting the customer at the center and continuously improving our business across the value chain together with our customers.



### Convenience

Frictionless service, quality, speed and traceability, as well as the power of the receiver to decide – that's the recipe for our customer experience.



**Responsibly delivering what matters to you – on your terms**



### Sustainability

We are committed to responsible and sustainable business. One of our key goals is to reduce our emissions to zero by 2030.



### Industry pioneer

Together with our partners, we constantly innovate new industry standards.



**Warehousing**



**Delivery**



**Transportation**



**Sorting**

Skilled people    LogTech    High-volume network

**Our values:** Reliable    Respectful    Progressive

# Sustainability at Posti

**POSTI'S SUSTAINABILITY WORK** is based on international sustainability initiatives and conventions, such as the UN Global Compact and UN Sustainable Development Goals. Our sustainability work is guided by a cross-organizational Sustainability & Compliance steering group.

# Sustainability management

Posti's sustainability work is based on international sustainability initiatives and conventions, such as the UN Global Compact and UN Sustainable Development Goals. Our sustainability work is guided by a cross-organizational Sustainability & Compliance steering group.

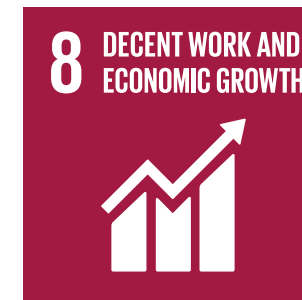
POSTI'S SUSTAINABILITY is based on the company's strategy, values, commitments and the decision-in-principle of its owner, the state, indicating that state-owned companies should be held as examples of a high standard of corporate social responsibility and sustainability. Sustainability is involved in the definition of the company's purpose. Posti's carbon-dioxide emissions target was a strategic focal point already in the previous strategy, and it continues to be one in the new strategy taking effect in 2021. In addition, the remuneration of the company management is tied to climate goals.

Posti is committed to the fundamental principles of the UN Global Compact initiative with regard to labor, the environment, anti-corruption and human

rights. Furthermore, Posti is committed to observing human rights both in its own operations and in its supply chain in accordance with the UN principles pertaining to businesses and human rights. In 2020, we committed ourselves to the Science Based Targets initiative in our climate work.

In addition, Posti is committed to promoting five sustainability 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](#) updated in 2020, which sets out the appropriate procedures for various situations. We require Posti's subcontractors and suppliers to observe the same procedures and principles.



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

- Health and safety
- Learning and development



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

- Resource efficiency



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

- Air quality
- Circular economy

They are described in more detail in the [Supplier Code of Conduct](#).

At Posti, sustainability is integrated into the company's strategy, and the Board of Directors has confirmed the new sustainability program in connection with the strategy. The Board of Directors and the Posti Executive Board annually monitor the progress of the sustainability program.

The sustainability function is managed by the cross-organizational Sustainability & Compliance steering group established in fall 2020. The group is tasked with monitoring the progress of the sustainability program and ensuring that sustainability is taken into account in Posti's strategy and investment decisions. The steering group is headed by



Ensure sustainable consumption and production patterns

- Responsible sourcing



Take urgent action to combat climate change and its impacts

- Mitigating climate change

More information on the progress of IPC's environmental and climate efforts is provided in [the IPC Postal Sector Sustainability Report 2019](#).

a representative of the Posti Executive Board, and the personnel and businesses are represented in the group.

## 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). As an IPC member, Posti is committed to the promotion of five UN Sustainable Development Goals. In 2019, the members of IPC also agreed on more specific industry-specific focus areas, which they will promote as part of the broader industry sustainability program. More information on the progress of IPC's environmental and climate efforts is provided in [the IPC Postal Sector Sustainability Report 2019](#).



# Sustainability program and objectives

Posti drafted a new sustainability program for 2021–2023 during the reporting year. It was considered necessary to update the program because the objectives of the previous program have mainly been reached. Changes in the business environment also require a new approach to sustainability.

The results for 2020 are reported in accordance with the old program, while creating a transition into the new one.

## **Sustainability integrated into business**

At Posti, sustainability is part of day-to-day work, management and risk management. Our decision-making takes into account not only financial factors, but also the social and environmental aspects of our operations.

Sustainability-related expectations toward companies continuously increase, and companies are expected to actively take part in solving societal and environmental problems. We have identified the changes in our business environment and the

expectations of our stakeholders and integrated sustainability even more strongly into Posti's strategy and business. With the sustainability program, we also react to the objectives set by our owner, the State.

As a logistics company, mitigating climate change and work to promote carbon neutrality in both our own operations and society, in general, is at the very core of sustainability at Posti. Mitigating climate change is also one of the company's strategic goals.

We began to update our sustainability program with regard to climate and environment-related matters in 2019 and set a new ambitious climate target of zero emissions by 2030. In 2020, we committed ourselves to the Science Based Targets initiative, and during 2021, we will make the decision on whether we will link our climate goals to the below 1.5-degrees warming limit or the even more ambitious net zero goal.

In the update that continued in 2020, we defined our role in supporting and facilitating our customers' climate work. We help our customers to reach their sustainability goals and promote sustainable consumption by offering sustainable e-commerce solutions, among other things.

Responsibly delivering what matters to you – on your terms			
 <p><b>We can feel proud of who we are and what we do</b></p>		 <p><b>We aim to deliver emission free and we support companies and consumers to reach a more sustainable way of living and doing business</b></p>	
MEANINGFUL WORK	PURPOSE-DRIVEN LEADERSHIP	ZERO CARBON 2030	TOGETHER TOWARDS GREEN FUTURE
<p>Meaningful work means different things for different people, but altogether, it is built on our common purpose and values. It is defined by my experience of feeling proud of my work at Posti.</p>	<p>Purpose-driven leadership is the key factor of successful responsible transformation. It embraces common values, leadership principles, inclusive leadership and culture. The focus is on supervisor support, leadership training, open and honest communication.</p>	<p>We will reduce our emissions to zero by 2030. We will reduce Posti's carbon footprint by investing in green technology, alternative green fuels and increasing our operational efficiency e.g. with smarter route optimization.</p>	<p>We want to help customers reach their sustainability targets through active dialogue, co-creation of services and measurement of emissions. We will promote sustainable consumption by e.g. sharing success stories and insights.</p>
<p><b>Compliance level: Safety, Wellbeing, Diversity &amp; Inclusion, Equality, Sustainable Sourcing, Ethical Business</b></p>			

The second part of the new sustainability program concerns people. We want all Posti employees to be able to be proud of being Posti employees and the work they do. Meaningful work and value-based management build a positive employee experience and support Posti's personnel in the on-going change process.

We will set targets for the sustainability program focuses and define the indicators during the first half of 2021.

**Inclusive process**

Posti's internal and external stakeholders were involved extensively and diversely in preparing the sustainability program.

Internally, the management of Posti and its businesses as well as key persons from human resources development were extensively invited to take part in preparing the sustainability program. This was to ensure that sustainability work is integrated into the strategy and business and that sustainability work strengthens Posti's customer insight and competitiveness.

As part of the process, an external specialist facilitated a training concerning topical trends and frameworks of sustainability to the management and key sustainability personnel. We commissioned an analysis of Posti's social impact, and it

provided material particularly for objectives relating to society and customers in our sustainability program. The business functions, on the other hand, worked on business models that support sustainable development for Posti.

Background information for the sustainability program was obtained through an online stakeholder survey and stakeholder interviews. A total of 259 people

responded to the survey, ¾ of them Posti's own employees. According to the respondents, employees' well-being, responsible management and managerial work that supports driving change are among the priorities of Posti's sustainability work. Posti's environmental work and its results were praised. Mentioned targets for development included equal pay and remuneration of personnel and developing the quality of services.

The different phases of the process provided input to defining the focus areas of the sustainability program, which was started in workshops involving the company's Leadership team and sustainability, strategy, communications and HR management. The work was continued by involving representative of business. Posti's new Sustainability & Compliance steering group finalized the program to its final form.

**In the new sustainability program, aspects of social responsibility are given increasing weight. Sustainability is also increasingly integrated into Posti's business.**

**2020 Indicators and targets of the completed sustainability program**

Area of corporate responsibility	Indicator	Description	Target in 2020	Realized 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.	4%	4.1%
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.	2.492	3.062**
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).	-30.0%	-37%

\* Non-IFRS = excluding non-recurring items

\*\* Includes 115 Christmas pickup locations

Targets of the completed sustainability program. We are going to set targets and meters for our new sustainability program during the first half of 2021.

# Dialogue with stakeholders

POSTI EMPLOYEES VISIT the doors of more than three million homes and businesses every day, and our services are used by many – therefore, many also have an opinion of us. Our new strategy described above in this report places customers’ needs and the planning of our work based on them in an even more important role. Also because of that, dialogue with diverse stakeholders is important.

Identifying the stakeholders and meeting responsible expectations is also required by sustainability reporting pursuant to the Global Reporting Initiative standard. Possible stakeholders include employees and subcontractors, suppliers, local communities, NGOs or, for example, various groups in a vulnerable position. Information about stakeholders’ needs can be received, in addition to meeting them, also indirectly by monitoring social debate. The most important thing is that the stakeholders essential

from the company’s point of view and their needs have been identified.

Last year, we had discussions with various stakeholders. In conjunction with updating the sustainability program, we talked with environmental organizations and ownership steering, among others. We investigated employees’ views with an extensive survey, and its key results are reported on in the previous chapter.

An example of these meetings was the environmental NGO WWF, specialists of which we met on three occasions during the fall. We utilized the NGO’s expertise to reflect on our environmental goals and received valuable feedback on the importance of biodiversity, among other things – even though reducing emissions plays a major role in our objectives, we could be involved in reducing our ecological footprint by promoting a circular economy, for instance.



## Case: Ikea

Business customers are one of the important stakeholders of sustainability work: the value chains of business – that is, the activities resulting in the user receiving the product or service – are intertwined in many ways. With the goals relating to the reduction of emissions, for instance, increasingly tightening in businesses, Posti plays a role in implementing them as a carrier of freight and parcels as well as in in-house logistics, among others.

IKEA has its own ambitious sustainability goals, and enormous amounts of concrete measures are already being taken to meet them, ranging from the durability and resalability of products to LED lights and plant-based delicacies. The company’s People & Planet Posi-

tive strategy brings the circular economy and climate positivity up as one the three focus areas. One way of reaching the goals is the aim to offer emission-free home deliveries everywhere.

Because Posti, too, has the goal of offering emission-free transport, starting cooperation with IKEA was natural. IKEA is not only an example of a business that requires a lot from their own partners – rather, they indicate the direction in which major businesses are heading.

At best, businesses’ goals accelerate each other: if you want to prosper in the market, it pays to be in the forefront in terms of sustainability.



## Stakeholders – expectations and channels

Customers	Personnel	Owner, political decision-makers and authorities	Subcontractors, industry, research community	Media, NGOs
<p>The expectation is reliable and high-quality service at a reasonable price. Seeing to information security and protection of privacy is a must. Commitment to ethical principles Flexibility and responding to needs, digital solutions. Environmental friendliness</p> <p>We regularly engage in dialogue with our customers, both by meeting them and through diverse surveys and customer feedback. We develop our services in an emission-free direction. We develop our services together with our customers (co-creation model).</p>	<p>The expectation is responsible management and managerial work, equal treatment, fair and competitive rewards, seeing to well-being, interaction and good flow of information. Things that particularly emerged in our survey included well-being and responsible management, as well as responsible promotion of change, with remuneration and rewards included in the things requiring development.</p> <p>In the revised strategy, responsible implementation of change plays a major role. The revised values and management principles that will be revised aim at a better employee experience. Well-being at work, safety and training have been developed further during the year.</p>	<p>The expectation is reliable and high-quality service at a reasonable price, increasing profitability and solvency, good corporate governance and transparency, employees' rights, environment friendliness.</p> <p>We engage in active dialogue with ownership steering and decision-makers. With the new strategy, we developed our operations so that the financial resources would develop notwithstanding the change situation in the market. We contribute to the state's carbon neutrality target through our own ambitious emission targets.</p>	<p>Transparent and ethical subcontracting criteria and equal treatment of partners, researching and piloting new business models and technologies, active role in industry associations.</p> <p>Our procurement is also guided by ethical guidelines. We are members of PostEurop as well as the international postal associations UPU and IPC. We are members of Service Sector Employers Palta and Finnish Federation for Communications and Teleinformatics (FiCom). At the turn of the year 2020/2021, we joined the Climate Leadership Coalition. We committed ourselves to the Science Based Targets.</p>	<p>The expectation is swift and reliable flow of information, good availability and rapid reaction. Exchange of information and expertise and development of our own operations based on the information received.</p> <p>We serve the media through the MediaDesk – each year, we respond to almost one thousand contact requests, primarily within half an hour. Our communications are divided between the Group and business groups, actively serving and informing the media hundreds of times a year. We regularly meet with different NGOs.</p>

# Coronavirus: security of supply and health security during the exceptional year

Posti does not get frightened easily, because the long history and various exceptional circumstances have shaped Posti's genetics such that they keep the company's operations and Posti employees operational in any situation that arises, including the COVID-19 pandemic.

FOR POSTI, THE YEAR 2020 began with an update of the pandemic plan. One had been prepared already earlier for the avian and swine influenzas. Around the turn of January and February, the coronavirus follow-up team began its meetings, and as February progressed, it became clear that the coronavirus would require Posti to resolve many kinds of operational issues.

Early in the pandemic, when everything was surprising and new in the spring of 2020, the challenges were interpreting the authorities' guidelines and creating a situational view of how the virus would affect Posti's operations nationwide. The

blockade of the Uusimaa region in the late winter did not impair Posti's operations, because mobility and delivering to customers had been secured. As a security of supply company, Posti is one of the operators that are involved in securing the availability of critical service in severe disturbances and exceptional circumstances.

During the time of the pandemic, it is critical to ensure the health security of both the 21,000 Posti employees and customers. Posti employees visit the doors of three million businesses or homes every day. Posti swiftly created new operating models and changes in product and service terms

to minimize encounters or deliver items completely without contact. In cooperation with our business customers, we prepared guidelines for food and other deliveries to nursing homes and service units.

Posti's occupational health care services, occupational health and safety and employee representatives have met regularly, and the changes in the procedures have been taken forward in a good cooperative way.

Smooth and transparent internal flow of information is a priority in exceptional circumstances. In order to ensure this, the weekly supervisor clinics were organized at four different times to make sure that everyone has access to the most recent information, for example. Posti carried out a survey of coronavirus-related communications. According to Posti employees, we succeeded excellently together: 81% considered coronavirus-related communications to be good or excellent.

A minor share of Posti employees, numbering approximately 1,500, have been teleworking. We have invested in their well-being by organizing courses and trainings on mental well-being as well as virtual coffee breaks.

The spring was a busy time when, in addition to service changes, the parcel volume of e-commerce increased explosively, driven by the pandemic. Posti succeeded

in scaling up its production in line with the parcel volume, and the zenith was seen during the Christmas season, with more than 7.7 million parcels delivered.

Increased e-commerce volumes resulted in changes in occupational health and safety. The increased parcel volume caused a shortage of space, which influenced mobility and keeping a distance. Because it has been necessary to reduce job rotation at workplaces, attention has been paid to ergonomics. Following the mask recommendation, the need for microbreaks also increased.

All in all, Posti has fared well with the challenges posed by the coronavirus pandemic so far. There was a very moderate number of COVID-19 infections during 2020 relative to the total number of employees.

Posti employees have followed coronavirus-related guidelines well, and local outbreaks of the disease have been brought under control quickly. During the busiest season late in the year, face masks were extensively adopted as a precautionary measure. The total amount of sick leaves has decreased compared to the previous year.

Occupational health services and the Regional State Administrative Agency have reviewed Posti's COVID-19 measures. Their feedback indicates that Posti has succeeded in an exemplary fashion. Thanks to all Posti employees for this.

# Environment

**WE HAVE BEEN 100 percent carbon neutral for a long time already, but that's not enough for us: our new, ambitious goal is to completely eliminate our own emissions by 2030. In addition, we want to use our competence together with our partners to promote more sustainable e-commerce, for example.**

# Reducing emissions

Our goal of zero emissions is advancing. Our previous long-term emissions goal was reached. Last year, our emissions decreased by approximately 14 percent year-on-year.



## RENEWABLE DIESEL

We've started using renewable diesel for our transport fleet. This cuts back 3.8 million kilograms of carbon-dioxide emissions every year.



## SBTi

During 2020, we joined the Science Based Targets initiative to ensure that all of our targets are in line with the latest climate science.



## SECOND-HAND IN GROWTH

The easier it is to buy and sell second-hand goods, the less need there is for making new products. Last year, we began to develop more services that support the circular economy, and our recent survey confirms that the trend is strengthening.

**4 million**

we traveled about 4 million km using renewable fuels

**39%**

in mail delivery, 39 percent of all deliveries to private customers already use electricity: electric bicycles, electric scooters, electric delivery carts and, of course, electric cars

**8.6 million**

our new 19 LBG trucks reduce our annual carbon-dioxide emissions by 1,620 tonnes – the equivalent of driving approximately 8.6 million kilometers in a passenger car

# Zero Carbon

We have set an ambitious goal  
– to cut back our own emissions to zero.

OUR WORK for the environment is a continuation of a long tradition. We use electricity extensively in deliveries, from electric delivery carts to electric vans. However, we started experiments with electric cars in the center of Helsinki already in the early 1980s. In 1991, there were 43 registered electric cars in Finland, and according to the Moottori magazine, “the majority apparently in Posti’s use.” The side of the cute Elcat Cityvan said, “Today’s mail cleanly by electricity”. Our first green program was launched in 1999. As the world’s first postal service, our mail delivery was carbon neutral in 2011.

Our previous long-term emissions goal was to reduce total emissions in Finland in proportion to net sales by 30 percent compared to the level of 2007 by 2020. We exceeded the target, as the reduction relative to net sales was 37 percent. In absolute terms, emissions decreased

by 34 percent compared to 2007, with the reduction amounting to 71,000 tonnes.

However, good enough is not enough for us. The climate crisis must be solved, and we want to re-define the environmental responsibility of the logistics industry on the whole as a trailblazer – we are not only taking part in the joint effort, we are driving it at the forefront.

To this end, we have set a new highly ambitious target for ourselves: to reduce our actual emissions to zero by 2030.

During 2021, we will also set a goal for the emissions of our value chain. We operate in an industry in which subcontractors – mainly transport companies – account for a significant share of all emissions. We explain the breakdown of our emissions in more detail in this section of the report.



”  
**The previous emission target was exceeded.**

We are committed to the Science Based Targets initiative to ensure that all of our targets are in line with the latest climate science.

Only organizations whose emission reduction goals help to keep climate warming below 1.5 degrees Celsius are accepted to the most ambitious SBTi commitment, Business Ambition for 1.5°.

This year, we will make the decision on joining the even more ambitious, currently undefined SBTi goal of Net Zero. In it, the zero emissions target also concerns emissions from the value chain so that the residual emissions that simply cannot be eliminated are physically removed from the atmosphere with carbon sinks, for example.

We want to put our competencies and resources to use in partnership with others and enable the provision of more sustainable alternatives to consumers. Ultimately, we all make the final decisions based on our consumption habits.

For example, we work with online retailers to promote more sustainable e-commerce. We also want to promote the growth of peer-to-peer e-commerce, as every product that gets a second life means one less new product that needs to be manufactured.

# Posti's emissions

As a logistics company, it is our task to transport goods. Therefore, our operations also produce a lot of emissions. We aim to get rid of these emissions.

WE EXIST so that things meaningful to the recipient are transported to where they are needed, whether it is a parcel from an online store or massive machines transported within a company. All of this produces a large amount of emissions. In Finland alone, we travel a distance equal to six times around the world on every delivery day.

Our emission totaled approximately 293,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) in 2020. In accordance with the GHG Protocol, we divided them into three scopes.

Scope 1 emissions are those that we can directly influence through our own operations – such as emissions from our vehicles. Scope 2 emissions are indirect emissions from operations, such as production of electricity and heat elsewhere. Scope 3 emissions are indirect, and they are divided into 15 different categories. Last year, we conducted a materiality assessment, based on which we

chose the essential Scope 3 categories for reporting.

Our own emissions – i.e. those bound by our goal of zero emissions by 2030 – are divided between transport and premises, with the former accounting for two-thirds of the total. In all, our own emissions account for 24 percent of all emissions.

In 2020, our own emissions from vehicles were 48,173 tonnes of carbon dioxide equivalent, down approximately 13 percent year-on-year. For properties, the figure is 23,594, for electricity 7,612 and for heating 15,982. In all, our own emissions (Scope 1 & 2) amounted to 71,767 tonnes in 2020, which is approximately 14 percent less than the previous year (83,600 tonnes). We include all of our countries of operation in the emission figures.

The rest, 76 percent of all emissions, are produced as part of the value chain. Approximately one-half of this is comprised



of transport and delivery emissions by subcontractors. More than one-third (37%) is caused by the procurement of products and services, ICT services and hardware and other personnel-related services. Eight percent is attributed to fuels in their non-use phase – meaning in their production, for example – and eight percent to commuting and business travel.

The emissions of sourcing, commuting and others have been estimated through calculations using established factors. For example, the impact of increased teleworking during the COVID-19 pandemic on emissions from commuting is not visible in these figures. Of Posti's approximately 21,000 employees, some 1,500 have mainly been working remotely in 2020.

Because transports and properties cause by far the majority of emissions, it is natural that attention is mainly paid to them in reducing emissions. During the year, Posti's fleet covered around 102 million kilometers and subcontractors approximately 119 million kilometers.

The two essential factors with impacts on emissions in transports are vehicles and how they are powered. Significant investments were made regarding both during 2020. Subcontractors are influenced through cooperation. One key challenge is the limited investment capability of small transport companies: small companies might not be able to obtain new lower-emission vehicles without subsidies or other assistance.

Using vehicles that run on renewable sources of energy instead of fossil fuels where possible can reduce emissions quickly. This is exactly what happened when we began to use renewable diesel in the vans we used for e-commerce deliveries. This reduced their in-use carbon footprint by up to 90%, and we avoid emissions of 3.8 million kg CO<sub>2</sub>e each year. This is the equivalent of removing nearly 1,300 cars from traffic. Our own fleet covers roughly 40 percent of parcel deliveries.

Diesel vans can use renewable diesel almost as is, but in heavy good vehicles, for

instance, investment in new fleet is a better solution. In the fall, we purchased the first LBG trucks that run on liquefied biogas. The ten LBG trucks will reduce the annual carbon dioxide emissions by 1,620 tonnes, which is the equivalent of driving approximately 8.6 million kilometers in a passenger car. This corresponds to driving around the world 215 times. The aim is to obtain more LBG trucks in the years to come. However, the fact that the refueling network is not yet nationwide places limitations on their use.

The share of all renewable fuels increased during last year from almost zero to close to 10 percent, and the share is expected to increase further because many of last year's decisions only took effect in the second half of the year.

We have been using electricity extensively already for a long time; in mail delivery, 39 percent of all deliveries to private customers already use electricity: electric bicycles, electric scooters, electric delivery carts and, of course, electric cars. Electric scooters covered almost 850,000 kilometers during 2020.

Two new big eCrafter electric vans and eight smaller Jumpy vans were obtained for parcel deliveries in late 2020, and the aim is to increase their procurement to a significant extent. For the time being, however, the bottleneck has been avail-



## Emissions down with LBG

Around one-third of all road emissions in Finland originate from trucks.

For the time being, the fastest and most reasonable and significant way of reducing emissions of heavy traffic is to use biogas as fuel. Liquefied biogas reduces emissions over the lifecycle of the fuel by up to 90 percent.

The Vantaa freight terminal received Posti's first LBG trucks that run on liquefied biogas during the fall. Liquefied biogas is still uncommon in Finland, and our ten LBG trucks will become the largest LBG fleet owned by one operator in Finland.

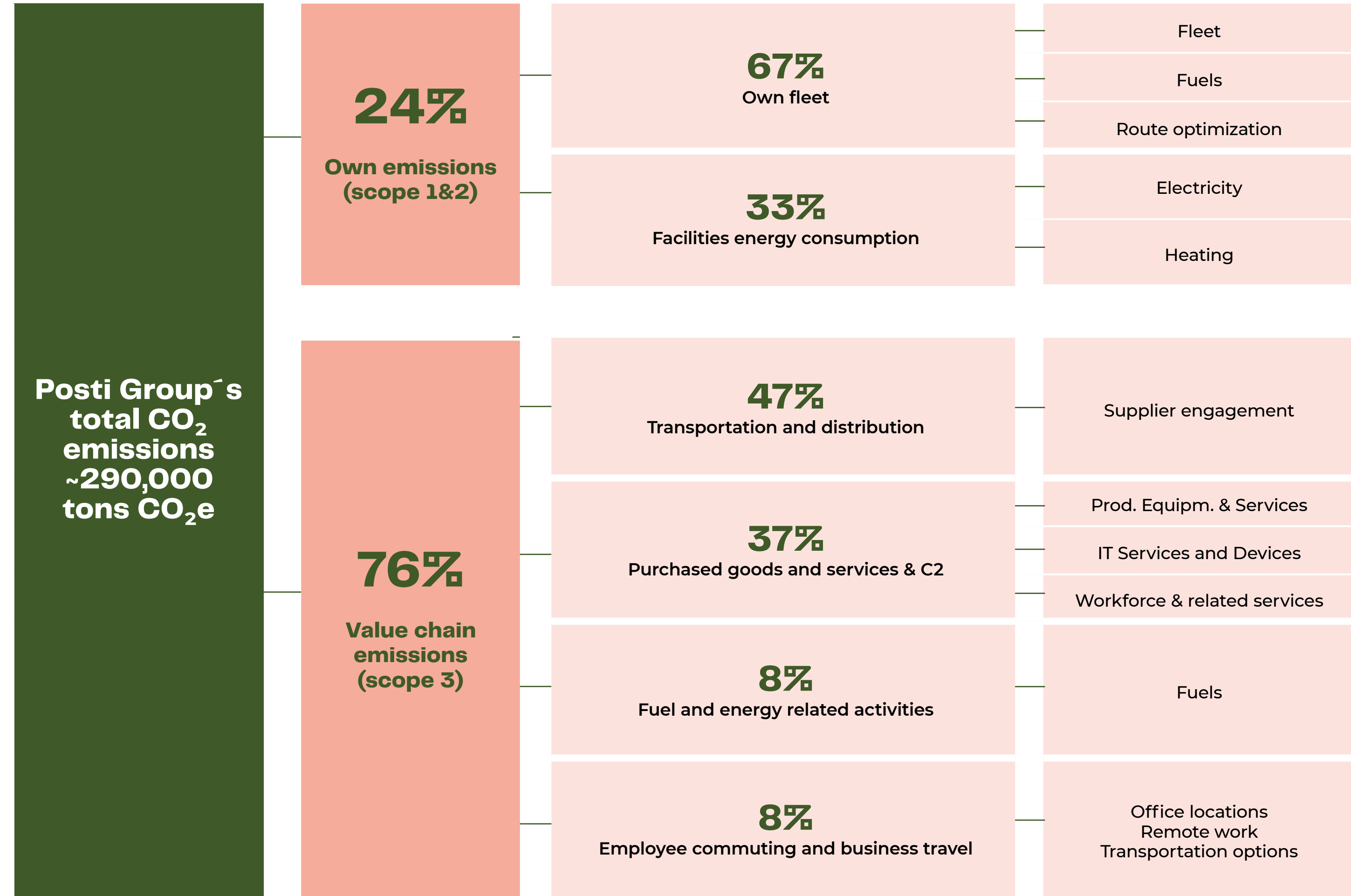
ability and overall costs including charging infrastructure, for instance.

However, a kilometer that is never driven produces the least emissions. Therefore, we continuously develop route optimization, driving styles and packaging – transporting air also causes unnecessary emissions.

Our properties from warehouses to distribution-fulfillment centers and service points – 480 units in all – consumed 95.5 GWh of electricity and 59 GWh of heat in all of our countries of operation combined last year. In 2020, the energy consumption of our properties in Finland had been reduced by 25 percent with regard to electricity and by 33 percent with regard to heating, using 2010 as the baseline.

All of the electricity we consume in Finland is renewable, and we also transitioned to using renewable electricity in the Aditro Logistics premises in Sweden starting from November 2020. We also produce some with solar power ourselves, but we are conducting a survey into using in-house production of electricity or heat more extensively. Some of the properties are ones in which we are lessees and cannot directly influence the use of energy in the premises.

## Posti's emissions 2020





# How we proceed toward zero emissions

The goal of zero emissions by 2030 is ambitious, but we believe that it is achievable. Because, as was described in the previous chapter, the majority of these emissions are caused by transport, reducing these emissions also plays a major role in the available toolbox.

Changes in the fleet and source of propulsion provide the biggest leverage. If all  $\geq 26$ tn trucks started using liquefied biogas (LBG) and all  $\leq 3.5$ tn vans were changed into electric ones, this would reduce our own emissions by one-half. In practice, such a big change cannot be done quickly – due to the availability of vehicles and refueling network, among other factors.

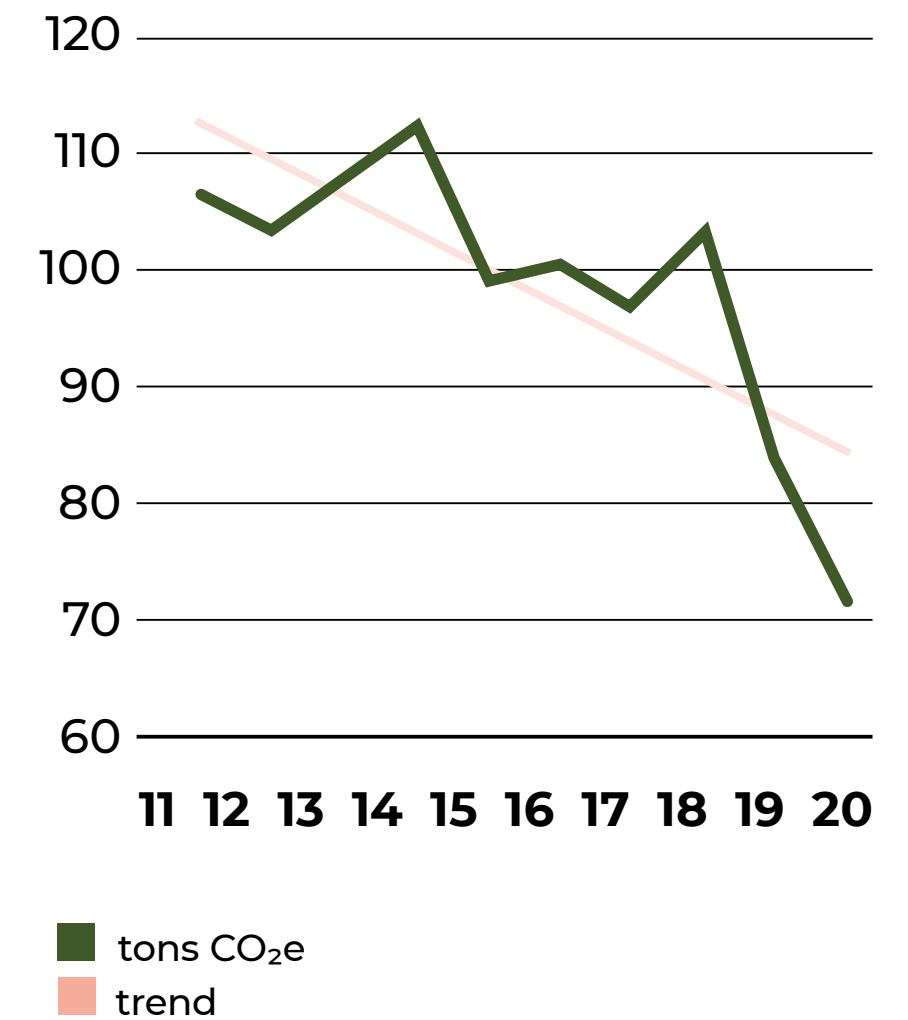
Subcontractors' emissions are reduced indirectly through support and cooperation. In addition, even though all of the electric energy we use is already renewable, we are investigating opportunities for in-house production or sourcing of electricity and heat.

Zero Carbon					Zero Waste		
Route optimizing	Fleet / transport mode	Fuels and energy source	Renewable energy utilization and production	Supplier engagement	Waste and recycling	Renewable packaging	Circular business models
Route optimizing	Electric vans	Renewable Diesel	Renewable electricity	Climate targets towards our suppliers	Reducing waste amounts	Sustainable packaging materials	Reverse logistic options
Fill rate	Liquified biogas (LBG) for trucks	Renewable gas	Renewable heating in facilities	Supporting our suppliers with the climate work	Increasing recycling %	Cooperation to help our customers	New business models
Utilizing digitalization	Hydrogen vehicles	Renewable electricity	Own wind power production	Collaboration and cooperation	Increasing reuse rate		
Economic driving	Rail	Hydrogen	Own solar power production	Standardized reporting			
Drop efficiency		Power to X	Geothermal heating				

50% of our own emissions

The image lists the primary ways used, planned or investigated to reduce emissions.

Posti own CO<sub>2</sub> emission trend 2011-2020 thousand





# Promoting more sustainable commerce

While we can reduce our own carbon footprint only to a limited extent, i.e. to zero, we can indirectly support positive environmental impacts without any limit. We are a significant party in transport and logistics, and our example makes a difference.

FOR INSTANCE, looking at commerce and e-commerce on the whole, in particular, one can see that emissions are caused by several sources: the raw materials and manufacturing of the product, logistics and trading, use and recycling or disposal.

An **assessment** we commissioned from Gaia Consulting two years ago indicated that of the lifecycle emissions of a T-shirt (2 kg of carbon dioxide equivalent), 83 percent are caused in manufacturing, four percent in the distribution and sales phase, 10 percent in transport from the store or online store warehouse to home and three percent in use (in practice, in care).

Through our own actions, we influence those phases of this chain that we can – in practice, this means cutting the emissions from transport to zero. In addition to this, we have set the goal of providing information and contributing to emission reductions in other phases of the commerce chain through our example. We engage in this work together with partners, such as trade players.

In spring 2020, we organized an event on themes in the clothing industry together with Marimekko, Reima, Tori.fi, the Finnish Environment Institute and Aalto University researchers. The themes brought up in the event included examples of well-known Finnish brands relating to sustainable solutions in the clothing industry and most research research-based information about the challenges of consumption.

Together with the Finnish Commerce Federation, we commissioned a [survey](#) of consumers' sustainability attitudes in e-commerce during the fall. The survey indicated that the forerunners of the digital world and online buying have begun to be interested in diverse sustainability themes. Also, price as the primary factor in purchase decisions has begun to waver during the year of COVID-19.

The survey identified paying attention to the lifecycle of products and increase in peer-to-peer trading of second-hand and recyclable products as growing trends. Several major commerce operators have begun to experiment with a selection of second-hand products alongside new ones.

Research results provide the biggest benefits when the lessons learned are also put into use. We have supported peer-to-peer trading already before with the Tori parcel product launched in 2019: the easier it is to buy and sell second-hand goods, the less new products are made.

Last year, we began to develop more services that support the circular economy. For example, with regard to diverse product-as-a-service business models, we can bring the leased or borrowed products for pick-up closer to the consumer. We also continuously aim to develop our own reverse logistics capabilities and provide options for smooth returns, whether this concerns rental services, buyback programs in online stores or transport to recycling.

When business models change following longer service lives of products,

many services, such as different maintenance services, become more attractive. Posti's subsidiary Transval also provides repair and recycling services in-house.

Even though Posti is not a significant packaging manufacturer and packaging plays a small share of the lifecycle emissions of a product, we still also want to be an example when it comes to more sustainable packaging. Our new cardboard packaging lasts for up to three uses, after which they can be recycled in the normal way.

Online and brick-and-mortar stores have not been mutually exclusive options for a while now; combining them has become commonplace. "Box by Posti", a new kind of a consumer service point and online retailer space on Keskuskatu in Helsinki celebrated its first anniversary at the end of last year.

Box is a platform that enables a new kind of a mindset in both e-commerce and responsible consumption. It is known for fitting booths where a piece of clothing ordered online can be fitted without having to go home in between. In [a story](#) by BBC Radio 4, Box was described as a responsible example of the future of retail.



## Why do we want to talk about this?

Corporate responsibility includes everything that we can do to make things better – for instance, reduce emissions. Solving the climate crisis is not, however, individual actions but cooperation between businesses, customers and diverse social parties. A functional society is based on dialogue and trust. Our cooperation with Neste is a good example of this. You can read more about the topic [here](#) (in Finnish).

**NOOMI JÄGERHORN**  
Head of Sustainability, Posti Group Oyj

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

Terajoules (TJ)

	2020	2019	2018	2017	2016	2015	2014
<b>DIRECT ENERGY CONSUMPTION</b>							
<b>Renewable</b>							
Biogas	5	1	1	2	2	1	4
Renewable diesel	30						
<b>Non-renewable – facilities and own vehicles</b>							
Natural gas	98	115	194	139	157	158	267
Fuel oil	9	1	0	0	0	0	1
Other heating fuels	0,2		2				
Traffic fuel	681	872	714	786	766	730	778
<b>INDIRECT ENERGY CONSUMPTION</b>							
<b>Renewable</b>							
Electricity, Finland	259	266	104	292	306	313	337
<b>Non-renewable</b>							
Electricity, other countries	81	86	126	167	187	204	207
Electricity, Finland	0	6	178				
District heating	213	205	196	244	271	278	324
Traffic fuel – outsourced, Finland	890	1 019	949	1 121	804	805	913

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

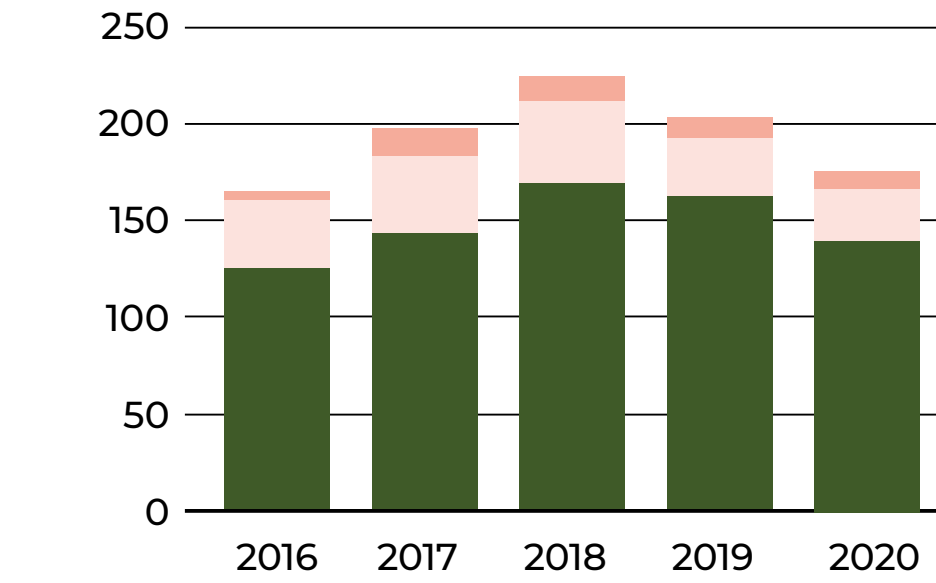
Properties included in waste management agreement, tons\*

	2020	2019	2018	2017	2016
Recycle and reuse	10,117	9,827	9,133	8,272	8,308
Other recover	4,924	4,640	4,529	4,180	3,779
Incineration	620	516	494	484	489
Final disposal	183	123	55	65	82
<b>Hazardous waste</b>					
Recycle and reuse	309	401	355	943	462
Final disposal	136	56	107	100	74
<b>Total</b>	<b>15,843</b>	<b>15,106</b>	<b>14,674</b>	<b>14,044</b>	<b>13,194</b>
Recovery rate, %	99%	99%	99%	99%	99%
Recycling rate, %	64%	65%	67%		

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

### Carbon dioxide emissions

1,000 tn

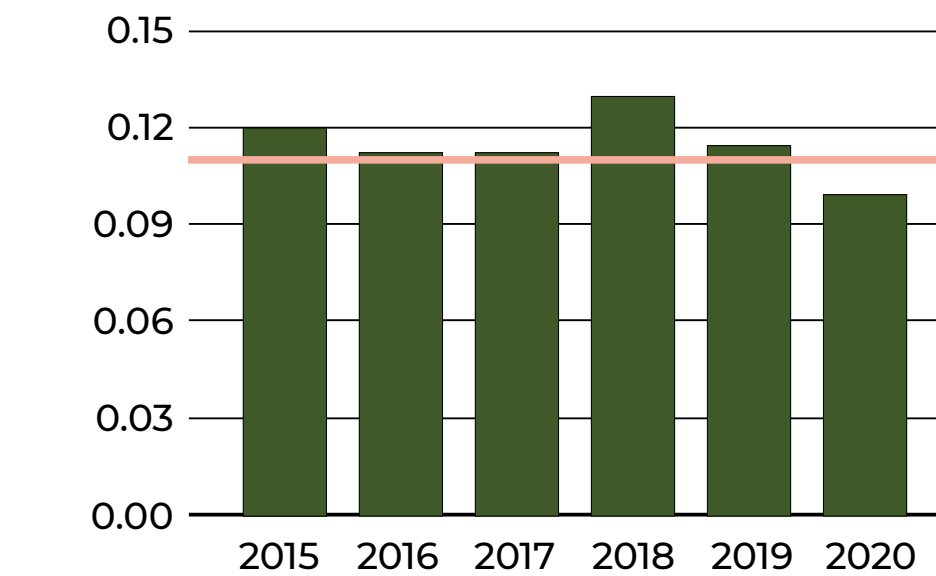


■ Finland ■ Russia ■ Other countries

\* Emission figure for 2020 include the acquisition of Aditro Logistics and are therefore not directly comparable with the result from 2019.

### Carbon dioxide emissions relative to net sales in Finland

kg/EUR



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

Finland absolute CO<sub>2</sub> emissions have decreased over 71,000 metric tons of carbon dioxide equivalent (34%) from year 2007 to 2020.

### 305 1-3: The Group's GHG Emissions (Scope 1,2 and 3)

 Tonnes CO<sub>2</sub>e

	2020 <sup>1</sup>	2020 comparable	2019
<b>Scope 1 - Direct</b>			
<b>Finland</b>			
Logistics**	47,006	47,006	53,010
Self-produced heat	1,272	1,272	1,407
<b>Other operating countries</b>			
Logistics**	1,167	1,167	2,057
Self-produced heat	4,289	4,289	5,205
<b>Scope 1 - Direct Total</b>	<b>53,734</b>	<b>53,734</b>	<b>61,679</b>
<b>Scope 2 - Indirect</b>			
<b>Finland</b>			
Purchased electricity (market based)	0	0	491
Purchased electricity (location based)	11,928	11,928	11,938
Purchased district heat (location based)	7,908	7,908	9,711
<b>Other operating countries</b>			
Purchased electricity (location based)	7,612	7,612	9,901
Purchased district heat (location based)	2,519	2,519	1,816
<b>Scope 2 - Indirect (market based) Total</b>	<b>18,039</b>	<b>18,039</b>	<b>21,919</b>
<b>Scope 2 - Indirect (location based) Total*</b>	<b>29,967</b>	<b>29,967</b>	<b>33,366</b>

	2020 <sup>1</sup>	2020 comparable	2019
<b>Scope 3 - Other indirect emissions</b>			
<b>Finland</b>			
Transportation and distribution**	83,163		
Fuels and energy-related services	14,149		
Purchased goods and services (incl. capital goods)	81,313		
Business travel**	799		
Employee commuting	15,773		
Scope 3 emissions, comparable to 2019		83,963	96,769
<b>Other operating countries</b>			
Transportation and distribution**	20,436		
Fuels and energy related services	4,265		
Business travel**	188		
Employee commuting	1,561		
Scope 3 emissions, comparable to 2019		20,624	23,931
<b>Scope 3 - Other indirect emissions Total</b>	<b>221,650</b>	<b>104,587</b>	<b>120,700</b>
<b>Finland (Scope 1, 2 and 3) total</b>	<b>251,383</b>	<b>140,149</b>	<b>161,388</b>
<b>Other operating countries (Scope 1, 2 and 3) total</b>	<b>42,040</b>	<b>36,211</b>	<b>42,910</b>
<b>Posti Group (Scope 1, 2 and 3) total</b>	<b>293,422</b>	<b>176,360</b>	<b>204,298</b>

<sup>1</sup> During 2020 we updated our scope 3 -categories and added to our calculation Fuel and energy related activities, Purchased goods and services (Finland) and employee commuting. In the table you can find the emissions calculated with the new categories and also with the old calculation scope that is comparable to 2019 figures.

\* Following the GHG Protocol standard, the location-based emission figure for electricity consumption in Finland has been reported. The market-based figure is used for the emissions totals.

\*\* Biogenic emissions Scope 1: Scope 1: 2,944 (2,050) tons CO<sub>2</sub>e; Scope 3: 2,989 (3,413) tons CO<sub>2</sub>e.

\*\*\* Own Emission (scope 1-2) figures for 2020 include the acquisition of Aditro Logistics and are therefore not directly comparable with the figures from 2019.

# People

**WE ARE ONE** of the largest corporate employers in Finland. As a work community, Posti is equal, non-discriminatory, international and diverse. We respect people of all kinds. Our goal is to offer meaningful work while seeing to well-being.

# Improvements during Covid

COVID-19 has had various impacts on competence development, occupational safety and preventive well-being. Increased delivery volumes have required a particular focus on occupational safety at the sorting centers and transport production, and following teleworking, new tools have also been introduced to remote well-being.



## IMPROVED SAFETY AT WORK

The number of reported lost time occupational accidents decreased by 16 percent year-on-year in the Group on the whole. Accident frequency LTAI was 34 for the entire Group. Accident frequency in Finland improved by approximately 16% year-on-year to 37 (including Transval).



## WELL-BEING AT WORK THROUGH FORESIGHT

Often, the best way to promote health and work ability is to proactively support well-being. The year of COVID-19 has accelerated the development of well-being support, and the lessons learned will continue to be used after the pandemic.



## CONTINUOUS LEARNING

According to our vision, building the Posti of the future requires our personnel and their competence being state-of-the-art. Therefore, we continuously organize training, such as the PUDi and Customer Service Passport training combining digital skills and customer service skills for 550 Posti drivers and drive arrangers.

80

Diversity enriches us: in Finland alone, our employees represent more than 80 nationalities.

18%

Accident severity rates have decreased. The number of sickness-related absences decreased by 18% year-on-year on the whole.

4,000

Almost 4,000 Turvavartti information sessions relating to COVID-19 were recorded in our system.

# Meaningful work while developing well-being

We are one of the largest corporate employers in Finland. As a work community, Posti is equal, non-discriminatory, international and diverse. We respect people of all kinds. Our goal is to offer meaningful work while seeing to well-being.

AS DESCRIBED IN THE NEW CHAPTER on strategy in this report, the transformation in the past decade has been fierce and challenged Posti in many ways. In particular, digitalization has changed both our business and our ways of working. This change is far from over. We want to continue to look after our employees, the planet and our activities being meaningful. We work concretely every day for these things.

Both in our previous sustainability program and the new program about to be deployed, one of the key focus areas is our responsibility for our personnel

– all 21,000 Posti employees – and our partners.

We are one of the largest corporate employers in Finland. We also offer seasonal work each year to thousands of summer and Christmas employees. Diversity enriches us: in Finland alone, our employees represent more than 80 nationalities. We are proud of our fine diverse working community, the workers and the work we do together.

Our new clarified purpose is: “Responsibly delivering what matters to you – on your terms.”



In addition to wanting to serve our customers by delivering and transporting what matters to them, we also want Posti employees to feel that their work is meaningful. Every one of us wants to feel that our work is meaningful. When work has a clear meaning, it makes sense and motivates the worker. We are

happy that both our regular and seasonal employees consider their work meaningful based on our surveys.

In connection with clarifying the purpose, we have also revised our values. We want to be a reliable, respectful and progressive employer and partner. These values have not been given to us from the outside; we have worked on them in close cooperation with our personnel. For example, our internal survey had more than 1,000 respondents.

Managers play a key role in ensuring that all of our activities are aligned with meaning and our corporate values. Good management is fundamentally about management of meaning. Managers also need to perceive their work as meaningful and convey meaning-related expectations of customers and other stakeholders to the working community. This way, supervisors can also grow the entire working community’s experience of the meaningfulness of the task at hand.

It must also be possible to do meaningful work safely and in a way that ensures our well-being. In this section, we describe what we have done to develop competence, increase mental and physical well-being and for occupational safety during the past year.





# Diverse competence development

Our ability to serve our customers has always required professional skill. We have cherished and developed this competence for centuries. Being a forerunner tomorrow requires us to not remain in place but be open to change and continuously develop our competence.

COMPETENCE NEEDS CONTINUOUSLY CHANGE, and therefore learning and development must also be continuous. However, continuous learning is not only about the days of training taken during a year. Most of the learning and development at work happens in day-to-day work while performing various kinds of tasks, grasping new opportunities and taking on new challenges.

During the year, we implemented competence development on the whole in accordance with three principles:

1) Everyone is responsible for their own competence and its development. Enthusiasm and the will to develop oneself

originates in the person themselves, while the employer and supervisor provide the setting and opportunities for development.

2) Most of learning happens at work and formal training is only a small part of the big picture of competence development.

3) Planning and organizing competence development activities is not the responsibility of an individual “training organization”. Posti’s own experts actively take part in planning as well as implementing training.

**Digital and technological skills are basic work skills**

One of the key forces of change in competence development continues to be digitalization. It transforms business and customer behavior, as well as process and work itself. The number of jobs requiring no digital skills at all is decreasing rapidly. Most tasks require managing the use of various apps at the minimum.

Therefore, we supported the development of employees’ technological and digital skills diversely, ranging from the use of digital skills to deepening artificial intelligence expertise, during 2020.

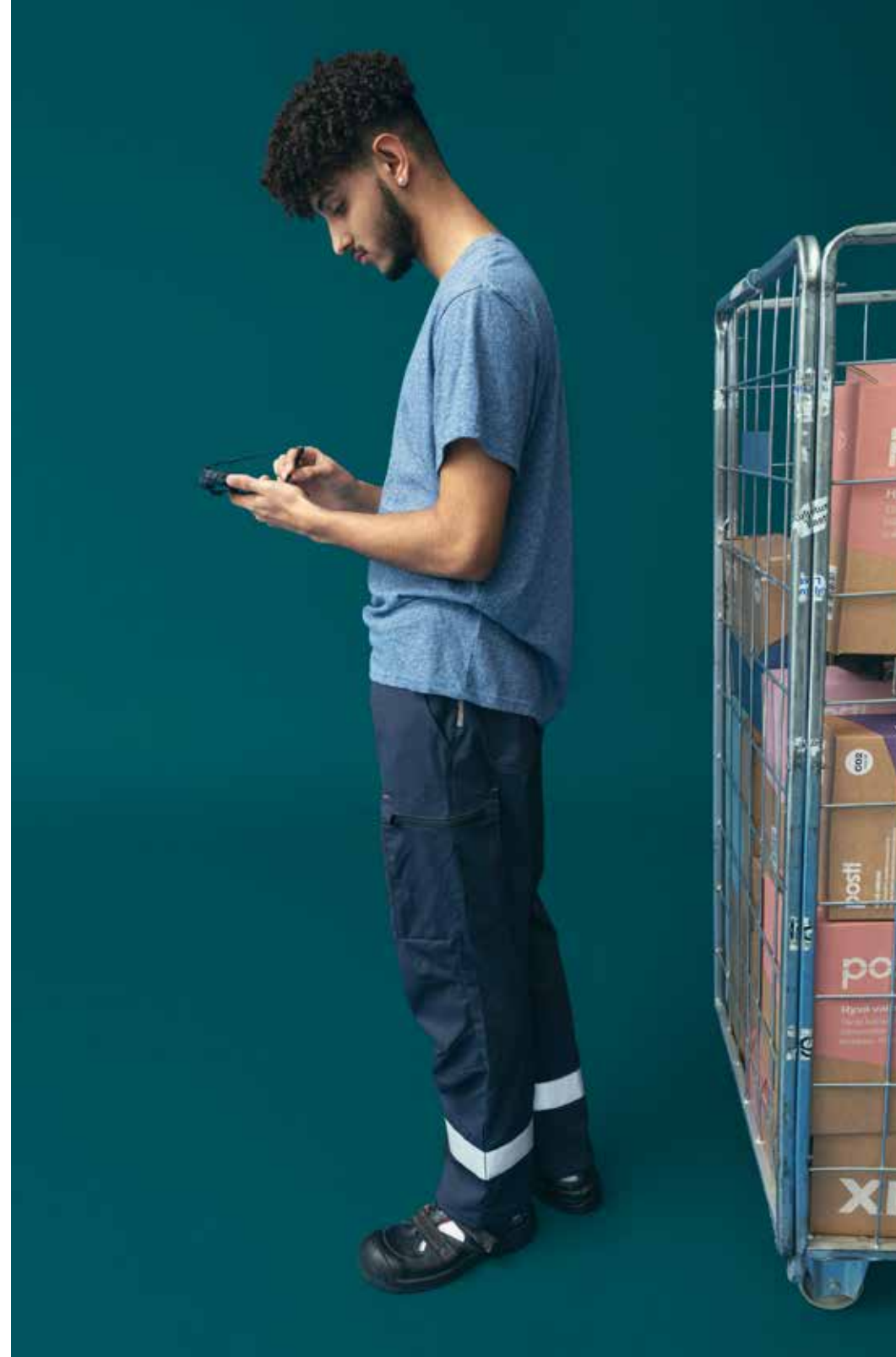
We also invested in the extensive development of customer understanding, customer experience and customer ser-

vice expertise. The majority of Posti employees encounter customers every day, and the kind of a customer experience which emerges in these encounters is important.

One development measure that combined digital skills and customer service expertise was the PUD (Pick Up and Delivery mobile device) and Customer Service Passport training for 550 Posti drivers and drive arrangers in fall 2020. The training was part of a significant project digitalizing driving processes and modernizing the tools of parcel and e-commerce drivers.

**Investments in the development of management and supervisory work**

The current pace of transformation and change also requires a new kind of leadership and supervisory work. Therefore, one of our focus areas last year was the development of management and supervisory work. We regularly offer supervisors training in different phases of the employment relationship lifecycle, as well as for developing management competence. For years, we have been offering all Posti supervisors training in coaching-oriented management. In addition, each year we launch a Specialist Vocational Qualification in Management training customized for Posti. In 2020, we also launched the Posti Leader training program for new supervisors.



”  
**Development must be continuous.**

Due to the COVID-19 situation, we had to take a digital leap: we migrated all possible face-to-face training events to the web. At the same time, we increased our digital online course offering. Posti uses the digital learning platform Spark, and all Posti employees and the personnel of our subcontractors have access to it. We also effectively use digital learning solutions in the orientation of new employees.

Cooperation with educational institutions and students is important and fruitful for us; innovations and insights emerge at the interfaces when different experts meet. We continued extensive cooperation with universities and educational institutions: we gave virtual lectures, cooperated in projects and offered case assignments for courses to solve. In addition, we offered thousands of summer and seasonal jobs and diverse internships. In 2020, we implemented the “Unbox your potential trainee” program for university students, practically fully virtually.

According to our vision, building the Posti of the future, a modern delivery and logistics company, requires our personnel and their competence being state-of-the-art. We are strongly committed to this.

# Promoting well-being and providing support in change

Often, the best way to promote health and work ability is to proactively support well-being. The year of COVID-19 has accelerated the development of well-being support, and the lessons learned will continue to be used after the pandemic.

COVID-19 MADE ITS MARK on the promotion of well-being at work in 2020. In particular, there has been development in digital services, such as in how our personnel has migrated to using digital occupational health service channels and remote services. The growth with regard to these has been considerable, and we also aim to continue this trend.

Physical occupational health visits decreased significantly. Last year, we in-

creased the low-threshold occupational health and well-being services available to our personnel. Internal communications relating to safety and well-being have been considerably increased. Employees whose duties allowed it moved to teleworking. During the exceptional year, we continued our long-term work to support the work ability of Posti employees in the on-going transformation of Posti.



### Change in the importance of well-being at work amid COVID-19

The importance of well-being has changed amid COVID-19. The need for resilience, or the ability of the individual and working community to maintain capability to operate amid change, has become emphasized. We have supported this by investing in communications about the available well-being services and preventive measures to protect oneself against coronavirus infection. For example, we sent three Hyvinvointia postilaisille (“well-being for Posti people”) publications to the homes of all Posti employees.

We have also deployed new services to increase recovery during the working day or receive conversation help as easily as possible to support mental well-being. Regular “Etänä läsnä” remote sessions around a topical well-being theme have been a major investment in supporting the coping of Posti employees during the COVID-19 crisis.

We want to comprehensively promote our personnel’s well-being, and therefore we also added a commuting benefit to our sports and culture benefits as of the beginning of 2020. At the same time, we support low-emission commuting.

### How are you, really? – successful encounters in well-being at work discussions

Our organization has developed its lean expertise. We also used the tools and methods it offers for developing our Well-being at Work Discussion process between supervisors and employees. In the development project, we particularly wanted to find ways with which supervisors can more easily discuss even difficult matters in the well-being at work discussions.

We developed tools for diverse needs, such as conversations, recording the well-being at work discussion and agreeing on measures. We have also invested in making the guidelines as easy to find as possible. In 2020, we trained our supervisors in a successful encounter at the Well-being at Work Discussion together with an occupational health psychologist. We have also brought up the importance of the Well-being at Work Discussion with the campaign theme “How are you – really?”

### Support for work ability in change

Changes in work challenge work ability in various ways, especially in the case of employees who already have previous problems with work ability. Super-



## Katja’s career will continue in suitable work

Back problems prevented 47-year-old Katja from continuing her 25-year career at Posti, even though returning to work at the postal center was attempted with active rehabilitation, care measures and a work try-out. The employment pension company offered Katja a personal career coach and financial support for realizing the career plan. With this support, she found a work try-out position in office duties. In December 2020, Katja was hired permanently by the work try-out place, and her career will continue in the new job that suits her health.

visors have been supported in detecting problems early on, and the aim is to find solutions in cooperation with occupational health services in a more multidisciplinary way, targeting the support measures based on needs in a timely manner. The refinement of good common practices is long-term cooperation that still continues.

Support measures always start in accordance with Posti’s model for ensuring work ability through workplace support methods and by surveying the options at the workplace. Multidisciplinary support has been strengthened in situations in which continuing at Posti in the long term is not possible despite support measures. In this case, the solutions are surveyed on a case-by-case basis in cooperation with Posti’s work ability specialist, social specialist from occupational health services, the employment pension company and job coaches. Embarking on a new career is always a major decision. Underlying a successful solution is the employee’s own strong intent, sufficient encouragement and support starting from the planning phase and professionals’ knowhow to find the best solution.

# Safe working environment

Occupational safety developed during 2020. We adopted new digital tools in safety management and follow-up. On the other hand, COVID-19 forced us to think about our activities, both at and off work. It was a positive year in terms of the development of safety.

AT THE VERY BEGINNING of 2020, we began to use our new mobile reporting tools Incy and Audits. The mobile tool provided us with new ways of working and facilitated a completely new kind of personnel engagement in the development of occupational safety. Every employee can make safety observations and vehicle checks before departure, among other things, on their own phone, the employer's device or work phone.

In addition to safety observations, Posti's preventive occupational safety work includes safety tours, or safety walkabouts, by supervisors at the workplace and safety-related meetings known as Turvavartti sessions with the personnel at the workplace. Reporting was stream-

lined with regard to these as well. Now, supervisors can report on safety walkabouts and safety meetings and take care of the follow-up processing of observations on a phone or tablet. The feedback on the tool has been excellent, and it can be seen in all of our preventive safety at work activity. The numbers of observations increased manifold and the number of safety meetings also increased.

On account of these things, among others, the number of reported lost time occupational accidents decreased by 17 percent year-on-year. The number of commuting accidents decreased by 6 percent. In the day-to-day lives of Posti employees, the teleworking recommendation concerning the personnel of our offices that has lasted almost through-



out the year is not visible in the statistics, because the majority of our employees have been working on-site the whole year. There are approximately 1,500 employees teleworking in the Posti Group.

In addition to the decrease in the number of occupational accidents, we also succeeded in shortening the sick leaves caused by accidents. For example, accidents resulting in more than 30 days' absence decreased by almost 50 percent year-on-year. The occupational safety risk management measures have clearly been correct. Accident severity rates have decreased. The number of sickness related absences decreased by 18 percent year-on-year on the whole. The development has been the most astonishing in early-morning delivery, where accident frequency has typically been high. Transval and the freight business also performed well in terms of safety.

The accident frequency rate per million working hours at Posti in Finland, including Transval, was 37. It improved by approximately 16 percent year-on-year. For the entire Group, the frequency was 34, improving by 13 percent year-on-year. Aditro Logistics is included in the figure as a new company.

Occupational safety-related trainings aimed at employees had to be suspended due the exceptional circumstance in

the spring, and they did not gain proper momentum toward the end of the year, either. However, by March, we had organized over ten occupational safety card trainings for freight- and parcel business drivers. Early in the year, we had open online trainings on our reporting tool, and late in the year we trained almost 500 supervisors, assistant supervisors and occupational safety and health representatives in risk assessment using Teams. In addition, we organized separate trainings for occupational safety and health representatives and also prepared new eLearning training packages relating to the reform of the Road Traffic Act and tying loads, for example.

We organized a few campaigns and rewarded successes during the year. In the fall, we activated making observations by way of an observation campaign in Postal Services, whereas in early-morning delivery, we conducted a summer campaign with the challenge of working for the summer without accidents.

COVID-19 and the related occupational health and safety policies had a major impact on our operations during the year. One of the significant changes has been that we prohibited all visits by outsiders to production facilities in March. From the point of view of occupational safety, this meant that audits, inspec-

tions and other visits by specialists came to an end. We moved to the Teams environment in investigating accidents, and safety walkabouts and safety sessions were only organized as activities within the workplace. Almost 4,000 COVID-19-related safety meetings have been recorded in our system. In the spring, we conducted COVID-19-related risk assessments with new methods and a few coronavirus safety walkabouts together with occupational health care. We brought hand sanitizers to the workplaces in the spring, and later in the year, we also gradually introduced face masks. The workplaces prepared contingency plans, staggered and decentralized activities, installed plexiglass and marked safety areas. Thanks to the measures and the proper attitude of our personnel, we at Posti have practically avoided infections from work.

Toward the end of 2020, the occupational safety specialist organization changed from a distributed to a centralized model following an organizational reform. Thanks to the reform, Occupational Safety Officers and other experts can better get involved in the day-to-day production of the business areas. At the same time, we revised the safety at work management model by establishing a Group-level steering group for safety at work development. We also committed ourselves to an ambitious goal of improving the accident frequency rate over the next three years.



## Rapid growth in eCommerce – how did we survive

Active management, investigation of accidents and hazardous situations, rapid measures and good communications have provided the desired results. In the parcel business, we saw a significant increase in volumes following the exceptional circumstances early in the year. In addition to the pandemic, this has required special focus on occupational safety at the sorting centers and in transport production. Ergonomics, maintaining tidiness and order and management of unnecessary hurrying and overload have been topical themes throughout the year, especially in these functions.

**MARJO REHN**  
Head of Safety, Posti Group Oyj

**Personnel per country on December 31, 2020**

	2020	2019	2018	2017
Finland	17,666	18,307	15,676	16,595
Russia	1,007	1,355	1,873	2,493
Poland	64	65	108	128
Sweden	1,438	87	142	147
Estonia	446	424	408	337
Norway	0	22	36	38
Denmark	0	0	0	0
Latvia	126	110	95	81
Lithuania	162	98	93	92
Germany	0	0	89	100
Other (USA)	0	0	2	3
	<b>20,909</b>	<b>20,468</b>	<b>18,522</b>	<b>20,014</b>

**Employee leaving rate in Finland**

Permanent employments, Finland*	
<b>Females</b>	<b>33%</b>
under 25 years	4%
25–34 years	14%
35–44 years	24%
45–54 years	27%
55 years or older	31%
<b>Males</b>	<b>67%</b>
under 25 years	5%
25–34 years	19%
35–44 years	22%
45–54 years	26%
55 years or older	29%

## Leaving rate, Finland

<b>Females</b>	<b>15.5%</b>
under 25 years	62.0%
25–34 years	19.6%
35–44 years	12.3%
45–54 years	9.5%
55 years or older	15.9%
<b>Males</b>	<b>16.9%</b>
under 25 years	68.9%
25–34 years	27.6%
35–44 years	13.0%
45–54 years	6.8%
55 years or older	13.8%

\* Total leaving rate 16.5% without seasonal employees

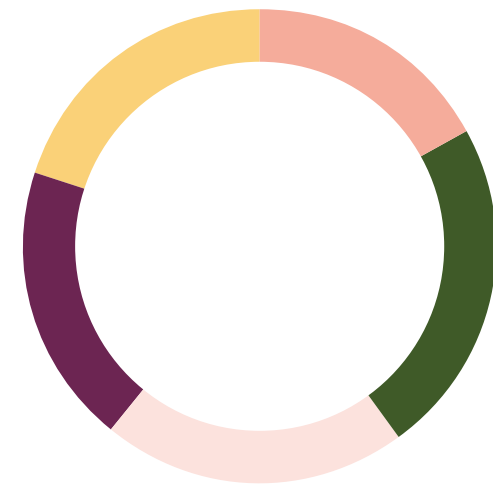
**Sickness related absences, accidents and retirement, Finland**

	2020*	2019	2018	2017	2016
Sickness related absences (%)	5.6**	6.3	5.8	5.9	6.6
Lost time accidents (number)	862	1,047	899	1,145	982
Accident frequency, LTAI	37	44	43	46	43
Disability pensions (number)	100	87	63	55	77
Part-time disability pensions (number)	70	72	82	55	80
Total disability pensions (number)	170	159	145	110	157
Average age for retiring on disability pension	58	58.8	57.6	55.4	56.2
Average retirement age	62.8	62.6	62.1	61.3	61.4
Retired	205	308	271	269	281

\* Not including home services

\*\* Not including Transval

### Age distribution of personnel



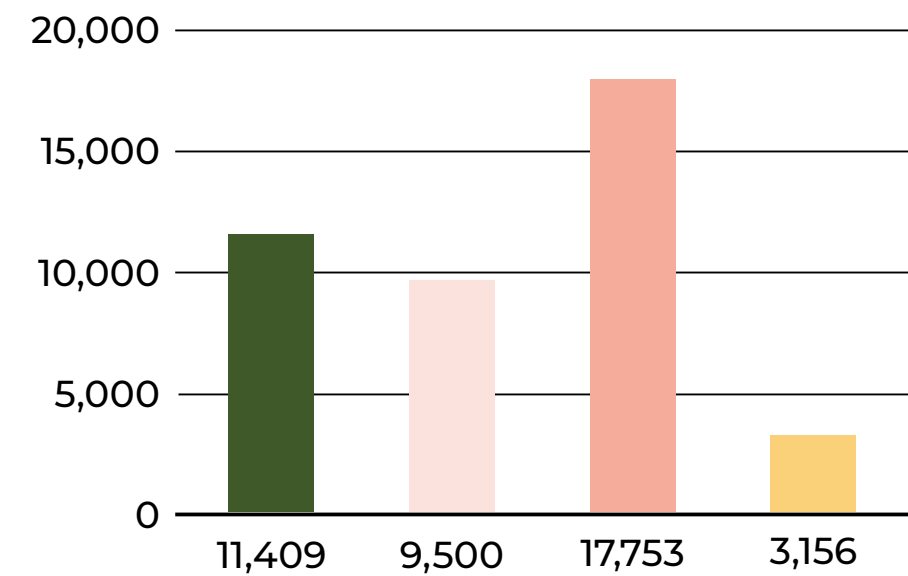
- under 25 (17%)
- 25-34 (23%)
- 35-44 (21%)
- 45-54 (19%)
- 55 or older (20%)

### Length of employees' career



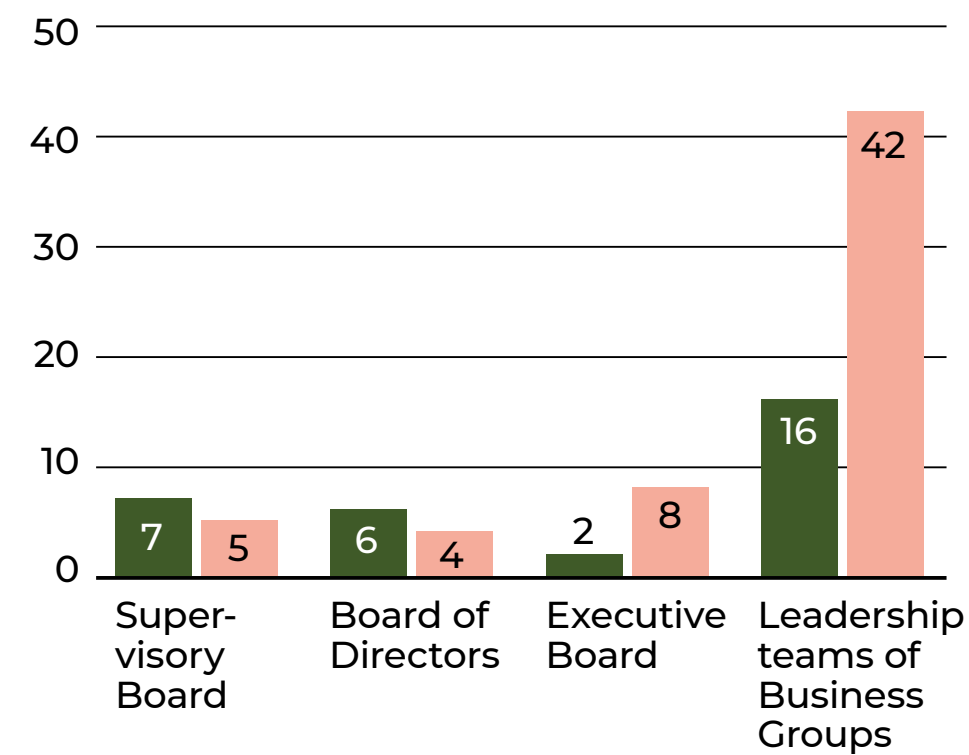
- Less than 1 year (21%)
- 1-5 years (32%)
- 6-10 years (10%)
- 11-15 years (10%)
- 16-20 years (5%)
- more than 20 years (22%)

### Breakdown of employment contracts as per 31 December 2020



- Full-time employees
- Part-time employees
- Permanent employees
- Fixed-term employees

### Number of women and men in leadership roles



- Women
- Men

### Distribution of collective agreements

Stowage industry	0.23%
Transport Workers' Union AKT, forwarding warehouse terminal	1.47%
Transport Workers' Union AKT, vehicle personnel in trade	0.02%
Transport Workers' Union AKT, truck drivers	6.46%
Transport Workers' Union AKT, terminal operations	0.26%
Vehicle and machinery trade	0.54%
Union of Private Sector Professionals ERTO, car traffic sector	1.65%
Food industry	0.28%
Indirect employees in forwarding	0.69%
Information logistics	1.04%
Information logistics, senior	0.55%
Commercial sector	16.88%
Basic chemical industry	0.01%
Property management	0.01%
Rubber industry	0.04%
Collective agreement by the Finnish Media Federation, the Industrial Union and Grafinet ry concerning indirect employees	0.87%
Collective agreement by the Finnish Media Federation and the Industrial Union concerning delivery personnel	13.63%
Plastics and chemical products sector	0.06%
Joinery sector	2.60%
Building construction	0.01%
Technology industries	0.58%
Outside collective agreements	0.45%
Security services	0.34%
Security services, KV-Turva, local	0.45%
Mail communications and logistics	47.17%
Mail communications and logistics, senior	3.42%
General Collective Agreements Act and Annual Holidays Act	0.24%
Senior indirect employees, Industrial Union TEAM	0.06%



# Tax footprint

**IN TAX FOOTPRINT REPORTING, we adhere to the country-specific tax reporting guidelines for companies of which the state is the majority shareholder, provided by the Ownership Steering Department.**

# Our tax strategy

All companies in our Group have committed to operating responsibly and to meeting all obligations and requirements defined by the valid legislation of each country. Our 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 TAXES WE PAID

In 2020, we paid a total of EUR 47.8 million of taxes. We paid EUR 31.7 million of taxes in Finland, EUR 3.7 million in Russia, EUR 8.6 million in Scandinavia and EUR 3.7 million in other countries.

## OUR TAX POSITION

In 2020, the Group's effective tax rate was 34.7% (2019: 14.8%). The tax rate was substantially influenced by foreign losses approved in previous financial years, for which we pay taxes in Finland in accordance with decisions of the administrative court.

## TAX DISPUTES SETTLED

Posti Group had several pending tax disputes in Finland during the financial year, with decisions issued by the administrative court on the most significant of them late in the year. The decisions are related to the utilization in Finland of losses recognized by foreign subsidiaries that were merged into Posti Group Corporation and the deductibility of the loss on disposal of the Norwegian real estate company.

EUR  
**11.7**  
million

the total amount of environmental taxes paid by us

EUR  
**103.5**  
million

the total amount of income taxes accounted by us

**20.6**  
million

the total amount of employer taxes paid by us



# Posti's tax footprint

## Tax footprint 2020

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.

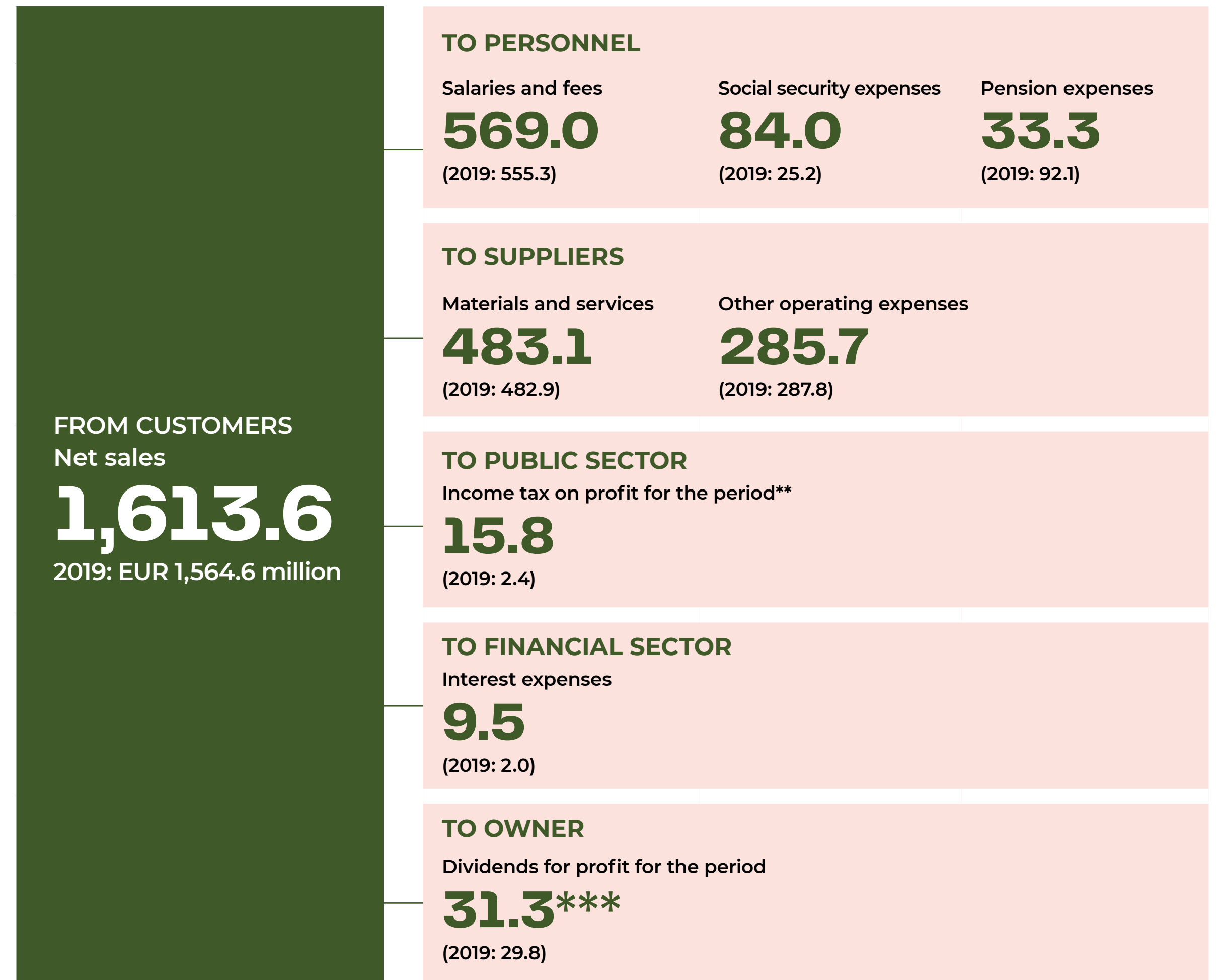
The information presented in this report is based on information collected from the Group's accounting systems. Taxes refers to taxes or tax-like fees paid to public sector entities, whether they are paid or remitted by the company. The nature and amount of taxes vary significantly from

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 84% of the 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.

**Financial impact in accordance with the income statement 2020**



\* Year 2018 figures have been restated for continuing operations, as OpusCapita Solutions Oy was divested in 2019 first quarter and presented as discontinued operations  
 \*\* More information from the section Tax footprint  
 \*\*\* Board of Directors' proposal to the Annual General Meeting

The Group operates in eight 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 grouped under 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 position in 2020**

In 2020, the Group's effective tax rate was 34.7% (2019: 14.8%). The effective tax rate is calculated based on accrual-based income taxes and changes in deferred taxes. The tax rate was substantially influenced by foreign losses approved in previous financial years, which Posti has to refund to the Finnish Tax Administration in accordance with the administrative court's decision described below. The total amount of taxes concerning previous financial periods is EUR 8.8 million. The effective tax rate excluding taxes for previous financial years

was 15.3%. The Group's accrual-based income taxes for the financial year, excluding the effect of changes in deferred taxes, amounted to EUR 16.4 million.

Posti Group had some pending tax disputes in Finland during the financial year, with decisions issued by the administrative court on the most significant of them late in the year. The decisions are related to the utilization in Finland of losses recognized by foreign subsidiaries that were merged into Posti Group Corporation in 2014 and 2015 and the deductibility of the loss on disposal of a Norwegian real estate company. The administrative court approved a complaint by a representative of the taxation authorities concerning the availability of the deductible losses of the Danish subsidiary previously approved by the Tax Administration. According to the decision of the administrative court, Posti has not proven in all respects that no third party could have utilized the losses, due to which the losses do not meet the criteria for final loss. The decision is largely based on the ex-ante decision of the Supreme Administrative Court issued in May 2020, based on which Posti prepared for a negative decision. According to the decision, Posti has to refund the previously approved tax-deductible losses of EUR 36.2 million plus interest to the Tax Administration. Posti's complaints concerning the losses of both the Danish and German subsidiaries were rejected.



Based on the decisions, Posti has recognized a liability totaling EUR 7.8 million in taxes for previous financial years in the financial statements relating to refunding the previously approved tax-deductible losses.

In December 2020, Posti received the administrative court's decision that Posti's complaint concerning the deductibility of a Norwegian real estate company's loss on disposal had been rejected. The case concerned the disposal of the real estate company in 2015, from which Posti incurred a loss on disposal of approximately EUR 12 million. According to the decision, the disposal of the shares was not a deductible expense for Posti Group Corporation, because the real estate company formed in a partial demerger did not meet the criteria for a business entity.

Posti has not requested leave to appeal from the Supreme Administrative Court concerning the administrative court's decisions described above, as a result of which the decisions are legally valid. Posti estimates that the likelihood of the decisions changing due to appeal is relatively low.

The other pending disputes are associated with a tax audit of Posti companies in 2016, in which Posti companies were denied the right to deduct certain value added taxes. The total amount concerned in these disputes is approximately EUR 0.2 million, and the proceedings were in progress at the administrative court on the closing date.

Posti Group has no pending tax disputes in its other countries of operation.

### The Group's tax footprint

	2020, MEUR	2019, MEUR
<b>Finland</b>		
Net sales	1,288.8	1,296.3
Result before taxes	29	8.7
Number of personnel	13,384	13,224
Paid taxes	19.8	26.7
Remitted taxes	228.4	229.2
Received public support	0	0
<b>Russia</b>		
Net sales	57.9	103
Result before taxes	10.1	4.8
Number of personnel	989	2,188
Paid taxes	3.7	6.6
Remitted taxes	7.2	9
Received public support	0	0
<b>Scandinavia</b>		
Net sales	164.9	105.9
Result before taxes	-1.2	2.5
Number of personnel	1,516	176
Paid taxes	8.3	3.4
Remitted taxes	16.6	8.8
Received public support	0.5	0
<b>Other countries</b>		
Net sales	102	105.1
Result before taxes	4.2	1.8
Number of personnel	932	801
Paid taxes	3.7	3.2
Remitted taxes	4.7	6.6
Received public support	0	0

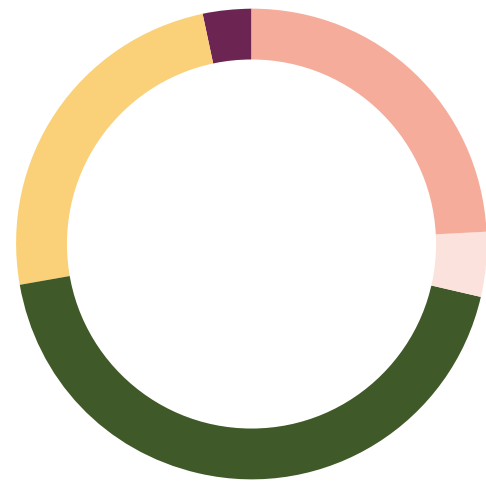
### Taxes paid by category and by geographical area

Paid taxes 2020, thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Income taxes	<b>11,799</b>	10,851	423	517	8
Real estate taxes	<b>2,116</b>	1,306	581	221	8
Employer taxes	<b>20,622</b>	6,338	2,709	7,900	3,675
Environmental taxes	<b>11,745</b>	11,697	0	0	48
Other taxes	<b>1,508</b>	1,507	0	0	1
<b>Paid taxes 2019, thousand EUR</b>					
	Total	Finland	Russia	Scandinavia	Other countries
Income taxes	<b>6,515</b>	5,998	489	8	20
Real estate taxes	<b>2,246</b>	1,384	862	0	0
Employer taxes	<b>16,131</b>	4,380	5,208	3,389	3,154
Environmental taxes	<b>13,204</b>	13,169	0	0	35
Other taxes	<b>1,812</b>	1,810	0	0	2

### Remitted taxes by category and by geographical area

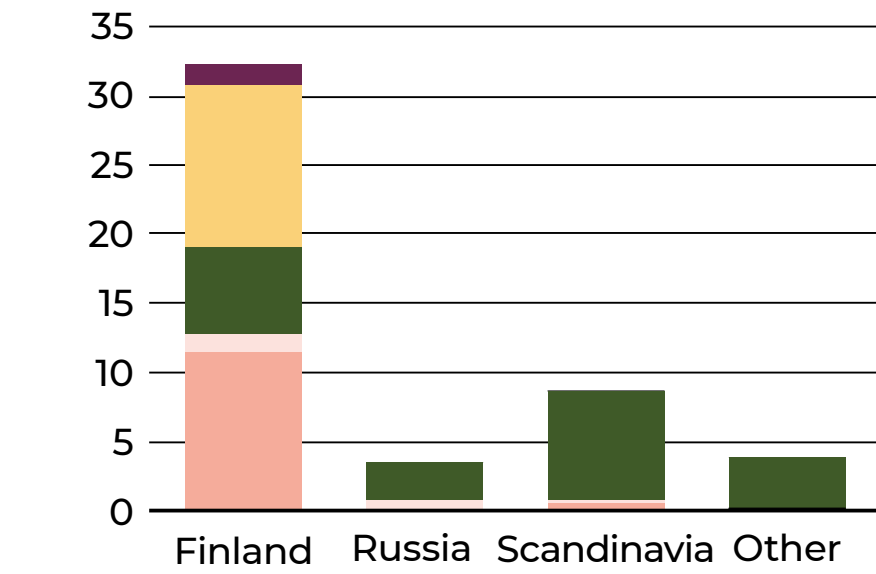
Remitted taxes 2020, thousand EUR	Total	Finland	Russia	Scandinavia	Other countries
Value added taxes	<b>152,743</b>	139,590	5,400	7,158	595
Salary taxes	<b>103,540</b>	88,750	1,545	9,434	3,811
Other taxes	<b>565</b>	59	231	0	275
<b>Remitted taxes 2019, thousand EUR</b>					
	Total	Finland	Russia	Scandinavia	Other countries
Value added taxes	<b>143,037</b>	130,860	6,118	4,995	1,064
Salary taxes	<b>109,721</b>	98,356	2,653	3,759	4,953
Other taxes	<b>867</b>	30	259	0	578

**Paid taxes and fees, total 47.6 MEUR**



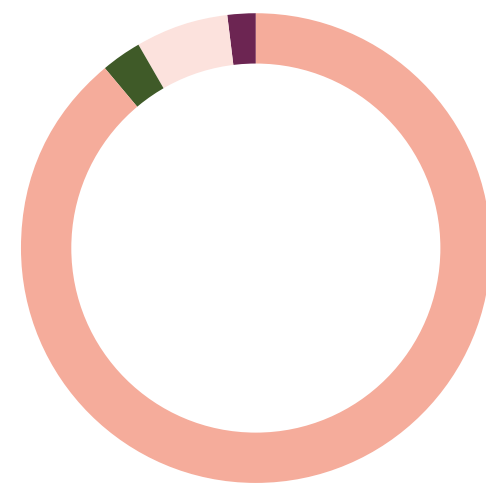
- Income taxes 11.6 MEUR
- Real estate taxes 2.1 MEUR
- Employer taxes 20.6 MEUR
- Environmental taxes 11.7 MEUR
- Other taxes 1.5 MEUR

**Paid taxes by type and geographical area, total MEUR 47.6**



- Income taxes
- Real estate taxes
- Employer taxes
- Environmental taxes
- Other taxes

**Remitted taxes by geographical area, total 256.9 MEUR\***



- Finland 228.4 MEUR
- Russia 7.2 MEUR
- Scandinavia 16.6 MEUR
- Other countries 4.7 MEUR

\* Of which value added taxes 152.7 MEUR, salary taxes 103.5 MEUR and other taxes 0.6 MEUR.

**Financial impact in accordance with the income statement**

EUR million	2020	2019	2018*	2017
<b>From customers</b>				
Net sales	1,613.6	1,564.6	1,610.3	1,647.0
<b>To personnel</b>				
Salaries and fees	569.0	555.3	552.1	564.3
Social security expenses	84.0	25.2	30.1	38.5
Pension expenses	33.3	92.1	92.9	93.8
<b>To suppliers</b>				
Materials and services	483.1	482.9	514.0	508.0
Other operating expenses	285.7	287.8	331.3	374.1
<b>To public sector</b>				
Income tax on profit for the period**	15.8	2.4	5.2	7.5
<b>To financial sector</b>				
Interest expenses	9.5	2.0	1.7	5.8
<b>To owner</b>				
Dividends for profit for the period	31.3***	29.8	28.4	40.0

\* Year 2018 figures have been restated for continuing operations, as OpusCapita Solutions Oy was divested in 2019 first quarter and presented as discontinued operations  
 \*\* More information from the section Tax footprint  
 \*\*\* Board of Directors' proposal to the Annual General Meeting

# GRI



# Reporting principles

THIS REPORT has been prepared in accordance with the GRI Standards Core option. Aspect-specific standards have been reported for Posti's material aspects of economic, social and environmental responsibility. A summary of the comparison between the report contents and the reporting guidelines is presented in the GRI content index.

A third party validates our reported figures once every two years, most recently in 2019.

## 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.

## Reporting of environmental information and emissions

The indicators for environmental responsibility cover the Group's operations with the most significant environmental impacts in all of its countries of operation. 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 GHG Protocol-compliant greenhouse gas emissions (Scope 1, 2 & 3) reported by us are described under Posti's emissions in this report.

The calculations cover all seven greenhouse gases defined in the GHG Protocol: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFC), perfluorocarbons (PCF), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>).

The sources for the emission factors used in the calculation are provided in the [table](#).

## Contact information

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## GRI index

Disclosure number	GRI Standards 2020	Location
<b>ORGANIZATIONAL PROFILE</b>		
<b>GENERAL DISCLOSURES</b>		
102-1	Name of the organization	Posti Group Corporation
102-2	Activities, brands, products, and services	<a href="#">Board of Directors' Report 2020</a>
102-3	Location of headquarters	Posti Group's head office is located in Helsinki, Finland.
102-4	Location of operations	Posti Group operates in 8 countries: Finland, Russia, Sweden, Norway, Estonia, Latvia, Lithuania and Poland.
102-5	Ownership and legal form	<a href="#">Share capital and shareholding</a>
102-6	Markets served	<a href="#">Posti in brief</a>
102-7	Scale of the organization	Posti Group had approximately 21,000 employees at the end of 2020.
102-8	Information on employees and other workers	<a href="#">People responsibility indicators</a>
102-9	Supply chain	<a href="#">Posti's strategy</a>
102-10	Significant changes to the organization and its supply chain	<a href="#">Board of Directors' Report 2020</a>
102-11	Precautionary principle or approach	The precautionary principle has been observed in compliance with the legal requirements.
102-12	External initiatives	<a href="#">Sustainability at Posti</a>
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. In addition, Posti became a member of the Climate Leadership Coalition at the turn of the year 2020–2021.
<b>STRATEGY</b>		
102-14	Statement from senior decision-maker	<a href="#">Statement from senior decision-maker</a>
102-15	Key impacts, risks, and opportunities	<a href="#">Statement of non-financial information, Board of Directors' Report 2020</a>
<b>ETHICS AND INTEGRITY</b>		
102-16	Values, principles, standards, and norms of behavior	<a href="#">Sustainability at Posti</a>
102-17	Mechanisms for advice and concerns about ethics	<a href="#">Sustainability management and reporting</a> – contains links to the ethical guidelines and anonymous feedback form.

Disclosure number	GRI Standards 2020	Location
<b>GOVERNANCE</b>		
102-18	Governance structure	<a href="#">Corporate Governance Statement</a>
102-19	Delegating authority	<a href="#">Managing responsibility</a>
102-20	Executive-level responsibility for economic, environmental, and social topics	<a href="#">Managing responsibility</a>
102-21	Consulting stakeholders on economic, environmental, and social topics	<a href="#">Corporate Governance Statement</a>
102-22	Composition of the highest governance body and its committees	<a href="#">Composition of the highest governance body and its committees</a>
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 <a href="#">Board and its committees</a>
102-24	Nominating and selecting the highest governance body	<a href="#">Corporate Governance Statement</a>
102-25	Conflicts of interest	<a href="#">Corporate Governance Statement</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	<a href="#">Corporate Governance Statement</a>
102-28	Evaluating the highest governance body's performance	<a href="#">Corporate Governance Statement</a>
102-29	Identifying and managing economic, environmental and social impacts	<a href="#">Corporate Governance Statement</a>
102-30	Effectiveness of risk management processes	<a href="#">Corporate Governance Statement</a>
102-31	Review of economic, environmental and social topics	<a href="#">Corporate Governance Statement</a>
102-32	Highest governance body's role in sustainability reporting	<a href="#">Sustainability at Posti</a>
102-33	Communicating critical concerns	<a href="#">Sustainability management and reporting</a> – contains links to the ethical guidelines and anonymous feedback form.
102-35	Remuneration policies	<a href="#">Remuneration Statement</a>
102-36	Process for determining remuneration	<a href="#">Remuneration Statement</a>

Disclosure number	GRI Standards 2020	Location
<b>STAKEHOLDER ENGAGEMENT</b>		
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, 99.55% of Posti's personnel (excluding Home services) are covered by collective labor agreements.
102-42	Identifying and selecting stakeholders	It is important for Posti to actively interact with its stakeholders. Posti maintains contact with its stakeholders through <b>open communication and dialogue</b> .
102-43	Approach to stakeholder engagement	Stakeholder relations are managed with confidentiality, integrity and fairness.
102-44	Key topics and concerns raised	<b>Interaction with stakeholders</b>
<b>REPORTING PRACTICE</b>		
102-45	Entities included in the consolidated financial statements	<b>Board of Directors' Report 2020, Group companies</b>
102-46	Defining report content and topic Boundaries	<b>Reporting principles</b>
102-47	List of material topics	<b>Sustainability program and goals</b>
102-48	Restatements of information	<b>Reporting principles</b>
102-49	Changes in reporting	<b>Reporting principles</b>
102-50	Reporting period	January 1–December 31, 2020
102-51	Date of most recent report	March 17, 2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	<b>Reporting principles</b>
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards 2020, Core option.
102-55	GRI content index	<b>GRI index</b>
102-56	External assurance	The report is validated once every two years, most recently in 2019.
<b>MANAGEMENT APPROACH</b>		
103-1	Explanation of the material topic and its Boundary	<b>Reporting principles</b>
103-2	The management approach and its components	<b>Managing responsibility</b>
103-3	Evaluation of the management approach	Posti updated its operating model and organizational structure in 2020. As a result Posti set up four cross-business steering groups that ensure development across the Group in the following areas: 1. Cyber security and privacy, 2. Zero Carbon 2030, 3. Sustainability and compliance and 4. Safety. The relevant practices and operating models are all included in the reorganization, which enables a comprehensive governance model for the areas. Read more in the section on <b>Sustainability management</b> .

Disclosure number	GRI Standards 2020	Location
<b>ECONOMIC</b>		
<b>ECONOMIC PERFORMANCE</b>		
201-1	Direct economic value generated and distributed	<a href="#">Tax footprint</a>
201-3	Defined benefit plan obligations and other retirement plans	<a href="#">Defined benefit pension plan obligations, Financial statements 2020</a>
201-4	Financial assistance received from government	<a href="#">Public assistance, Financial statements 2020</a>
<b>INDIRECT ECONOMIC IMPACTS</b>		
203-1	Infrastructure investments and services supported	<a href="#">Financial statements 2019</a>
203-2	Significant indirect economic impacts	<a href="#">Tax footprint</a>
<b>PROCUREMENT PRACTICES</b>		
204-1	Proportion of spending on local suppliers	In 2020, Posti purchased services and products from Finnish companies for more than EUR 607 million. In 2020, about 94 percent of all of Posti's purchases in Finland were from domestic suppliers. The figures do not include Transval.
<b>ANTI-CORRUPTION</b>		
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. Employee Code of Conduct training is mandatory for all employees. As of December 31, 2020, 80% 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.
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	<a href="#">Tax footprint</a>
<b>TAX</b>		
207-1	Approach to tax	<a href="#">Tax footprint</a>
207-2	Tax governance, control, and risk management	<a href="#">Tax footprint</a>
207-3	Stakeholder engagement and management of concerns related to tax	<a href="#">Tax footprint</a>
207-4	Country-by-country reporting	<a href="#">Tax footprint</a>

Disclosure number	GRI Standards 2020	Location
<b>ENVIRONMENTAL</b>		
<b>ENERGY</b>		
302-1	Energy consumption within the organization	<a href="#">Environmental responsibility indicators</a>
302-2	Energy consumption outside of the organization	<a href="#">Environmental responsibility indicators</a>
302-4	Reduction of energy consumption	<a href="#">Posti's emissions</a>
302-5	Reductions in energy requirements of products and services	<a href="#">Posti's emissions</a>
<b>EMISSIONS</b>		
305-1	Direct (Scope 1) GHG emissions	<a href="#">Environmental responsibility indicators</a> , <a href="#">Reporting principles</a>
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmental responsibility indicators</a> , <a href="#">Reporting principles</a>
305-3	Other indirect (Scope 3) GHG emissions	<a href="#">Environmental responsibility indicators</a> , <a href="#">Reporting principles</a>
305-5	Reduction of GHG emissions	<a href="#">Posti's emissions</a>
<b>WASTE</b>		
306-3	Waste generated	<a href="#">Environmental responsibility indicators</a>
306-4	Waste diverted from disposal	<a href="#">Environmental responsibility indicators</a>
306-5	Waste directed to disposal	<a href="#">Environmental responsibility indicators</a>
<b>ENVIRONMENTAL COMPLIANCE</b>		
307-1	Non-compliance with environmental laws and regulations	No fines or sanctions during the reporting period.
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
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.
308-2	Negative environmental impacts in the supply chain and actions taken	In 2020, the company carried out 20 sustainability audits on its domestic affiliates. In addition, Posti held an online self-assessment survey for its contracted suppliers, covering areas such as the suppliers' sustainability.

Disclosure number	GRI Standards 2020	Location
<b>SOCIAL</b>		
<b>EMPLOYMENT</b>		
401-1	New employee hires and employee turnover	<b>People responsibility indicators</b>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<b>Posti as workplace</b>
<b>LABOR/MANAGEMENT RELATIONS</b>		
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.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>		
403-1	Occupational health and safety management system	Posti uses certified OHSAS 18001 and ISO 45001 safety management systems, and these covered around 70% of the Group personnel at the end of 2020.
403-2	Hazard identification, risk assessment, and incident investigation	Accident frequency: Finland (Posti+Transval) LTAIr12 = 37, Group LTAIr12 = 34. Lost-time injuries at Posti = 711. Lost working days at Posti: 9,965 days. Fatalities = 0. Occupational diseases = 0. Lost-time injuries at Transval = 151
403-3	Occupational health services	Workplace surveys by occupational health, 11
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety and health committees convened regional meetings once per quarter, and there were two national meetings in 2020. Actions at workplaces: safety walkabouts (3,098), Turvavartti safety updates (15,660), safety observations (34,855)
403-5	Worker training on occupational health and safety	1) Risk assessment training (2 h), 446 participants. 2) Training for industrial safety delegates (4 x 1.5 h), 51 delegates and industrial safety managers in the target group. Themes: harassment and inappropriate behavior at the workplace, occupational safety reporting and own resources and having a positive influence at the workplace. 3) Occupational Safety Card training 4) Transport and storage of dangerous goods (TDG) training
403-6	Promotion of worker health	<b>Promoting well-being and providing support in change</b>
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace risk assessment, occupational safety training, communications (covering both Posti's personnel and certain partners)
403-8	Workers covered by an occupational health and safety management system	Posti uses certified OHSAS 18001 and ISO 45001 safety management systems, and these covered around 70% of the Group personnel at the end of 2020. External audits: Posti = 34 Transval = 7
403-9	Work-related injuries	Lost-time injuries, Posti = 711, Transval = 151. Total lost-time injuries in Finland = 862. Total reported injuries in Finland = 1,547, Total lost-time injuries in Posti Group = 877
403-10	Work-related ill health	Deaths = 0, occupational diseases = 0
<b>TRAINING AND EDUCATION</b>		
404-1	Average hours of training per year per employee	Reportable average training hours per employee in Finland were 2,4h. This figure includes reported training sessions of at least one training day (6 hours).
404-2	Programs for upgrading employee skills and transition assistance programs	<b>Competence development</b>
404-3	Percentage of employees receiving regular performance and career development reviews	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 2,200 people.
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>		
405-1	Diversity of governance bodies and employees	98 different nationalities in Finland 100 different nationalities in the Group At Posti, 26% of leadership team members are women and 74% are men <b>People responsibility indicators</b>
405-2	Ratio of basic salary and remuneration of women to men	Women made up 36% and men 64% of the employees (Finland) Women made up 36% and men 64% of the employees (Group) The ratio between the basic salaries of women and men was 97% (Finland) The ratio between the basic salaries of women and men was 94% (Group)

Disclosure number	GRI Standards 2020	Location
<b>NON-DISCRIMINATION</b>		
406-1	Incidents of discrimination and corrective actions taken	No known incidents.
<b>HUMAN RIGHTS ASSESSMENT</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	We are committed to the UN Guiding Principles on Business and Human Rights. As part of the implementation of the principles, we must continue our work to promote the execution and follow-up of the human rights principles.  In 2020, a project by the analysis, assessment and research activities of the Prime Minister's Office analyzed the human rights performance of Finnish companies in view of the expectations on companies set out in the UN Guiding Principles on Business and Human Rights. The results of the SIHTI project were published on January 18, 2021, and Posti's score was 28.8/100 while the average score for the group was 27/100.
412-2	Employee training on human rights policies or procedures	Employee Code of Conduct training is mandatory for all employees. As of December 31, 2020, 80% of the Group's employees had completed the training.
<b>SUPPLIER SOCIAL ASSESSMENT</b>		
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. In 2020, the company carried out 20 sustainability audits on its domestic affiliates. In addition, Posti held an online self-assessment survey for its contracted suppliers, covering areas such as the suppliers' sustainability.
<b>PUBLIC POLICY</b>		
415-1	Political contributions	Posti Group does not make political contributions to individuals or parties.
<b>CUSTOMER HEALTH AND SAFETY</b>		
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.
<b>MARKETING AND LABELING</b>		
417-3	Incidents of non-compliance concerning product and service information and labeling	No significant incidents of non-compliance with regulations and principles during the reporting period.
<b>CUSTOMER PRIVACY</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, the number of privacy complaint cases in which the data protection authorities required further information from Posti was 15. The number of customer privacy cases reported by Posti to the data protection authorities was 13.
<b>SOCIOECONOMIC COMPLIANCE</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	The Deputy Data Protection Ombudsman reprimanded Posti for transparency issues in the handling of personal data in connection with change of address notifications, and the Sanctions Board imposed an administrative penalty. The Data Protection Ombudsman also required Posti to change certain practices in parcel services by the end of 2021.



[www.posti.com/en/sustainability](http://www.posti.com/en/sustainability)

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