
Corporate Governance

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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 (ACGC) 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.

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 2018 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 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. The next external evaluation is scheduled to be carried out for the 2019 financial year.

 post.at/ir
corporate-governance.at

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 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.

Compliance comprises the third 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 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 and capital market compliance. The department also supports the company on other issues such as antitrust compliance

and business partner compliance. The new directive on the issue of business compliance was issued in 2018, and comprehensive training, information and communications activities were continued. The focus was on the improvement and professionalisation of the compliance management system. The top priority in the company's compliance work in 2018 was the certification of the compliance management system in line with the standards ISO 37001 and 19600 by external auditors. The ongoing efforts in compliance management were ultimately confirmed and

rewarded with the issuing of the ISO certificate in October 2018.

2. Composition of the Management Board

As at December 31, 2018, the Management Board of Austrian Post consisted of the following members:

Name (year of birth)	Position	First appointed	Current term of office expires
Georg Pözl (1957)	Chairman of the Management Board	Oct. 1, 2009	Sept. 30, 2024 ¹
Walter Oblin (1969)	Deputy Chairman of the Management Board ²	July 1, 2012	June 30, 2020
Peter Umundum (1964)	Member of the Management Board	April 1, 2011	March 31, 2021 ¹
Walter Hitziger (1960)	Member of the Management Board	May 1, 2004	Resigned effective Dec. 31, 2018

¹ Taking account of the extension option

² since January 1, 2019

Areas of Responsibility



Georg Pözl

- Strategy and Group Development
- Corporate Communications
- Investor Relations, Group Auditing & Compliance
- Innovation and Digitalisation
- End Customer Initiatives and Customer Service
- Human Resources Management
- Branch Network
- E-Commerce GmbH



Walter Oblin

- Mail & Direct Mail Division incl. strategic investments in Austria and Germany
- Group Controlling
- Group Accounting
- Group Treasury
- Group Information Technology
- Group Procurement and Vehicle Fleet
- Legal
- Corporate Real Estate



Peter Umundum

- Parcel & Logistics Division incl. strategic investments in Austria, Czech Republic, Croatia, Hungary, Slovakia, Serbia, Bosnia and Herzegovina, Montenegro, Bulgaria and Turkey
- Logistics Network Mail, Direct Mail and Parcel
- Logistics Services
- Process Optimisation in Logistics
- International Business Development

Changes were made to the Management Board of Austrian Post as at January 1, 2019. Walter Hitziger, Member of the Management Board with responsibility for the Mail & Branch Network Division resigned from his position effective December 31, 2018. An extraordinary meeting of the Supervisory Board held on December 17, 2018, resolved to downsize the Management Board and reassign responsibilities in a three-member board.

Georg Pözl was already reappointed to the position of Chairman of the Management Board of Austrian Post at the Supervisory Board meeting of November 14, 2018, in accordance with the regulations contained in the

Public Appointments Act. The current term of office of Georg Pözl will last until September 30, 2019, and will be extended thereafter for a period of three years with a subsequent extension option for a further two years. At the same time, Walter Oblin was appointed by the Supervisory Board to serve as Deputy Chairman of the Management Board effective January 1, 2019.

Information on the individual Management Board members including their professional careers is presented below. The members of the Management Board do not hold any management or supervisory positions in Austrian Post's main subsidiaries.

Professional Careers

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 his initial appointment to the position of Chairman of the Management Board of Austrian Post in 2009. The Supervisory Board reappointed Georg Pölzl to serve as Chairman of the Management Board in its meeting held on November 14, 2018. His current term of office, taking account of the extension option, expires on September 30, 2024.

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 in 2012. The Supervisory Board re-appointed Walter Oblin to serve as Deputy Chairman of the Management Board in its meeting held on November 14, 2018. His current term of office expires on June 30, 2020.

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 until being appointed to the Management Board in 2011. His current term of office, taking account of the extension option, expires on March 31, 2021.

3. Composition of the Supervisory Board

As at December 31, 2018, 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.

The following changes took place in the Supervisory Board during the 2018 financial year. Erich Hampel, Markus Pichler and Elisabeth Stadler left the Supervisory Board effective at the end of the Annual General Meeting on April 19, 2018. Huberta Gheneff, Jochen Danninger and Stefan Szyszkowitz were elected to the Supervisory Board of Austrian Post for the first time. At the same time, Edith Hlawati, Peter E. Kruse and Chris E. Muntwyler were re-elected to serve on the Supervisory Board.

The terms of office of the shareholder representatives elected by the Annual General Meeting 2018 will expire at the end of the Annual General Meeting resolving upon the discharge of the Supervisory Board members for the 2022 financial year. The terms of office of the members Edeltraud Stiftinger and Herta Stockbauer, who have served on the Supervisory Board since 2015, will expire at the end of the Annual General Meeting resolving upon the discharge of the Supervisory Board members for the 2019 financial year.

At the constituent meeting of the new Supervisory Board which took place on April 19, 2018, Edith Hlawati was re-elected to serve as its Chairwoman.

The constituent meeting of the new Central Works Council of Austrian Post on October 30, 2018, elected Maria Klima to serve as the successor to Andreas Schieder on the Supervisory Board pursuant to Section 110 Labour Constitution Act (ArbVG).

Name (year of birth)	Nationality	Main job	First appointed	Current term of office expires	Mandates in publicly listed companies (as at Dec. 31, 2018)
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SHAREHOLDER REPRESENTATIVES

 Edith Hlawati (1957) Chairwoman	Austrian	Lawyer	April 26, 2007	Annual General Meeting 2023	Telekom Austria AG
 Edeltraud Stiftinger (1966) Deputy Chairwoman	Austrian	Managing Director Austria Wirtschafts- service GmbH	April 15, 2015	Annual General Meeting 2020	
 Jochen Danning (1975)	Austrian	Managing Director ecoplus. Niederöster- reichs Wirtschafts- agentur GmbH	April 19, 2018	Annual General Meeting 2023	
 Huberta Gheneff (1964)	Austrian	Lawyer	April 19, 2018	Annual General Meeting 2023	
 Peter E. Kruse (1950)	Swiss	Management consultant	April 24, 2014	Annual General Meeting 2023	
 Chris E. Muntwyler (1952)	Swiss	CEO of Conlogic AG (Switzerland)	April 22, 2010	Annual General Meeting 2023	National Express Group PLC (UK)
 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
 Stefan Szyszkowitz (1964)	Austrian	Spokesman of the Executive Board, EVN AG	April 19, 2018	Annual General Meeting 2023	Burgenland Holding AG, Verbund AG

EMPLOYEE REPRESENTATIVES

 Maria Klima (1980)	Austrian	Central Works Council	April 14, 2005		
 Helmut Köstinger (1957)	Austrian	Central Works Council (Chairman)	Feb. 22, 2002		
 Martin Palensky (1963)	Austrian	Central Works Council (Deputy Chairman)	Oct. 30, 2018		
 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 in compliance with Appendix 1 of the January 2018 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 regard to gender and age are self-evident for Austrian Post as well as Group subsidiaries.

Positions on the corporate bodies of Management Board and Supervisory Board should be filled with individuals who provide the relevant qualifications and personal competence promoting and safeguarding the management and supervision of a publicly-listed logistics and postal services provider. 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 five women are represented on the Supervisory Board, comprising a share of about 42%. This completely fulfils the statutory gender quota of 30% which took effect on January 1, 2018, and which applies separately for shareholder and employee representatives.

The Supervisory Board members show a balanced age structure ranging from 39 to 68. 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.

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 25% of senior management positions at Austrian Post in 2018. On balance, women comprised 32% of the workforce throughout the Austrian Post Group. 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 gradually increase the proportion of women in executive positions.

In 2018, Austrian Post developed the flagship project "Gender Balance", a strategy designed to gradually achieve a balance between women and men on all levels. The cornerstones of the strategy are target agreements with the top management, the gradual embedding of effective measures and the establishment of a gender balance team to implement measures and support the change process.

Austrian Post was the first purely Austrian company to apply the Women Career Index within the context of its

strategy development. The index, which was developed and firmly entrenched in Germany, measures the openness of the company for women climbing the career ladder and opportunities in executive positions. Austrian Post will now subject itself to an annual assessment by the Women Career Index in order to continue reliably measuring the progress and potential of the company's commitment to gender balance.

Different target parameters were defined for the worlds of work in determining the corporate gender balance objectives applying for the years 2019 to 2023. These parameters will be evaluated each year and then defined for the next five-year period on a rolling basis. To take an example, the target parameters¹ for 2023 specify a 41% share of "women overall" and a share of 39% for "women in executive positions".

The programme "Mentoring for Women at Austrian Post" under the patronage of Edith Hlawati, Chairwoman of the Supervisory Board, and Edeltraud Stiftinger, Deputy Chairwoman of the Supervisory Board, was initiated in 2018 as a specific measure to promote the career advancement of women. 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. Various events were held to offer mentees the possibility to promote their own personal and professional development and to ensure a mutual exchange of experiences.

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. The Austrian Post programme to promote the career advancement of women was 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).

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.

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.

Eight meetings of the Supervisory Board were held in the 2018 financial year. The focus of the ordinary meetings of the Supervisory Board was on monitoring the ongoing business development of Austrian Post and its subsidiaries as well as various transactions requiring Supervisory Board approval. Ongoing strategic development projects were intensively discussed in detail at all sessions. The

¹ Target parameters calculated in relation to the number of employees

priorities of the work carried out by the Supervisory Board in 2018 are summarised in the Report of the Supervisory Board to the Annual General Meeting.

The average attendance of the members at Supervisory Board meetings was about 89%. No member personally attended fewer than half of the sessions.

The training programme for the Supervisory Board has become an integral part of the Supervisory Board's work and was continued in 2018. The main focal points of the events were "Trends in the banking sector", "Current developments on the postal and logistics market", "Turkey – economic development forecasts", "Gender balance" and "Employee protection". 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 in the 2018 financial year on the basis of a questionnaire. The evaluated results were extensively discussed, and they will be integrated into the future work of the Supervisory Board.

Both the Management Board and the Supervisory Board are required to disclose any potential conflicts of interest. Members of the Supervisory Board are required to immediately report any potential conflicts of interest 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 Management Board member, this member is not permitted to take part in the relevant decision making.

Committees

	Executive Committee	Nomination Committee	Remuneration Committee	Audit Committee	Parcel & Logistics Committee
Edith Hlawati	☑	☑ (Chairwoman)	☑ (Chairwoman)		
Jochen Danninger			☑		
Huberta Gheneff				☑	
Peter E. Kruse					☑ (Chairman)
Chris E. Muntwyler					☑
Edeltraud Stiftinger	☑	☑	☑	☑ (Chairwoman)	
Herta Stockbauer				☑	
Stefan Szyszkowitz				☑	
Maria Klima					
Helmut Köstinger		☑		☑	☑
Martin Palensky					
Manfred Wiedner				☑	

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 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. In the 2018 financial year, one session of the Nomination Committee dealt with filling the position of the Chairman of the Management Board.

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.

Eleven meetings of the Remuneration Committee were held in 2018. The focal points were the remuneration for the 2017 financial year as well as target agreements for 2018 and the Long-term Incentive Programme 2018–2020. The Remuneration Committee also carried out an overall

analysis of the amount and structure of Management Board remuneration at Austrian Post. More information can be found in the Remuneration Report.

The Remuneration Committee also prepared changes in the composition of the Management Board and the agreement to terminate the Management Board employment contract with Walter Hitziger.

The **Audit Committee** performs the tasks assigned to it pursuant to Section 92 Para. 4a Austrian Stock Corporation Act as well as Rule 40 of the Austrian Corporate Governance Code. The Audit Committee includes a financial expert as required by the law and the code.

The Audit Committee held four meetings in the 2018 financial year. In addition to reviewing and preparing approval of the annual financial statements and consolidated annual financial statements for 2017, 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. In 2018 the committee mainly focused on the development of parcel logistics in Austria and planned capacity expansion measures. It also dealt with the company's stake in the Turkish parcel services provider Aras Kargo.

The **Financial Services Committee** set up in the previous financial year was dissolved at the constituent meeting of the new Supervisory Board on April 19, 2018. The focus of this temporary committee was on the realignment of financial services. However, this issue is now dealt with by the entire Supervisory Board due to its complexity and high strategic importance to the company.

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.

Structure of Management Board Remuneration

The remuneration system for the Management Board is oriented to the corporate strategy and aims to ensure a success-oriented and sustainable business management. Four pillars comprise the core aspects of the corporate strategy and are completely integrated into the variable remuneration paid to the Management Board members:

1. Defending market leadership in the core business
2. Profitable growth in selected markets
3. Enhancing efficiency and flexibilisation of the cost structure
4. Customer orientation and innovation

The remuneration system for the Management Board is based on the fundamental idea of taking a three-tiered approach consisting of fixed and variable salary components as well as a Long-term Incentive Programme. The Remuneration Committee is responsible for specifying the structure and features of the 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 targets agreed upon with the Management Board members are consistent with the Group strategy and comprised 65% financial aspects and 35% non-financial aspects. The financial objectives include the selected revenue and earnings indicators of the Group and of the mail and parcel businesses based on the specified annual planning. Non-financial targets include indicators relating to customer orientation (delivery quality), environment and employees. Individual targets are assigned to the four strategic areas. The targets in 2018 were clustered as follows: 60% relates to defending market leadership in the core business and enhancing efficiency, 25% relates to growth and 15% to customer orientation and innovation. The Remuneration Committee evaluates attainment of the agreed objectives. A ceiling of 120% of the annual fixed salary was set for the variable salary component.

The total cash remuneration paid to the active members of the Management Board in 2018 amounted to EUR 4,351m.

Name of the Management Board member	Fixed salary (incl. payments in kind) in EUR thousand		Variable salary in EUR thousand		Total remuneration (incl. payments in kind) in EUR thousand	
	2017	2018	2017	2018	2017	2018
Georg Pözl	615	615	720	720	1,335	1,335
Walter Oblin	449	485	480	522	929	1,007
Peter Umundum	414	414	470	480	885	894
Walter Hitziger resigned effective Dec. 31, 2018	515	515	528	600	1,043	1,115
Total	1,994	2,029	2,198	2,322	4,192	4,351

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 2017 and 2018 for the 2016 and 2017 financial years.

The Long-term Incentive Programme (LTIP) launched in 2010 for the Management Board represents a long-term remuneration instrument based on share-based success components. 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 of the LTIP for the years 2015–2017 took place in cash in the 2018 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.

Name of the Management Board member	LTIP 2015–2017 Own investment		LTIP 2015–2017		
	Required number of shares	Equivalent value in EUR thousand ¹	Number of shares held up to Dec. 31, 2018	Equivalent value in EUR thousand ²	Payment in EUR thousand
Georg Pözl	13,140	480	27,054	908	1,215
Walter Oblin	5,963	218	9,899	332	572
Peter Umundum	5,963	218	10,827	363	572
Walter Hitziger resigned effective Dec. 31, 2018	7,227	264	12,100	406	693

¹ Basis: average share price in 2014

² Basis: average share price in Q4 2018

Entitlements Relating to Termination of Employment

Walter Hitziger resigned from his position as a member of the Management Board effective December 31, 2018. His employment contract remains valid until December 31, 2019, and expires at the end of this day due to the expiry of his term of employment. Mr. Hitziger will be compensated for his entitled remuneration as stipulated in his employment contract with respect to his fixed salary for 2019, variable remuneration for 2018 and the Long-term Incentive Programme for 2016, 2017 and 2018. The entitlements relating to his annual salary, the entitlement to the variable salary component which will first be determined and claims relating to the LTIP will have to be paid in 2019 for the most part. The settlement of all other entitlements from the employment contract involved a one-off compensation payment of EUR 100,000.

Introduction of Earnings Ceilings

In the past financial year, the Remuneration Committee intensively focused on the amount and structure of Management Board remuneration. The appropriateness of the remuneration was reviewed, taking account of the scope of responsibility of each Management Board member, his personal accomplishments, the economic situation of the company as well as the remuneration structure in a comparable market environment.

The three cornerstones of the remuneration system (fixed, short-term variable and long-term variable) will remain fundamentally unchanged. However, the Remuneration Committee agreed upon a new remuneration scheme for the future remuneration of Management Board members, which will be applied in case of new appointments to the Management Board. Ranges and upper limits for the maximum total remuneration were defined depending on the respective position on the Management Board and the duration of the member's term of office.

A transitional model was developed for the Management Board members based on this new remuneration scheme without interfering with existing contracts. It defines specific adjustments to fixed and variable salary components in the case of possible contract extensions to more closely reflect the new system. Moreover, the Remuneration Committee set earnings ceilings for the Management Board members for the 2018 financial year within the context of approving the LTIP 2018–2020.

The ceiling for the maximum Management Board remuneration consisting of fixed and variable salary components and the LTIP was set at EUR 2,535 thousand for Georg Pözl, EUR 1,566 thousand for Walter Oblin and EUR 1,334 thousand for Peter Umundum.

The Remuneration Committee concluded that the individual components and maximum total of the remuneration paid to the Management Board members are in line with current market practices and are thus to be considered as appropriate.

Other Remuneration Components and Agreements

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.

Pension Fund Contributions

EUR

Georg Pözl	61,500
Walter Oblin	48,175
Peter Umundum	41,000
Walter Hitziger resigned effective Dec. 31, 2018	51,250

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.

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

Remuneration of the Supervisory Board for the previous financial year is determined annually by the Annual General Meeting. Moreover, Supervisory Board members are reimbursed for travel costs which are incurred. The Annual General Meeting held on April 19, 2018, specified the remuneration paid to the Supervisory Board members for the 2017 financial year 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 2018 financial year is as follows:

Supervisory Board Remuneration 2018 in EUR

Name	Remuneration granted for 2017 and paid in 2018	Attendance fees 2018
SHAREHOLDER REPRESENTATIVES		
Edith Hlawati, Chairwoman	44,000	12,000
Edeltraud Stiftinger, Deputy Chairwoman	39,000	13,800
Jochen Danninger (since April 19, 2018)		9,600
Huberta Gheneff (since April 19, 2018)		5,400
Erich Hampel (retired as at April 19, 2018)	20,000	600
Peter E. Kruse	34,000	19,200
Chris E. Muntwyler	30,000	16,600
Markus Pichler (retired as at April 19, 2018)	30,000	1,800
Elisabeth Stadler (retired as at April 19, 2018)	30,000	1,800
Herta Stockbauer	32,000	6,000
Stefan Szyszkowitz (since April 19, 2018)		5,400
EMPLOYEE REPRESENTATIVES		
Maria Klima (since Oct. 30, 2018)		1,200
Helmut Köstinger		10,200
Martin Palensky		4,800
Andreas Schieder (retired as at Oct. 30, 2018)		4,200
Manfred Wiedner		6,000

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 online.

 post.at/ir/corporate-governance.at

Vienna, February 22, 2019

The Management Board



GEORG PÖLZL
Chairman of the Management Board
Chief Executive Officer



WALTER OBLIN
Deputy Chairman of the Management Board
Mail & Direct Mail, Finance



PETER UMUNDUM
Member of the Management Board
Parcel & Logistics, Logistics Networks