

CORPORATE GOVERNANCE REPORT 2015 OF AUSTRIAN POST PURSUANT TO SECTION 243 AUSTRIAN COMMERCIAL CODE

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

1 CORPORATE GOVERNANCE CODE

Austrian Post is unreservedly committed to complying with the current and valid version of the Austrian Corporate Governance Code. It contains a series of rules designed to ensure the responsible business management and control of a company oriented to the sustainable and long-term creation of value as well as a high level of transparency for the benefit of all stakeholders.

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.

The code provides a framework for the management and supervision of a company. The main underlying principles in the code such as equal treatment of all shareholders, transparency, independence of the Supervisory Board, open communication between the Supervisory and Management Boards, avoiding conflicts of interest among corporate bodies and an efficient monitoring and oversight by the Supervisory Board and auditors are all designed to strengthen confidence on the part of investors in the company and Austria as a financial hub. The Austrian Corporate Governance Code, which goes beyond legal requirements, is based on the principle of voluntary compliance. Austrian Post fulfilled all rules and recommendations contained in the Austrian Corporate Governance Code during the 2015 financial year.

In accordance with Rule 62 of the Austrian Corporate Governance Code, Austrian Post regularly submits to an external evaluation of its compliance with the code and the accuracy of its related public reporting. The appraisal carried out for the 2015 financial year by the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, did not discover 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 2017 financial year.

Group auditing, risk management and compliance

The Internal Audit department at Austrian Post performs all important controlling and monitoring functions in the Group as part of an integrated overall system. This department 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. 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.

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

The focal points of Austrian Post's compliance management activities in 2015 were once again "anti-corruption" and "capital market compliance". Accordingly, a revised version of the guidelines on the acceptance and granting of gifts, invitations and other advantages was adopted and rolled out throughout the Group. The compliance team carried out extensive training measures (classroom training and a new e-learning programme) on these guidelines in 2015. In addition, a new compliance awareness campaign was launched. Guidelines on donations and sponsoring were also adopted, and in-depth information was provided to the affected employees. The training programme on capital market compliance was expanded once again. Classroom

training for employees in sensitive areas and members of project groups was implemented in addition to the e-learning tool for all members of confidentiality areas and regular infomails on relevant, topical issues and capital market law. Austrian Post pressed ahead with the ongoing integration of the compliance organisation in its subsidiaries, especially those in South East and Eastern Europe. Here emphasis was also placed on the issues of “anti-corruption” and “capital market compliance”. In order to achieve this integration objective, the “International Compliance Day” was held for the third time in 2015, this time at Austrian Post headquarters. Compliance officers from Austria and from Austrian Post’s international subsidiaries as well as top management representatives took part in the event. The focal points were the issues of criminal law on corruption, changes in the Austrian Stock Exchange Act, shared corporate values and compliance communications. At the end of 2015 the decision was made to establish “antitrust compliance” as an additional priority in the CMS of Austrian Post. The company plans to introduce a manual on antitrust compliance and develop a related training concept in 2016.

In accordance with legal regulations and the Austrian Corporate Governance Code (C-Rule 18a), the Management Board informed the Supervisory Board during the year under review about the precautions being taken to combat potential cases of corruption in the company.

Annual audit

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed by the Annual General Meeting held on April 15, 2015, to serve as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2015 financial year in accordance with the recommendation submitted by the Supervisory Board. The audit fee invoiced by Deloitte Audit Wirtschaftsprüfungs GmbH in the course of the 2015 financial year for auditing the annual financial statements and consolidated annual financial statements of Austrian Post amounted to EUR 80,000 (excl. VAT). A total of EUR 142,800 (excl. VAT) was invoiced for carrying out the audits for Austrian Post subsidiaries. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft received a remuneration of EUR 40,590 (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 considerable 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 and quarterly reports, ad-hoc announcements, publication of directors’ dealings), Austrian Post regularly reports about ongoing developments at the company by means of press releases as well as analyst, press and shareholder conferences. All reports and releases as well as key presentations held at these conferences are available at www.post.at/ir. Austrian Post published five ad-hoc announcements in 2015, which, along with the shareholder structure, can be accessed online at www.post.at/ir.

Measures to promote the career advancement of women

Austrian Post aims to continually increase the share of women holding management positions, in order to ensure that they equally share responsibility and decision-making authority in the company. 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 und Edeltraud Stiftinger have served as Chairwoman and Deputy Chairwoman of the Supervisory Board of Austrian Post.

Equal opportunity at work and equal treatment of employees without distinction based on gender are a matter of course at Austrian Post. Particular attention is paid to pursuing a strict equal opportunity policy in the recruiting process. Women have been promoted to management jobs in numerous business areas, and held about 25% of senior management positions at Austrian Post in 2015. On balance, women comprise roughly 29% of the company’s workforce.

As an employer, Austrian Post attaches great importance to ensuring the compatibility of career and family. In November 2013, Austrian Post was given the basic “Career and Family Certificate” valid until 2016 by the Austrian Federal Ministry of Families and Youth. In addition to the existing offering and measures (flexible working time models, company kindergarten at corporate headquarters, inclusion of employees on leave in the internal information network), a comprehensive information platform on issues such as maternity leave and child care has been available on the Austrian Post Intranet since 2015.

A second impulse event on the topic of “Leadership beyond Limits” took place in May 2015. All participants from the two women’s programmes (2012 and 2013) were invited to take part. The focus of this event was “Culture.Change.Europe.” Numerous mentors from the two “Business Cross Mentoring” programmes as well as Evrim Aras (CEO Aras Kargo) took part in the podium discussion.

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.

Name (year of birth)	Position	First appointed	Current term of office ends	Additional functions (as at Dec. 31, 2015)
 Georg Pölzl (1957)	Chairman of the Management Board, Chief Executive Officer	Oct. 1, 2009	Sept. 30, 2019 ¹	–
 Walter Oblin (1969)	Member of the Management Board	July 1, 2012	June 30, 2020 ¹	Supervisory Board member of BAWAG Holding GmbH and BAWAG P.S.K.
 Walter Hitziger (1960)	Member of the Management Board	May 1, 2004	Dec. 31, 2016	Supervisory Board member of BAWAG P.S.K. Versicherung AG
 Peter Umundum (1964)	Member of the Management Board	April 1, 2011	March 31, 2016 ¹	–

¹ Taking account of the extension option

Professional career and areas of responsibility

Georg Pölzl

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

In his capacity as Chief Executive Officer, Georg Pölzl is responsible for Strategy and Group Development, Corporate Communications, Investor Relations, Group Auditing and Compliance. His responsibilities also include Online & E-Commerce Innovation Management, Human Resources Management as well as End Customer Initiatives and End Customer Service. In October 2014, Georg Pölzl was named Professor for Strategic Company Manage-

ment at the School of Business, Economics and Social Science at the University of Graz.

Walter Oblin

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

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

Walter Hitziger

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

Walter Hitziger is Director of the Mail & Branch Network Division and thus has management responsibility for six business areas of the Group – from the acceptance, sorting and delivery of letter mail and direct mail items to the branch network, value added mail services and online services. On an international level, Walter Hitziger is responsible for the mail activities of Austrian Post in the countries of South East and Eastern Europe, as well as for Austrian Post International Deutschland GmbH based in Bonn, Germany.

3 COMPOSITION OF THE SUPERVISORY BOARD

As at December 31, 2015, the Supervisory Board consists 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. Elections were held at the Annual General Meeting of April 15, 2015 for all shareholder representatives to the Supervisory Board.

The following changes in the Supervisory Board took place in the course of 2015. Rudolf Kemler and Günter Leonhartsberger retired from their positions on the Supervisory Board as at the end of the Annual General Meeting held on April 15, 2015. Edeltraud Stiftinger and Herta Stockbauer were elected to the Supervisory

Peter Umundum

Following degree studies in computer science at the Graz University of Technology, Peter Umundum commenced his professional career in 1988 at Steirerbrau AG, where he assumed managerial responsibility for the Organisation and Computing Department. In 1994, he moved to Styria Medien AG as the head of IT and just two years later was appointed as the CEO of the subsidiary Media Consult Austria GmbH. In 1999, he acted as one of the founders and CEO of redmail. In 2001, Peter Umundum became managing director of the daily newspaper “Die Presse” and three years later he joined the executive management of the daily newspaper “Kleine Zeitung”. In 2005, he accepted a position at Austrian Post, where he served as a managing director of the Mail Division with responsibility for production and logistics as well as domestic and international subsidiaries. In its meeting held on May 6, 2015, the Supervisory Board reappointed Peter Umundum to serve on the Management Board of Austrian Post. His current term of office expires on March 31, 2021, taking account of the extension option.

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

Board for the first time. Their terms of office end at the Annual General Meeting which will discharge the Management and Supervisory Boards for the 2019 financial year. The shareholder representatives Erich Hampel, Edith Hlawati, Peter E. Kruse, Chris E. Muntwyler, Markus Pichler and Elisabeth Stadler were re-elected to the Supervisory Board. Their terms of office end at the Annual General Meeting which will discharge the Management and Supervisory Boards for the 2017 financial year.

In the constituent meeting of the Supervisory Board held on April 15, 2015, Edith Hlawati was elected to serve as the Chairwoman of the Supervisory Board of Austrian Post, and Edeltraud Stiftinger as its Deputy Chairwoman.

Name (year of birth)	Nation- ality	First appointed	Main job	Mandates in publicly listed companies (as at Dec. 31, 2015)	Key positions held and focus of work
Shareholder representatives					
 Edith Hlawati (1957) Chairwoman	Austrian	April 26, 2007	Lawyer		Partner of the law firm Cerha Hempel Spiegelfeld Hlawati, Head of Banking & Corporate Finance; focus of work: stock corporation law, capital markets, banking and stock market law, mergers & acquisitions, takeover law and financing
 Edeltraud Stiftinger (1966) Deputy Chairwoman	Austrian	April 15, 2015	Managing Director Austria Wirtschafts- service GmbH		Head of Research and Development for Central Eastern Europe at Siemens AG; Managing Director ZIT Center for Innovation and Technology; economic and technology policy advisor to the Vienna City Councillor for Finance and Economic Affairs
 Erich Hampel (1951)	Austrian	April 22, 2010	Management consultant	Zagrebačka banka d.d. (Croatia)	Chairman of the Management Board and Chief Executive Officer at Bank Austria Creditanstalt AG, also Head of the CEE Division at UniCredit, Chairman of the Management Board and Chief Executive Officer at Creditanstalt AG, Governor of Österreichische Postsparkasse
 Peter E. Kruse (1950)	Swiss	April 24, 2014	Management consultant		Member of the Management Board of Deutsche Post World Net, responsible for DHL Express Europe, Deputy Chairman of the Management Board at Kühne & Nagel International AG (Switzerland)
 Chris E. Muntwyler (1952)	Swiss	April 22, 2010	CEO of Conlogix AG (Switzerland)	Panalpina World Transport AG (Switzer- land), National Express Group PLC (UK)	Management consulting in the fields of strategy development, change management, business management and process orientation. CEO of DHL Express (UK) Ltd., London and CEO of DHL Express Central Europe, Managing Director of DHL Worldwide Express GmbH (Switzerland and Germany) as well as Managing Director of Deutsche Post Express (Germany)
 Markus Pichler (1968)	Austrian	April 28, 2011	Head of Non- Energy Drink Beverages at Red Bull GmbH		Member of the Board of Directors with responsibility for Marketing & Communications at McDonald's Germany, Executive Vice President of Red Bull North America, Managing Director of Unibail-Rodamco Austria Management GmbH
 Elisabeth Stadler (1961)	Austrian	April 28, 2011	Chairwoman of the Managing Board and General Manager, Vienna Insurance Group AG (since Jan. 1, 2016) General Man- ager of DONAU Versicherung AG, Vienna Insurance Group (until March 30, 2016)		Member of the Management Board of Raiffeisen Versicherung AG and FinanzLife Lebensversicherung AG, Member of the Management Board of UNIQA Personenversicherung AG and Call Direct Versicherung AG, Chairwoman of the Executive Board of ERGO Austria International AG
 Herta Stockbauer (1960)	Austrian	April 15, 2015	Chairwoman of the Managing Board, BKS Bank AG	SW Umwelttechnik Stoiser & Wolschner AG, Oberbank AG, Bank für Tirol und Vorarlberg Aktienge- sellschaft	Responsibilities on the Managing Board of BKS Bank: Corporate Banking, Treasury/Own Business, Human Resources, Public Relations, Marketing, Investor Relations, Accounting and Sales Controlling, International Business (Croatia, Slovakia, Slovenia, Hungary)

Name (year of birth)	Nation- ality	First appointed	Main job	Key positions held and focus of work
Employee representatives				
 Helmut Köstinger (1957)	Austrian	April 14, 2005	Central Works Council (Chairman)	Chairman of the Union of Postal and Telecommunications Workers (GPF), Member of the Executive Board of the Austrian Trade Union Federation (ÖGB)
 Martin Palensky (1963)	Austrian	Feb. 22, 2002	Central Works Council (Deputy Chairman)	
 Andreas Schieder (1976)	Austrian	Oct. 19, 2010	Central Works Council	
 Manfred Wiedner (1963)	Austrian	March 3, 1999	Central Works Council	Second Deputy Chairman of the Union of Postal and Telecommunications Workers (GPF)

Diversity

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

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

Independence

In accordance with C-Rule 53 of the Austrian Corporate Governance Code, the Supervisory Board of Austrian Post has defined the following criteria to determine the independence of Supervisory Board members, which are compliant with Appendix 1 of the 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 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 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 within the context of meetings held at least every 14 days. At these meetings decisions are made requiring the approval of the entire Management Board. Moreover, the members of the Management Board continually exchange information 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. 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.

In 2015, the newly constituted Supervisory Board in 2015 resulted in several changes in its mode of operation. For example, a clearer distinction between the Audit Committee and the Supervisory Board was brought about, not least due to the principle of separate management of the two bodies. Moreover, a Parcel & Logistics Committee was set up in addition to the Audit Committee, underlining the strategic importance of current developments in this field.

The further development of the mode of operation of the Supervisory Board is also based on the self-evaluation of the Supervisory Board, which was externally supported by Neumann Leadership Holding GmbH. In accordance with the stipulations of the Austrian Corporate Governance Code (C-Rule 36), the Supervisory Board intensively dealt with the efficiency of its own work at two meetings. On the basis of the recommendations for action, the Supervisory Board moved ahead with intensifying the work of its committees, as mentioned above, and also initiated a training programme for the Supervisory Board where various issues are discussed with internal and external experts. In this connection, a particular focus designed to deepen the market knowledge of the Supervisory Board members were the discussions with experts and tours of facilities operated by the Turkish parcel services provider Aras Kargo in Istanbul. The Supervisory Board gained in-depth insight into operational processes as well as the Turkish business environment.

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.

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 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 committee convened three times during the 2015 financial year, and reported to the Supervisory Board about the division's business results and any recommendations.

	Executive Committee	Nomination Committee	Remuneration Committee	Audit Committee	Parcel & Logistics Committee
Edith Hlawati	✓	✓ (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				✓	

Five meetings of the Supervisory Board were held in the course of the 2015 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 2015 are contained in the Report of the Supervisory Board to the Annual General Meeting.

The Audit Committee convened three times. In its meeting on 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 Austrian Stock Corporation Act. Moreover, the Audit Committee intensively dealt with the quarterly (interim) financial statements for the 2015 financial year. The Audit Committee recommended to the Supervisory Board to propose the election by the Annual General Meeting of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2015 financial year. In the 2015 financial year, the Nomination Committee focused on drawing up a proposal to fill the position of "Member of the Supervisory Board and Director of the Parcel & Logistics Division", as well as preparing the corresponding resolution in the Supervisory Board. Furthermore, in line with the Public Appointments Act, the Nomination Committee prepared the announcement of a vacancy

and invitation for applications to fill the position of “Member of the Management Board and Director of the Mail & Branch Network Division”. In its work leading up to the 2015 Annual General Meeting, the Nomination Committee, expanded to include the Supervisory Board members Elisabeth Stadler, Erich Hampel and Manfred Wiedner, dealt with the proposal for new candidates for election to the Supervisory Board. The Remuneration Committee dealt with the variable remuneration paid to members of the Management Board as well as the contents of the employment contract of Peter Umundum, whose term of office was extended as Member of the Supervisory Board and Director of the Parcel & Logistics Division.

The average attendance of all members at Supervisory Board meetings was about 97%. No member personally attended fewer than half of the sessions. All members of the committees attended all the respective committee meetings.

5 REMUNERATION REPORT

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

MANAGEMENT BOARD REMUNERATION

EUR thousand	Fixed salary (incl. payments in kind)		Variable salary		Total remuneration (incl. payments in kind)	
	2014	2015	2014	2015	2014	2015
Georg Pölzl	576	611	550	675	1,126	1,286
Walter Oblin	350	392	330	406	680	798
Walter Hitziger	451	451	440	528	891	979
Peter Umundum	350	373	330	406	680	779

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 2014 and 2015 for the 2013 and 2014 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. 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

Management Board

The Supervisory Board assigned responsibility for determining the remuneration paid to the members of the Management Board to the Remuneration Committee.

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

The variable remuneration system is linked to a large extent to measurable, short-term performance indicators and also encompasses the achievement of qualitative performance targets. The variable salary component may not surpass the limit of 120% of the total annual fixed salary.

The total cash remuneration paid to the active members of the Management Board in 2015 amounted to EUR 3,842m.

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

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

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

The Long-Term Incentive Programme (LTIP) launched in 2010 for the Management Board takes account of the EU's recommendations on remuneration policies from April 2009, and is based on the performance-based allocation of shares. The underlying objective is to align the interests of company management with those of Austrian Post shareholders to achieve a medium- to long-term increase in in shareholder value. The LTIP is contingent upon each of the Management Board members making their own one-time investment for the duration of three years and a subsequent one-year retention period. The number of shares required

for the Management Board member's own investment is calculated on the basis of a pre-defined percentage of the gross fixed salary, divided by the reference average share price in the fourth quarter of the previous year. At the beginning of the programme, target values were defined for key performance indicators (total shareholder return, free cash flow and earnings per share), whereby each indicator is considered to be equally important. The success in achieving the pre-defined objectives is monitored over a three-year observation period. Payment for the LTIP for the years 2012–2014 took place in the 2015 financial year.

LONG-TERM INCENTIVE PROGRAMME FOR THE YEARS 2012–2014

	LTIP 2012–2014 Own investment			LTIP 2012–2014	
	Required number of shares	Equivalent value in EUR thousand ¹	Number of shares held up to Dec. 31, 2015	Equivalent value in EUR thousand ²	Payment in EUR thousand
Georg Pözl	20,156	440	26,054	865	1,114
Walter Oblin	9,071	198	9,099	302	520
Walter Hitziger	12,094	264	12,100	402	693
Peter Umundum	9,071	198	9,827	326	520

¹ Basis: average share price in Q4 2011

² Basis: average share price Q4 2015

Principles underlying the remuneration of senior management

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

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

Supervisory Board

Remuneration of the Supervisory Board for the previous financial year is determined annually by the Annual General Meeting, which also decides on the fee for attending meetings. At present, the fee totals EUR 300 per session for each Supervisory Board member. Furthermore, travel expenses incurred by the members are covered. The Annual General Meeting held on April 15, 2015, resolved to grant an annual fixed sum totalling EUR 15,000 for the 2014 financial year applying to each of the members of the Supervisory Board, whereas EUR 25,000 was awarded to the

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

The total remuneration granted to the Supervisory Board in the 2015 financial year (including attendance fees) amounted to EUR 163,356 broken down as follows:

SUPERVISORY BOARD REMUNERATION 2015

EUR	Remuneration granted for 2014 and paid in 2015	Attendance fees
Capital representatives		
Edith Hlawati, Chairwoman since April 15, 2015 (Deputy Chairwoman on April 15, 2015)	20,000	2,700
Edeltraud Stiftinger (Deputy Chairwoman since April 15, 2015)		2,700
Rudolf Kemler ¹ (Chairman up until April 15, 2015)	25,000	900
Erich Hampel	15,000	1,800
Peter E. Kruse (since April 24, 2014)	10,356	3,000
Günter Leonhartsberger ¹ (up until April 15, 2015)	15,000	600
Chris E. Muntwyler	15,000	3,000
Markus Pichler	15,000	2,700
Elisabeth Stadler	15,000	3,000
Herta Stockbauer (since April 15, 2015)		2,100
Employee representatives		
Helmut Köstinger		4,200
Martin Palensky		1,800
Andreas Schieder		1,800
Manfred Wiedner		3,000

¹ Supervisory Board remuneration and attendance fees are transferred to ÖBIB.

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 Section 48d Austrian Stock Exchange Act, purchases or sales of shares by Management Board and Supervisory Board members (“directors’ dealings”) must be reported to the Financial Market Authority (FMA) within five working days after the day on which the transaction was concluded, and published on the FMA website. At the end of 2015, a total of 59,080 Austrian Post shares were owned by members of the Management Board and Supervisory Board.

SHAREHOLDINGS

Number of shares	Dec. 31, 2014	Purchase	Sale	Dec. 31, 2015
Management Board				
Georg Pölzl	26,054	0	0	26,054
Walter Oblin	9,099	0	0	9,099
Walter Hitziger	12,100	0	0	12,100
Peter Umundum	9,827	0	0	9,827
Supervisory Board				
Markus Pichler	1,000	1,000		2,000

Vienna, February 23, 2016

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