

Posti Group Corporation

Corporate Governance Statement 2015

Posti Group's Corporate Governance Statement was drawn up according to Recommendation 54 of the Finnish Corporate Governance Code issued by the Securities Market Association on June 15, 2010. During 2016, Posti Group will adopt a new Corporate Governance Code that entered into force on January 1, 2016.

The Corporate Governance Statement was reviewed by the Audit Committee of Posti Group Corporation's Board of Directors on February 10, 2016. The Corporate Governance Statement is published as a separate, unaudited report released in connection with the Financial Statements.

The duties and responsibilities of Posti's executive bodies are determined according to Finnish law. Posti's decision-making and administration comply with the Finnish Limited Liability Companies Act (624/2006), Posti Group Corporation's Articles of Association, and the Finnish Corporate Governance Code (www.cgfinland.fi) for listed companies issued by the Securities Market Association.

1 Annual General Meeting

Posti Group deviates from the Corporate Governance Code in that it does not publish on its website

- the notice of the General Meeting and the appendices thereto (recommendation 1),
- the date by which a shareholder must present to the Board of Directors a matter that he insists be discussed in the Annual General Meeting (recommendation 2),
- the archive of the documents of the General Meeting (recommendation 4)

Compliance with the recommendations is not relevant, because the state-owned company only has one shareholder.

The Chairman of the Board of Directors, CEO and auditor are present in the General Meeting.

2 Supervisory Board

The Supervisory Board's duties include the following:

- Ensuring that the company is managed according to sound business practices and on a profitable basis.
- Providing guidance to the Board of Directors on issues with broad implications or those deemed important in principle.
- Providing the Annual General Meeting (AGM) with an opinion on the company's financial statements and the auditors' report.
- Monitoring the functionality of postal services and the consideration of proposals for changes in the services.

The Supervisory Board has adopted written rules and procedures which lay out the Board's key responsibilities and working principles.

Posti Group Corporation's AGM elects the members of the Supervisory Board and appoints the Board's Chairman and Vice Chairman. The Supervisory Board has six to twelve members. Persons aged 68 and above are not eligible for membership of the Board. The term of office for the members is one year and it ends at the close of the AGM that follows their election.

Posti's Supervisory Board 2015

Member	Born	Education	Occupation	Attendance at meetings
Mauri Pekkarinen (Chairman *)	1947	M.Soc.Sc.	Member of Parliament	3/4
Satu Haapanen (Vice-Chairman *)	1969	M.Sc.(Econ.)	Schoolteacher, Member of Parliament	4/4
Ritva Elomaa **)	1955	Matriculation examination, radiographer	Member of Parliament	4/4
Lars-Erik Gästgivers*)	1946		Member of Parliament	2/4
Outi Mäkelä *)	1974	M.Sc.(Econ.)	Member of Parliament	3/4
Reijo Ojennus *)	1947	Trade Technician	Entrepreneur, Managing Director	4/4
Raimo Piirainen *)	1952		Member of Parliament	3/4
Tuomo Puumala *)	1982	M.Soc.Sc.	Member of Parliament	3/4
Teuvo V. Riikonen *)	1960	MA (Theology)	Executive Manager	3/4
Kimmo Sasi *)	1952	Master of Laws, B.Sc. (Econ.)	Member of Parliament	3/4
Markku Rossi (Chairman **)	1956	Editor-in-Chief	Member of Parliament	1/5
Jani Toivola Vice-Chairman **)	1977	Actor, Entrepreneur	Member of Parliament	1/5
Maria Guzenina	1969	Matriculation examination 1991	Reporter, Member of Parliament	5/5
Marisanna Jarva **)	1981	Master of Administrative Sciences	Member of Parliament	1/5
Rami Lehto	1973	Electric Power Technology Technician	Member of Parliament	1/5
Eeva-Maria Maijala **)	1967	Master of Laws with court training	Member of Parliament	1/5

Sari Moisanen	1980	BEng	Acting Managing Director	5/5
Mats Nylund (**)	1964	Farmer	Member of Parliament	
Sari Raassina	1963	Licentiate in Medicine	Member of Parliament	1/5
Lulu Ranne (**)	1971	M.Sc. (Tech.)	Project and Environmental Expert	1/5
Satu Taavitsainen (**)	1977	Bachelor of Social Services	Member of Parliament	1/5
Kari Tolvanen (**)	1961	Senior Detective Inspector	Member of Parliament	1/5

*) until November 12, 2015

***) as of November 12, 2015

3 Board of Directors

The duties of Posti Group Corporation's Board of Directors are specified in the Limited Liability Companies Act, the Articles of Association, and the Decision-Making Guidelines approved by the Board of Directors. Accordingly, the Board is responsible for

- controlling and supervising executive management,
- appointing and, if necessary, dismissing the President and CEO,
- approving the company's strategic goals and risk management principles, and
- ensuring the functioning of the company's management system.

The Board has adopted written rules and procedures which lay out the Board's key responsibilities and working principles.

Posti Group Corporation's AGM elects the members of Posti Group Corporation's Board of Directors and appoints the Board's Chairman and Vice Chairman. The Board of Directors has between five and nine members. Persons aged 68 and above are not eligible for membership of the Board. The members are elected for a one-year term at a time and their terms of office end at the close of the AGM following their election.

The Board of Directors evaluates its performance and working methods on an annual basis. It also assesses the performance and working methods of the President and CEO.

Posti's Board of Directors 2015

Member	Born	Education	Occupation	Attendance at meetings
Arto Hiltunen, Chairman	1958	M.Sc. (Econ.)	professional Board member	16/16
Päivi Pesola, Vice Chairman	1956	M.Sc.(Econ.)	Director of Finance	16/16

Petri Järvinen	1964	M.Sc. (Tech.)	Global Supply Chain Planning Director	15/16
Petri Kokko	1966	M.Sc. (Econ.)	Director	15/16
Jussi Kuutsa	1964	M.SC.(ECON.)	Country Director	16/16
Marja Pokela	1955	BBA	Government Ownership Steering Department, Senior Financial Specialist	16/16
Riitta Savonlahti *)	1964	M.Sc.(Econ.)	Executive Vice President, HR	3/16
Kirsi Nuotto **)	1959	M.A.	Executive Vice President, HR	13/16
Suvi-Anne Siimes	1963	Licentiate of Social Sciences	President and CEO	16/16

*) until March 18, 2015

**) as of March 18, 2015

All Board members other than Marja Pokela, who is in an employment relationship with the Ownership Steering Department of the Prime Minister's Office, are independent of the shareholder.

4 Committees

4.1 Audit Committee

The Board of Directors elects a maximum of four of its members to the Audit Committee, the duties of which include:

- preparation, control, review, and assessment of risk management policies, internal control systems and internal audit reports, organizing financial reporting and auditing;
- examining financial statements with the auditors before submitting them for review by the Board of Directors;
- submitting a proposal concerning the appointment of the auditor;
- assessing the independence of the auditor and the additional services offered by the auditor.
- steering and monitoring the activities of the Compliance Officer.

The Committee prepares matters entrusted to it for the Board of Directors' decision.

In its meeting of March 27, 2015, the Board of Directors decided that the members of the Audit Committee are: Päivi Pesola (Chairman), Jussi Kuutsa, Marja Pokela and Suvi-Anne Siimes.

4.2 Remuneration and Nomination Committee

The Board of Directors elects a maximum of four of its members to the Remuneration and Nomination Committee, the duties of which include:

- preparation of decisions concerning the appointments and remuneration of executive management



- preparation of the outlines for the remuneration, bonus, and incentive schemes and ensuring that they are fair and competitive.

The Committee prepares matters entrusted to it for the Board of Directors' decision.

In its meeting of March 27, 2015, the Board of Directors decided that the members of the Remuneration and Nomination Committee are: Arto Hiltunen (Chairman), Petri Järvinen, Petri Kokko and Kirsi Nuotto.

5 President and CEO and other management

The President and CEO is responsible for the Group's operative management in accordance with the Limited Liability Companies Act and the instructions and directions issued by the Board of Directors. The President and CEO is appointed and, if necessary, dismissed by the Board of Directors, which also determines the terms and conditions of the President and CEO's employment relationship.

Heikki Malinen, M.Sc.(Econ.), MBA, has served as President and CEO of Posti Group Corporation since December 11, 2012.

Posti Group Executive Board assists the President and CEO in business control and development and coordinates Group management. It also handles and prepares matters to be discussed in the Board of Directors. The most important matters discussed in the Executive Board are the Group's strategy and annual planning, financial and sales planning and follow-up, business combinations and other business-related investments. Executive Board is not a decision-making body, but the matters handled and recommended by it are discussed in Posti Group Corporation's Board of Directors or implemented with CEO authorization.

The duties of the Management Board are connected with the management, development and follow-up of Group-wide functions and internal services. The Management Board is not a decision-making body, but the matters handled and recommended by it are discussed in Posti Group Corporation's Board of Directors or implemented with CEO authorization.

The management's résumés are available at www.posti.com/management.

6 Rewarding

The General Meeting annually decides on the compensations to be paid for work in the Board of Directors and committees and their determination criteria. The Board of Directors is responsible for rewarding the President and CEO and for other remunerations to be paid to him.

The CEO's benefits are described on Posti's website in the address www.posti.com/corporategovernance.

The remuneration statement and other information related to the Corporate Governance Code are available at www.posti.com/corporategovernance.



7 Other Corporate Governance

7.1 Internal control

Internal control is part of Posti's management system and supports the implementation of the Group's strategy and regulatory compliance. It is part of the corporate culture, covering all levels and processes of the organization.

Overall responsibility for arranging internal control lies with the Board of Directors of Posti Group Corporation. The CEO is responsible for creating the control environment and for internal control follow-up. The management of the Group's companies and units is responsible for the implementation of the principles and policies of internal control and for utilizing information from the control system in its organizations. The Business Audit unit is responsible for internal audit and the auditor appointed by the General Meeting for the statutory audit.

At the Group level, internal control relies on Posti's values and ethical guidelines, the Group's code of conduct and operating principles, and the functional organization, which also allow efficient monitoring in different parts of the Group. The management of the Group companies and units is responsible for defining control measures and assigning responsibilities.

The follow-up of financial targets and financial supervision are based on monthly reporting, which in addition to actuals includes updated forecasts for the whole financial year and for the next 12 rolling months.

7.2 Risk management

The Group's risk management, based on the principles of Enterprise Risk Management (ERM), covers all Group operations and forms an integral element of Posti's management and strategy processes. Its aim is to secure and improve business profitability and the achievement of strategic goals by reducing the likelihood of risk occurrence and the impact thereof, and by supporting the exploitation of business opportunities. Risk is the possibility that an event will occur in Posti and adversely affect the achievement of objectives. A business opportunity, in turn, is defined as an event whose effective utilization will positively affect the achievement of objectives.

Risk identification, analysis, and the planning of risk management measures is carried out once a year as part of the Group's strategy process. The status of the risk profile and management measures is updated regularly once a year and whenever significant risks are identified or the profiles of major risks undergo material changes. The Group's risk portfolio is compared against the risk-bearing capacity based on a financial model developed within the Group.

Risk management's responsibilities

Posti's Board of Directors approves the Group's risk management policy and principles. The Group's Management Board approves risk management guidelines. The CEO and the CFO are responsible for the planning and efficient implementation of overall risk management processes. The Group's Management Board and the Board of Directors' Audit Committee regularly monitor the development and functionality of risk management processes and the



whole made up of the most important risks with regard to the Group's risk-bearing capacity. The Audit Committee assesses the coverage and functionality of risk management.

Outlet Strategy Forum acts as the Group's risk management steering group. It supervises risk management methods, processes and reporting.

The Business Audit unit assesses the coverage and functionality of the Group's risk management and provides support in risk identification.

Risk owners

Risks are managed where they are created. The management of the Group's business groups and units and of Group functions defined as critical is responsible for risk management as part of strategic and operative management in its operations as well as in outsourced functions for which it is responsible. The management is also responsible for ensuring that the whole made up of the most important risks remains within the risk-bearing capacity. A Risk Champion has been appointed in all business groups, their business units and the most important Group functions. In addition, every employee at Posti is responsible for taking risks into consideration in his/her work and for reporting detected risks to his/her supervisor.

Risk management support

Group Finance administers currency and other financial risks in a centralized manner based on financing guidelines confirmed by the Board of Directors and secures the availability of equity financing and debt financing under competitive terms. It supports the business groups in financing-related arrangements and takes care of external funding in a centralized manner. It is also responsible for financial assets management and hedging measures.

The Group's Chief Risk and Security Officer supports risk management policy implementation, coordinates key risk consolidation and develops risk management tools and operating methods. He reports to the General Counsel, who reports to the CFO.

The risk management unit supports Group units in the management of operational risks related to corporate security.

Posti Group's comprehensive risk management policy is available at www.posti.com/riskmanagement.

7.3 Internal audit

The Group's internal audit produces independent assessment, securing and consultation services required by Corporate Governance, which are used to analyze the Group's business functions and their processes and the efficiency of management, risk management, supervision, reporting and administration. Its goal is to help identify development targets through which the efficiency, predictability, productivity and compliance of business can be improved.

Internal audit supports the Board of Directors and Group management, which are responsible for organizing internal control, in their supervisory duty. It also assists the management and organization in the planning and development of internal control.



The Business Audit unit, which is responsible for internal audit, reports administratively to the CFO, and with regard to audit operations to the CEO and the Audit Committee. Planning, co-ordination, reporting and follow-up are all carried out using the unit's own resources. The unit's own resources and external resources are used in the realization of the audit.

7.4 Insiders

Posti has neither a public register of insiders nor any persons subject to the disclosure obligation because the company's shares are not publicly listed. Posti's company-specific insider register contains information on persons who by virtue of their position or tasks have regular access to insider information. Insider information means information that can have a material effect on the value of Posti's bond and that consequently must be published in a stock exchange release.