

# CORPORATE GOVERNANCE REPORT 2014 OF AUSTRIAN POST PURSUANT TO SECTION 243 AUSTRIAN COMMERCIAL CODE

This Corporate Governance Report describes the structures, processes and rules which Austrian Post considers to be the basis for well-functioning corporate governance. Austrian law, Austrian Post's Articles of Association and by-laws for corporate bodies of the company as well as the Austrian Corporate Governance Code (ÖCGK) comprise the legal framework for corporate governance at Austrian Post as a publicly listed company.

## 1 CORPORATE GOVERNANCE CODE

Austrian Post is fully committed to complying with the current and valid version of the Austrian Corporate Governance Code. The Austrian Corporate Governance Code contains a series of rules for good and responsible business management and supervision of the company on the Austrian capital market and a high level of transparency for all stakeholders.

The Austrian Corporate Governance Code is publicly available on the Austrian Post Website at [www.post.at/ir](http://www.post.at/ir) or on the Website of the Austrian Working Group for Corporate Governance at [www.corporate-governance.at](http://www.corporate-governance.at).

The Austrian Corporate Governance Code is based on the principle of voluntary compliance, and goes beyond the legal requirements for stock corporations. This voluntary adherence to the stipulations contained in the code means that Austrian Post must justify non-compliance with C-Rules (Comply or Explain) i.e. those rules which exceed statutory requirements. In accordance with this system as laid down by the Austrian Corporate Governance Code, Austrian Post lists the reasons underlying its non-compliance with C-Rules 39, 41 and 43:

- **Rule 39** (committee to make decisions in urgent cases): In urgent cases, the Supervisory Board is authorised to make decisions by circulation procedure. Moreover, the by-laws of the Supervisory Board stipulate that meetings may be convened in particularly urgent cases without adhering to the specified period of advance notice.
- **Rule 41** (establishing a Nomination Committee): The duties of the Nomination Committee are assumed by the Presidential Committee of the Supervisory Board, so that an appropriate forum is assured.

- **Rule 43** (establishing a Remuneration Committee): The duties of the Remuneration Committee are assumed by the Executive Committee of the Supervisory Board, so that an appropriate forum is assured.

### Group auditing, risk management and compliance

The Internal Audit department at Austrian Post performs all important controlling and monitoring functions in the Group as part of an integrated overall system. This department ensures transparency, supplies facts for decision-making processes, presents solutions and promotes their sustainable implementation.

Risk management at Austrian Post enables the Group-wide identification and analysis of risks on the basis of strategic and operational targets. The proper functioning and suitability are evaluated by the auditor pursuant to C-Rule 83 of the Austrian Corporate Governance Code.

Austrian Post's Group-wide internal control system (ICS) makes use of process-integrated measures, mechanisms and controls. The ICS at Austrian Post is based on existing risk management and process structures in the company, encompasses the internal control activities relating to major risks and monitors the internal control implementation process. The Internal Audit department carries out an ex post examination of compliance with relevant regulations. Its findings serve as the basis for determining the effectiveness of the integrated controls and mechanisms.

In the year 2010, Austrian Post launched its compliance management system (CMS), which has been successively expanded since then. The aim is to establish a Group-wide compliance culture in order to avoid liability risks and other legal disadvantages which could negatively impact the company and its employees. The conviction underlying these initiatives is that compliance makes a value-added contribution to the development of the company.

Also in 2014, the focal points of the CMS system at Austrian Post were anti-corruption and capital market compliance. Accordingly, guidelines on the acceptance and granting of gifts, invitations and other advantages were revised, and rules on donations and sponsoring were also developed. The training concept in the area of capital market compliance was redesigned. In this regard, an e-learning tool was introduced for members of designated

confidentiality areas. In addition, these individuals will be supplied with regular information per e-mail about relevant aspects of capital market law. Austrian Post continued to press ahead with the ongoing integration of the compliance organisation of its subsidiaries, especially those in the CEE region. Here the focus was consistently on the issues of anti-corruption and capital market compliance. In order to achieve this integration objective, a two-day “train the trainer” session was held with a renowned law firm on the topic of “Compliance and Anti-Corruption”. The compliance representatives from Austria and from Austrian Post’s international subsidiaries attended the seminar. One special project carried out in 2014 was the development and launch of a standardised process in the case of an external investigation. Its effectiveness was successfully tested within the context of a simulation, a so-called “Mock dawn Raid”.

In the 2013 financial year, the Internal Audit, Risk Management and Compliance Departments at Austrian Post were subject to an external assessment in line with prevailing professional standards. In accordance with legal regulations and the Austrian Corporate Governance Code (C-Rule 18a), the Management Board informed the Supervisory Board about the precautions being taken to combat potential cases of corruption in the company.

#### **Annual audit**

Deloitte Audit Wirtschaftsprüfungs GmbH was appointed by the Annual General Meeting held on April 24, 2014, to serve as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2014 financial year in accordance with the recommendation submitted by the Supervisory Board. The audit fee invoiced by Deloitte Audit Wirtschaftsprüfungs GmbH in the course of the 2014 financial year for auditing the annual financial statements and consolidated annual financial statements of Austrian Post amounted to EUR 99,000 (excl. VAT). A total of EUR 112,400 (excl. VAT) was invoiced for carrying out the audits for Austrian Post subsidiaries. Deloitte Audit Wirtschaftsprüfungs GmbH received a remuneration of EUR 47,675 (excl. VAT) for audit-related and other consulting services.

#### **Shareholders**

The share capital of Austrian Post is divided into a total of 67,552,638 non-par value shares. There are no voting rights restrictions or syndicate agreements applying to Austrian Post of which the company is aware. The principle of “one share – one vote” applies without exception. The Republic of Austria holds a 52.8% stake in Austrian Post through the Austrian privatisation and industrial holding company Österreichische Industrie-holding AG (ÖIAG).

Austrian Post attaches considerable importance to ensuring that all shareholders are treated equally and provided with comprehen-

sive information. Above and beyond the legally binding reporting and disclosure requirements (i.e. annual and quarterly reports, ad-hoc announcements, publication of directors’ dealings), Austrian Post regularly reports about ongoing developments at the company by means of press releases as well as analyst, press and shareholder conferences. This is done in compliance with the principle emphasising the fair and equal treatment of all shareholders. All reports and releases as well as key presentations held at these conferences are available at [www.post.at/ir](http://www.post.at/ir). Austrian Post published five ad-hoc announcements in the year 2014, which, along with the shareholder structure, can be accessed online at [www.post.at/ir](http://www.post.at/ir).

#### **Measures to promote the career advancement of women**

Austrian Post aims to continually increase the share of women holding management positions, in order to ensure that they equally share responsibility and decision-making authority in the company. The position of Deputy Chairman of the Supervisory Board is held by a woman, Edith Hlawati. A total of two women are represented on the Supervisory Board, comprising 25% of the Supervisory Board members elected by the Annual General Meeting.

Equal opportunity at work and equal treatment of employees without distinction based on gender are a matter of course at Austrian Post. Particular attention is paid to pursuing a strict equal opportunity policy in the recruiting process. Women have been promoted to management jobs in numerous business areas, and held about 26% of senior management positions at Austrian Post in 2014. On balance, women comprise roughly 29% of the company’s workforce

A kindergarten set up at the corporate headquarters in Vienna as well as flexible working time models promote the compatibility of family and professional life.

The “Business Cross Mentoring” programmes for high potential female employees initiated in 2012 and again in 2013 were concluded in 2014. The objective of the programme was to further promote equality of opportunity for success-oriented women as well as to strengthen an exchange of views and experiences between the employees and their mentors. In October 2014 the participating mentees in both programmes were invited to an initial impulse event entitled “Leadership beyond Limits”. The focus of this event was the question “What role does diversity play in management?” High-ranking individuals including numerous mentors from the two Business Cross Mentoring programmes took part. A second such event is planned for 2015.

## 2 COMPOSITION OF THE MANAGEMENT BOARD

The Management Board of Austrian Post consists of four members. Information on the individual Management Board

members including their professional careers and current areas of responsibility is presented below. The division of responsibilities on the Management Board is defined in the by-laws adopted by the Supervisory Board and amended most recently in the year 2012.

Name (year of birth)	Position	First appointed	Current term of office ends	Additional functions (as at Dec. 31, 2014)
 Georg Pölzl (1957)	Chairman of the Management Board, Chief Executive Officer	Oct. 1, 2009	Sept. 30, 2019 <sup>1</sup>	–
 Walter Oblin (1969)	Member of the Management Board	July 1, 2012	June 30, 2020 <sup>1</sup>	Supervisory Board member of BAWAG Holding GmbH and BAWAG P.S.K.
 Walter Hitziger (1960)	Member of the Management Board	May 1, 2004	Dec. 31, 2016	Supervisory Board member of BAWAG P.S.K. Versicherung AG
 Peter Umundum (1964)	Member of the Management Board	April 1, 2011	March 31, 2016	–

<sup>1</sup> Taking account of the extension option

### Professional career and areas of responsibility

#### Georg Pölzl

Georg Pölzl studied and graduated from Montan University of Natural Resources and Applied Life Sciences Austria in Leoben. His professional career started as a corporate consultant for McKinsey & Company. Subsequently, he was appointed to the Management Board of the mechanical engineering and plant building company Binder+Co AG. He then served as Managing Director of T-Mobile Austria, Vienna, for a total of nine years before moving to Germany to assume the position as special deputy of the Management Board of Deutsche Telekom with responsibility for implementing the successful restructuring programme at the company. This was followed by his work as the Spokesman of the Management Board of T-Mobile Germany. His current term of office expires on September 30, 2019, taking account of the extension option.

In his capacity as Chief Executive Officer, Georg Pölzl is responsible for Strategy and Group Development, Corporate Communications, Investor Relations, Group Auditing and Compliance. His responsibilities also include Online Innovation Management, Human Resources Management as well as End Customer Initiatives and End Customer Service.

#### Walter Oblin

Walter Oblin concluded his studies in mechanical engineering and business administration at the Graz University of Technology and also holds a Master of Science in Industrial Administration from Purdue University in Indiana (USA). He worked at McKinsey & Company in Vienna during the period 1994 to 2008, and was appointed to be a managing partner and member of the Management Board in 2000. During this time he primarily consulted international transport, infrastructure and logistics companies in dealing with strategic and operational changes. Following a managing board position with the German technology company SorTech AG, he joined Austrian Post in October 2009, where he was responsible for Strategy and Group Development until his appointment to the Management Board. The Supervisory Board reappointed Walter Oblin at its session on November 11, 2014 to serve as Member of the Management Board and Chief Financial Officer. His current term of office expires on June 30, 2020, taking account of the extension option.

Walter Oblin has management responsibility for Finance and Accounting, Finance of the Mail & Branch Network and Parcel & Logistics Divisions, Controlling and Treasury. In addition, he is also in charge of Information Technology, Central Procurement, Legal and Corporate Real Estate.

### Walter Hitziger

Walter Hitziger studied industrial engineering and business administration at the Graz University of Technology before working for the beer company Steirerbrau AG – Steirische Brauindustrie AG (Gösser/Puntigamer) with responsibility for distribution logistics. He served as division manager for consulting at both Agiplan Planungsgesellschaft and Econsult Betriebsberatungsgesellschaft in Vienna in the years 1990–1997. From 1997 until his initial appointment to the Management Board of Austrian Post in May 2004, Walter Hitziger served as a member of the Management Board of bauMax Handels AG with responsibility for procurement and logistics. His current term of office expires on December 31, 2016.

Walter Hitziger is Director of the Mail & Branch Network Division and thus has management responsibility for six business areas of the Group – from the acceptance, sorting and delivery of letter mail and direct mail items to the branch network, value added mail services and online services. On an international level, Walter Hitziger is responsible for the mail activities of Austrian Post in the CEE markets as well as direct mail production in Germany (MEILLERGHF).

### Peter Umundum

Following degree studies in computer science at the Graz University of Technology, Peter Umundum commenced his professional career in 1988 at Steirerbrau AG, where he assumed managerial responsibility for the Organisation and Computing Department. In 1994, he moved to Styria Medien AG as the head of IT and just two years later was appointed as the CEO of the subsidiary Media Consult Austria GmbH. In 1999, he acted as one of the founders and CEO of redmail. In 2001, Peter Umundum became Managing Director of the daily newspaper “Die Presse” and three years later he joined the executive management of the daily newspaper “Kleine Zeitung”. In 2005, he accepted a position at Austrian Post, where he served as a managing director of the Mail Division with responsibility for production and logistics as well as domestic and international subsidiaries before his appointment to the Management Board in 2011. His current term of office expires on March 31, 2016.



Peter Umundum has management responsibility for the Parcel & Logistics Division, which operates its own subsidiaries in nine European countries. Moreover, he is also Chairman of the Supervisory Board of the European transport network EURODIS.







## 3 COMPOSITION OF THE SUPERVISORY BOARD





As at December 31, 2014, the Supervisory Board consists of a total of twelve members – eight shareholder representatives elected by the Annual General Meeting and four employee representatives elected by the Central Works Council of Austrian Post. The following change in the composition of the Supervisory Board took place in the 2014 financial year: Peter E. Kruse was elected to the Supervi-

sory Board by the Annual General Meeting on April 24, 2014. He replaces Edgar Ernst, who retired from his position on the Supervisory Board effective June 21, 2013.

All shareholder representatives will serve on the Supervisory Board until the end of the Annual General Meeting which will discharge the Management and Supervisory Boards for the 2014 financial year.

Name (year of birth)	Nationality	First appointed	Main job	Mandates in publicly listed companies (as at Dec. 31, 2014)	Key positions held and focus of work
<b>Shareholder representatives</b>					
 Rudolf Kemler (1956) Chairman	Austrian	Nov. 1, 2012	Chairman of the Managing Board of Österreichische Industrieholding AG	OMV AG (Chairman of the Supervisory Board), Telekom Austria (Chairman of the Supervisory Board)	Managing Director of HP Austria, Chairman of the Management Board of T-Systems Austria and Regional Director for Central and Eastern Europe at Deutsche Telekom, Chairman of the Board of the publicly listed company Stage1.cc Technology Business Incubator AG, Senior Vice President and CIO at GE Capital Corporation (USA), top management positions at Siemens Nixdorf
 Edith Hlawati (1957) Deputy Chairman	Austrian	April 26, 2007	Lawyer		Partner of the law firm Cerha Hempel Spiegelfeld Hlawati, Head of Banking & Corporate Finance; focus of work: stock corporation law, capital markets, banking and stock market law, mergers & acquisitions, takeover law, financing and privatisation

Name (year of birth)	Nation- ality	First appointed	Main job	Mandates in publicly listed companies (as at Dec. 31, 2014)	Key positions held and focus of work
<b>Shareholder representatives</b>					
 Erich Hampel (1951)	Austrian	April 22, 2010	Management consultant	Zagrebačka banka d.d. (Croatia)	Chairman of the Management Board and Chief Executive Officer at Bank Austria Creditanstalt AG, also Head of the CEE Division at UniCredit, Chairman of the Management Board and Chief Executive Officer at Creditanstalt AG, Governor of Österreichische Postsparkasse
 Peter E. Kruse (1950)	Swiss	April 24, 2014	Management consultant		Member of the Management Board of Deutsche Post World Net, responsible for DHL Express Europe, Deputy Chairman of the Management Board at Kühne & Nagel International AG (Switzerland)
 Günter Leonhartsberger (1968)	Austrian	April 22, 2010	Division Head, Corporate Investment Management and Privatisation at Österreichische Industrieholding AG	Telekom Austria AG	Equity fund manager and Director of Corporate Finance/Mergers & Acquisi- tions at Kathrein & Co. Privatgeschäfts- bank AG, analyst and equity fund manager at Constantia Privatbank AG, Capital Management of Tiroler Sparkasse GmbH GiroCredit and Bank der österreichischen Sparkassen AG
 Chris E. Muntwyler (1952)	Swiss	April 22, 2010	CEO of Conlogic AG (Switzerland)	Panalpina World Transport AG (Switzer- land), National Express Group PLC (UK)	Management consulting in the fields of strategy development, change manage- ment, business management and process orientation. CEO of DHL Express (UK) Ltd., London and CEO of DHL Express Central Europe, Managing Director of DHL Worldwide Express GmbH (Switzer- land and Germany) as well as Managing Director of Deutsche Post Express (Germany)
 Markus Pichler (1968)	Austrian	April 28, 2011	Head of Non Energy Drink Beverages at Red Bull GmbH		Member of the Board of Directors with responsibility for Marketing & Communi- cations at Mc Donald's Germany, Executive Vice President of Red Bull North America, Managing Director of Unibail-Rodamco Austria Management GmbH
 Elisabeth Stadler (1961)	Austrian	April 28, 2011	Chairwoman of the Managing Board of DONAU Versiche- rung AG, Vienna Insurance Group		Member of the Management Board of Raiffeisen Versicherung AG and Financelife Lebensversicherung AG, Member of the Management Board of UNIQA Personenversicherung AG and Call Direct Versicherung AG, Chairman of the Executive Board of ERGO Austria International AG

Name (year of birth)	Nation- ality	First appointed	Main job
<b>Employee representatives</b>			
 Helmut Köstinger (1957)	Austrian	April 14, 2005	Central Works Council (Chairman)
 Martin Palensky (1963)	Austrian	Feb. 22, 2002	Central Works Council (Deputy Chairman)
 Andreas Schieder (1976)	Austrian	Oct. 19, 2010	Central Works Council
 Manfred Wiedner (1963)	Austrian	March 3, 1999	Central Works Council

### Diversity

In selecting members of the Supervisory Board, the main focus is on selecting individuals providing the relevant qualifications and personal competence. In its proposals for the election of new Supervisory Board members, the Supervisory Board will continuously put a strong emphasis on these requirements.

Generally speaking, the Supervisory Board aims to optimally fulfill its supervisory, monitoring and advisory responsibilities based on the diversity of its members. In particular, diversity encompasses internationality and different professional and personal backgrounds. The share of women serving on the Supervisory Board is also a key aspect of diversity. From the perspective of diversity, it is important to note that three of the 12 Supervisory Board members are under the age of 50, and two members are not Austrian nationals. Two women serve as shareholder representatives elected by the Annual General Meeting.

## Independence

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of Austrian Post has defined the following criteria to determine the independence of Supervisory Board members, which are compliant with Appendix 1 of the July 2012 version of the Austrian Corporate Governance Code:

1. The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
2. The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest, but not to carrying out functions on corporate bodies. The approval of individual transactions by the Supervisory Board according to L-Rule 48 does not automatically mean the person is qualified as being not independent.
3. The Supervisory Board member shall not have been an auditor of the company, have owned a share in the auditing company or have worked there as an employee over the past three years.
4. The Supervisory Board shall not be a member of the Management Board of another company in which a Management Board member of this company is a Supervisory Board member.
5. The Supervisory Board member shall not serve as a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with a stake in the company or who represent such a shareholder's interests.
6. The Supervisory Board member shall not be a close relative (i.e. direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece or nephew) of a Management Board member or of persons in one of the above-mentioned positions.

All shareholder representatives have submitted written declarations of their independence in accordance with these criteria. Moreover, as at December 31, 2014, the Supervisory Board consists of six representatives who can be considered as independent from the core shareholder of Austrian Post. Accordingly, the majority of the Supervisory Board members do not have any direct relationship to the majority shareholder of the company (C-Rule 54).

There are no contracts between the Supervisory Board members and Austrian Post which would require consent or disclosure pursuant to Rules 48 and 49 of the Austrian Corporate Governance Code.

## 4 MODE OF OPERATION OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Management Board is the managing body of the Austrian Post Group, and manages the business of the company on the basis of

prevailing legal regulations, the Articles of Association and the by-laws. The by-laws for the Management Board stipulate the assignment of responsibilities and cooperation within the Management Board. It also defines the information and reporting obligations of the Management Board as well as a catalogue of measures requiring the formal approval of the Supervisory Board.

The Management Board discusses the current business development at Austrian Post, as well as strategic and operational issues within the context of meetings held at least every 14 days. At these meetings decisions are made requiring the approval of the entire Management Board. Moreover, the members of the Management Board continually exchange information with each other and with the responsible executives.

A so-called Executive Management Council provides support to the Management Board in running the company. This leadership team consists of approximately 50 top level employees, and plays an advisory and supporting role with respect to all operational and strategic issues affecting Austrian Post.

The Management Board regularly provides the Supervisory Board with timely and comprehensive information about all relevant issues relating to business development, including the assessment of the risk situation and risk management at Austrian Post and all key Group subsidiaries. In the spirit of good corporate governance, ongoing consultations take place between the respective chairmen of the Supervisory and Management Boards concerning those matters which fall under the jurisdiction of the Supervisory Board. In particular, this includes discussions on the strategy, business development and risk management at the company.

The Supervisory Board has resolved to establish committees consisting of its own members to carry out specific functions.

The **Executive Committee** is responsible for regulating the relationships between the company and the members of the Management Board, with the exception of the appointment and revocation of a Management Board member, as well as granting options to obtain shares in the company. The Executive Committee also performs the functions of the Remuneration Committee with respect to concluding employment contracts with Management Board members and the policies governing the remuneration paid to the members of the Management Board.

The **Presidential Committee** also serves as the Nomination Committee and deals with issues relating to the appointment of members to the Management Board.

The **Audit Committee** is responsible for auditing and preparing the approval of the company's annual financial statements, the auditing of the consolidated annual financial statements, the proposal on the distribution of profits, the Management Report and the Corporate Governance Report. Considerable importance is

attached to monitoring reporting processes and the effectiveness of the internal control, internal audit and risk management systems. Another important task carried out by the Audit Committee is to prepare the proposal of the Supervisory Board for selection of the auditor of the annual accounts, and the monitoring of the independence of the auditor.

	<b>Executive Committee</b>	<b>Presidential Committee</b>	<b>Audit Committee</b>
Rudolf Kemler	✓ (Chairman)	✓ (Chairman)	✓ (Chairman)
Edith Hlawati	✓	✓	
Erich Hampel			
Peter E. Kruse (seit 24.04.2014)			
Günter Leonhartsberger			✓
Chris E. Muntwyler			
Markus Pichler			✓
Elisabeth Stadler			✓
Helmut Köstinger		✓	✓
Martin Palensky			
Andreas Schieder			
Manfred Wiedner			✓

Four meetings of the Supervisory Board were held in the course of the 2014 financial year. The focus of these regular sessions was the monitoring of the ongoing business development of Austrian Post and its subsidiaries as well as various transactions requiring Supervisory Board approval. Ongoing strategic development projects were discussed in detail during all Supervisory Board meetings. The priorities of the work carried out by the Supervisory Board in 2014 are contained in the Report of the Supervisory Board to the Annual General Meeting. In an extraordinary meeting of the Supervisory Board held in December 2014, the Supervisory Board resolved upon the sale of the former corporate headquarters located in Postgasse 8–10, 1010 Vienna.

The Audit Committee convened four times. In its meeting on the financial statements and consolidated financial statements of Austrian Post for the 2014 financial year, in which the auditors also

took part, the Audit Committee properly carried out its responsibilities pursuant to Section 92 Para. 4a Austrian Stock Corporation Act. Moreover, the Audit Committee intensively dealt with the quarterly (interim) financial statements for the 2014 financial year. The Audit Committee recommended to the Supervisory Board to propose the selection of Deloitte Audit Wirtschaftsprüfungs GmbH by the Annual General Meeting as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2014 financial year. The Audit Committee meetings held in May and November deal with preparing the proposal for the selection of the auditor for the 2015 financial year.

The Presidential Committee focused on drawing up a proposal to fill the position of the Management Board position “Member of the Management Board and Chief Financial Officer”, and on preparing the resolution of the Supervisory Board on this matter.

The Executive Committee dealt with the variable remuneration paid to the Management Board. In addition, as appropriate, the Executive Committee carried out ongoing consultations with the Chairman of the Management Board.

Average attendance at Supervisory Board meetings was about 90% in the reporting year 2014. No member personally attended fewer than half of the sessions. All members of the Audit Committee attended its meetings.

A formal self-evaluation took place during the past financial year in accordance with C-Rule 36 of the Austrian Corporate Governance Code. For the first time, this process was supported by external consultants, Neumann Leadership Holding GmbH. On the basis of the report presented, recommendations for action for the further improvement of the ongoing work done by the Supervisory Board were made.

## 5 REMUNERATION REPORT

The remuneration report describes the amount and structure of the income received by the members of the Management Board and Supervisory Board of Austrian Post.

### MANAGEMENT BOARD REMUNERATION

EUR thousand	<b>Fixed salary</b> (incl. payments in kind)		<b>Variable salary</b>		<b>Total remuneration</b> (incl. payments in kind)	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
Georg Pölzl	560	576	550	550	1,110	1,126
Walter Oblin	339	350	165	330	504	680
Walter Hitziger	450	451	440	440	890	891
Peter Umundum	339	350	330	330	669	680



## Management Board

The Supervisory Board assigned responsibility for determining the remuneration paid to the members of the Management Board to the Executive Committee, which also serves as the Remuneration Committee.

The remuneration system is based on the fundamental idea of taking a three-tiered approach (fixed and variable salary components as well as a Long-Term Incentive Programme). The fixed salary is linked to the salary structure of publicly listed Austrian companies, and takes into account the range of duties and responsibilities assumed by each of the members of the Management Board.

The variable remuneration system is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets. The variable salary component may not surpass the limit of 100% of the total annual fixed salary.

The total cash remuneration paid to the active members of the Management Board in 2014 amounted to EUR 3.38m.

The remuneration of the variable salary components is paid in the following year due to the fact that the extent to which stipulated targets have been achieved can first be determined at the end of the financial year. For this reason, the chart presents the variable salary granted to the Management Board members in 2013 and 2014 for the 2012 and 2013 financial years. The reported fixed salary components include payments in kind and the employer's share of social security contributions.

In case the employment contract of a Management Board member is terminated, the employment contract stipulates that the Management Board member is entitled to severance pay of up to an entire year's annual salary or the right to be covered by the Company Employee and Self-Employed Pension Plan Act. All members of the Management Board have concluded a pension fund agreement in accordance with the stipulations contained in model contracts (BGBl – Federal Law Gazette) under which Austrian Post is required to pay 10% of the individual's fixed annual gross salary

into the pension fund each year. The Management Board members do not have any "change of control" clauses in their contracts.

The members of the Management and Supervisory Boards of Austrian Post are insured within the framework of Directors and Officers Liability Insurance with liability coverage to the amount of EUR 40m. The insurance covers judicial and extrajudicial protection against unfounded claims for damages as well as the settlement of such claims which may be considered as legally justified.

Any additional work carried out by a member of the Management Board outside of the company requires the approval of the Executive Committee of the Supervisory Board. This ensures that neither the time involved nor the remuneration granted for this work represents a conflict of interest with the Board member's responsibilities to Austrian Post.

The Long-Term Incentive Programme (LTIP) launched in 2010 for the Management Board takes account of the EU's recommendations on remuneration policies from April 2009, and is based on the performance-based allocation of shares. The underlying objective is to align the interests of company management with those of Austrian Post shareholders to achieve a medium to long-term increase in in shareholder value. The LTIP is contingent upon each of the Management Board members making their own one-time investment for the duration of three years and a subsequent one-year retention period. The number of shares required for the Management Board member's own investment is calculated on the basis of a pre-defined percentage of the gross fixed salary, divided by the reference average share price in the fourth quarter of the previous year. At the beginning of the programme, target values were defined for key performance indicators (total shareholder return, free cash flow and earnings per share), whereby each indicator is considered to be equally important. The success in achieving the pre-defined objectives is monitored over a three-year observation period. Payment for the LTIP for the years 2011–2013 took place in 2014.

## LONG-TERM INCENTIVE PROGRAMME FOR THE YEARS 2011–2013

	LTIP 2011–2013 Own investment		Number of shares held up to Dec. 31, 2014	Equivalent value in EUR thousand <sup>2</sup>	LTIP 2011–2013
	Required number of shares	Equivalent value in EUR thousand <sup>1</sup>			Payment in EUR thousand
<b>Management Board members</b>					
Georg Pölzl	17,731	400	26,054	1,013	923
Walter Oblin <sup>3</sup>	2,400	54	9,099	354	212
Walter Hitziger	8,777	198	12,100	471	462
Peter Umundum	8,777	198	9,827	382	462
<b>Former Management Board members</b>					
Rudolf Jettmar	10,860	245	13,110	510	560
Herbert Götz	8,777	198	20,000	778	462

<sup>1</sup> Basis: average share price in Q4 2010

<sup>2</sup> Basis: average share price Q4 2014

<sup>3</sup> The programme for 2011 is on the basis of the terms and conditions of the LTIP for Executives

### Principles underlying the remuneration for senior management

The principles governing the remuneration paid to the Management Board have also been adapted for the company's senior management. Their salaries contain fixed and variable components based on the achievement of financial and non-financial targets as well as individually defined objectives.

In addition, a Long-Term Incentive Programme exists for senior managers, in which selected members of various management levels of the Group are entitled to participate. The LTIP links pre-defined, measureable, long-term and sustainable criteria (total shareholder return, free cash flow and earnings per share) and is contingent upon participants making their own corresponding investment. The achievement of objectives is monitored over a period of three years.

## Supervisory Board

Remuneration of the Supervisory Board for the previous financial year is determined annually by the Annual General Meeting, which also decides on the fee for attending meetings. At present, the fee totals EUR 300 per session for each Supervisory Board member. Furthermore, travel expenses incurred by the members are covered. The Annual General Meeting held on April 24, 2014, resolved to grant an annual fixed sum totaling EUR 15,000 for the 2013 financial year applying to each of the members of the Supervisory Board, whereas

EUR 25,000 was awarded to the Chairman of the Supervisory Board and EUR 20,000 to the Deputy Chairwoman. Remuneration is made on a pro-rata basis if a member did not belong to the Supervisory Board for the entire financial year. Payment is generally made immediately after the Annual General Meeting.

The total remuneration granted to the Supervisory Board in the 2014 financial year (including attendance fees) amounted to EUR 150,169 broken down as follows

### SUPERVISORY BOARD REMUNERATION 2014

EUR	Remuneration granted for 2013 and paid in 2014	Attendance fees
<b>Capital representatives</b>		
Rudolf Kemler <sup>1</sup> , Chairman	25,000	2,700
Edith Hlawati, Deputy Chairwoman	20,000	1,200
Edgar Ernst (up until June 21, 2013)	7,069	–
Erich Hampel	15,000	1,200
Peter E. Kruse (as of April 28, 2014)	–	1,200
Günter Leonhartsberger <sup>1</sup>	15,000	2,700
Chris E. Muntwyler	15,000	900
Markus Pichler	15,000	2,700
Elisabeth Stadler	15,000	2,700
<b>Employee representatives</b>		
Helmut Köstinger	–	2,400
Martin Palensky	–	1,200
Andreas Schieder	–	1,500
Manfred Wiedner	–	2,700

<sup>1</sup> Supervisory Board remuneration and attendance fees are transferred to Österreichische Industrieholding AG

The employee representatives perform their duties on the Supervisory Board on an honorary basis, and are compensated for their involvement in the works committee in accordance with their respective employment contracts. They are only entitled to receive attendance fees. They may only be discharged of their responsibilities by the Central Works Council, but this may occur at any time.

In accordance with Section 48d Austrian Stock Exchange Act, purchases or sales of shares by Management Board and Supervisory Board members ("Directors' dealings) must be reported to the Financial Market Authority (FMA) within five working days after the day in which the transaction was concluded, and published on the FMA Website. At the end of 2014 a total of 58,080 Austrian Post shares were owned by members of the Management Board and Supervisory Board.

### SHAREHOLDINGS

Number of shares	Dec. 31, 2013	Purchase	Sale	Dec. 31, 2014
<b>Management Board</b>				
Georg Pölzl	25,254	800	0	26,054
Walter Oblin	9,099	0	0	9,099
Walter Hitziger	12,100	0	0	12,100
Peter Umundum	9,827	0	0	9,827
<b>Supervisory Board</b>				
Markus Pichler	2,000	300	1,300	1,000

## 6 EXTERNAL EVALUATION

In accordance with Rule 62, Austrian Post submits to an external evaluation of its compliance with the Austrian Corporate Governance Code and the accuracy of its related public reporting every three years. The most recent appraisal carried out for the 2013 financial year by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft did not discover any facts which contradict the declaration submitted by the Management Board and Supervisory Board with respect to the company's adherence to the C-Rules and R-Rules of the Austrian Corporate Governance Code. The next external evaluation is scheduled to be carried out in 2016 for the 2015 financial year.

Vienna, February 25, 2015

The Management Board



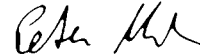
Georg Pözl  
Chairman of the Management Board  
Chief Executive Officer



Walter Oblin  
Member of the Management Board  
Chief Financial Officer



Walter Hitziger  
Member of the Management Board  
Mail & Branch Network Division



Peter Umundum  
Member of the Management Board  
Parcel & Logistics Division