

Corporate Governance

442 %

of the Supervisory Board members are women

CORPORATE GOVERNANCE

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When we talk about diversity, this encompasses all its different facets: gender, age, nationality and skills. Every perspective is valuable to us as we are convinced that diverse teams are more innovative, more agile and more economically successful.

Find out more on page 25

Corporate Governance Report

Austrian Post is a joint stock company under Austrian law and is publicly listed on the Vienna Stock Exchange. The Austrian Stock Corporation Act, Austrian Capital Market Act, Austrian Commercial Code, regulations on co-determination, the Articles of Association and by-laws for corporate bodies of the company together with the Austrian Corporate Governance Code (ÖCGK) comprise the legal framework for corporate governance at Austrian Post.

The compliance with principles of good corporate governance constitutes the basis for the trust of our employees, shareholders, customers, suppliers and the general public in the management and supervision of the company based on the focus on long-term value creation.

1. Commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides a framework for the management and control of a company, complementing Austrian stock corporation and capital market regulations on the basis of recommendations and suggestions with respect to good corporate governance. It aims to reinforce the confidence of investors in a company and strengthen Austria's position as a financial centre.

Austrian Post is unreservedly committed to complying with the current and valid version of the Austrian Corporate Governance Code and considers maintaining and further developing the company's high internal standards as a top priority. In the 2019 financial year, Austrian Post complied with all rules and recommendations of the Austrian Corporate Governance Code.

The Austrian Corporate Governance Code is publicly available on the Austrian Post website at post.at/ir or on the website of the Austrian Working Group for Corporate Governance at corporate-governance.at.

In accordance with Rule 62 of the Austrian Corporate Governance Code, Austrian Post's compliance with the code and the accuracy of its related public reporting is evaluated externally on a regular basis. The eval-

uation carried out for the 2019 financial year by the auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft established that Austrian Post has complied with the C-Rules of the Austrian Corporate Governance Code. Compliance with provisions regarding the auditor (C-Rules 77 to 83) was examined and confirmed by the law firm CMS Reich-Rohrwig Hainz. The next external evaluation is scheduled for the 2021 financial year.

 post.at/ir
corporate-governance.at

Group Auditing, Risk Management and Compliance

The Group Auditing department at Austrian Post performs important controlling and monitoring functions in the Group. This department promotes transparency, supplies facts for decision-making processes, presents solutions and promotes their sustainable implementation.

Risk management at Austrian Post enables the Groupwide 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 internal control system (ICS) is involved through process-integrated measures, mechanisms and controls in its organisation and technical processes throughout the entire company. It 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 control process and mechanisms.

Compliance comprises an additional pillar of good corporate governance in addition to risk management and Group auditing. A compliance management system (CMS) was already launched in 2010 and continuously expanded since then. The Code of Conduct and Ethics of Austrian Post serves as the basis for the CMS. It provides the framework and guidelines for the interactions of employees with each other and the relations with

stakeholders. The focal points of Austrian Post's CMS are business compliance and capital market compliance. The business CMS has been certified to ISO 37001 and the capital market CMS has been certified to ISO 19600 since 2018.

2. Composition of the Management Board

The Management Board of Austrian Post has consisted of three individuals since 1 January 2019:



Name (year of birth)	GEORG PÖLZL (1957)	WALTER OBLIN (1969)	PETER UMUNDUM (1964)
Position	Chairman of the Management Board	Deputy Chairman of the Management Board	Member of the Management Board
First appointed	1 October 2009	1 July 2012	1 April 2011
Current term of office expires	30 September 2024 ¹	30 June 2025 ¹	31 March 2021

¹ takes into account the extension option (standard contract term is three years with an extension option for a further two years)

Georg Pölzl was first appointed as Chairman of the Management Board and Chief Executive Officer of Austrian Post in October 2009. The Supervisory Board extended his Management Board mandate for the second time in November 2018, and also reappointed Georg Pölzl as Chairman of the Management Board until 30 October 2022, with a subsequent extension option for a further two years.

Following his role as Head of Group Strategy, Walter Oblin was appointed to the Management Board in 2012, and has been the Chief Financial Officer of Austrian Post since 1 July 2012. The Supervisory Board reappointed Walter Oblin as a "Mail & Finance" member of the Management Board in August 2019. The current term of office of Walter Oblin will last until 30 June 2020, and will be extended thereafter for a period of three years with a subsequent extension option for a further two years. Walter Oblin has been the Deputy Chief Executive Officer since 1 January 2019.

Peter Umundum was first appointed as a member of the Management Board in April 2011. His Management Board mandate has since been extended twice, with his current term of office due to run until 31 March 2021.

The distribution of tasks among the Management Board has been defined in the by-laws for the Management Board adopted by the Supervisory Board in December 2018. Information on the individual members of the Management Board including their professional careers is presented in the next sub-section.

Professional Careers and Areas of Responsibility

GEORG PÖLZL

Georg Pölzl studied and received his PhD from Montanuniversität Leoben. He started his professional career 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. Georg Pölzl then served as Managing Director of T-Mobile Austria, based in Vienna, for a total of nine years. Subsequently, he moved to Germany, where he assumed the position of special deputy of the Management Board of Deutsche Telekom and the Spokesman for the Executive Management of T-Mobile in Germany until 2009.

Areas of responsibility: Corporate Communication, Strategy and Group Development, Human Resources Management, Investor Relations & Corporate Governance, Group Auditing, Risk Management & Compliance, Customer Initiatives & Service, E-Commerce, Branches and Bank

Executive and supervisory role in major Group companies: Member of the Supervisory Board of bank99 AG

Additional roles: Member of the Board of International Post Corporation, Deputy Chairman of the Supervisory Board of Klinger Holding GmbH

WALTER OBLIN

Walter Oblin concluded his studies in Mechanical Engineering and Business Economics at the Graz University of Technology and also holds an American MBA

degree. He began his professional career in 1994 as a corporate consultant for McKinsey & Company in Vienna. He then became a partner in 2000 and, as a result, assumed managerial tasks as a member of McKinsey's Management Board in Austria and in its global transport and logistics sector. After 14 years of international consultancy work primarily for transport, infrastructure and logistics companies, Walter Oblin then took over the role of Commercial Director for the German technology company SorTech AG in 2008. In the autumn of 2009, he became Head of the Strategy and Group Development division at Österreichische Post AG.

Areas of responsibility: Mail & Direct Mail Division including investments, Mail Solutions Division including investments, Group Accounting & Treasury, Group Controlling, Group IT & Procurement, Group Legal and Group Real Estate

Executive and supervisory role in major Group companies: Deputy Chairman of the Supervisory Board of bank99 AG

PETER UMUNDUM

Following his 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 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 and was also involved in the Styria Group's launch on the Croatian market. In 2001 Peter Umundum became the Managing Director of the daily newspaper "Die Presse", and three years later joined the Executive Management of the daily newspaper "Kleine Zeitung". In 2005 he became a member of the Mail division management at Österreichische Post AG.

Areas of responsibility: Operations in the Mail & Parcel division, Parcel Austria division, Transport & Services, Logistics Solutions, CEE & Turkey and investments in the European distribution network EURODIS

Additional roles: Member of the Supervisory Board of Steiermärkische Krankenanstaltenges. m.b.H., Chairman of the Supervisory Board of EURODIS GmbH

3. Composition of the Supervisory Board

As at 31 December 2019, the Supervisory Board consisted of a total of twelve members, i. e. eight shareholder representatives elected by the Annual General Meeting and four employee representatives elected by the Central Works Council.

No changes took place in the Supervisory Board during the 2019 financial year.

Name (year of birth)	Nationality	Main job	Area of competence as part of the Supervisory Board of Austrian Post	Term of office	Positions in listed companies
SHAREHOLDER REPRESENTATIVES					
 EDITH HLAWATI (1957) Chairwoman	Austria	Lawyer	Legal, Capital Markets, Corporate Governance and Remuneration	26 April 2007 until 2023 AGM	Telekom Austria AG
 EDELTRAUD STIFTINGER (1966) Deputy Chairwoman	Austria	Managing Director Austria Wirtschaftsservice GmbH	Finance and Accounting	15 April 2015 until 2020 AGM	
 JOCHEN DANNINGER (1975)	Austria	Managing Director of ecoplus. Niederösterreichs Wirtschaftsagentur GmbH	Regulation and Infrastructure	19 April 2018 until 2023 AGM	
 HUBERTA GHENEFF (1964)	Austria	Lawyer	Legal	19 April 2018 until 2023 AGM	
 PETER E. KRUSE (1950)	Switzerland	Management Consultant	Parcel & Logistics, International Markets	24 April 2014 until 2023 AGM	

Name (year of birth)	Nationality	Main job	Area of competence as part of the Supervisory Board of Austrian Post	Term of office	Positions in listed companies
 CHRIS E. MUNTWYLER (1952)	Switzerland	CEO of Conlogic AG (Switzerland)	Parcel & Logistics, International Markets	22 April 2010 until 2023 AGM	National Express Group PLC (UK)
 HERTA STOCKBAUER (1960) Financial expert	Austria	Chairwoman of the Management Board of BKS Bank AG	Finance, Banking	15 April 2015 until 2020 AGM	Oberbank AG, Bank für Tirol und Vorarlberg AG
 STEFAN SZYSZKOWITZ (1964)	Austria	Spokesman of the Management Board of EVN AG	Capital Markets, Finance	19 April 2018 until 2023 AGM	Burgenland Holding AG, Verbund AG
EMPLOYEE REPRESENTATIVES					
 MARIA KLIMA (1980)	Austria	Central Works Council		since 30 October 2018	
 HELMUT KÖSTINGER (1957)	Austria	Central Works Council (Chairman)		since 14 April 2005	
 MARTIN PALENSKY (1963)	Austria	Central Works Council (Deputy Chairman)		since 22 February 2002	
 MANFRED WIEDNER (1963)	Austria	Central Works Council		since 03 March 1999	

Independence

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of Österreichische Post AG has defined the following criteria to determine the independence of members of the Supervisory Board in compliance with Appendix 1 of the January 2018 version of the Austrian Corporate Governance Code:

1. — The member of the Supervisory Board shall not have served as a member of the Management Board or as a manager of the company or one of its Group companies in the past five years.
2. — The member of the Supervisory Board shall not maintain or have maintained in the past year any business relations with the company or one of its Group companies to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which the member of the Supervisory Board has a considerable economic interest, but not to carry-

ing out functions in 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 member of the Supervisory Board 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 member of the Supervisory Board shall not be a member of the Management Board of another company in which a member of the Management Board of this company is a member of the Supervisory Board.
5. — The member of the Supervisory Board shall not serve as a member of the Supervisory Board for longer than 15 years. This does not apply to members of the Supervisory Board who are shareholders with a stake in the company or who represent such a shareholder's interests.
6. — The member of the Supervisory Board shall not be a close relative (i. e. direct offspring, spouse, partner,

parent, uncle, aunt, sibling, niece or nephew) of a member of the Management Board or of persons in one of the above-mentioned positions.

All shareholder representatives of Austrian Post are independent. Written declarations of their independence have been submitted in accordance with the above-mentioned criteria. No shareholder representative has a stake of more than 10% in the company or represents the interests of such a shareholder.

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

4. Diversity Concept and Measures to Promote the Advancement of Women

Equal opportunity at work and equal treatment of employees without regard to gender and age are self-evident for Austrian Post as well as its Group companies.

Positions on the corporate bodies of Management Board and Supervisory Board should be filled with individuals who provide the relevant knowledge, skills and personal competences that are required for the management and supervision of a publicly-listed logistics and postal

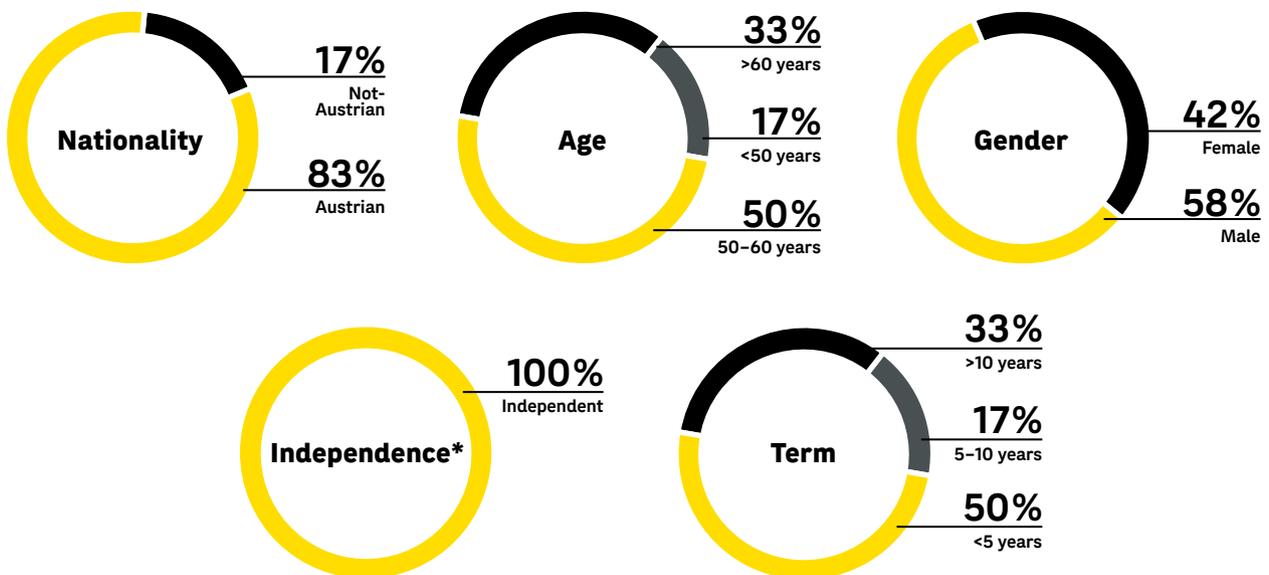
services provider and reflect strategic objectives of the company. Ensuring a professional and personal balance in the composition of the Supervisory Board should be borne in mind. In this case, the diversity of the Supervisory Board with respect to the representation of both genders, a balanced age structure and the internationality of the members are to be taken into account.

Diversity in the Supervisory Board

A total of five women are represented on Austrian Post's Supervisory Board, representing a share of 42%. This completely fulfils the statutory gender quota of 30% which took effect on 1 January 2018, and which applies separately for shareholder and employee representatives.

The members of the Supervisory Board show a balanced age structure ranging from 40 to 69. Two members are not Austrian nationals. As a whole, the Supervisory Board covers the entire spectrum of fields which are important for the company such as finance and know-how in the fields of logistics and services. Business management skills and legal knowledge as well as long-standing management experience and competence complete the profile of the Austrian Post Supervisory Board. **G 06**

G 06 Diversity in the Supervisory Board



* according to the Austrian Corporate Governance Code

No woman currently serves on the Management Board of Austrian Post. However, women occupy managerial roles in numerous first and second-tier reporting divisions. The proportion of female managers was 26%, while the proportion of women out of the Group's entire workforce amounted to 32%. Against the backdrop of a conceivable filling of vacant Management Board positions from the company's own ranks, the strategic objective is to achieve the best possible diversity at the highest management level and to gradually increase the proportion of women in executive positions.

Gender Balance: Expedition Elly

Austrian Post is keen to promote and actively make use of diversity and gender diversity in particular. This resulted in the development of a strategy to enable gender balance within the company back in 2018 under the "Expedition Elly" flagship project, named after the aviation pioneer Elly Beinhorn. Motivated teams from various divisions and hierarchy levels came up with the strategy as well as the various targets and measures. Austrian Post's aim in the future is to achieve a balance between men and women and make Austrian Post an even more attractive employer for women. The Women's Career Index (FKI) was conducted once again in 2019. An increase from 62 to 75 out of a possible 100 points were achieved thanks to the "Expedition Elly" initiative and the clear positioning of gender balance targets in all areas.

Reconciliation of Work and Family Life Balance

Austrian Post takes its role as a family-friendly company seriously, helping to promote the balance between work and family life through various measures and offerings. In 2019 Österreichische Post AG was once again given the "Career and Family Certificate" by the Austrian Federal Ministry of Families and Youth. The existing measures will be continued and implemented for a further three years and other targets set on the basis of agreements. These measures include, for example, integrating employees on parental leave into the internal information network, or the provision of a comprehensive information platform on subjects such as parental or maternity leave.

The Austrian Post programme to promote the career advancement of women was also revamped in 2017. Its underlying objective is to ensure equal opportunities for women and men in the company on the basis of the Federal Equal Treatment Act (B-GIBG) and increase the proportion of women in areas where they are under-represented. The annual equality check, among other things, was conducted once again in 2019 in order to achieve this target. This tool enables a review of the

implementation of the programme to promote the career advancement of women within Austrian Post and its Group companies.

5. Mode of Operation of the Management Board and Supervisory Board

The Management Board is the managing body of the Austrian Post Group and is bound to act in the company's best interests. It 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. They also define 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 during meetings held at least every fourteen days. At these meetings decisions are made that require the approval of the entire Management Board. Moreover, the members of the Management Board continually exchange information about the relevant activities and events with each other and with the responsible executives.

A so-called Strategic Executive Management Council provides support to the Management Board in running of the company. This leadership team consists of approximately 20 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 companies. Moreover, in the spirit of good corporate governance, ongoing consultations take place between the respective chairmen of the Supervisory and Management Boards concerning the matters falling under the jurisdiction of the Supervisory Board.

The Supervisory Board monitors and oversees the activities of the Management Board and makes decisions on issues of fundamental importance as well as the strategic direction of the company. The work of the Supervisory Board is characterised by a high level of openness. The intensive work carried out by Supervisory Board committees supports the Supervisory Board

with a view to ensure focused discussions and efficient decision making.

Five meetings of the Supervisory Board were held in the 2019 financial year. The focus of the ordinary meetings of the Supervisory Board was on monitoring the ongoing business development of Austrian Post and its Group companies as well as various transactions requiring Supervisory Board approval. Ongoing strategic development projects were discussed in detail at all sessions. The priorities of the work carried out by the Supervisory Board in 2019 are summarised in the Report of the Supervisory Board to the Annual General Meeting.

The training programme for the Supervisory Board has become an integral part of the Supervisory Board's work and was continued in the 2019 financial year. The sessions focused on various challenges in the mail and logistics industry as well as key topics such as "Mobile solutions in the end customer segment" and "Innovations". The discussions held with internal and external experts are particularly designed to deepen the market knowledge of the members of the Supervisory Board and intensify an exchange of experiences outside of the sessions.

In accordance with the stipulations of the Austrian Corporate Governance Code (ÖCGK, Rule C-36), the Supervisory Board carried out a self-evaluation of its work in the 2019 financial year on the basis of a questionnaire. The evaluated results were extensively discussed by the Supervisory Board, and will be integrated into the future work of the Supervisory Board.

There is a duty on the part of the Management Board as well as the Supervisory Board to disclose any conflict of interest. Members of the Supervisory Board must disclose any conflict of interest immediately to the Chairman of the Supervisory Board. If the Chairman himself is involved in a conflict of interest, he is required to immediately disclose this to the Deputy Chairman. With respect to Management Board meetings dealing with the personal or economic interests of a particular member of the Management Board, this member is not permitted to take part in the relevant decision making.

Committees

In order to exercise its advisory and controlling functions efficiently, the Supervisory Board has formed Committees, which deal with technical issues and prepare resolutions for adoption by the Supervisory Board.

Executive Committee

Edith Hlawati (Chairwoman), Edeltraud Stiftinger

Nomination Committee

Edith Hlawati (Chairwoman), Edeltraud Stiftinger, Helmut Köstinger

Remuneration Committee

Edith Hlawati (Chairwoman), Edeltraud Stiftinger, Jochen Danninger

Audit Committee

Edeltraud Stiftinger (Chairwoman), Herta Stockbauer (Deputy Chairwoman), Huberta Gheneff, Stefan Szyszkowitz, Helmut Köstinger, Manfred Wiedner

Parcel & Logistics Committee

Peter E. Kruse (Chairman), Chris E. Muntwyler, Helmut Köstinger

In accordance with the by-laws for the Supervisory Board, the Executive Committee is responsible for regulating the relationships between the company and the members of the Management Board, including granting approval to secondary employment, inasmuch as this does not fall within the jurisdiction of the entire Supervisory Board, the Remuneration or Nomination Committee. In addition, the Executive Committee maintains regular contact with the Chairman of the Management Board and discusses with him the strategy and business development.

The Nomination Committee submits recommendations to the Supervisory Board with respect to filling vacant positions the Management Board, and also deals with issues relating to succession planning. The Nomination Committee or the entire Supervisory Board submits specific proposals to the Annual General Meeting with respect to filling vacant positions on the Supervisory Board. In the 2019 financial year, one session of the Nomination Committee dealt with filling the position of the "Mail & Finance" member of the Management Board.

The Remuneration Committee deals with the contents of employment contracts with members of the Management Board and is responsible in particular for any remuneration issues. It ensures implementation of the remuneration rules contained in the Austrian Corporate Governance Code, and regularly evaluates the policies governing remuneration of members of the Management Board.

The remuneration system of the Management Board was discussed in depth and subjected to a review during the course of the five Remuneration Committee meetings. With the involvement of an external consultant, a review of selected parameters was recommended for the variable remuneration elements, the implementation of which was decided on by the Remuneration Committee. The Remuneration Committee also took care of the employment contracts for Georg Pözl and Walter Oblin. Peter Umundum's contract was amended with regard to the new remuneration arrangements.

The Audit Committee performs the tasks assigned to it pursuant to Section 92 (4a) of the Austrian Stock Corporation Act (AktG) as well as Rule 40 of the Austrian Corporate Governance Code.

The Audit Committee held four meetings in the 2019 financial year. In addition to reviewing and preparing approval of the annual financial statements and consolidated annual financial statements for 2018, great importance was attached to supervising the financial reporting process, the internal control system as well as the audit and risk management systems. A further focus of its work was preparing the proposal of the Supervisory Board for the election of the auditor and monitoring the independence of the auditor.

The Parcel & Logistics Committee supports the Management Board in preparing complex decisions on fundamental strategic issues impacting the Parcel & Logistics Division. The takeover of the Deutsche Post DHL Group private customer parcel business in Austria, the Turkish parcel investment Aras Kargo and various measures on expanding the infrastructure were discussed in detail.

	Supervisory Board	Nomination Committee	Remuneration Committee	Audit Committee	Parcel & Logistics Committee
EDITH HLAWATI	5/5	1/1	5/5		
JOCHEN DANNINGER	5/5		5/5		
HUBERTA GHENEFF	5/5			4/4	
PETER E. KRUSE	5/5				5/5
CHRIS E. MUNTWYLER	5/5				5/5
EDELTRAUD STIFTINGER	5/5	1/1	5/5	4/4	
HERTA STOCKBAUER	5/5			3/4	
STEFAN SZYSZKOWITZ	5/5			4/4	
MARIA KLIMA	5/5				
HELMUT KÖSTINGER	5/5	1/1		4/4	5/5
MARTIN PALENSKY	5/5				
MANFRED WIEDNER	5/5			4/4	

6. Remuneration Report

The Remuneration Report describes the remuneration system for the members of the Management Board and the Supervisory Board of Austrian Post and explains the structure and amount of the individual components of the Management Board and Supervisory Board remuneration for the 2019 financial year.

6.1. Remuneration System for the Management Board

PRINCIPLES AND STRUCTURE

The remuneration system for the Management Board was subjected to an in-depth evaluation in the 2018 and 2019 financial years. Both the structure as well as the amounts were discussed in detail in the Remuneration Committee and 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. 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. As a result, adjustments were made to the Short-Term Incentive (STI) and Long-Term Incentive (LTI) programmes.

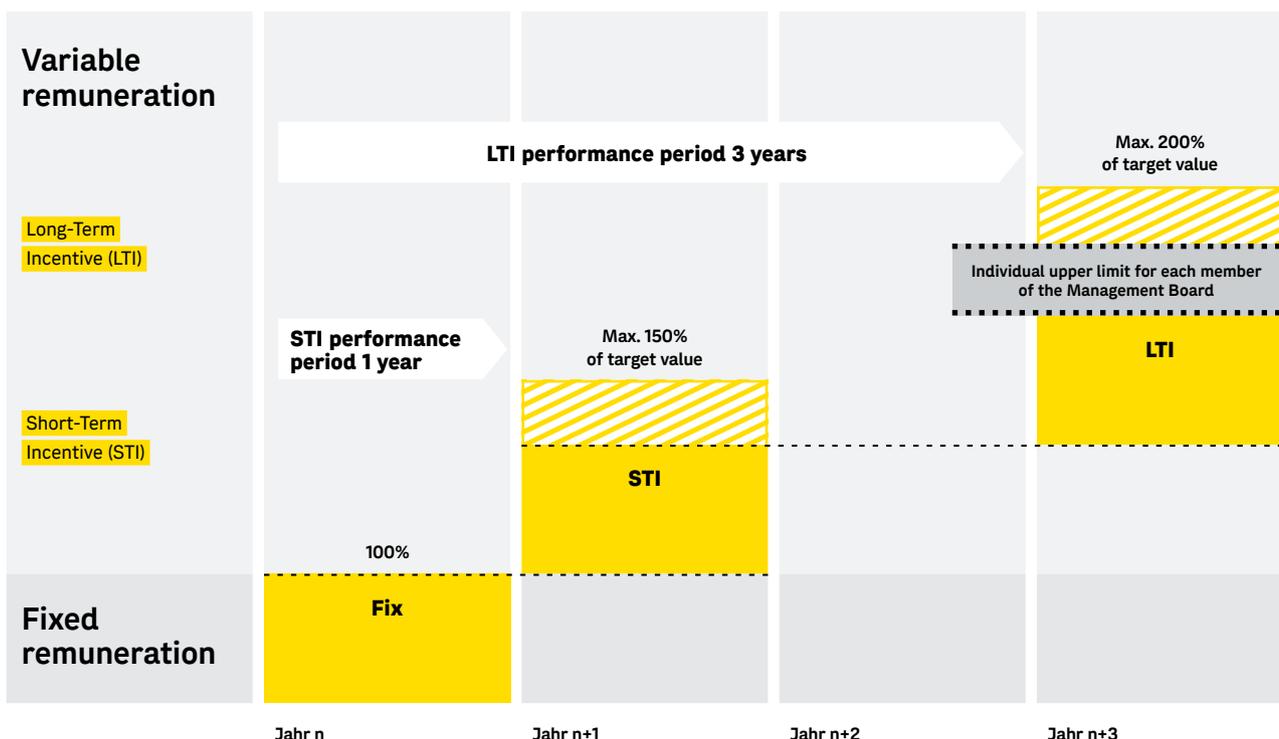
As has previously been the case, the Management Board remuneration for 2019 continues to be based on a three pillar model with a fixed remuneration component and variable components, which are in turn made up of a short-term and a long-term component, namely the Short-Term Incentive (STI) and the Long-Term Incentive (LTI). **G 07**

A detailed presentation of the remuneration principles can be found in the policies governing remuneration drawn up in accordance with Section 78a of the Austrian Stock Corporation Act, which will be submitted to the Annual General Meeting for the first time in 2020.

The remuneration system for the Management Board is focused on the corporate strategy and aims to ensure a success-oriented and sustainable business management. The structure of the performance targets takes into account the Group's corporate strategy and the company's business model and positioning.

The company 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, Employees and Society).

G 07 Remuneration System for the Management Board of Austrian Post



Four cornerstones comprise the core aspects of Austrian Post's corporate strategy 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 flexibilisation 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.

A new element to the single-year variable remuneration (STI) is the introduction of a modifier to take non-financial and qualitative targets into account. In addition, the financial targets were concentrated on the key indicators of "Revenue" and "EBIT". Recalibration of the payment curves and the ability to overachieve targets by increasing and harmonising the caps round off the various adjustments implemented in the STI 2019.

The revision of the multi-year variable remuneration (LTI) relates in particular to the use of the relative total shareholder return as an indicator and a performance measurement with an annual and weighted "lock-in" (20%/20%/60%). The payment curves were also recalibrated and the cap was set to 200%.

FIXED REMUNERATION 2019

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. 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.

VARIABLE REMUNERATION – SHORT-TERM COMPONENT 2019

The short-term variable remuneration component, the Short-Term Incentive (STI), is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets.

The STI is calculated based on the contractually defined target value, which in the 2019 financial year allows a bonus of 100% of the basic salary to be paid out if 100% of the target is achieved.

The financial targets are made up of 50% each for revenue and EBIT, and their achievement may fluctuate from between 0% and 150% with a lower limit defined in the event of 50% achievement respectively. A modifier, which can impact the target achievement value by no more than +/- 30%, must be applied to this financial target achievement. The amount paid out is limited to 150% of the contractually defined target value.

Short-Term Incentive Programme

Area	Criteria	Weighting
Financial targets	Revenue	50%
	EBIT (before extraordinary effects)	50%
Modifier	Value between 0.7 and 1.3 is defined at the discretion of the Remuneration Committee based on a pre-defined catalogue.	+/- 30% Multiplier

The 100% target values as well as the threshold and maximum values for revenue and EBIT were defined by the Remuneration Committee of the Supervisory Board at the start of the year.

By using revenue as the basis, the aim here 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 and ensures the company is in a position to pay dividends.

The modifier establishes a direct link between the strategic initiatives as well as the sustainability strategy and the ESG indicators. Each year, the Remuneration Committee identifies priorities relating to the aspects of Economy & Governance, Ecology, Employees and Society, which are derived from Austrian Post's current topics. The following catalogue was defined for the 2019 financial year: subsidiary results, financial services business performance, mail and parcel delivery quality, customer satisfaction, collaboration between Management Board

and Supervisory Board, catalogue of measures relating to employee protection, increasing the proportion of women and measures in the area of environmental management.

VARIABLE REMUNERATION – LONG-TERM COMPONENT 2019 TO 2021

The long-term variable remuneration component is structured as a Long-Term Incentive (LTI) programme. 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 shareholder value. This is ensured by choosing capital market-related control parameters as well as the necessary level of personal investment and the positive share price relation.

The LTI programme involves share-based variable remuneration with a three-year performance period and a subsequent one-year retention period. Participation is contingent upon individuals making their own one-time investment, which has the following ratio to the basic salary: 80% for the Chairman of the Management Board, 70% for the Deputy Chairman of the Management Board and 60% for other members of the Management Board.

The starting point for the LTI are Performance Share Units (PSU), which are calculated based on the con-

tractually 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 target achievement at the end of the three-year term is derived from the total amount of the three performance indicators, namely earnings per share, free cash flow and relative total shareholder return. Target achievement of the three indicators can vary between 0% and 200%, whereby lower limits are defined in the event of a 50% target achievement rate. The 100% target values as well as the threshold and maximum values for the criteria were defined by the Remuneration Committee of the Supervisory Board at the start of the year.

The target criteria used for the LTI aim to take into account the long-term increase in the company's value. They 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 Austrian Post.

The weighting of these indicators and the definition of the annual intermediate targets can be found in the table below.

Long-Term Incentive Programme

Criteria	Weighting	Annual target achievement weighting during the three-year performance period
Earnings per share	1/3	20%/20%/60%
Free cash flow	1/3	20%/20%/60%
Relative total shareholder return	1/3	20%/20%/60%

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 payout value is 200% of the target value for each member of the Management Board.

CAPS IN THE REMUNERATION SYSTEM

Austrian Post's remuneration system 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 cap for the maximum Management Board remuneration, consisting of fixed and variable salary components for the 2019 financial year and the LTIP for 2019 to 2021, was set at EUR 2,535 thousand for Georg Pölzl, EUR 1,598 thousand for Walter Oblin and EUR 1,419 thousand for Peter Umundum. Furthermore, a payment cap of EUR 2,765 thousand has been defined for Georg Pölzl for the total payments made in a year.

6.2. Management Board Remuneration (Payments) for the 2019 Financial Year

The salary components relevant for the 2019 financial year and the payments made to the Management Board are explained below.

FIXED SALARY

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. 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. In addition to the basic salary, the members of the Management Board are also given a company car and are entitled to accident insurance (benefits in kind).

SHORT-TERM INCENTIVE 2018

The short-term variable remuneration, which was agreed in the 2018 financial year and paid out in 2019, is based on a target agreement according to the existing system. The adjustments described in Note 6.1 were adopted in the remuneration systems in 2019.

The STI 2018 is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets. The targets agreed upon with the members of the Management Board are consistent with the Group strategy and comprised 65% financial aspects and 35% non-financial aspects. The financial objectives include selected

revenue and earnings indicators of the Group and of the mail and parcel business based on the specified annual planning for 2018. Non-financial targets included indicators relating to customer focus (delivery quality), environment and employees.

The targets for 2018 can be allocated to the Group strategy's four strategic cornerstones and were clustered as follows: 60% relates to defending market leadership in the core business and enhancing efficiency, 25% relates to profitable growth and 15% to customer focus and innovation.

The Remuneration Committee assessed the achievement of the agreed targets based on the evaluation of data by the auditor. A cap of 120% of the annual fixed salary was set for the variable salary component. Given the company's strong performance both in the financial as well as the non-financial criteria, this cap was reached for the STI remuneration for 2018.

LONG-TERM INCENTIVE 2016 TO 2018

The long-term variable remuneration, which was agreed upon in the 2016 financial year and paid out in 2019, was defined based on the existing system. The adjustments described in Note 6.1 were adopted in the structure of the LTIP 2019 to 2021 (reporting in 2022).

The long-term variable remuneration component "LTI 2016 to 2018" is based on the following conditions: the requirement for participation here is personal investment by each participating member of the Management Board, which is defined using a definitive percentage amount of the gross fixed salary. The required number of shares are illustrated in the following table.

Name of the member of the Management Board	LTIP 2016–2018 Personal investment					
	Required number of shares	Equivalent value in EUR thousand ¹	Number of shares held as at 31 December 2018	Shares purchased in 2019	Number of shares held as at 31 December 2019	Equivalent value in EUR thousand ²
Georg Pözl	13,672	480	27,054	4,688	31,742	1,052
Walter Oblin	6,836	240	9,899	601	10,500	348
Peter Umundum	6,678	234	10,827	2,000	12,827	425

¹ Based on average share price in H2 2015

² Based on average share price in Q4 2019

The bonus is paid on the basis of so-called bonus shares as a mathematical factor and takes into account the share price performance. In the event that 100% of the total targets are achieved, provision is in place for a 100% bonus, which is calculated based on a definitive percentage amount of the gross fixed salary. The total

bonus after three years is capped at 225% of any bonus intended for the respective member of the Management Board in the event that 100% of the total targets are achieved.

The following indicators were defined at the start of the three-year performance period: earnings per share, free cash flow and total shareholder return, with the targets each having equal weighting. The total target achievement after three years is derived from the total amount of the annual intermediate target achievement for the individual criteria.

The target achievement was defined by the Remuneration Committee at the start of 2019, based on the evaluation of data by the auditor. Given the company's strong performance, measured using the performance indicators as described, during the period from 2016 to 2018, this payout cap was reached. Payment of the LTIP for

the years 2016 to 2018 was made in cash, and no shares were transferred. For this reason, the Annual General Meeting did not resolve upon the LTIP for the members of the Management Board.

PAYMENTS FOR THE 2019 FINANCIAL YEAR

In addition to fixed salaries for 2019, the claims from the variable remuneration components from previous years were paid. The variable payments to the Management Board from the 2018 Short-Term Incentive programme and the 2016-2018 Long-Term Incentive programme made in 2019 are shown below.

in EUR	Georg Pözl	Walter Oblin	Peter Umundum	Total
FIXED SALARY				
Basic salary	628,571	470,000	431,429	1,530,000
Benefits in kind	15,637	14,597	15,675	45,909
	644,208	484,597	447,104	1,575,909
VARIABLE SALARY				
Short-Term Incentive (STI 2018)	720,000	564,000	480,000	1,764,000
Long-Term Incentive (LTI 2016-2018)	1,215,000	630,000	617,512	2,462,512
	1,935,000	1,194,000	1,097,512	4,226,512
TOTAL REMUNERATION	2,579,208	1,678,597	1,544,616	5,802,421

PAYMENTS TO FORMER MEMBERS OF THE MANAGEMENT BOARD

Walter Hitziger resigned from his position as a member of the Management Board effective 31 December 2018. His employment contract was valid until 31 December 2019, and expired at the end of this day due to the expiry of his term of employment. Mr Hitziger received payments in line with his employment contract.

In accordance with C-Rule 27a of the Austrian Corporate Governance Code, the employment contracts of members of the Management Board stipulate that severance payments made in the event of early departure from the Management Board for no good reason for doing so will be limited to twice the annual remuneration value, and amount to no more than the total remuneration for the remaining term of the employment contract.

Payments Walter Hitziger	in EUR
Fixed remuneration (including benefits in kind)	511,695
Variable remuneration: STI 2018	600,000
Variable remuneration: LTI 2016-2018	693,000
Severance payment ¹	1,100,000

¹ Severance "old" pursuant to §23 of the Salaried Employees Act (AngG)

OTHER REMUNERATION COMPONENTS AND AGREEMENTS FOR 2019

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 Austrian Post is required to pay 10% of the individual's fixed annual gross salary into the pension fund each year. A total of EUR 156,825 in the form of contributions to pension schemes was paid for active members of the Management Board. EUR 64,429 was paid for Georg Pözl, with EUR 48,175 paid for Walter Oblin and EUR 44,221 paid for Peter Umundum. Payments amounting to EUR 51,250 were made for Walter Hitziger in 2019.

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). Payments amounting to EUR 88,777 were made for all active members of the Management Board under this section in 2019.

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 70m. 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.

The members of the Management Board do not have any "change of control" clauses in their contracts. Austrian Post's Management Board remuneration arrangement stipulates that the company may reduce any variable remuneration components that have yet to be paid out (penalty) and/or claw back any variable remuneration components that have already been paid out (claw-back).

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.

PRINCIPLES UNDERLYING THE REMUNERATION OF EXECUTIVES

The principles governing the remuneration paid to the Management Board have also been adapted for the company's senior managers and managing directors of important Group companies. 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 executives, in which selected members of various management levels of the Group are entitled to participate. The LTIP links pre-defined, measurable, 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 in shares. The achievement of objectives is monitored over a period of three years.

6.3. Supervisory Board Remuneration

Remuneration of the Supervisory Board for the previous financial year is determined annually by the Annual General Meeting. Moreover, members of the Supervisory Board are reimbursed for travel costs which are incurred. The Annual General Meeting held on 11 April 2019 specified the remuneration paid to the members of the Supervisory Board for the 2018 financial year as follows:

- for the Chairwoman: EUR 30,000
- for the Deputy Chairwoman: EUR 25,000
- for each other member of the Supervisory Board: EUR 20,000

- for the Chairperson of a committee: EUR 14,000
- for the Deputy Chairperson of a committee: EUR 12,000
- for each other committee member: EUR 10,000

Committee remuneration is limited to membership on one committee and is thus paid only once even if a member of the Supervisory Board belongs to several committees. In addition, every Supervisory Board and committee member residing in Austria is paid an attendance fee of EUR 600 per person and meeting. The attendance fee for every international expert has been set at EUR 1,600 per member and Supervisory Board session attended. Remuneration is made on a pro rata (daily) basis if a member did not belong to the Supervisory Board or a committee for the entire year.

The total remuneration paid to the individual members of the Supervisory Board in the 2019 financial year is as follows.

Supervisory Board Remuneration 2019 in EUR

Name	Granted for 2018 and paid in 2019			Total remuneration
	Basic remuneration	Committee remuneration	Attendance fees 2019	
SHAREHOLDER REPRESENTATIVES				
Edith Hlawati (Chairwoman)	30,000	14,000	6,600	50,600
Edeltraud Stiftinger (Deputy Chairwoman)	25,000	14,000	9,000	48,000
Jochen Danninger ¹	14,082	7,041	6,000	27,123
Huberta Gheneff ¹	14,082	7,041	5,400	26,523
Peter E. Kruse	20,000	14,000	16,000	50,000
Chris E. Muntwyler	20,000	10,000	15,000	45,000
Herta Stockbauer	20,000	12,000	4,800	36,800
Stefan Szyszkowitz ¹	14,082	7,041	5,400	26,523

¹Initial appointment 19 April 2018 – therefore pro rata share of remuneration

The members of the Supervisory Board having resigned on 19 April 2018 received the following pro rata remuneration for the 2018 financial year: EUR 5,973 for Erich Hampel, EUR 8,959 for Markus Pichler (member of the Audit Committee) and EUR 8,959 for Elisabeth Stadler (member of the Audit Committee).

The employee representatives perform their duties on the Supervisory Board on an honorary basis and are

compensated for their involvement in the Central Works Council in accordance with their respective employment contracts. As a result, they only receive an attendance fee. The following amounts were paid out to the employee representatives in the 2019 financial year: Maria Klima EUR 3,000, Helmut Köstinger EUR 9,000, Martin Palensky EUR 3,000 and Manfred Wiedner EUR 5,400.

Vienna, 21 February 2020

The Management Board



GEORG PÖLZL
CEO
Chairman of the
Management Board



WALTER OBLIN
Deputy CEO
Mail & Finance



PETER UMUNDUM
Member of the
Management Board
Parcel & Logistics

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