

CORPORATE GOVERNANCE REPORT

PURSUANT TO SECTION 243B

AUSTRIAN COMMERCIAL CODE

Austrian Post is a publicly listed company headquartered in Austria. Austrian law, the Articles of Association and the 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.

1. CORPORATE GOVERNANCE CODE

Since its Initial Public Offering in 2006, Austrian Post has been committed to complying with the Austrian Corporate Governance Code. The revisions made to the Austrian Corporate Governance Code as a response to the stipulations contained in the Second Stability Act passed in July 2012 must be observed by Austrian Post. Active implementation of the changes in the code is designed to ensure a responsible, sustainable management and supervision of the company oriented to the long-term creation of value, and to ensure a high level of transparency for all stakeholders.

The Austrian Corporate Governance Code is publicly available both on the Austrian Post Website at www.post.at/ir as well as on the Website of the Austrian Working Group for Corporate Governance at www.corporate-governance.at. The July 2012 version of the Austrian Corporate Governance Code, which is of relevance for this Annual Report, contains 83 rules for good corporate governance which are divided into three categories:

- Rules based on mandatory legal requirements (Legal Requirement)
- Rules based on accepted international standards; non-compliance with these rules must be explained and the reasons stated in order to ensure behavior in compliance with the code (Comply or Explain)
- Rules which comprise recommendations; non-compliance requires neither disclosure nor an explanation (Recommendation)

Austrian Post adheres to all “L-Rules“ (Legal Requirement) as well as all “C-Rules“ (Comply or Explain) contained in the Austrian Corporate Governance Code with the exception of the rules specified below:

- **Rule 39** (committee to make decisions in urgent cases): In urgent cases, the Supervisory Board is authorised to make decisions by circulation procedure. Moreover, the by-laws of the Supervisory Board stipulate that meetings may be convened in particularly urgent cases without adhering to the specified period of advance notice.

- **Rule 41** (establishing a Nomination Committee): The duties of the Nomination Committee are assumed by the Presidential Committee, so that an appropriate forum is assured.
- **Rule 43** (establishing a Remuneration Committee): The duties of the Remuneration Committee are assumed by the Executive Committee of the Supervisory Board, so that an appropriate forum is assured.

Internal 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 ensures 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 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 controls and mechanisms.

In the year 2010, Austrian Post launched its compliance management system (CMS), which was successively expanded in the years 2011 and 2012. The aim is to establish a 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 focus of the CMS system is on anti-corruption and capital market compliance. Accordingly, the training concept of Austrian Post was tailored to reflect these two topics, and related trainings were intensified. In this connection, Austrian Post also pressed ahead with the ongoing integration of the compliance organisation of its subsidiaries, especially those in the CEE region. Their work also focused on anti-corruption and capital market compliance. Further trainings also took place within the context

of the “International Compliance Day” held at the Anti-Corruption Academy in Laxenburg. At this event, Austrian Post succeeded in attracting renowned representatives of the Anti-Corruption Academy, the Austrian chapter of Transparency International as well as international companies to lecture there. In addition, the Group-wide implementation of these two priorities within the context of classroom instruction will be supported by the launch of a separate e-learning tool in 2013.

In the light of the changed legal situation arising as a consequence of the Corruption Criminal Code Amendment Act 2012, Austrian Post also revised its internal guideline on the “Acceptance and Granting of Gifts, Invitations and Other Advantages“. The new guideline was adopted before the turn of the year and communicated to employees. In 2013 Austrian Post plans to adapt additional guidelines (e.g. “Donations, Sponsoring and Advertising“ or on lobbying).

Austrian Post developed a separate communications campaign at the end of 2012 to enhance awareness of the importance of compliance. It was rolled out at the beginning of 2013 using specially designed posters and folders, and accompanied by a letter by the Chief Executive Officer addressed to all employees. At the same time, the Compliance Help Desk set up in 2011 should be even more firmly embedded in the minds of the employees on the basis of various communications measures.

In accordance with legal regulation and the Austrian Corporate Governance Code, the Management Board informed the Supervisory Board about the precautions being taken to combat potential cases of corruption in the company.

Annual audit

Deloitte Audit Wirtschaftsprüfungs GmbH was appointed by the Annual General Meeting held on April 17, 2012, to serve as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2012 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 2012 financial year for auditing the annual financial statements and consolidated annual financial statements of Austrian Post amounted to EUR 99,000.00 (excl. VAT). A total of EUR 118,500.00 (excl. VAT) was invoiced for carrying out the audits for Austrian Post subsidiaries. Deloitte Audit Wirtschaftsprüfungs GmbH received a remuneration of EUR 193,907.00 (excl. VAT) for audit-related and other consulting services.

Shareholders

The share capital of Austrian Post is divided into 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 52.8% stake in Austrian Post through the Austrian privatisation and industrial holding company ÖIAG.

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. This is done in compliance with the principle emphasising the fair and equal treatment of all shareholders. All reports and releases as well as key presentations held at these conferences are available at www.post.at. Austrian Post published four ad-hoc announcements in the year 2012, 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. The position of Deputy Chairman of the Supervisory Board is held by a woman, Edith Hlawati. A total of two women are represented on the Supervisory Board, comprising 25% of the Supervisory Board members elected by the Annual General Meeting.

Women comprised about 17% of the positions on the Executive Management Council of Austrian Post. On balance, the share of women in the Austrian Post Group is 29%.

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 able to obtain the qualifications required for assuming management functions in numerous business areas. In the past financial year women were once again appointed to several first and second level management positions.

The company kindergarten set up at the corporate headquarters in Vienna as well as flexible working time models promote the compatibility of family and professional life.

The “Business Cross Mentoring” programme was carried out in 2012 as a means of providing further support to diversity management and equality of opportunity at Austrian Post. In this context an experienced executive from another company will serve as a mentor for career and professional development issues, but will also be available to open up informal networks for young women, the mentees, during a period of ten months. Twelve female employees of Austrian Post participated in this programme. The focus is on the further personal and professional development of the mentees as well as on promoting a mutual exchange of experience. Due to the extremely positive feedback, this successful career development initiative will be continued in the year 2013, but on an enlarged scale to include 32 female employees.

2. MANAGEMENT BOARD

Composition of the Management Board

Due to the integration of the Branch Network Division into the new Mail & Branch Network Division effective January 1, 2012, the Management Board was streamlined from five to four members. The main personnel change on the Management Board took place on July 1, 2012, when Walter Oblin officially assumed the position of Chief Financial Officer. He succeeded Rudolf Jettmar, who retired from the Management Board as at June 30, 2012.

The division of responsibilities of the individual Management Board members is defined in the by-laws adopted by the Supervisory Board and amended most recently in the year 2012.

Georg Pölzl

Chairman of the Management Board and Chief Executive Officer, first appointed October 1, 2009 (current term of office expires September 30, 2014). Born 1957.

Georg Pölzl studied and graduated from Montan University of Natural Resources and Applied Life Sciences Austria. 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 subsequently 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. Georg Pölzl then served as the Spokesman of the Management Board of T-Mobile Germany. Effective October 1, 2009, he assumed responsibility as Chairman of the Management Board and Chief Executive Officer of Austrian Post. His current term of office expires on September 30, 2014.

Additional functions: Third Deputy Chairman of the Supervisory Board of media.at GmbH.

As Chairman of the Management Board and Chief Executive Officer, Georg Pölzl is responsible for Strategy and Group Development, Corporate Communications, Investor Relations & Corporate Governance. His responsibilities also include Online Innovation Management, Internal Auditing, Risk Management & Compliance, Human Resources Management as well as End Customer Initiatives & End Customer Service.

Walter Oblin

Member of the Management Board, first appointed July 1, 2012 (term of office expires on June 30, 2015). Born 1969.

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, 2015.

Additional functions: Supervisory Board member of BAWAG Holding GmbH, Supervisory Board member of BAWAG P.S.K. Bank für Arbeit und Wirtschaft and Österreichische Postsparkasse Aktiengesellschaft.

Since July 1, 2012, Walter Oblin has management responsibility for Finance and Accounting, for 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

Member of the Management Board, first appointed May 1, 2004 (current term of office expires on December 31, 2016). Born 1960.

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 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.

Additional functions: Supervisory Board member of BAWAG P.S.K. Versicherung AG.

Walter Hitziger is Director of the Mail & Branch Network Division and thus has management responsibility for six business areas of the Group – from letter mail and direct mail items, the branch network and distribution to value added services such as online and printing services. On an international level, Walter Hitziger is responsible for the letter mail activities of Austrian Post in the CEE markets as well as direct mail production in Germany (MEILLERHGP).

Peter Umundum

Member of the Management Board, first appointed April 1, 2011 (current term of office expires March 31, 2016). Born 1964.

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 before his appointment to the Management Board effective April 1, 2011. His current term of office expires on March 31, 2016.

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

Rudolf Jettmar

Deputy Chairman of the Management Board until June 30, 2012, first appointed August 1, 1999. Born 1947.

Rudolf Jettmar was first appointed to the position of Chief Financial Officer and Deputy Chairman of the Management Board of Austrian Post in August 1999, and held these positions until June 30, 2012.

Mode of operation of the Management Board

The by-laws for the Management Board stipulate the assignment of responsibilities and cooperation within the Management Board. It also defines 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, makes necessary decisions and adopts the required resolutions within the context of meetings held at least every 14 days. The members of the Management Board continually exchange information 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 45 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 pertaining 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 of the company.

3. SUPERVISORY BOARD

The Supervisory Board consists of twelve members – eight shareholder representatives elected by the Annual General Meeting and four employee representatives elected by the Central Works Council of Austrian Post. The following change in the composition of the Supervisory Board took place in the 2012 financial year: Rudolf Kemler was elected to the Supervisory Board by the Extraordinary General Meeting held on October 11, 2012, following the retirement

of Markus Beyrer, and assumed the position of Chairman of the Supervisory Board effective November 1, 2012. The change in the composition of the Executive Committee of the Supervisory Board also led to changes in the composition of the Supervisory Board committees.

All shareholder representatives will serve on the Supervisory Board until the end of the Annual General Meeting which will discharge the Management and the Supervisory Boards for the 2014 financial year.

COMPOSITION OF THE SUPERVISORY BOARD (STATUS: DECEMBER 31, 2012)

Rudolf Kemler¹

Chairman, born 1956, first appointed November 1, 2012

Main job: Chief Executive Officer, Chairman and Sole Member of the Managing Board of Österreichische Industrieholding AG

Key positions held in his professional career:

Chairman of the Supervisory Board of Telekom Austria AG and OMV AG

Further Supervisory Board positions:

Managing Director of HP Austria, Chairman of the Management Board of T-Systems Austria and Regional Director for Central and Eastern Europe at Deutsche Telekom, Chairman of the Board of the publicly listed company Stage1.cc Technology Business Incubator AG, Senior Vice President and CIO at GE Capital Corporation (USA), top management positions at Siemens Nixdorf

Edith Hlawati

Deputy Chairman, born 1957, first appointed April 26, 2007

Main job: Partner of the law firm Cerha Hempel Spiegelfeld Hlawati (CHSH)

Further Supervisory Board positions:

Telekom Austria AG (Second Deputy Chairman)

Key management positions at CHSH:

Head of Department Banking & Corporate Finance, Member of the Board of Directors, contact person at LEX MUNDI – The World's Leading Association of Independent Law Firms

Main activities:

Privatisations, capital market, banking and stock market law, mergers & acquisitions, takeover law, structured finance

Edgar Ernst

Member, born 1952, first appointed April 22, 2010

Main job: President of the German Financial Reporting Enforcement Panel

Further Supervisory Board or comparable positions:

Gildemeister AG (Germany), Deutsche Postbank AG (Germany), TUI AG (Germany), Wincor Nixdorf AG (Germany)

Key positions held in his professional career:

Member of the Management Board (CFO) of Deutsche Bundespost Postdienst/Deutsche Post DHL AG, Division Head of Planning and Controlling at Deutsche Bundespost Postdienst, Director of Corporate Development of the Quelle Group

Erich Hampel

Member, born 1951, first appointed April 22, 2010

Main job: Management consultant

Further Supervisory Board positions:

B&C Industrieholding GmbH (Chairman), Österreichische Kontrollbank AG (Chairman), UniCredit Bank Austria AG (Chairman), ÖRAG Österreichische Realitäten-AG (Chairman), BWA Beteiligungs- und Verwaltungs-AG (Deputy Chairman), Bausparkasse Wüstenrot AG (Deputy Chairman), Donau Chemie AG (Deputy Chairman), Österreichische Lotterien Gesellschaft m.b.H., Österreichisches Verkehrsbüro AG

Key positions held in his professional career:

Chairman of the Management Board and Chief Executive Officer, Bank Austria Creditanstalt AG, also Head of the CEE Division at UniCredit, Chairman of the Management Board and Chief Executive Officer Creditanstalt AG, Governor of Österreichische Postsparkasse

Günter Leonhartsberger¹

Member, born 1968, first appointed April 22, 2010

Main job: Division head, Corporate Investment Management and Privatisation at Österreichische Industrieholding AG

Further Supervisory Board positions:

APK Pensionskasse AG

Key positions held in his professional career:

Equity fund manager and Director of Corporate Finance/ Mergers & Acquisitions at Kathrein & Co. Privatgeschäftsbank AG, analyst and equity fund manager at Constantia Privatbank AG, at Capital Management of Tiroler Sparkasse GmbH, at GiroCredit und Bank der österreichischen Sparkassen AG

Chris E. Muntwyler

Member, born 1952, first appointed April 22, 2010

Main job: CEO of Conlogic AG (Switzerland)

Further Supervisory Board and comparable positions:

Member of the Board of Directors of Panalpina World Transport AG (Switzerland), Supervisory Board of National Express Group PLC (UK)

Key positions held in his professional career and main activities:

Management consulting in the fields of strategy development, change management, business management and process orientation, CEO of DHL Express (UK) Ltd. London, CEO DHL Express Central Europe, Managing

¹ Represents interests of a shareholder with a stake of more than 10% in Austrian Post (Rule 54 of the Austrian Corporate Governance Code)

Director of DHL Worldwide Express GmbH (Switzerland and Germany) and Managing Director of Deutschen Post Express (Germany)

Markus Pichler

Member, born 1968, first appointed April 28, 2011

Main job: Managing Director of Unibail-Rodamco Austria Management GmbH and Member of the Extended Group Managing Board of Unibail-Rodamco SE

Key positions held in his professional career:

Member of the Board of Directors with responsibility for Marketing & Communications at Mc Donald's Germany, Executive Vice President Red Bull North America

Elisabeth Stadler

Member, born 1961, first appointed April 28, 2011

Main job: Chairman of the Executive Board ERGO Austria International AG

Further Supervisory Board positions:

Bank Austria Creditanstalt Versicherung AG, ERGO Versicherung Aktiengesellschaft, ERGO životno osiguranje d.d. (Life, Croatia), ERGO osiguranje d.d. (Non-Life, Croatia), ERGO Asigurări de Viață SA (Romania), ERGO pojišťovna a.s. (Czech Republic), ERGO Életbiztosító Zrt. (Life, Hungary), VICTORIA-VOLKSBANKEN Biztosító Zrt. (Non-Life, Hungary), ERGO Poist'ovňa a.s. (Slovakia), Victoria Volksbanken Pensionskassen AG, Victoria Volksbanken Vorsorgekasse AG, D.A.S. Österreichische Allgemeine Rechtsschutz-Versicherungs-AG

Key positions held in her professional career:

Member of the Management Board of Raiffeisen Versicherung AG and FinanceLife Lebensversicherung AG, Member of the Management Board of UNIQA Personenversicherung AG and Call Direct Versicherung AG

ELECTED BY THE CENTRAL WORKS COUNCIL, EMPLOYEE REPRESENTATIVES ON THE SUPERVISORY BOARD

Helmut Köstinger

Member, born 1957, first appointed April 14, 2005

Main job: Chairman of the Central Works Council of Austrian Post

Further Supervisory Board positions:

Österreichische Industrieholding Aktiengesellschaft

Martin Palensky

Member, born 1963, first appointed February 22, 2002

Main job: Deputy Chairman of the Central Works Council of Austrian Post

Andreas Schieder

Member, born 1976, first appointed October 19, 2010

Main job: Member of the Central Works Council of Austrian Post

Manfred Wiedner

Member, born 1963, first appointed March 3, 1999

Main job: Member of the Central Works Council of Austrian Post

Further Supervisory Board positions:

Österreichische Beamtenversicherung

SUPERVISORY BOARD MEMBERS WHO VACATED THEIR POSITIONS IN THE 2010/2011 FINANCIAL YEAR (EFFECTIVE DATE):

Markus Beyrer (October 31, 2012)

COMMITTEES OF THE SUPERVISORY BOARD

Executive Committee	Rudolf Kemler (Chairman), Edith Hlawati
Presidential Committee	Rudolf Kemler (Chairman), Edith Hlawati, Helmut Köstinger
Audit Committee	Rudolf Kemler (Chairman), Edgar Ernst, Günter Leonhartsberger, Elisabeth Stadler, Helmut Köstinger, Manfred Wiedner

Diversity

In selecting members of the Supervisory Board, the focus is on choosing people offering the required expertise and experience in management positions. Moreover, the composition of the Supervisory Board also pays attention to ensuring sufficient diversity. In this regard it is important to note that five of the twelve Supervisory Board members are under the age of 50 and two members are not Austrian nationals. The share of women among the Supervisory Board members elected by the Annual General Meeting is 25%.

Independence of the Supervisory Board

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 2012 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, neither for 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, nephew) of a Management Board member or of persons in one of the abovementioned positions.

All eight shareholder representatives have submitted written declarations of their independence in accordance with these criteria. Moreover, the Supervisory Board consists of six representatives who can be considered as independent from the core shareholder of Austrian Post. Accordingly, the majority of the Supervisory Board members do not have any direct relationship to the majority shareholder of the company (C-Rule 54).

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.

Mode of operation of the Supervisory Board

The Supervisory Board has resolved to establish committees consisting of its own members to carry out specific functions.

- The **Executive Committee** is responsible for regulating the relationships between the company and the members of the Management Board, with the exception of the appointment and revocation of a Management Board member, as well as granting options to obtain shares in the company. The Executive Committee also performs the functions of the Remuneration Committee with respect to concluding employment contracts with Management Board members and the policies governing remuneration paid to the members of the Management Board.

- The **Presidential Committee** also serves as the Nomination Committee and deals with issues relating to appointing members of the Management Board.
- 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. Furthermore, the Audit Committee is responsible for preparing the proposal of the Supervisory Board for selection of the auditor of the annual accounts, and monitoring the independence of the auditor.

Six meetings of the Supervisory Board were held in the course of the 2012 financial year. The focus of these sessions was the monitoring of ongoing business development of Austrian Post and its subsidiaries as well as various transactions requiring Supervisory Board approval. In a special session held on March 1, 2012, the Supervisory Board approved the sale of the Austrian Post subsidiaries in Belgium and the Netherlands. Particular attention was made at all Supervisory Board meetings held in 2012 on the reporting of various strategy projects. The priorities of the work carried out by the Supervisory Board in 2012 are contained in the Report of the Supervisory Board to the Annual General Meeting.

The Audit Committee convened four times. In its meeting on the financial statements and consolidated financial statements of Austrian Post for the 2012 financial year, 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 2012 financial year. The Audit Committee recommended to the Supervisory Board to propose the selection of Deloitte Audit Wirtschaftsprüfungs GmbH by the Annual General Meeting as the auditor of the annual financial statements and consolidated annual financial statements of Austrian Post for the 2012 financial year.

The Executive Committee dealt with several circular resolutions on the occasion of the termination of the employment contract with Rudolf Jettmar as well as the variable remuneration paid to the Management Board. In addition, as appropriate, the Executive Committee carried out ongoing consultations with the Chairman of the Management Board.

Average attendance at Supervisory Board meetings was about 87% in the reporting year 2012. All Supervisory Board members were present at two of the six meetings. No member personally attended fewer than half of the sessions. The attendance rate at the meetings held by the Audit Committee was 100%.

An explicit and formal self-evaluation took place during the past financial year in accordance with C-Rule 36 of the Austrian Corporate Governance Code. For this purpose, a

questionnaire was prepared which the Supervisory Board members used to assess the efficiency and organization of the Supervisory Board and the Audit Committee. The evaluated results were extensively discussed by the Supervisory Board and were reflected in the ongoing work carried out by the Supervisory Board. For example, the wish for more strategy discussions was fulfilled. As a consequence, every Supervisory Board meeting included reports about strategic projects and strategic development.

4. 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 Supervisory Board assigned responsibility for determining the remuneration paid to the members of the

Management Board to the Executive Committee, which also serves as 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 100% of the total annual fixed salary.

The total cash remuneration paid to the members of the Management Board in 2012 amounted to TEUR 3,436.

MANAGEMENT BOARD REMUNERATION (INCLUDING PAYMENT IN KIND AND THE EMPLOYER'S SHARE OF SOCIAL SECURITY CONTRIBUTIONS)

TEUR	Fixed salary		Variable salary		Total	
	2011	2012	2011	2012	2011	2012
Georg Pölzl	535	572	500	512	1,035	1,084
Walter Oblin (as of July 1, 2012)	0	177	0	0	0	177
Walter Hitziger	351	462	330	330	681	792
Peter Umundum	262	352	0	247	262	599

Retired as at June 30, 2012:

Rudolf Jettmar	394	209	350	575 ¹	744	784
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¹ Includes the variable salary components for 2011 and 2012

The remuneration of the variable salary components is paid in the following year. The reported fixed salary components include payments in kind and the employer's share of social security contributions.

The Long-Term Incentive-Program (LTIP) launched in 2010 for the Management Board takes account of the EU recommendation 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-term 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 achievement of objectives is monitored over a period of three years, therefore in the 2012 financial year no payment was carried out.

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 one year's annual salary, in those cases based on the provisions contained in either the Austrian Salaried Employees Act or 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 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

Principles underlying the remuneration for 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 (LTIP) 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. 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. Furthermore, travel expenses incurred by the members are covered. The Annual General Meeting held on April 17, 2012, resolved to grant an annual fixed sum totalling EUR 15,000 for the 2012 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 Chairman. 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 2012 financial year (including attendance fees) amounted to EUR 142,868, broken down as follows:

SUPERVISORY BOARD REMUNERATION (INCL. ATTENDANCE FEES) IN EUR


Rudolf Kemler, Chairman as of November 1, 2012	600
Markus Beyrer, Chairman until October 31, 2012	19,386
Edith Hlawati, Deputy Chairman	21,800
Edgar Ernst	17,700
Erich Hampel	16,500
Günter Leonhartsberger	18,000
Chris E. Muntwyler	15,900
Markus Pichler	11,691
Elisabeth Stadler	12,891
Helmut Köstinger	3,000
Martin Palensky	1,500
Andreas Schieder	1,200
Manfred Wiedner	2,700

The employee representatives perform their duties on the Supervisory Board on an honorary basis, and are compensated for their involvement in the works committee 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.

5. EXTERNAL EVALUATION

In accordance with Rule 62, Austrian Post submits to an external evaluation of its compliance with the Austrian Corporate Governance Code and the accuracy of its related public reporting every three years. The most recent appraisal carried out for the 2011 financial year by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft did not discover any facts which contradict the declaration submitted by the Management Board and Supervisory Board with respect to the company's adherence to the C-Rules and R-Rules of the Austrian Corporate Governance Code. The next external evaluation is scheduled to be carried out in 2014 for the 2013 financial year.

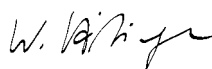
Vienna, February 28, 2013



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