



Remuneration Policy for the Management Board Members of Österreichische Post AG (Austrian Post)

Ladies and Gentlemen,
Esteemed Shareholders!

Österreichische Post AG has been publicly traded on the Vienna Stock Exchange since May 2006. The Company fulfils all principles of responsible business management in line with good corporate governance, which is oriented to the sustainable creation of value and transparency towards shareholders and other stakeholders.

The passing of the Stock Corporation Amendment Act 2019 (AktRÄG), the stipulations contained in the EU's Shareholder Rights Directive II were implemented by means of the new Sections 78a to 78e of the Austrian Stock Corporation Act (AktG). In order for publicly listed companies to meet the obligations imposed upon them by the new regulations, they are required to present a Remuneration Policy for Management Board and Supervisory Board remuneration to the Annual General Meeting at least every four years.

The following explanations relate to the Remuneration Policy of Österreichische Post AG valid as of 1 January 2020 and present the remuneration system for the Management Board with its fixed and variable salary components.

The objective of the Supervisory Board is to be able to offer the Management Board members a remuneration package which is both customary on the marketplace and competitive at the same time. The remuneration system should create incentives to actively pursue the Group strategy and ensure a sustainable positive development of the Company. These efforts are promoted by structuring the various remuneration components and especially by specifying criteria for the variable salary components in line with the Company's strategic orientation.

We are convinced that the remuneration for the Management Board based on the present three-pillar model with fixed and variable components ensures a performance-oriented and market-based salary.

Edith Hlawati
Chair of the Supervisory Board



Introduction

In accordance with Section 78a AktG, the Supervisory Board of publicly listed companies has to define a Remuneration Policy for the members of the Management board and the Supervisory Board. The Supervisory Board of Österreichische Post AG delegated the task of developing a Remuneration Policy and preparing it for adoption to the Remuneration Committee. Subsequently, it resolved upon the Remuneration Policy for the Management Board, described below, at its meeting held on 11 March 2020 and to present it to the Annual General Meeting for its approval. In line with the stipulations prescribed by corporate law, the Remuneration Policy is to be presented at the Annual General Meeting in June 2020 for the very first time.

The policy is reviewed in regular intervals and must be presented again to the Annual General Meeting in cases of significant changes, but in any case, in every fourth financial year.

The Remuneration Policy is oriented to legal regulations, the stipulations contained in the Austrian Corporate Governance Code and the demands of different interest groups, especially those of shareholders. The implementation of the remuneration principles takes place via the annual specification of short-term and long-term targets and individual upper limits (caps) as well as the assessment of target achievement.

A detailed presentation of the implementation of the Remuneration Policy can be found in the annual Remuneration Report, which will be presented annually to the Annual General Meeting for its approval starting in the year 2021.

Principles and targets

The following principles apply in determining the remuneration of the Management Board:

- Support for the Group strategy: the specification of performance targets is to occur in accordance with the Group's business strategy. The targets take account of the strategy, business model and positioning of the Company.
- The linkage of remuneration and performance: the variable performance-related components should comprise a disproportionate share of the total remuneration.
- The variable remuneration aims to embed sustainability of the performance and shareholder interests. A major part of the variable remuneration should take into account services rendered over a longer period of time and reflect the development of the Post share as well as non-financial indicators and components.

Österreichische Post AG has been publicly listed on the Vienna Stock Exchange since May 2006 and stands for a clear positioning as a dividend stock. The positioning is based on a solid business model, attractive dividend policy as well as a strong balance sheet and solid cash flow. The Company has consistently fulfilled this promise since its IPO, also in challenging times.

The Company's targets are derived from the integrated corporate and sustainability strategy. Targets are defined in the four focal points of the Group strategy in accordance with the sustainability criteria (Economy & Governance, Ecology, Society and Employees).

Four cornerstones comprise the core aspects of the corporate strategy of Österreichische Post AG and are completely integrated into the variable remuneration paid to the Management Board.



- Defending market leadership in the core business
- Profitable growth in selected markets
- Enhancing efficiency and flexibilization of the cost structure
- Customer orientation and innovation

Combining the corporate strategy and sustainability strategy ensures that the profitable and sustainable development of the Company is in the interests of all stakeholders.

The Remuneration Policy promotes these efforts by specifying remuneration components and in particular, by defining criteria for the variable remuneration in accordance with corporate targets. Furthermore, the structuring of the Remuneration Policy should prevent members from taking unreasonable risks.

Structure of Management Board remuneration

The structure of the remuneration system for the Management Board and amounts paid were discussed in detail in the Remuneration Committee in the 2018 financial year and also subjected to an external review. The outcome of the review stated that the remuneration for the members of the Management Board is generally in line with the market and is adequate in terms of its individual components and total amounts, taking account of the tasks performed by the individual Management Board members, the member's personal achievements and the economic situation of the Company. A revision of selected parameters was recommended for the variable remuneration elements, the implementation of which was decided on by the Remuneration Committee in 2019.

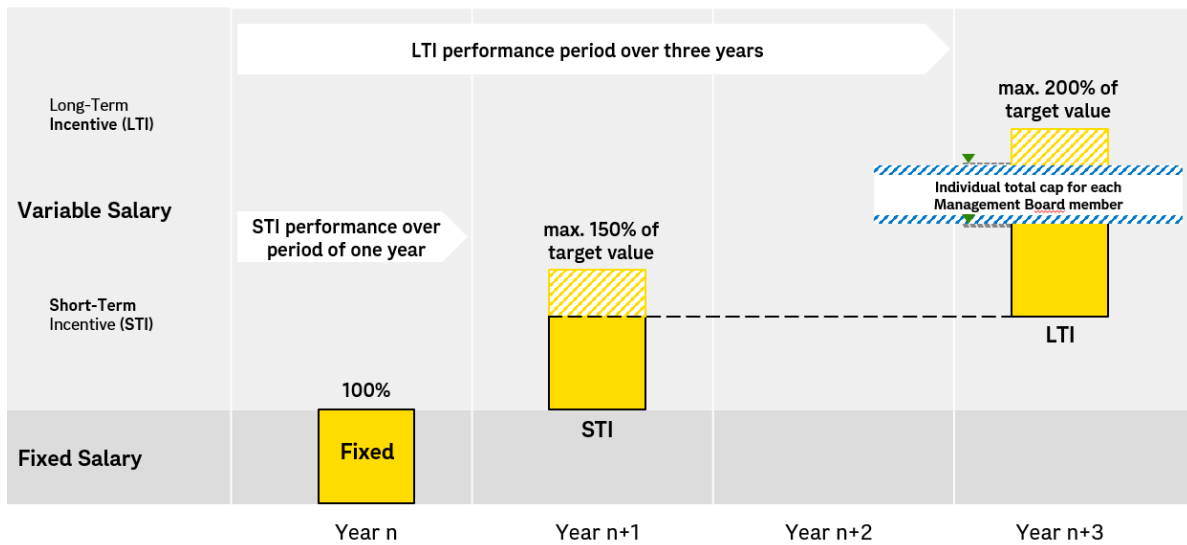
Subsequently the current remuneration system for the Management Board of Österreichische Post AG and the main features of this system will be described.

The structure of the remuneration policy and determination of individual remuneration is in line with legal regulations. The objective of the Supervisory Board is to be able to offer the Management Board members a remuneration package which is both customary on the marketplace and competitive at the same time. A competitive remuneration should enable the Company to lure and retain highly qualified managers and motivate them to manage the Company in the best interests of all stakeholders.

The remuneration of the Management Board is based on a three-pillar model with fixed salary components (basic remuneration, contributions to a pension fund and fringe benefits) along with variable salary components, which in turn consist of a short-term and a long-term component, namely the Short-Term Incentive (STI) and Long-Term Incentive (LTI).



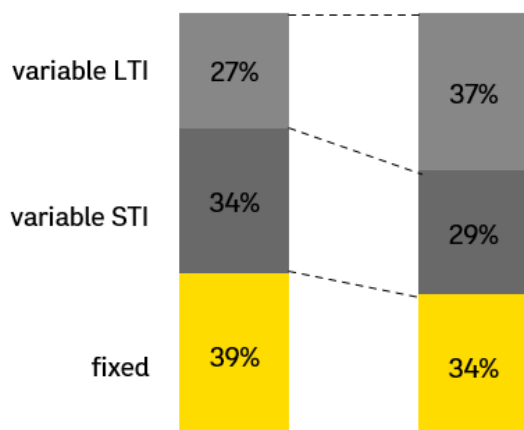
Remuneration system of the Management Board



The total remuneration is oriented to the range of duties and responsibilities assumed by each of the members of the Management Board. Maximum limits (caps) on the total remuneration have been defined depending on the respective Management Board position and the period of time in which the individual member performs these duties.

Variable remuneration components (Short-Term Incentive and Long-Term Incentive) dominate when it comes to the total remuneration. 100% achievement of target values (= target remuneration) means that 61% to 67% of the total remuneration involves variable components, depending on the Management Board member. This variance can be attributed to the different LTI proportions of the Management Board members.

The components of the target remuneration for the individual Management Board members in relation to each other is as follows:



Range of target remuneration for individual Management Board members



Fixed remuneration

Basic salary

The fixed basic salary is linked to the salary structure of publicly listed Austrian companies as well as comparable international publicly listed corporations and takes into account the range of duties and responsibilities assumed by each of the members of the Management Board as well as the duration of the term of office on the Management Board. Furthermore, a benchmark covering the 20 ATX companies in Austria, the 60 medium-sized comparable MDAX companies in Germany as well as a further 16 European logistics companies is also taken into account for the basic salary.

Benefits in kind

Management Board members are given a company car of an appropriate size and configuration as well as the services of a chauffeur for both business and private purposes for the duration of their term of office on the Management Board. Furthermore, Management Board members are reimbursed for the costs of a telephone connection/mobile telephone for business and private purposes.

Insurance

The Management Board members are entitled to accident insurance for the duration of their term of office on the Management Board. This accident insurance provides them with additional insurance coverage in the event of death and in case of invalidity, whether they are on-duty or off-duty. Furthermore, the Management Board members have the possibility to participate in a management group health insurance scheme.

Pension fund contributions

All members of the Management Board have concluded a pension fund agreement in accordance with the stipulations contained in the Austrian regulation on specimen contracts under which Österreichische Post AG is required to pay 10 % of the individual's fixed annual gross salary into the pension fund each year.

Variable remuneration

The variable remuneration consists of two elements - the Short-Term Incentive with a single-year performance period and the Long-Term Incentive involving a three-year performance period. The combination of a short-term and long-term observation period creates an incentive in business management to achieve a balanced relationship between short-term and long-term interests.

The targets for the variable remuneration components agreed upon with the Management Board members are consistent with the Group strategy, sustainable corporate development and the interests of all stakeholders. For this reason, the performance criteria consist of both financial and non-financial aspects.

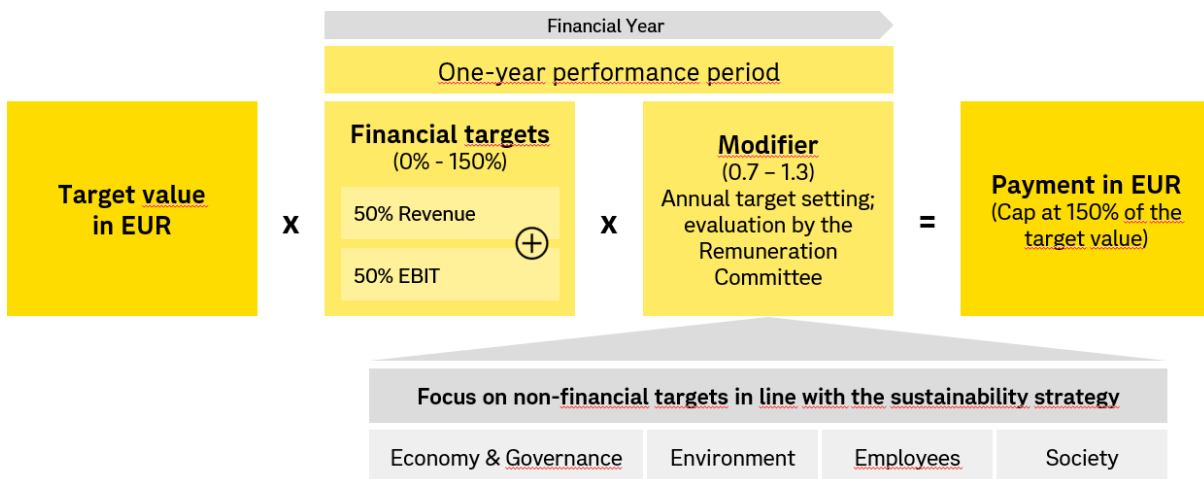
The programme for variable remuneration is reconfigured each year. The Remuneration Committee of the Supervisory Board is responsible for the specification of indicators, criteria and target values within the context of the scheme described below. The target agreement is identical for all Management Board members. This is designed to ensure the performance of the Management Board in its entirety as a corporate body.



Short-Term Incentive (STI)

The STI comprises variable remuneration with a single-year performance period. The STI is calculated based on the contractually defined target value, which corresponds to about 100% of the basic salary to be paid out. This value is multiplied by the degree of target attainment for financial targets (in the range of 0% to 150%) as well as a modifier (with a maximum range of 0.7 to 1.3). The actual amount paid out is limited to 150% of the contractually defined target value.

The following illustration provides an overview of the STI.



Description of the Short-Term Incentive Programme of Österreichische Post AG

Short-Term Incentive criteria

The annual variable remuneration is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets. Both financial and non-financial criteria are taken into account in the performance indicators and target attainment components.

Generally accepted market indicators are used to specify the financial criteria. In this regard, Österreichische Post AG draws upon the indicators of revenue and EBIT. Both indicators reflect the stability and development of the operational business. As such, they are of major importance for the short-term corporate management of Österreichische Post AG.

By using revenue as the basis, the aim is to safeguard market leadership in the core business and ensure growth in selected markets. EBIT takes into account the success of the operational business. Both indicators are equally weighted at 50%.

The 100% target values as well as the threshold and maximum values for revenue and EBIT are defined by the Remuneration Committee of the Supervisory Board annually and take account of corporate planning and, if applicable, special effects and the historical development of performance indicators. The maximum target attainment for the targets of revenue and EBIT are specified at up to 150% of the respective target value.



The focus of the modifier is to evaluate non-financial and qualitative performance criteria. It is a multiplier which can impact the target achievement value by no more than +/- 30 %. If the target achievement of financial targets already amounts to 150%, the modifier cannot lead to any further increase in the amount paid.

The modifier establishes a direct link to the sustainability strategy and the ESG indicators, and thus to the aspects of Economy & Governance, Ecology, Employees and Society. At the beginning of each financial year, the Remuneration Committee identifies priorities relating to these four aspects which are derived from Österreichische Post AG's current subject areas. For example, the modifier takes account of issues relating to customer satisfaction and delivery quality, as well as other value drivers relevant to stakeholders in the fields of environment management and diversity. The achievement of important strategic cornerstones rounds off the catalogue of criteria.

Determining target achievement

Determining the level of target achievement takes place every year as a follow-up to ascertaining the consolidated business results of Österreichische Post AG. The necessary documents are sent to the auditor, in order to determine the level of target achievement within the context of auditing the respective annual financial statements and consolidated annual financial statements.

The auditor confirms the level of target attainment. The target achievement and relevant amounts to be paid out are subsequently resolved upon by the Remuneration Committee.

The target achievement for quantitative performance criteria of the STI is measured on the basis of the target achievement curves defined for the performance criteria. Specific values are defined for 50%, 100% and 150% of target attainment for each target achievement curve. If the level of target achievement is between these values, a linear interpolation takes place. If the level of target achievement is under 50%, the target achievement for this indicator is considered to be zero. The maximum level of target achievement is limited to 150%.

The assessment of the implementation of the priorities specified in the STI modifier is derived from the evaluation carried out by the Remuneration Committee, which is summarised and documented in a report. The modifier is basically set at 1.0 and can vary depending on whether the performance in the described aspects has exceeded or failed to meet expectations.

The entitlement to remuneration from the variable remuneration components is limited. In terms of the STI, the amount paid is limited to 150% of the defined target value. Payment of the amount of remuneration in line with the STI scheme is made in cash.

Long-Term Incentive (LTI)

The underlying objective of the LTI programme is to align the interests of company management with those of Österreichische Post AG shareholders and to create an incentive for a long-term increase in shareholder value in the interest of the capital market positioning of the Company. The methodology of this programme strengthens this objective by the required personal investment of the Management Board members in shares of the Company, the long level of retention and the positive share price relation from the beginning to the end of the program after three years.

The LTI programme involves share-based variable remuneration with a three-year performance period. The pre-requisite to participate in the programme is a one-time personal investment which has the following ratio to the person's basic salary i.e. 80% for the Chairman of the Management Board, 70% for the Deputy Chairman and 60% for other Management Board members. The one-time



own investment must be made within the first six months of the programme. The retention period for shares from the own investments of the Management Board members is four years (the three-year duration of the programme plus one additional year following the end of the programme).

The starting point for the LTI are Performance Share Units (PSU), which are calculated based on the contractually agreed target value divided by the start reference share price. The target value is defined on an individual basis for each member of the Management Board and is between 75 % and 125 % of the basic salary depending on the individual's position on the Management Board.

The incentive in the form of the final number of PSU is calculated using the number of PSU at the start of the programme multiplied by the level of target achievement (possible range between 0 % and 200 %). The end reference share price after the three-year performance period is used to determine the amount paid out. The maximum LTI is 200 % of the target value for each member of the Management Board.

The following illustration provides an overview of the LTI.



Description of the Long-Term Incentive Programme of Österreichische Post AG

Long-Term Incentive criteria

The target criteria used for the LTI are designed to optimally take account of the long-term increase in the company's value. Österreichische Post AG already clearly positioned itself as a dividend stock at the time of its Initial Public Offering in the year 2006. Since then the dividend policy has been based on distributing a dividend equalling at least 75% of the Group net profit (earnings per share).

For this reason, Österreichische Post AG uses important capital market-related control parameters i.e. earnings per share as net earnings and basis for the dividend policy, free cash flow as the basis for the ability to pay dividends and the total shareholder return (TSR) of the Company in relation to the TSR of companies listed in the EURO STOXX Total Market Industrial Transportation index. These indicators thus reflect the ability to make investments and pay dividends as well as the Company's overall performance and are of major importance to the long-term group management of Österreichische Post AG.



Each of the three indicators has a weighting of 1/3. An annual performance assessment is carried out during the three-year performance period, in which case the annual target achievement weighting during the three-year performance period is 20% for the first year, 20% for the second year and 60% for the third year.

The 100% target values as well as the threshold and maximum values for the criteria are defined by the Remuneration Committee of the Supervisory Board each year and take account of medium-term corporate planning and, if applicable, special effects and the historical development of performance indicators as well as market forecasts of the capital market. The maximum target attainment for the three performance criteria are specified at 200% of the target value.

Determining target achievement

Determining the level of target achievement takes place as a follow-up to ascertaining the consolidated business results of Österreichische Post AG. The necessary documents are sent to the auditor, in order to determine the level of target achievement within the context of auditing the respective annual financial statements and consolidated annual financial statements.

The auditor confirms the level of target attainment. The degree of target achievement and relevant amounts to be paid out are subsequently resolved upon by the Remuneration Committee.

The target achievement for quantitative performance criteria of the LTI is measured on the basis of the target achievement curves defined for the performance criteria. Specific values are defined for 50%, 100% and 200% of target attainment for each target achievement curve. If the level of target achievement is between these values, a linear interpolation takes place. If the level of target achievement is under 50%, the target achievement for this indicator is considered to be zero. The maximum level of target achievement is limited to 200%.

With respect to TSR, 100% target achievement is precisely at the median of comparable companies in the EURO STOXX Total Market Industrial Transportation. If the performance of the Company is in the bottom quarter of the peer group, the level of target achievement for this indicator is considered to be zero.

The entitlement to remuneration from the variable remuneration components is limited. In terms of the LTI, the amount paid is limited to 200% of the defined target value.

With respect to payment of the bonus, the company has the option of either paying the amount in cash or allocating shares corresponding to the designated amount. When it comes to payment in shares, it is necessary to fulfil all legal pre-requisites under corporate law, establish the necessary legal framework and, if necessary, ensure the required resolutions to be passed by the Management Board of Österreichische Post.

Upper limits on remuneration elements and total remuneration

The remuneration system of Österreichische Post AG has caps in place both for the individual variable components as well as for the total remuneration. As described above, the STI bonus payout is capped at 150% and the LTI bonus payout is capped at 200% of the target value defined in the contract of a member of the Management Board. An individual salary cap is also defined for each member of the Management Board, which limits the maximum achievable amount for a given financial year. The current cap for the maximum total remuneration of a Management Board member is between EUR 1.4 million and EUR 2.8 million.



The level of these salary caps on total remuneration corresponds to the range of duties and responsibilities of each Management Board member and is stipulated in the employment contracts for the Management Board members.

If the bonus determined for the LTI led to total remuneration exceeding the designated upper limits for the respective financial year, the actual amount paid for the LTIP would have to be reduced in the year under question.

Taking employees into account in shaping the Remuneration Policy

The remuneration principles applied to the Management Board are also used for employees but in an adapted manner.

The focus of the remuneration paid to employees of Österreichische Post AG is on providing an appropriate and balanced remuneration reflecting the performance, competence and responsibility of the employee. For this reason, one of the most important priorities is to ensure transparent and market-orientation remuneration practices.

The remuneration and employment conditions of employees working for Österreichische Post AG are taken into account in defining the Remuneration Policy. For one thing, the non-financial Management Board targets also encompass employee-oriented aspects (e.g. occupational safety and diversity). Moreover, employees benefit when the Company achieves its targets.

Other contractual stipulations

Every Management Board member is entitled to 36 working days of paid vacation in each calendar year, taking account of the demands imposed by business operations. Remuneration for unused vacation at the time the employment relationship is terminated takes place in accordance with the currently valid version of the Austrian Vacation Act. In the case of a premature termination of a Management Board mandate during the term of a valid employment contract (without an obligation to perform work), the Management Board member is required to consume his unused vacation days.

All members of the Management Board and Supervisory Board of Österreichische Post AG are insured within the framework of Directors and Officers Liability Insurance. 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.

Malus and clawback

The remuneration arrangement for the Management Board at Österreichische Post AG allows the Company to make downward adjustments to variable remuneration components which have not yet been paid in accordance with contractual stipulations or that the Company has the right to require Management Board members to pay back variable remuneration components that have already been paid out (claw back).

The payment amount of the STI and LTI components can be reduced if the financial situation or earnings of the Company substantially deteriorates to the extent that paying out the entire remuneration amount would be considered as unreasonable. Furthermore, variable remuneration



components can be reduced or reclaimed in cases of miscalculations or misconduct. The relevant stipulations are clearly defined in the employment contracts.

Contract period and termination

The customary duration of the employment contract is three years, with an extension option for another two years. The decision of the Supervisory Board with respect to a possible contract extension has to be conveyed to the Management Board member in writing six months before expiration of the three-year employment contract.

In the case of a justifiable dismissal (gross breach of duty), the employment relationship can be terminated with immediate effect without the necessity to observe a notice period. In the case of no fault dismissals for an important reason (incapacity to work, vote of no confidence by the Annual General Meeting), the employment relationship can be terminated by the Company at the end of a calendar quarter by complying with a notice period of six months. However, the employment contract remains valid in the case of dismissal without good cause.

Termination indemnities

In the event that the employment contract is terminated, the members of the Management Board shall receive a severance payment in accordance with the provisions of the Company Employee and Self-Employed Pension Plan Act (BMSVG) as well as potential payments relating to unused vacation time.

An agreement on severance payments concluded on the occasion of a premature termination of a Management Board mandate takes account of the underlying circumstances leading to the departure of the Management Board member and the economic situation of the Company.

Severance payments related to the premature termination of a Management Board mandate without good cause are limited to twice the value of the annual remuneration and amount to a maximum of the total remuneration for the remaining term of the employment contract.) In the case of premature termination of the Management Board contract for good cause or in the case of a gross violation of duty, the Company is not required to pay any termination benefits.

The entitlement to payment of performance-related remuneration components with a long-term incentive effect (LTI) is measured on the basis of the conditions prevailing for the respective LTI programme. In the case of a justifiable dismissal ("bad leaver") of a Management Board member during the entire performance period of a tranche, the Management Board member has no entitlements relating to the LTI. In contrast, the entitlement to payment remains unaffected in the case of a "good leaver". The target value is paid on a pro rata basis in the event of a Management Board member leaving the Company in the first year of the LTI performance period, whereas this no longer takes place if the Management Board member leaves after the first year has passed.

Conflicts of interest

The Management Board is not involved in specifying the Remuneration Policy. The Remuneration Committee resolves upon the selection and contracting of external consultants with respect to the Remuneration Policy. This approach prevents any conflict of interest with respect to structuring the Remuneration Policy.



Deviations from the Remuneration Policy

Under extraordinary circumstances, the Supervisory Board is authorised to deviate from the Remuneration Policy. Extraordinary circumstances are considered to be situations in which deviations from the Remuneration Policy are considered to be necessary for the long-term development of the Company or as a means to safeguard profitability. For example, this can be the case when unforeseen events take place or crisis-driven developments arise. The deviations should enable the Supervisory Board to react flexibly to such special circumstances.

In particular, extraordinary circumstances are considered to be:

- Significant regulatory intervention and related, unplanned expenses or investments
- Far-reaching and unplanned personnel or organisational changes in the Management Board

The Supervisory Board is entitled to deviate from individual or all components of the Remuneration Policy within the context of the existing remuneration logic and for the duration of these extraordinary circumstances. If necessary, it is also authorised to grant other remuneration components above and beyond those contained in the Remuneration Policy (e.g. buy-out).

The current remuneration principles were adapted in the years 2018 and 2019. Any payments not covered by the present Remuneration Policy involve clauses in employment contracts concluded before the present Remuneration Policy was agreed upon.

13 May 2020

Edith Hlawati m.p.
Chair of the Supervisory Board