

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.

Adherence to the principles of proper 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 orientation towards the long-term creation of value.

This report describes the structures and processes implemented by Austrian Post in the field of corporate governance. It contains the information stipulated in Sections 243b and 267a of the Austrian Commercial Code and takes account of the disclosure requirements of the Sustainability and Diversity Improvement Act (NaDiVeG).

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.

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 2017 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 www.post.at/ir or on the Website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at.

In accordance with Rule 62 of the Austrian Corporate Governance Code, Austrian Post regularly has its compliance with the code and the accuracy of its related public reporting evaluated externally. The last appraisal carried out for the 2017 financial year by the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, did not recognise any facts which contradict the company's public declarations with respect to its adherence to the Austrian Corporate Governance Code. Austrian Post's adherence to the Austrian Corporate Governance Code with respect to the auditor was evaluated and confirmed by the law firm CMS Reich-Rohrwig Hainz. The next external evaluation is scheduled to be carried out for the 2019 financial year.

— Group Auditing, Risk Management and Compliance

The Internal Audit department at Austrian Post performs important controlling and monitoring functions in the Group as part of an integrated overall system. This department promotes 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 in its organisation and technical processes. 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 control process and mechanisms.

In addition to risk management and Group auditing, compliance comprises the third pillar of corporate governance. Values such as honesty, predictability and transparency are important yardsticks guiding the business practices of Austrian Post. For this reason, a compliance management system (CMS) was already launched in 2010 and continuously expanded since then. The conviction underlying these initiatives is that compliance makes a value-added contribution to the development of the company. The aim is to avoid liability risks and other legal disadvantages which could negatively impact the company and its employees. A sustainable strengthening of the established Group-wide compliance culture plays a significant role in the functioning of the three lines of defence governance model. The Code of Conduct and Ethics of Austrian Post serves as the basis for the compliance management system. 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 compliance management system are business compliance, capital market compliance and antitrust compliance. The year 2016 was shaped by target group-specific issues such as capital market and antitrust compliance. In contrast, the focus in 2017 was on raising awareness for compliance issues across the different target groups. Extensive classroom training courses conveyed information on key compliance regulations. Other forms of communication such as articles in the employee magazine and messages on infoscreens complemented the classroom training measures.

As a consequence of changes in the field of capital market compliance, new guidelines on this issue were developed and adopted in the year under review. Business compliance in 2017 focused on checking business partners and developing a new process for this assessment. Furthermore, a comprehensive revision of guidelines relevant for business compliance was launched in 2017. The new guidelines are expected to be adopted in 2018.

In 2018 the compliance management system will be further upgraded in line with the ISO standards 19600 and 37001. In order to ensure the suitability and effectiveness of the CMS, Austrian Post decided to have the CMS evaluated regularly by external experts in the future with respect to the company's adherence to these standards.

— Annual Audit

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed by the Annual General Meeting held on April 20, 2017, to serve as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2017 financial year in accordance with the recommendation submitted by the Supervisory Board. The audit fee invoiced by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the course of the 2017 financial year for auditing the annual financial statements and consolidated annual financial statements of Austrian Post amounted to EUR 98,000 (excl. VAT). A total of EUR 147,500 (excl. VAT) was invoiced for carrying out the audits for Austrian Post subsidiaries. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft received a remuneration of EUR 73,689 (excl. VAT) for other auditing 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 52.85% stake in Austrian Post via the Austrian privatisation and industrial holding company Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB).

Austrian Post attaches particular importance to ensuring that all shareholders are treated equally and provided with comprehensive information. Above and beyond the legally binding reporting and disclosure requirements (i. e. annual reports and half-year financial reports, ad-hoc announcements, publication of directors’ dealings), Austrian Post regularly reports about the development of the company by means of press releases as well as analyst, press and shareholder conferences while observing the principle of shareholder equality. All reports and releases as well as key presentations held at these conferences are available at www.post.at/ir. Austrian Post published no ad-hoc announcements in 2017.

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 2015. The members of the Management Board do not hold any management or supervisory positions in Austrian Post’s main subsidiaries.

| Name (year of birth) | Position | First appointed | Current term of office expires | Additional functions (as at Dec. 31, 2017) | Areas of responsibility |
|---|--|--------------------|-----------------------------------|--|---|
|  Georg Pözl (1957) | Chairman of the Management Board, Chief Executive Officer | Oct. 1, 2009 | Sept. 30, 2019 | | <ul style="list-style-type: none"> – Strategy and Group Development – Corporate Communications – Human Resources Management – Investor Relations, Group Auditing & Compliance – End Customer Initiatives and Customer Service – Online Innovation Management – E-Commerce GmbH |
|  Walter Oblin (1969) | Member of the Management Board | July 1, 2012 | June 30, 2020 | | <ul style="list-style-type: none"> – Group Accounting – Group Controlling – Finance Mail & Branch Network Division – Finance Parcel & Logistics Division – Group Treasury – Group IT – Group Procurement – Legal – Corporate Real Estate |
|  Walter Hitziger (1960) | Member of the Management Board | May 1, 2004 | Dec. 31, 2021 ¹ | Supervisory Board member of BAWAG P.S.K. Versicherung AG | <ul style="list-style-type: none"> – Acceptance, sorting and delivery of letters, direct mail and media post – Physical and digital value-added services – Geomarketing, data and address management – Scanning, printing services and document management – KUVERT and digital advertising – Postal service points (branch offices and postal partners) – Online services |
|  Peter Umundum (1964) | Member of the Management Board | April 1, 2011 | March 31, 2021 ¹ | | <ul style="list-style-type: none"> – Acceptance, sorting and delivery of parcels and pallets in Austria/CEE/SEE – Additional logistics services – Logistics services Parcel & Logistics – Fulfillment solutions – Webshop & order management – Valuable goods and cash transport – Online and E-Commerce Services |

¹ Taking account of the extension option

— Professional Careers 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. He served as the Spokesman of the Management Board of T-Mobile Germany before being appointed Chairman of the Management Board of Austrian Post in 2009. His current term of office expires on September 30, 2019.

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 a managing partner and member of the Management Board in the year 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. His current term of office expires on June 30, 2020.

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, 2021.

PETER UMUNDUM

Following his studies in computer sciences 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. His current term of office expires on March 31, 2021.

3 — Composition of the Supervisory Board

As at December 31, 2017, 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 of Austrian Post.

| Name (year of birth) | Nationality | Main job | First appointed | Current term of office expires | Mandates in publicly listed companies (as at Dec. 31, 2017) |
|--|-------------|--|--------------------|-----------------------------------|--|
| SHAREHOLDER REPRESENTATIVES | | | | | |
|  Edith Hlawati (1957) Chairwoman | Austrian | Lawyer | April 26, 2007 | Annual General Meeting 2018 | |
|  Edeltraud Stiftinger (1966) Deputy Chairwoman | Austrian | Managing Director Austria Wirtschaftsservice GmbH | April 15, 2015 | Annual General Meeting 2020 | |
|  Erich Hampel (1951) | Austrian | Management consultant | April 22, 2010 | Annual General Meeting 2018 | Zagrebačka banka d. d. (Croatia) |
|  Peter E. Kruse (1950) | Swiss | Management consultant | April 24, 2014 | Annual General Meeting 2018 | |
|  Chris E. Muntwyler (1952) | Swiss | CEO of Conlogic AG (Switzerland) | April 22, 2010 | Annual General Meeting 2018 | Panalpina World Transport AG (Switzerland), National Express Group PLC (UK) |
|  Markus Pichler (1968) | Austrian | Head of Non Energy Drink Beverages at Red Bull GmbH (up to Sept. 30, 2017) | April 28, 2011 | Annual General Meeting 2018 | |
|  Elisabeth Stadler (1961) | Austrian | CEO Vienna Insurance Group AG | April 28, 2011 | Annual General Meeting 2018 | |
|  Herta Stockbauer (1960) Financial expert | Austrian | Chairwoman of the Managing Board, BKS Bank AG | April 15, 2015 | Annual General Meeting 2020 | SW Umwelttechnik Stoiser & Wolschner AG, Oberbank AG, Bank für Tirol und Vorarlberg AG |
| EMPLOYEE REPRESENTATIVES | | | | | |
|  Helmut Köstinger (1957) | Austrian | Central Works Council (Chairman) | April 14, 2005 | | |
|  Martin Palensky (1963) | Austrian | Central Works Council (Deputy Chairman) | Feb. 22, 2002 | | |
|  Andreas Schieder (1976) | Austrian | Central Works Council | Oct. 19, 2010 | | |
|  Manfred Wiedner (1963) | Austrian | Central Works Council | March 3, 1999 | | |

— 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 January 2015 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 member 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 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 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 — Diversity concept and measures to promote the advancement of women

Equal opportunity at work and equal treatment of employees without distinction based on gender and age are a matter of course at Austrian Post and its subsidiaries.

For selecting members of the Supervisory Board, the main criteria is that they provide the relevant qualifications and personal competence. 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.

A total of four women are represented on the Supervisory Board, comprising 50% of the Supervisory Board members elected by the Annual General Meeting. Since April 15, 2015, Edith Hlawati and Edeltraud Stiftinger have served as Chairwoman and Deputy Chairwoman respectively of the Supervisory Board of Austrian Post. The age of the Supervisory Board members ranges from 49 to 67. 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 longstanding management experience and competence round out the profile of the Austrian Post Supervisory Board.

In line with the Act on Equality of Women and Men on Supervisory Boards, there is a mandatory obligation on the part of publicly listed stock corporations to ensure that women comprise at least 30% of Supervisory Board members (Section 86 Stock Corporation Act) as at January 1, 2018. The current composition of the Supervisory Board of Austrian Post fully complies with these statutory requirements.

No woman currently serves on the Management Board of Austrian Post. Women have been promoted to management jobs on the first and second reporting levels in numerous business areas and held about 23% of senior management positions at Austrian Post in 2017. On balance, women comprised about 30% of the workforce throughout the Austrian Post Group. The strategic objective is to achieve the best possible diversity at the highest management level and gradually increase the share of women in executive positions.

For this purpose, the programme “Mentoring for Women at Austrian Post” was initiated in 2017. Approximately 25 selected female junior executives (mentees) have an experienced executive from another company at their disposal to serve as their mentor for career and development issues. The focus is on the personal and professional development of the mentees as well as a mutual exchange of experience. Edith Hlawati, Chairwoman of the Supervisory Board, and Edeltraud Stiftinger, Deputy Chairwoman of the Supervisory Board, assumed the patronage of the mentoring programme which was launched on January 1, 2018.

— Measures to promote the career advancement of women

Austrian Post aims to position itself as an attractive employer for women. For this purpose, implemented measures particularly focus on ensuring the compatibility of career and family and creating suitable career opportunities. In 2016, Austrian Post was once again given the “Career and Family Certificate” by the Austrian Federal Ministry of Families and Youth, which is valid until 2019. Austrian Post offers flexible working time models, the inclusion of employees on leave in the internal information network as well as a comprehensive information platform on issues such as maternity leave and child care.

The Austrian Post programme to promote the career advancement of women was revamped in 2017. The underlying objective of the plan is to ensure equal opportunities for women and men in the company on the basis of the Federal Equal Treatment Act (B-GIBG) and to increase the proportion of women in areas in which they are under-represented. One of the measures to achieve the designated target is an annual equality check to help evaluate the implementation of the programme to promote the career advancement of women at Austrian Post and its subsidiaries.

The mail and parcel logistics centre as well as the goods transport operations in Vienna-Inzersdorf invited girls for the tenth time to the Vienna Daughter’s Day in 2017 to help increase the proportion of women working in technical fields in the future. The objective of this event is to give young girls aged 11 to 16 an insight into technical fields of work before they make a career choice or educational decision.

5 — Mode of operation of the Management and Supervisory Boards

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 relevant activities and events 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. Moreover, 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 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 ensuring focused discussions and efficient decision making.

The training programme for the Supervisory Board has become an integral part of the Supervisory Board's work and was continued in 2017. The main focal points of the events were "Austrian Post – logistics solutions", "Banking landscape in Austria and Europe" and "The parcel and logistics market – national and international". The discussions held with internal and external experts are particularly designed to deepen the market knowledge of the Supervisory Board members and intensify an exchange of experiences outside of the meetings.

In accordance with the stipulations of the Austrian Corporate Governance Code (C-Rule 36), the Supervisory Board carried out a self-evaluation of its work on the basis of a questionnaire. The Supervisory Board meeting held on August 8, 2017, dealt with the results of this assessment and the efficiency of its activities, especially its organisation and procedures. An analysis of the results shows that the Supervisory Board maintains high professional standards and operates in accordance with the key principles of good corporate governance.

The **EXECUTIVE COMMITTEE** is responsible for regulating the relationships between the company and the members of the Management Board, pursuant to the by-laws of the Supervisory 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 to the Chairman of the Management Board, discussing strategy and business development with him.

The **NOMINATION COMMITTEE** submits recommendations to the Supervisory Board with respect to filling vacant positions on 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 on filling vacant Supervisory Board positions.

The **REMUNERATION COMMITTEE** deals with the contents of employment contracts with Management Board members, ensures implementation of the remuneration rules contained in the Austrian Corporate Governance Code, and regularly evaluates the policies governing remuneration of Management Board members.

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 Group Management Report as well as 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.

The **PARCEL & LOGISTICS COMMITTEE** supports the Management Board in preparing complex decisions on fundamental strategic issues impacting the Parcel & Logistics Division.

The newly created **FINANCIAL SERVICES COMMITTEE** supports the Management Board in evaluating the strategic options for the realignment of the financial services business of Austrian Post in cooperation with external experts. The committee convened on December 13, 2017, for the first time.

| | Executive Committee | Nomination Committee | Remuneration Committee | Audit Committee | Parcel & Logistics Committee | Financial Services Committee |
|----------------------|---------------------|----------------------|------------------------|-----------------|------------------------------|------------------------------|
| Edith Hlawati | ✓ | ✓ (Chairwoman) | ✓ (Chairwoman) | | | ✓ (Chairwoman) |
| Erich Hampel | | | | | | |
| Peter E. Kruse | | | | | ✓ (Chairman) | ✓ |
| Chris E. Muntwyler | | | | | ✓ | ✓ |
| Markus Pichler | | | | ✓ | | ✓ |
| Elisabeth Stadler | | | | ✓ | | ✓ |
| Edeltraud Stiftinger | | ✓ | ✓ | ✓ (Chairwoman) | | ✓ |
| Herta Stockbauer | | | | ✓ | | |
| Helmut Köstinger | | ✓ | | ✓ | ✓ | ✓ |
| Martin Palensky | | | | | | ✓ |
| Andreas Schieder | | | | | | ✓ |
| Manfred Wiedner | | | | ✓ | | |

Four meetings of the Supervisory Board were held in the course of the 2017 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 2017 are contained in the Report of the Supervisory Board to the Annual General Meeting.

The Audit Committee convened four times. In its meeting covering the financial statements and consolidated financial statements of Austrian Post, in which the auditors also took part, the Audit Committee properly carried out its responsibilities pursuant to Section 92 Para. 4a of the Austrian Stock Corporation Act. Moreover, the Audit Committee intensively dealt with the quarterly (interim) financial statements for the 2017 financial year. The Audit Committee recommended to the Supervisory Board to propose KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2017 financial year to the Annual General Meeting. The Remuneration Committee dealt with the variable remuneration paid to members of the Management Board.

The average attendance of the members at Supervisory Board meetings was about 98%. No member personally attended fewer than half of the sessions.

6 — 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

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 120% of the total annual fixed salary.

The total cash remuneration paid to the active members of the Management Board in 2017 amounted to EUR 4.192m.

| in EUR thousand | Fixed salary (incl. payments in kind) | | Variable salary | | Total remuneration (incl. payments in kind) | |
|-----------------|--|--------------|-----------------|--------------|--|--------------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Georg Pözl | 615 | 615 | 720 | 720 | 1,335 | 1,335 |
| Walter Oblin | 414 | 449 | 458 | 480 | 872 | 929 |
| Walter Hitziger | 454 | 515 | 528 | 528 | 982 | 1,043 |
| Peter Umundum | 406 | 414 | 436 | 470 | 842 | 885 |
| Total | 1,891 | 1,994 | 2,141 | 2,198 | 4,032 | 4,192 |

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 2016 and 2017 for the 2015 and 2016 financial years.

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 (BMSVG). 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 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.

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 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 2014–2016 took place in cash in the 2017 financial year, and ownership of no shares was transferred. For this reason, the Annual General Meeting does not resolve upon the LTIP for the Management Board members.

| | LTIP 2014–2016 Own investment | | Number of shares held up to Dec. 31, 2017 | LTIP 2014–2016 | |
|-----------------|-------------------------------|---|---|---|-------------------------|
| | Required number of shares | Equivalent value in EUR thousand ² | | Equivalent value in EUR thousand ³ | Payment in EUR thousand |
| Georg Pözl | 13,286 | 440 | 27,054 | 1,028 | 1,143 |
| Walter Oblin | 5,979 | 198 | 9,899 | 376 | 535 |
| Walter Hitziger | 7,972 | 264 | 12,100 | 460 | 693 |
| Peter Umundum | 5,979 | 198 | 10,827 | 411 | 535 |

² Basis: average share price in H2 2013

³ Basis: average share price in Q4 2017

— 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 subsidiaries. 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, 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.

— 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. Moreover, they are reimbursed for travel costs which are incurred. The Annual General Meeting held on April 20, 2017, specified the remuneration paid to the Supervisory Board members for the financial year 2016 as follows:

- Chairwoman: EUR 30,000
- Deputy Chairwoman: EUR 25,000
- Other Supervisory Board members: EUR 20,000

- Chairperson of a committee: EUR 14,000
- Deputy chairperson of a committee: EUR 12,000
- Other committee members: EUR 10,000

Committee remuneration is limited to membership on one committee and is thus paid only once even if a Supervisory Board member 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 for the entire year.

The total remuneration paid to the individual Supervisory Board members in the 2017 financial year is as follows:

Supervisory Board remuneration in 2017 in EUR

| Name | Remuneration granted for 2016 and paid in 2017 | Attendance fees 2017 |
|---|--|----------------------|
| SHAREHOLDER REPRESENTATIVES | | |
| Edith Hlawati, Chairwoman | 44,000 | 6,600 |
| Edeltraud Stiftinger, Deputy Chairwoman | 39,000 | 9,000 |
| Erich Hampel | 20,000 | 2,400 |
| Peter E. Kruse | 34,000 | 16,000 |
| Chris E. Muntwyler | 30,000 | 12,800 |
| Markus Pichler | 30,000 | 5,400 |
| Elisabeth Stadler | 30,000 | 4,800 |
| Herta Stockbauer | 32,000 | 4,800 |
| EMPLOYEE REPRESENTATIVES | | |
| Helmut Köstinger | | 8,400 |
| Martin Palensky | | 3,000 |
| Andreas Schieder | | 3,000 |
| Manfred Wiedner | | 4,800 |

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. 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 Article 19 Market Abuse Regulation (European Regulation (EU) No. 596/2014), purchases or sales of shares by Management Board and Supervisory Board members must be published within three working days after the day on which the transaction was concluded and are available for download at www.post.at/ir.

Vienna, February 27, 2018

The Management Board



Georg Pölzl

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