FP GERMAN MAILGENEERING

2020 Sustainability Report

Welcome
to the fourth sustainability report

from Francotyp-Postalia Holding AG,
dated 31 December 2020

Content

1. Introduction

Dear Reader,

This report now represents the fourth publication of our sustainability report. It is important to us that we present Francotyp-Postalia and our measures for a future-focused and environmentally compatible orientation of our Group to you – with particular focus on the changes we are facing. We also want to do this in this report for the past year.

2020 has changed a lot. The Corona pandemic affected the entire world. It led to many big and small changes, including in our company. These changes mean responsibility for us. In 2020, we also started to initiate our transformation into a modern digital company and to hone our strategy. What has remained unchanged in this exceptional year, however, are our sustainable actions and the appropriate orientation of the **FP** Group. This will also be of great importance for us in the future.

2021 will now be the year of **FP**'s transformation. We want to align the company in such a way that we can operate successfully on a sustainable basis. The franking business remains an important pillar of our business model, but we will position **FP** much better for the digital world with software solutions and IoT solutions that generate benefits for our customers and make our company a sustainable partner.

Our values in the context of sustainability form the basis of our sustainable strategy and the actions arising from it: FOCUS ON SUSTAINABILITY. This is our sustainability strategy, which we adopted as part of the new **FP** strategy.

For us, the focus is on the three dimensions that make up sustainability in our Group: economics, ecology and social matters. With these dimensions in mind, we have defined four guiding goals. These guiding goals structure all the actions we take. They facilitate the systematic documentation of our milestone achievements and make them visible. In our guiding goals FOCUS ON FUTURE, FOCUS ALL TOGETHER, FOCUS ON ACCOMPANYING and FOCUS ON PROTECTION, we are therefore defining our aspiration for a sustainable future.

In our almost 100-year history, we have already achieved a lot thanks to the worldwide commitment of our employees. With our focus on sustainability, we are a pioneer among our competitors, meet relevant standards and hold multiple certifications. With our future-focused developments in the areas of IoT and software, we are making an active contribution to sustainable optimisation processes for our customers. Efficient energy management or holistic communication control are just two examples of our expertise and possibilities. Consequently, we not only offer added value for our customers, but we are already shaping a digital, efficient and thus resource-saving working world today.

And that's something we're very proud of. But we are not resting. We are taking responsibility for our environment. As dynamic as our world is – and Corona has taught us that – we have to remain flexible as a group. This also applies to our sustainability strategy. We are therefore constantly improving it. We are always happy to receive ideas and suggestions. Details of all current measures and precautions, certifications and control mechanisms in our **FP** Group can be found on the following pages.

I hope you enjoy reading this report. So with this in mind, take care of yourself and your environment – and stay healthy.

Yours, Carsten Lind (GRI 102-14)

1.1 The old cannot be the new
Who we are and what we do

In two years, **FP** will celebrate its 100th birthday. So we are looking back over 98 years in which we have always made it our goal to look forward, to help shape the future and to bring about lasting change.

The old cannot be the new

In the period since 2016, a new strategy has been implemented in the **FP** Group. It aimed to develop digital business areas alongside the franking machine business which should bring strong growth to the corporate group. The implementation of the strategy turned out to be more difficult than originally planned. The 2021 financial year will now be a year of transformation. It will create the conditions for improving the **FP** Group's profitability. A strong foundation in our digital business models is essential for the future, not just to compensate for the long-term shrinking revenues in our core franking and enveloping business, but also to steer the company into business areas that are expected to continue to be relevant for growth at acceptable margins in the coming years.

About FP

Francotyp-Postalia Holding AG (hereinafter **FP**) is an internationally active, listed group with its headquarters in Berlin. We look back on a history of almost 100 years. Above all, we look ahead (GRI 102-1, 102-3, GRI 102-5). More than 1,000 employees are committed worldwide to our customers (GRI 102-7, GRI 102-8).

The **FP** Group's business activities focus on products and services for efficient mail processing and the consolidation of business mail. There are also activities to offer digital solutions as well as applications in the area of the "Internet of Things" (IoT) for companies and public authorities. The company has subsidiaries in various industrial countries and a dense worldwide network of dealer, dividing its business activities in the 2020 financial year into three product areas: Franking and Enveloping, Mail Services and Software/Digital (GRI 102-2).

In Germany we have a total of 22 offices (last year: 21). We handle the global distribution of our franking and enveloping systems via our own German subsidiaries, as well as subsidiaries in the United Kingdom, France, the Netherlands, Belgium, Austria, Italy, Sweden, Canada and the USA. We also have a dense network of dealers in around 40 countries worldwide (GRI 102-4, GRI 102-6).

We manufacture our franking system in Germany in a modern, flexible production facility in Wittenberge (Brandenburg), which was expanded three years ago with a central workshop for Germany and our service parts centre for the shipping of consumables and spare parts, designed to make their rapid delivery even more effective.

Goals and implementation of the strategy

FP has three product areas: Franking and Enveloping, Mail Services and IoT/Digital. The market for franking and enveloping is declining. Mail Services is a highly competitive business that is also affected by the general decline in letter volumes. Neither the turnover nor the profit contributions achieved so far in the Software/Digital segment could compensate for the decline in the core business. For these reasons, the strategy was adjusted at the beginning of 2021 and, as a result, a comprehensive reorganisation has now become necessary.

Step 1: Focus

The company's structures need to be adapted to the current circumstances. The infrastructure within the Group is to be converted to a modern, uniform ERP/CRM system. The increase in personnel over recent years, which took place with a view to the planned growth in turnover, will be adjusted to the current company situation. The number of subsidiaries engaged in the same or similar activities will be reduced to what is necessary. These measures relieve the cost base and are necessary to improve profitability. After completion of these measures, annual savings of approximately Euro 10 million are expected. This step also includes a constant review of the strategic value and contribution of the business units to the Group.

Step 2: Further development

The improved profitability and leaner structures will enable **FP** to operate successfully in the four future business areas:

- Franking and Office Solutions
- Software & Business Process Automation (BPA)
- Internet of Things (IoT)
- Mail services

FP has the potential and the financial strength to dynamically expand the other business areas (especially Software & BPA and IoT) on the basis of a cash-flow-strong core business (franking machines). This also includes targeted M&A activities to support and accompany the new business model. At the same time, profitability is expected to improve significantly as a result of the new business activities, as these areas tend to have higher margins. Until the IoT business area reaches a necessary critical mass, it will be reported under the "Software & BPA" business area.

122
Addison, Illinois

37
Concord

18
Zoetermeer

72
Dartford

25
Nanterre

2
Antwerp

12
Bromma

688
Berlin
Langenfeld
Wittenberge
Fürstenwalde
Bad Salzdefurth
Henningsdorf
Prien am
Chiemsee

16
Vienna

11
Milan

■ FP subsidiaries
■ Countries in which FP is active
● Location with staff numbers
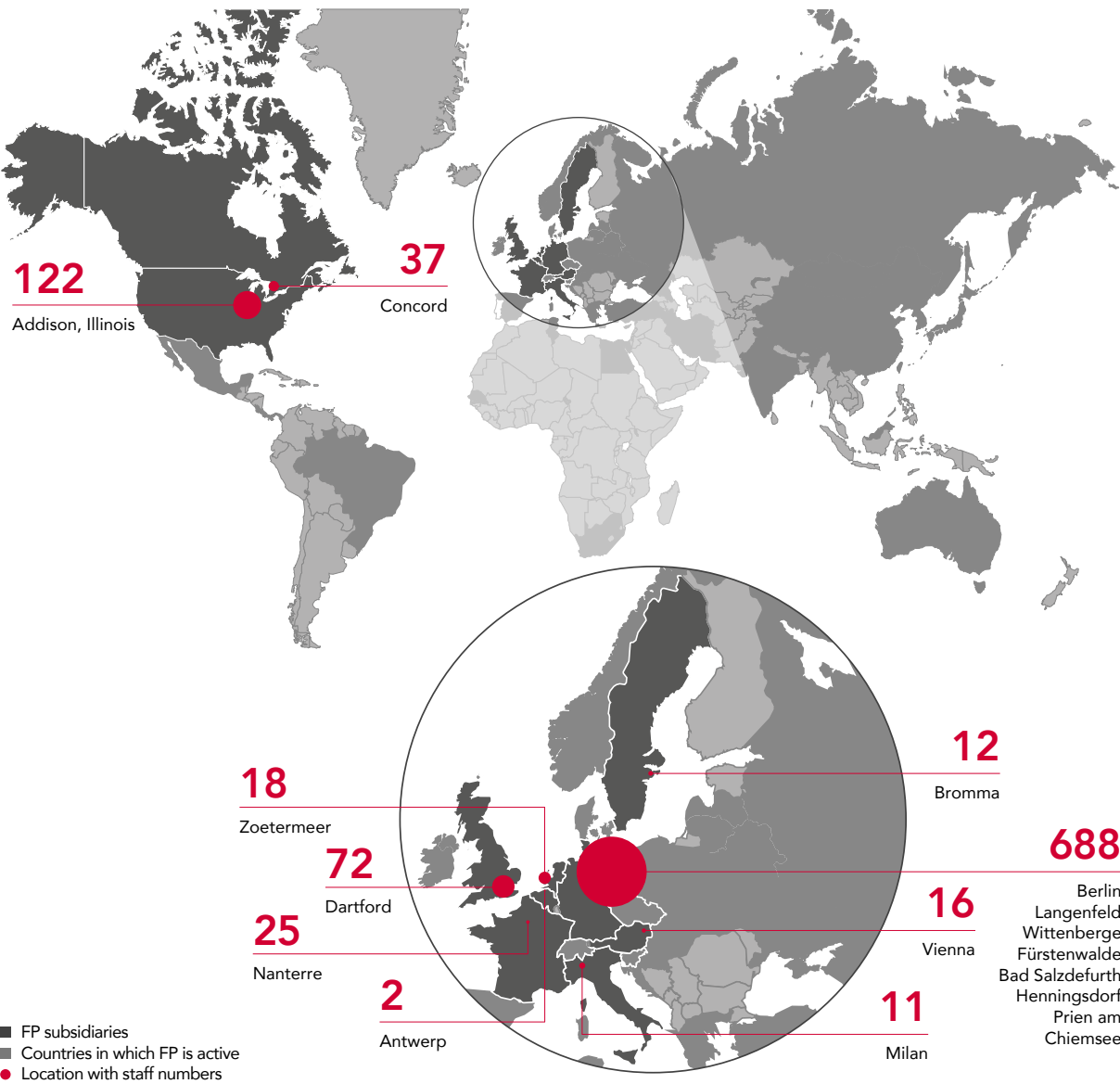
Step 3: Create values

Digital business activities are growing into an important part of the business model. Their profitability creates value and raises the value of the company.

The new operating model

FP will therefore become an international technology company in the next few years. The organisation puts the customer at the centre and serves the market through agile business units. Lean management structures mean that there are clear responsibilities with the greatest possible flexibility, agility and personal responsibility. The service units support the operational units on the basis of cost-effective, highly efficient processes. The goal is to significantly improve profitability and thus increase the company's value.

The business units

Franking Machines and Office Solutions

For customers in this segment, **FP** offers not only franking machines and related hardware, but also other office supplies and solutions from the digital product range. The first steps in this direction have been taken with Parcel Shipping and Vision360. Other suitable solutions can also be added to the range through cooperations or via M&A. The aim is to provide customers with a comprehensive

solution for their office. There is great potential for these offers in Europe and the USA. This business unit already generates a high proportion of recurring revenue.

Software and BPA

The solutions in this segment facilitate efficient communication and automated process workflows for customers. Products include Hybrid Mail, transACTmail, back-office and front-office automation, DE-Mail, **FP** Sign and Parcel Shipping, as well as third-party products. With this business unit, **FP** is addressing the rapidly growing market for process automation. The solution portfolio is to be expanded through strategic additions, for example in the area of cloud applications, in order to offer customers secure and efficient processes.

IoT (Internet of Things)

FP has the technology to offer customers specialised IoT solutions from a single source. The markets that are in focus, such as property management, waste management and energy, are to receive end-to-end complete solutions comprising hardware and software in the future in order to use the technology quickly and easily. A preliminary validation is currently underway for the NeoMonitor portal, which would make customer onboarding extremely easy. The goal is to provide the customer with efficient analytics, control and automated service management.

Mail services

This business unit specialises in the consolidation of large volumes of mail. The collection, postage-optimised sorting and delivery to postal service providers relieves companies with high mail volumes and helps to reduce the associated costs. As a volume business, the contribution to earnings is of secondary importance for the **FP** Group, which is why the business area is currently being strategically reviewed.

Our values – the guideposts in our transformation

Our transformation is based on values that guide our daily actions.

Knowledge – the foundation of our success. Our vision and our creativity spur us on – we have clear goals for our 100-year anniversary. Quality made in Germany – something that fills us with tremendous pride. We deliver quality and love technical innovations. We develop innovative ideas and initiatives based on our DNA and integrate our core areas of expertise and capabilities.

Our values in the context of sustainability form the basis of our sustainable strategy and the actions arising from it: FOCUS ON SUSTAINABILITY.

This is our sustainability strategy, which we adopted as part of the new **FP** strategy. Our sustainability strategy ACT SUSTAINABLY was first presented in the 2018 Sustainability Report.

1.2 Group structure and company management – Trustful cooperation

As a German public limited company, **FP** is subject to German stock corporation law and has the Executive Board, Supervisory Board and Annual General Meeting as its governing bodies. The company's management is characterised by the close and trusting cooperation between these governing bodies and a lively and continuous flow of information between them. Shareholders can, in particular, submit questions to the management and exercise their voting rights at the Annual General Meeting.

Supervisory Board

As stipulated in the Articles of Association, the Supervisory Board of Francotyp-Postalia Holding AG consists of three members, who are chosen at the Annual General Meeting. The Supervisory Board elects the Chairman and a Deputy Chairman from among its members.

The rules of procedure adopted by the Supervisory Board regulate the working methods of the highest supervisory body with a focus on sustainability and with uniform plans and guidelines. Potential conflicts of interest are queried before the nomination of an individual for election to the Supervisory Board (GRI 102-25). For a detailed list of the remunerations paid to the Members of the Supervisory Board and the Directors, please see the Group Management Report (GRI 102-35, GRI 102-36, GRI 102-37, GRI 102-38, GRI 102-39).

The Supervisory Board, made up of three people, supervises the activities of the Board of Management and advises it. A change took place within the Supervisory Board during the 2020 financial year. During the Annual General Meeting, which was held virtually for the first time in November 2020, the Supervisory Board was newly elected by the Annual General Meeting. We welcome Dr Alexander Granderath and Lars Wittan as new members of the Supervisory Board. Botho Oppermann and Dr Mathias Schindl left the Board on 10 November 2020.

As of 31 December 2020, our Supervisory Board was made up of the following members: Dr Alexander Granderath (Chairman), Lars Wittan (Deputy Chairman) and Klaus Röhrig, who was Chairman of the Supervisory Board until 10 November 2020.

Vision, mission and values –

our leadership principles at FP

1. Market and competition
We are actively involved with our business areas of secure mail and secure digital communication processes. On the franking machine market, we are the market leader for Germany, Austria and Italy. With our new solutions for secure digital communication processes, we operate on the markets for electronic signatures and secure IoT. We want to grow and gain market share in all areas of the market. We are achieving this goal through organic growth, acquisitions, regional expansion and ingenious creativity.

2. Customers
Our customers are at the heart of what we do. We offer them comprehensive solutions relating to mail and secure data communication. We deliver our services with the aim of achieving maximum professionalism, especially in terms of quality, security, service and reliability. Our prices are fair and appropriate. Our customers trust us.

3. Profitability
The average is not something we want to measure ourselves against or, indeed, set out to be. We want to set the benchmarks and, as a brand, be the No. 1 on our customers' market in the secure mail business and secure digital communication processes, as well as to bring growth and commensurate profitability into harmony.

4. Secure jobs
Growth and profitability are not an end in themselves. They serve in particular to safeguard existing and create new jobs and development opportunities.

5. Employees
We achieve our goals through highly motivated and skilled employees. We demand a high level of performance and we encourage our employees to reach this. Top performance pays off, and it is fun to work for us. Executives exemplify our vision, our mission and our values. Our employees are our most valuable asset.

6. Innovation and processes
Our crucial lever for above-average growth while achieving high profitability comes from innovations and efficient, reliable business processes. With our innovations in the classical product and solutions business, as well as in secure digital communication processes, we are always one step ahead of our competitors. We achieve efficient and reliable business processes by constantly improving what we do. Simply being good is not enough for us.

7. Transparency
We have clear goals, translate these into detailed, concrete measures and implement these measures consistently. Since you can only improve what you measure, we ensure maximum transparency down to the last detail through a range of key performance indicators. Comprehensive internal communication across all levels ensures that information is shared consistently throughout the organisation. Our communication within the company and to the outside world is second to none.

8. Conduct
We treat each other with openness and honesty, respect others and their opinions and we do not retaliate. We do not sweep mistakes and weaknesses under the carpet. We tolerate mistakes and we want to learn from them and improve. Constructive criticism helps us, but we reject destructive criticism.

9. Business partners
We are extremely reliable and fair in our dealings with our business partners. We set high standards of performance for our partners and, in return, are happy to place high demands on ourselves.

10. Society and the environment
We are aware of our responsibility to the environment and society, and we align our activities to fulfil this responsibility. Sustainable action is something that concerns us all – every day.

Board of Management

The Board of Management jointly bears responsibility for the overall management of the Group's business and, as of 31 December 2020, was made up of one Chairman and two board members (GRI 102-23). It manages the company with the aim of creating sustainable value through its own responsibility and in the interests of the company, i.e. taking into account the interests of the shareholders, employees and other groups associated with the company, as well as economic, ecological and social aspects (GRI 102-19, GRI 102-22, GRI 102-24, GRI 102-26). Within the framework of their overall responsibility for the management of the Group, the three members of the Board of Management work together in a spirit of collegiality and trust for the benefit of the company in their respective areas of responsibility.

OUR ORGANISATION OF AREAS OF RESPONSIBILITY

Carsten Lind
CEO of **FP** since November 2020

As CEO, Carsten Lind is responsible for Corporate Strategy including M & A, Communications (Public Relations, Corporate Communication), Human Resources, Internal Audits and for the Franking, Software & BPA, IoT and freesort business units.
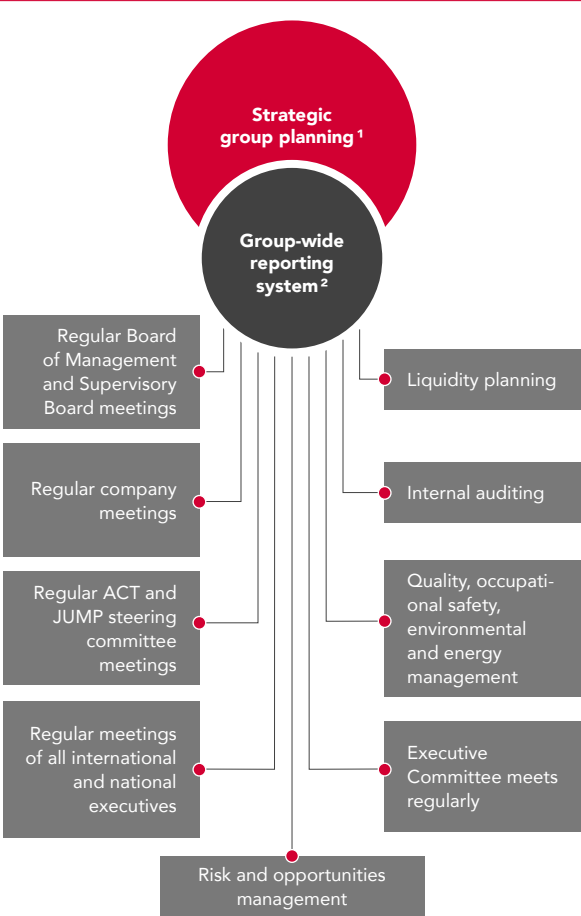
Martin Geisel
CFO of **FP** since January 2021

Martin Geisel, CFO of the **FP** Group, is responsible for finance, accounting, controlling, taxes, treasury, legal and compliance, risk management, investor relations, purchasing and procurement, and internal IT.

The appointment of Patricius de Gruyter as a member of the Board of Management and his employment contract with Francotyp-Postalia Holding AG will not be extended beyond the end of the contractual term on 31 May 2021 by mutual agreement. As of 23 February 2021, Mr de Gruyter is no longer responsible for a business area.

MANAGEMENT SYSTEM

Strategic group planning[1]

Group-wide reporting system[2]

Regular Board of Management and Supervisory Board meetings

Liquidity planning

Regular company meetings

Internal auditing

Regular ACT and JUMP steering committee meetings

Quality, occupational safety, environmental and energy management

Regular meetings of all international and national executives

Executive Committee meets regularly

Risk and opportunities management

[1] Lasts 3 years, modified annually in the budget process, including where necessary during the year
[2] Monthly regarding revenue, finance and assets situation

Tasks and control system

The Board of Management ensures strict compliance with the legal regulations and internal company guidelines – not only at Group level, but also in the respective Group companies. In order to identify possible threats as well as potential in advance, it has set up an opportunity and risk management system that is monitored by ongoing controlling. In this way, it can take the necessary measures at an early stage to take advantage of the opportunities and counteract the risks.

In the 2021 financial year, the structure and organisation of the global **FP** Group will be changed and optimised in line with a new target operating model. Parallel to this, a uniform ERP/CRM landscape is to be introduced to efficiently support the processes worldwide. In the 2020 financial year, not only was the sales organisation restructured, but the internal procedures were also revised and re-established on a process-orientated footing. A number of previously locally performed administrative functions

are now concentrated in two Shared Service Centres: one in North America, and the other in Berlin / Brandenburg. The Shared Service Centre in Hennigsdorf near Berlin started operations at the beginning of 2020.

Responsibility

It is part of our self-understanding throughout the Group to assume responsibility in all dimensions of sustainability: economic, ecological and social. It forms the basis for all our decisions. We assume responsibility for products and processes, employees, customers and partners in the same way that we do for the environment and society. In doing so, we maintain an open approach and are in continuous dialogue with our stakeholders.

Executive Committee

The Board of Management members work closely with a team of national and international **FP** executives in a fixed Executive Committee that meets on a regular basis.

Key financial figures

FP generated a Group turnover of Euro 195,9 million with an EBITDA of Euro 8,0 million in the 2020 financial year (GRI 201-1).

Detailed explanations of the company's key financial figures, as well as the important changes during the reporting period with regard to the size, the entities named in the financial statements (GRI 102-45), the organisational and ownership structure of the company, including possible changes to the location or changes with respect to the business activities and the opening or closing of production facilities and expansions, can be found every year in the respective business reports and during the year in the quarterly notifications and semi-annual financial reports (GRI 102-10).

Sustainability goals for the Board of Management

Detailed information regarding corporate governance and the sustainability goals regulated individually for the directors (GRI 102-28) can be found in the Group Management Report and other reports, including the Report by the Supervisory Board, in the Group Declaration on Corporate Governance and in the Opportunities and Risks Report.

ARUG II (Act on the Implementation of the Second Shareholders' Rights Directive) effective from 2020

Pursuant to Section 87a (1) Point 3 of the Stock Corporation Act (AktG) ARUG II requires the Supervisory Board to adopt a clear and comprehensible system for the remuneration of the Board of Management, in which, among other things, both financial and non-financial performance criteria for the granting of variable remuneration

components must be explained. This remuneration system will be put to a vote at the Annual General Meeting in 2022 for 2021. Non-financial performance criteria also include those related to corporate social responsibility. This is implemented by the **FP** in accordance with the law.

1.3 FOCUS ON SUSTAINABILITY – Sustainability strategy and management approach – A company with a clear focus of responsibility
(GRI 103-1, GRI 103-2, GRI 103-3)

Despite the exemplary structures we already have in place, we have also set ourselves the goal of driving our company's sustainability even further forward. The key question in this regard is as follows: *Can we combine our ambitious economic goals with this pledge?*

We have answered this question with our FOCUS ON SUSTAINABILITY strategy as sustainable management is an ethical, but also an economic obligation for us.

As part of **FP**'s new strategic orientation, we have also adapted and honed our sustainability strategy. How ecological responsibility and economic aspects are interrelated can be seen, for example, in the issue of wasting resources, which concerns us on a daily basis.

In order to achieve economic success in harmony with humankind and nature, we have created a structure within which we are able to define our milestones, review what we have achieved and communicate our successes.

At the heart of our sustainability strategy is **FP,** as a sustainably growing company and the three dimensions that make up sustainability for us: economics, ecology and social matters.

We have defined four guiding goals. They are each based on **FP**'s six core values. The guiding goals structure the measures we take and facilitate the systematic documentation of our milestone achievements.

FOCUS ON FUTURE Our guiding goal 1, FOCUS ON FUTURE, comprises our economic sub-objectives and measures: profitable, sustainable growth by strengthening the digital strategy through accompaniment of our customers from the analogue to the digital world, as well as implementation of the brand strategy and brand values. Specific changes in management, enabled through the restructuring of each division, provide support for this. We ensure integrative and compliant behaviour vis-à-vis our
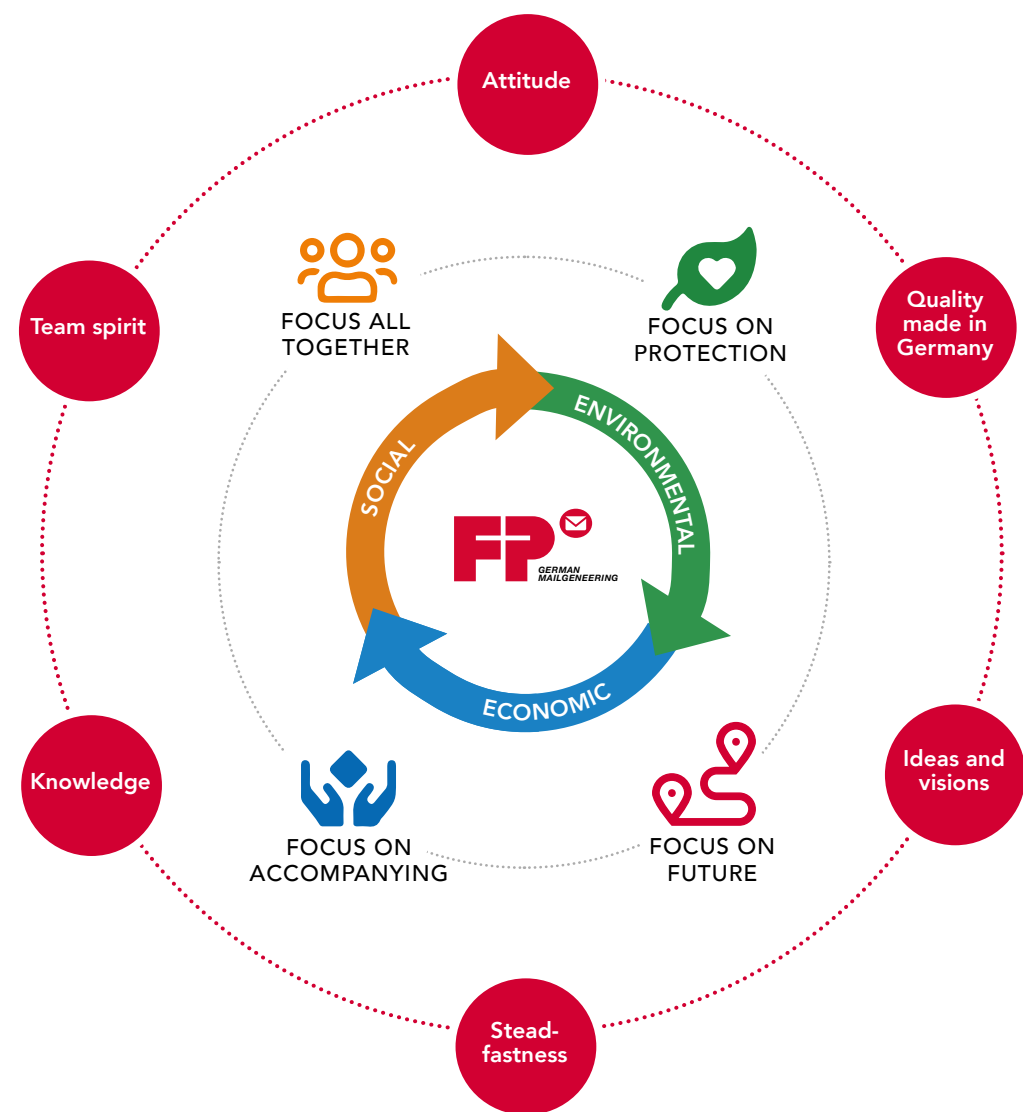
partners on the market through an effective and transparent compliance management system. Extended data protection management ensures compliance with legal data protection regulations, for example the General Data Protection Regulation (GDPR). We review the consequences of our actions with active and efficient risk and opportunities management. And last, but not least, we keep all relevant groups up to date with our achievements through regular stakeholder dialogue.

To help us do this, we use our core values of steadfastness and ideas and visions.

FOCUS ALL TOGETHER, our second guiding goal, combines all of the measures we are taking to sustainably strengthen our corporate culture. We want to further increase the satisfaction of our employees and bind them to the company in the long term. We will encourage our new employees even more than before, support diversity and equal opportunities, and generally develop our staff in every respect, including through active support for the common good and a shared commitment to society. We want to involve our employees even more than before in the development and implementation of our strategy. To this end, internal communication will be stepped up fur-

ther and added to with ideas management as a platform for employees to have their say in the company's development. And, of course, we will work hard together to ensure safety and health in the workplace.

Our core values of team spirit and attitude will help us achieve this.

FOCUS ON ACCOMPANYING Our third guiding goal, FOCUS ON ACCOMPANYING, puts the focus on customers, products and service. We set ourselves the goal of sustainably improving product quality and product efficiency, to which our research & development is already making a major contribution. The goal is an innovative and future-proof product portfolio that does not wait to react to any requirements imposed by laws and standards, but is instead, as far as possible, always one step ahead of them. When it comes to procurement and supplier evaluation, our first priority is sustainability.

To help us achieve this, we build on our core values of knowledge, steadfastness and ideas and visions.

FOCUS ON PROTECTION Our fourth guiding goal, FOCUS ON PROTECTION, comprises everything to do with protecting resources and increasing resource efficiency. To this end, we are increasing the energy efficiency of our plants and offices, for example by choosing the electricity we buy or the light sources according to energy criteria. Further measures include a global recycling and waste management system, as well as optimisation of our management systems in Germany from an ecological perspective (see Section 5 FOCUS ON PROTECTION).

We are able to achieve this through our values of team spirit and attitude.

Open for change
FOCUS ON SUSTAINABILITY is not a master plan that must be followed to the letter in order to achieve our goals. Our sustainability strategy is actually designed to be open and interactive: we welcome suggestions from within and outside the company at all times, integrating them and adjusting our course accordingly. Just like **FP** as a whole, FOCUS ON SUSTAINABILITY is constantly in motion.

Sustainability – leadership and structure
Sustainable thinking and the assumption of responsibility for employees, customers and partners, as well as for society and the environment, have long since been the cornerstones of our commercial activity. Our integrated management system has been delivering a continuous improvement in these services for more than 15 years now.

FP Green News

FP is the **only** franking machine manufacturer to have had its integrated management system certified to the **5 current ISO standards**: Quality, information security, environmental protection, energy and occupational health and safety.

With our focus on sustainability, we are a pioneer in terms of competition and the only provider of franking systems and mailing solutions worldwide that fulfils all basic standards and is certified according to them.

The integrated management systems of our German sites have been certified since 2004 and are constantly being developed further. This includes occupational safety and health, environment, energy, quality and information security.

In November and December 2020, the regular ISO monitoring audit took place, which we successfully passed for the standards
- ISO 9001 (Quality)
- ISO 14001 (Environment Protection)
- ISO 45001 (Occupational Safety)
- ISO 50001 (Energy)
- IEC/ISO 27001 (Information Security – IAB only)

We would like to thank everyone involved for their active support, and especially our internal audit team for their great work.

The important points tested and certified include the following factors:
- Controlled, recurring work processes
- Defined responsibilities
- Organised information flows to internal and external interfaces
- Continuous controlling in order to ensure the quality of the working steps

Our certified integrated management system (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018, ISO/IEC 27001:2013) is the responsibility of Board of Management Member Martin Geisel.

It is managed by the "Building Technology Work Preparation Management Systems" department, which is responsible for quality, the environment, energy, occupational health and safety and information security. Responsibility

for the associated tasks lies with the representative of the Integrated Management System (IMR), who in this context has also been appointed the Energy Management Representative (EMR) of Francotyp-Postalia Holding AG for the German locations. His task is to monitor "first, second and third-party" audits, reports of results and findings in accordance with requirements relating to quality, energy, environmental, occupational safety and information security.

Process documentation, regular plant inspections, meetings of the Occupational Safety and Environmental Protection Committee (AUSA), relevant information security reports, customer, production facility and certification audits as well as other reports on environmental protection and occupational safety are constantly monitored and updated on the basis of proofs of completion and effectiveness. The integrated management system also supports efficient communication and promotes an open information policy towards our employees, our customers, our suppliers and all other interested stakeholders.

Control from within and outside

The integrated management system is monitored centrally with the relevant internal and external stakeholders. For this purpose, an overview is maintained of all requirement aspects, the important legal specifications and the strategic and annually updated operational targets. Ongoing controlling ensures that opportunities and risks are checked and processed on a continuous basis. In cooperation with the management representative, quarterly reports and an annual management review are drawn up which present the strategic and operational targets and measures to be initiated.

Employee engagement

It is our committed and convinced employees who bring the topic of sustainability to life. We continuously raise their environmental and security awareness through corresponding information and training courses.

1.4 Stakeholder management
We stay in contact

In the future, we will focus even more on the interests of our stakeholders. Knowing their needs and expectations precisely is a key prerequisite for our entrepreneurial success. This is because they not only shape our sales markets, but also determine the regulatory frameworks and our reputation as a global company with worldwide operations. This is why we seek and maintain the dialogue with our stakeholders at the group level as well as locally in the regions in which we operate.

Our stakeholders can essentially be divided into six groups: employees, customers, shareholders, suppliers, legislature and the NGOs of our industry, as well as – more generally – the public – a network of relationships that grows at the same rate as our market presence (GRI 102-40, GRI 102-42).

FP maintains constant dialogue with these stakeholder groups in order to establish and build upon trustful and lasting partnerships. The Group Divisions and subsidiaries also initiate a networking process as soon as cross-divisional issues arise.

Our employees

Our employees are the driving force behind our company. That is why we pay special attention to their development. There are also measures that we have laid down, including: regular employee surveys, continuous training and development, pleasant working conditions and active, open and trustful communication.

Our customers

With our future actions and organisation into business units, our customers are even more at the centre of our common thinking. We not only want to accompany them along their customer journey, but also recognise their expectations and needs of tomorrow today and advise them accordingly. To achieve this goal, we use the regular exchange with our customers either in agile development processes or through the classic medium of carrying out customer surveys and pre-market studies.

Our shareholders

As a company listed on the stock exchange, we maintain close contact with our shareholders and the capital market and engage in transparent dialogue with both parties. **FP**'s shareholders exercise their voting and control rights at the Annual General Meeting. They appoint the members of the Supervisory Board, are given the definitive group and annual reports and the relevant management reports and vote, where appropriate, on the use of the retained profit and on the discharge of the Members of the Supervisory Board and Board of Management. The attendees of the ordinary Annual General Meeting also appoint the auditor of the annual accounts each year.

Our shareholders can exercise their voting rights themselves or have them exercised by a proxy of their choice – including through a shareholders' association. In order for it to be as easy as possible for shareholders to exercise their rights personally, the company provides a voting rights representative who can also be reached during the Annual General Meeting. The Articles of Association do not allow for postal voting. We publish the documents required

for the Annual General Meeting together with the agenda on our website, where they are directly accessible to shareholders. At the same time, the documents are transferred directly to the shareholders via their respective banks.

The ordinary Annual General Meeting gives all owners of the **FP** Group the opportunity to engage in direct dialogue with the Group's management team once a year. At **FP**'s first virtual Annual General Meeting on 10 November 2020 in Berlin, 63.93 % of the capital was registered to attend, and 57.82 % of the share capital participated in the voting. The discharge of the members of the Board of Management as well as the members of the Supervisory Board took place in the form of individual discharge. Contrary to the resolution proposed by the Supervisory Board, the actions of the Chairman of the Executive Board, Rüdiger Andreas Günther, were not ratified, while the actions of the Executive Board members Patricius de Gruyter and Sven Meise were ratified by a majority. The discharge of the members of the Supervisory Board was also approved by a majority. Dr Alexander Granderath and Lars Wittan were elected as new members of the Supervisory Board, while Botho Oppermann and Dr Mathias Schindl leave the committee. In addition, the confidence in CEO/CFO Rüdiger Andreas Günther was withdrawn. The relevant item on the agenda had been supplemented at the request of the shareholder Obotritia Capital KGaA, which holds around 28 % of the share capital of Francotyp-Postalia Holding AG. All other items on the agenda were also approved by a majority.

FP's strategy is focused on sustainably increasing the company's value. The ongoing, open and transparent dialogue with all capital market players is of paramount importance for the company. The Board of Management and Investor Relations team use individual conversations, investor conferences and roadshows to explain the company's business model and to showcase its potential.

In the 2020 financial year, the **FP** Group maintained its IR activities despite the corona crisis. Due to the spread of the corona pandemic, investor meetings took place mainly digitally or by telephone. This enabled capital market participants to maintain an open, transparent and regular exchange with the **FP** Group. **FP**'s Board of Management and Investor Relations team used individual conversations, investor conferences and roadshows to present the company and its potential. **FP**'s Board of Management also showcased the company at several digital events.

The new CEO Carsten Lind attended the annual German Equity Forum (EKF) on 18 November 2020 and presented **FP** digitally to more than 100 national and international

investors. The EKF is Europe's most important platform for equity financing for medium-sized companies.

Following publication of the quarterly figures, the **FP** Group again used conference calls to enable an exchange with investors. The company makes the corresponding presentations available to all interested parties on its website. Visitors and capital market participants can find all other relevant background information on the company's own website. In addition to the annual and half-year financial reports, the quarterly reports, financial presentations and press releases on the **FP** Group are also available there. All current developments, such as voting rights announcements or directors' dealings, can be found there.

In the 2021 financial year, **FP** will continue to engage in dialogue with investors and expand its IR activities, including in virtual formats. **FP**'s presence at international roadshows and capital market conferences is to be continued in order to deepen existing contacts and establish new contacts with investors.

Legislature and organisations (GRI 102-12, GRI 102-13)

The market on which we operate is still subject to strict regulation-rules that we adhere to. To this end, we regularly exchange information with the respective authorities and institutions and maintain relationships with industry associations and other social organisations. Through BITKOM e. V., the Bundesverband Briefdienste e.V. and the SIBB-Verband der Digitalwirtschaft Berlin-Brandenburg, we support topics that are of relevance to our business activities and contribute our perspectives to the discussion. At the regional level, we are committed to the Allgemeiner Verband der Wirtschaft für Berlin und Brandenburg e. V. and Berlin Partner.

Since 2017, **FP** has been a co-signatory to the Crypto Charter at the German Government's Digital Summit. The signatories of the Crypto Charter are committed to secure infrastructures and secure encryption so that digitalisation is able to develop its full potential for German society and the economy.

Since the end of 2018, **FP** has been involved with the American Chamber of Commerce in Germany and actively supports the promotion of transatlantic relations.

Our suppliers

We attach great importance to long-term, partnership-based relationships with our suppliers, through which we ensure the sustainable supply of the materials we need for production.

General public
As a company listed on the stock exchange, we maintain close relationships with the general public. Transparency is particularly important to us, and we go far beyond the requirements imposed on us by law or stock exchange regulations.

Dialogue and reporting
Dialogue between our stakeholders and controlling bodies is regulated via the reporting system. The individual subsidiaries and Group divisions report regularly to the Board of Management, which in turn reports to the Supervisory Board at least four times a year (GRI 102-21).
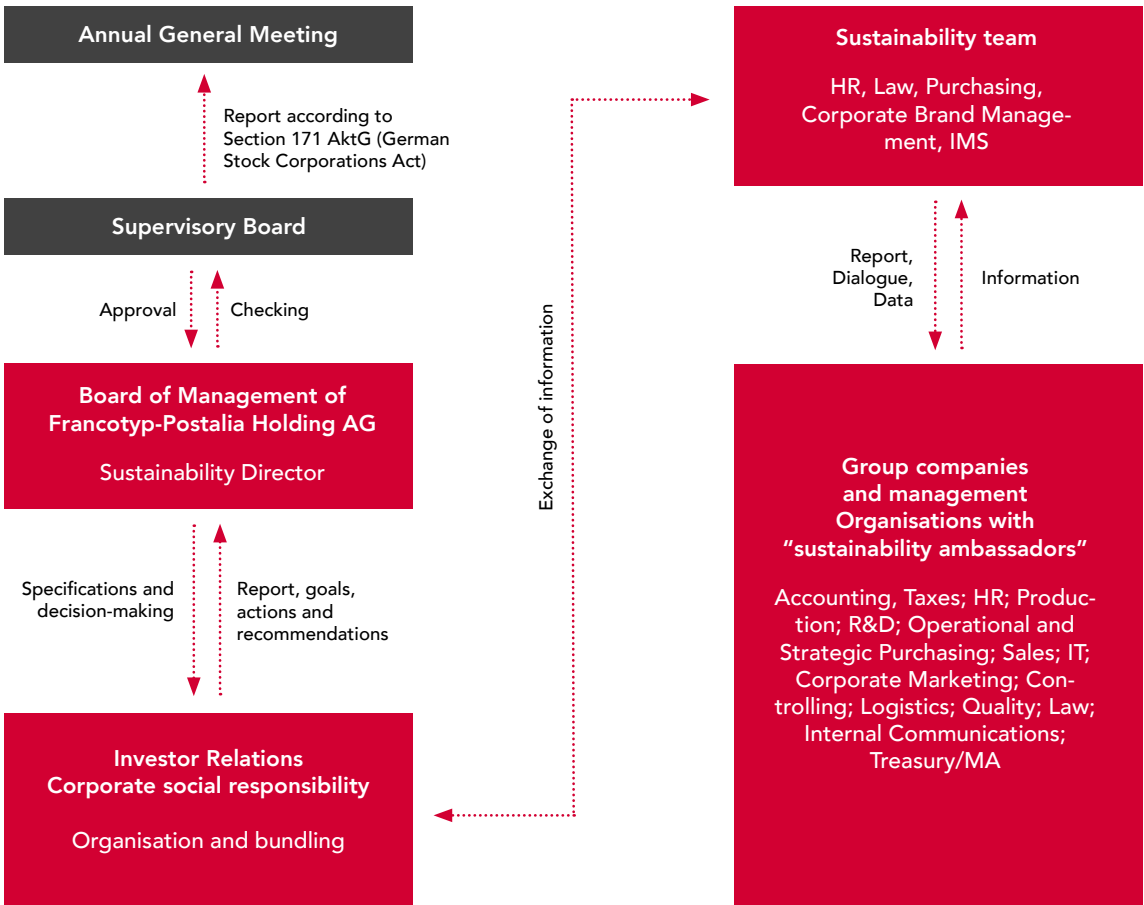
1.5 About our fourth sustainability report

Change means responsibility – Responsibility means change. It is a responsibility we face up to with our day-to-day activities.

Four years ago, we founded a sustainability team that has since been focusing intently and reporting regularly on this subject area. The findings and questions that have arisen as a result are regularly discussed by committees set up for this purpose and in Board of Management and Supervisory Board meetings (GRI 102-20, GRI 102-21, GRI 102-27, GRI 102-32, GRI 102-33).

1.5.1 Reporting standards and reporting principles
Transparency and comparability: GRI Sustainability Reporting Standards (SRS)
To ensure that the sustainability reporting remains comparable at all levels and to ensure it remains reliable for future years, we are again (just as we did last year, in 2019) following the Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI) for the reporting period from 1 January 2020 to 31 December 2020. Our reports are issued annually. We started with our first sustainability report for the reporting year 2017, followed by the second sustainability report for the reporting year 2018 and third report for 2019 (GRI 102-50, 102-51, GRI 102-52).

The Global Reporting Initiative has drafted a comprehensive framework for comparable sustainability reporting which is used worldwide[1]. The references in brackets in our report refer to the respective requirements of the GRI.

Our fourth sustainability report has been created in harmony with the GRI standards: Core option (GRI 102-54). Just as in previous years, no external audit of the report by an auditing company or any other institution has been carried out (GRI 102-56). In accordance with Section 171 of the Stock Corporation Act, our fourth sustainability report (including the non-financial declaration pursuant to Section 289b-e, Sections 315b and c of the German Commercial Code) has been reviewed by the Supervisory Board. The contacts for sustainability matters are Anna Lehmann, Advisor on Sustainability and Investor Relations, and Kevin-Paul Seifert, Quality Manager (GRI 102-53).

In the 2020 reporting year there were no key changes to the scope and the limitation of aspects compared to the earlier reporting period (GRI 102-48).

The GRI index is appended to our sustainability report and can be viewed separately at www.fp-francotyp.com/nachhaltigkeitsbericht (GRI 102-55).

1.5.2 Importance of aspects and agreement of report contents – Our areas of focus
After the foundation of our sustainability team over 4 years ago, various rounds of in-depth discussions were held to define the key aspects and contents of the report. Taking account of the interests of our stakeholders and our responsibility to society, we have analysed 62 different topics in 2020, as we did in 2018 and 2019 (2017: 54 topics), from the areas of the company, customers, employees, products, environment and society (GRI 102-46, GRI 102-47).

In particular, we looked at the aspects of our own business activities that have a significant impact on sustainability. The economic, ecological and social impacts of our commercial activities on the various aspects were discussed in detail and classified. Compared to the previous year, there are no significant changes in our key topics and the topic delineation (102-49).

We classified 14 of the aspects included as significant and assigned them to the four guiding goals of our FOCUS ON SUSTAINABILITY strategy. Our matrix shows the key aspects sorted by relevance for our stakeholder groups and for us as **FP**. It is on these topics that we will be reporting in detail over the forthcoming sections. They also provide the structure for our report (GRI 102-44).

Explanation regarding the definition pursuant to Section 289c (2) HGB and DRS 20
We have incorporated the topics and issues specified in our aspect boundary matrix and in particular the specifications of the CSR Directive Implementation Act, into our review and extended them with other issues that are important to **FP**, such as innovation and product quality. All of the key issues in our aspect boundary matrix were then in turn grouped into themed complexes and assigned to the respective guiding goals of our sustainability.

The derivation of aspect boundaries and the use of such aspects are also a requirement of **FP**'s integrated management system (GRI 102-48). We also plan to conduct a survey among selected stakeholder groups in order to compare the sustainability reporting and give our shared dialogue an even more detailed structure (GRI 102-43).

1.5.3 Summarised non-financial declaration pursuant to Section 289b-e, Sections 315b, c HGB
With the inception of the CSR Directive Implementation Act (CSR-RUG) in April 2017 and the associated reporting obligations, Francotyp-Postalia Holding AG is obliged to issue a non-financial declaration in accordance with Section 289b-e and Sections 315 b, c of the German Commercial Code.

The separate and summarised non-financial declaration, as in the 2018 and 2019 reporting year, incorporating all relevant information from Francotyp-Postalia Holding AG and its subsidiaries, pursuant to the CSR Directive Implementation Act (CSR-RUG) and Section 289b and Section 315b, c of the German Commercial Code, is integrated into our sustainability report for the 2020 reporting year. We do not distinguish between the key information and figures of our subsidiaries and those of the Group company.

In addition to a description of our business model, our sustainability report contains all information required for an understanding of the progress of the business, the business results, the position of the Group and the impact on the following aspects, as well as all key information regarding environmental matters, employee issues, social affairs, respect for human rights and the fight against corruption and bribery.

The corresponding index with the relevant section references and information can be found in the Annex.

As a result of the definition of aspect boundaries in the CSR Directive Implementation Act differing from the frameworks of sustainability reporting, Francotyp-Posta-

Important for our stakeholders

Very relevant – Top issues

Relevant – Key issues

Relevant – Key issues

Very relevant – Top issues

Important for FP

Research, development and innovation

Sustainable growth

Product quality, efficiency and safety

Corporate culture and communication

Reconciliation of work and family life

Compliance

Risk and opportunities management

Staff development

Societal and social commitment

Diversity and women's quotas

Sustainability in the supply chain

Resource protection and resource efficiency

Safety and health in the workplace

Integrated Management System

● ACT TO GROW Sustainable growth in the mail business and in digital communication processes
● ACT TOGETHER Strengthening of sustainable company management and sustainable corporate culture
● ACT TO ACCOMPANY Further emphasis of focus on customers, products and service
● ACT TO PROTECT Improvement of resource protection and increased resource efficiency

lia Holding AG has not used any framework in the creation of its non-financial declaration. Francotyp-Postalia Holding AG reports any sustainability information that goes beyond the scope of the non-financial declaration in accordance with the applicable Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI).

2 FOCUS ON FUTURE Quality and increasing customer value

Our future comes from our past. The story of a company that is now almost 100 years old, firmly committed to the quality promise "Made in Germany" and characterised by curiosity as well as the will and competence of our engineers to create added value for our customers.

2.1 Sustainable company value
(GRI 103-1, GRI 103-2, GRI 103-3)

Our tradition is to look to the future. That is why our credo was and is: customer-orientated progress, which we implement in the form of successful offers and products. Our potential lies in the knowledge we have accumulated over the years in the development and product areas of sensors, actuators, cryptography and connectivity – the potential to further increase customer benefits on existing and new markets. We are also perfectly poised for the Internet of Things, that significant market of the global future.

This is also reflected in the many years of cooperation with our customers and their satisfaction with the respective and individually created added values. From the intel-

ligent waste compactor, which is able to call the waste collection service only when the fill level is optimal, compliance with the strict guidelines for quality assurance, e.g. monitoring of cold chains in the food industry, to the remote diagnosis and control of energy generators in the field of renewable energies. You can find more information here.

Committed to our shareholders
For our shareholders, the overarching success of the company takes centre stage. They have a justified expectation that their investment will pay off due to an increase in the stock market price of their share certificates and, at the same time, through the payment of dividends.

The entire **FP** company has a significant obligation to its shareholders. Every day we monitor the development of the stock market price, which, however, also depends on external factors over which we have no influence, such as the general capital market environment.

FP share recovers in the second half of 2020
The **FP** share started the 2020 stock market year at a price of Euro 3.47. Over the ensuing weeks, the price continued to rise. The share reached its zenith for the year of Euro 4.19 on 17 February. Obotritia Capital KGaA announced in March 2020 that it had exceeded the 25 per cent shareholding threshold in Francotyp-Postalia Holding AG. With a capital share of 28.01 %, the company is **FP**'s largest single shareholder.

The increasing spread of the corona virus and the associated lockdown created a great deal of uncertainty on the capital markets. In March, the **FP** share price therefore also recorded a significant decline. On 6 April it reached its nadir for the year of Euro 2.68. Afterwards, the share picked up speed again, passed the Euro 3 mark and moved in a price corridor of Euro 3.00 to Euro 3.40 over the further course of the year. The good figures for the third quarter caused the share price to rise temporarily. On the day of the Equity Forum on 18 November, when the company was presented to numerous investors, the share price continued to rise and reached an interim high of Euro 3.64. In the weeks that followed, the **FP** share fell slightly again and ended 2020 at Euro 3.20. As a result, it gained slightly in value over the course of 2020 and ended the year down 7.2 %.

The securities of the two listed competitors developed differently. While one stock gained 52.9 %, the share of the European competitor recorded a price loss of 27.1 % over the year.

Close cooperation between the Board of Management and the Supervisory Board
FP's Board of Management and Supervisory Board work closely together in a spirit of trust – with the common goal of sustainably increasing the company's value and improving profitability. To this end, the Board of Management and the Supervisory Board regularly discuss the status of the company's agreed strategic orientation. The Board of Management also regularly, promptly and comprehensively updates the Supervisory Board on all matters relating to planning, business development, the financial and profit situation, risk, risk management, internal accounting and compliance that are of relevance to **FP**. The Board of Management reports on any deviations in the trajectory of the business from the established plans and objectives, explains them and discusses the proposed countermeasures. In the rules of procedure for the Board of Management, the Supervisory Board has determined the manner in which the Board of Management must provide information and reports. Decisions or measures that fundamentally change the company's revenue, financial or asset status, as well as transactions of significant importance, require the consent of the Supervisory Board in line with the Board of Management's rules of procedure.

Our operational structures are important factors in fulfilling the expectations placed on us over the long term and increasing the company's value.

2.1.1 Market development
Strong position on attractive markets
In the 2021 business year, the prerequisites will be created to successfully develop new areas of digital business. Our business on the franking machine market is the basis for successfully shaping this transformation. We still see significant potential here on the world's most attractive markets, the USA and France. We offer a large number of innovative products that are of equal interest to companies and public authorities. Our product portfolio comprehensively covers the needs of our customers.

Our global sales are managed through our subsidiaries in Germany, the USA, Canada, the United Kingdom, the Netherlands, Belgium, France, Austria, Italy and Sweden, and through a dense network of dealers in around 40 countries worldwide.

In 2019, our sales structure was reorganised. Global sales now take place in three regions:
- NAM – North America (USA and Canada)
- CER – Central Region (Germany, Austria and Switzerland)
- MER – Middle Europe (other European countries and the dealer network)

NAM region:
Canada and the USA

CER region: Germany,
Austria, Switzerland

MIE region: Sweden, GB,
Belgium, Netherlands,
France, Italy
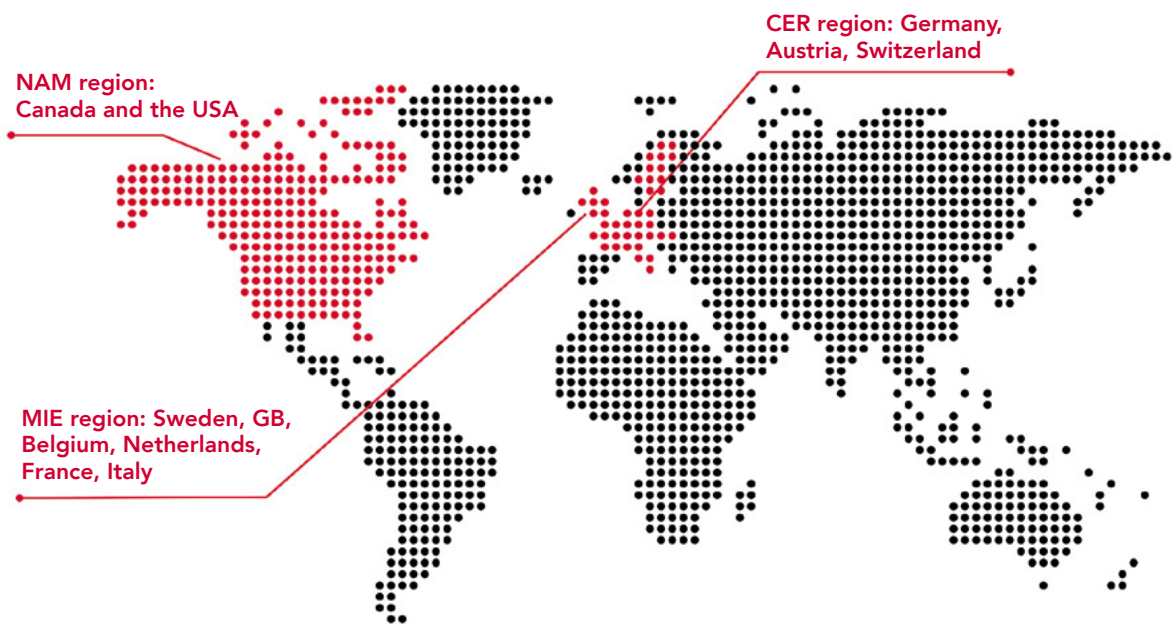
A trend remains true to us

On many markets, there is a continuing trend towards smaller franking systems, from which **FP** can benefit in the long term. We have traditionally focused on the A and B segment for franking segments and, with our PostBase family, have innovative products for small and medium-sized volumes of mail. We were able to further consolidate our technological leadership in this area with the market launch of our new PostBase Vision product generation.

The expansion of the customer base not only has a positive impact on other key factors such as securing jobs at **FP**, but also opens up new opportunities to offer our customers additional products and services. With this, we will accompany our customers on their digital transformation journey.

2.2 Compliance
   Strong principles for our daily activities
   (GRI 103-1, GRI 103-2, GRI 103-3)

The Board of Management and the Supervisory Board – taking into account the co-determination rights of the relevant employee representatives – have defined guidelines for compliance and our Code of Conduct, which must be observed by all **FP** employees in their work for the com-

pany and which apply worldwide. Our compliance guidelines define our expectations in terms of compliance with legal as well as internal specifications in order to further the company's success and to prevent damage to the company.

The Board of Management is responsible for ensuring compliance with the legal regulations and internal company guidelines and works to ensure that they are observed by the Group companies. Compliance issues are regularly discussed between the Supervisory Board or the Chairman of the Supervisory Board and the Board of Management.

Our compliance management system organises the acknowledgement, analysis, management, documentation and review of our compliance regulations. Our corporate culture is characterised by a sense of trust and mutual respect, as well as the will to strictly comply with laws, and sets the binding standard for all of our behaviour. This is not only a self-evident obligation, but also fulfils the expectations of all stakeholders.

Compliance with legal and ethical rules and principles is a top priority at **FP**. Just like the responsible handling of insider information, these rules and principles are laid down in the Compliance Guideline (GRI 205-2).
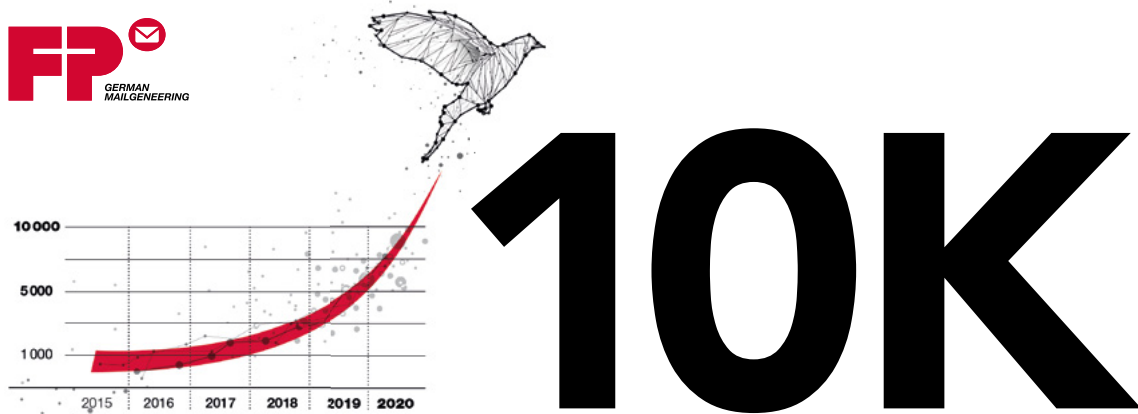
FP France has surpassed **10 000** machines sold in **2020**

#2DigitGrowth   #TheFutureBelongsToFP

Success for FP France

In September 2020, FP passed the symbolic milestone of 10,000 franking machines installed in France. And here, too, we would like to offer congratulations on this special achievement.

Second-largest market in the world

Since the founding of the French subsidiary in May 2011, we have expanded our **FP** products in France. MyMail was the first **FP** machine approved by La Poste, followed by the PostBase at the end of 2014, the PostBase Mini in 2015, the PostBase One in 2017 and, most recently, the PostBase Vision in January of this year. France is the second largest market in the world in terms of potential after the US market and is just ahead of the UK market. France therefore represents real growth potential for **FP** because, despite the decline in the overall installed base, **FP** France has managed to grow on a highly competitive market.

Our principles at a glance

1. We operate globally, respecting recognised standards. Laws and regulations that are relevant to us – in Germany and at our overseas offices – are followed to the letter.
2. We take responsibility for our employees. No employee must suffer any disadvantage as a result of following the compliance regulations.
3. Managers have an exemplary role to play and are instructed to encourage their employees to follow the compliance regulations.
4. We demonstrate integrity and fairness in our commercial activities both vis-à-vis our business partners and our in-house cooperation.
5. Employees are continuously updated and trained on how to follow and implement this code of conduct in their business dealings and in a professional context.
6. We want to constantly improve what we do.
7. Violations and significant potential conflicts of interests must be reported without delay to supervisors or the Compliance Officer.

The Compliance Officers were commissioned by the Board of Management of Francotyp-Postalia Holding AG to encourage and monitor compliance with this code of conduct globally. All **FP** employees are obliged to provide them with comprehensive information on all relevant matters.

Compliance with regulations is proven through documentation. If our compliance guidelines and the specifications from subordinate documents (processes, guidelines, instructions) are not adhered to or deliberately violated, this will lead to measures under labour law and, if necessary, will be prosecuted under criminal or civil law.

We are committed to avoiding situations in which the personal or financial interests of employees come into conflict with the interests of **FP** or there is a risk of such conflict. This in particular relates to the economic connection between employees and customers, suppliers and competitors of **FP**, as well as the assumption of private business relationships with them (e.g. consultancy contracts).

We act fairly and do without …

- … the acceptance or offer of direct or indirect advantages, especially "kick-backs", but also of personal gifts and invitations that may be construed as influencing commercial decisions or transactions.
- … any actions likely to confer direct or indirect advantages on officials or other public workers.
- … in our dealings with business partners, any actions likely to unduly influence the recipient's decisions.

- … the engagement of third parties (e.g. consultants, brokers, sponsors, representatives or other intermediaries) to circumvent the above regulations.
- … the granting of direct or indirect donations to political organisations, parties and individual politicians without prior approval (2020: no direct or indirect donations, GRI 415-1).

Since legal violations due to individual misconduct can never be completely ruled out, our employees and third parties have the opportunity to report misconduct within the company.

FP, along with all of its subsidiaries and processes, is subject to regular risk assessments, including in relation to all compliance risks, as part of its risk management system. These regular reviews cover the risk of corruption (GRI 205-1).

Yes to competition

We are committed to fair and open competition on the world's markets, and we therefore distance ourselves completely from:
- practices that contravene anti-competition or anti-trust legislation between competitors, suppliers and other companies, such as illegal bid rigging which excludes, restricts or distorts the competition
- the exchange of information on competition
- the misuse of a market-dominating position
- infringements of the regulations of anti-trust merger control

During the reporting period there were no known legal processes arising from anti-competitive behaviour or cartel or monopoly formation at **FP** (GRI 206-1).

Criteria for suppliers and customers

We also set strict standards with regard to our suppliers and customers, and we are committed to making buying and selling decisions based on the following criteria in particular: costs, delivery time, quality, technology, reaction, compliance with delivery deadlines, financial stability of the supplier / customer, environmental and information security aspects, compliance with anti-terrorism laws and respect for human and employee rights.

As a globally active company, we undertake to comply with national and international agreements (in particular export control regulations, embargo and trade control regulations) when providing our services and distributing our products.

Protecting human and workers' rights

We respect the internationally recognised human rights and support their defence. We vehemently reject all forms of forced or child labour (GRI 408-1, GRI 409-1). We recognise the right of all employees to form unions and employee representative bodies on a democratic basis within the context of national regulations (GRI 407-1). The right to commensurate remuneration is recognised for all employees. Pay and other benefits meet at least the respective national and local statutory standards and/or the level of the national business sectors / industries and regions. We do not additionally check compliance with human rights at our German and international locations since comparably high standards can be assumed at these locations and the respect of human and employee rights is inherent for **FP** (GRI 412-1). We maintain good relationships with all of our stakeholders, work according to our leadership principles and are committed to our corporate culture (GRI 412-2).

There were no significant investment agreements and contracts that contained human rights clauses or were screened for human rights aspects. Similarly, we do not operate or invest in high-risk countries (GRI 412-3).

Fighting terror and money laundering

We are committed to avoiding entering into business relationships with any individuals, groups, suppliers or organisations who are the subject of sanctions enforcing a comprehensive prohibition of disposals. We are reliant on the fact that banks in the legal territory of the EU update their business contacts in accordance with European and national anti-terrorism legislation and accordingly maintain only business relationships that comply with the law. Against this background, we are committed – in relation to the European parts of our company – to maintaining business relationships only with partners who have a business account with a European bank.

We distance ourselves from dealings which we suspect may serve to exchange or transfer money or incorporate other assets into legal business transactions that have been obtained directly or indirectly from previous criminal acts and we comply with national and international money laundering legislation.

Ongoing review

A Group-wide risk analysis, which is carried out every six months, and any current events that may occur determine the scope and intensity of our compliance activities. Any misconduct that is uncovered is followed up on immediately and consistently. The company's internal Compliance Guidelines serve as a yardstick for all employees

across all locations to behave with integrity in their business dealings (GRI 205-1). Managers and employees receive regular and mandatory training on the Compliance Guidelines in order to minimise the risk of individual legal violations (GRI 205-2).

Together with external service providers, audits are carried out to ensure compliance with further legal requirements. To our knowledge, there was not a single case of corruption in 2020 (GRI 205-3).

2.2.1 Information security and its management

Information security is essential to our business – and we act accordingly. Our integrated management system is certified appropriately in relation to information security for the relevant parts of our company. All of the company and compliance guidelines relating to data protection and data security apply worldwide.

Under the guidance of the Management Representative (MR), the Chief Information Security Officer (CISO), the information security level is safeguarded with the support of the Emergency Representative (ER), the Information Security Officer (ISO) responsible at the Berlin locations and the Security Officers working there. Local Emergency Representatives (ER) and additional IT Security Officers (IT-SO) responsible for the IT Division also work at the Berlin locations.

The increasing threat of cyber attacks is an issue of which the Board of Management of Francotyp-Postalia Holding AG is aware and one where it shows leadership and takes responsibility, as required by the IT Security Act. Measures have therefore been implemented to ensure that in the event of security incidents, management is informed immediately in order to assess the risks to the company and those affected and to remedy them as quickly as possible.

Existing certificates

In cooperation with the company's Representative for the Integrated Management System (IMR), the Information Security Management System (ISO/IEC 27001) of the **FP** subsidiary IAB in Berlin-Adlershof was extended for a further three years in 2019. Our information management system is networked across Germany and will be constantly developed further over the next few years in line with our stakeholder groups. The **FP** subsidiary Mentana-Claimsoft also holds the TR-RESISCAN IT security certificate from the German Federal Office for Information Security (BSI) for the legally secure, substitute scanning operation of its De-Mail infrastructure.

The History of FP

Admittedly – it took us almost 100 years from the first cash franking machine to the digital letter. Nevertheless: We were mostly faster than everyone else. Discover our eventful company history and learn how the inventors of the 1920s laid the foundation stone for today's **FP** with pioneering engineering skills.

FP will continue to be a reliable and innovative partner for secure analogue and digital postal and organisational communication – for you and all the people in offices worldwide.

1920s

Hyperinflation
Postal workers have to write values that change every hour by hand on stamps.

Innovative designers transform a cash register into the world's first franking machine with adjustable postage value. Postfreistempler GmbH, Bielefeld – to be known subsequently as Francotyp GmbH – is founded.

Model A with a base frame weighs a full 100 kg.

Francotyp A and the successor model Francotyp B provide up to 4,000 consignments with franking stamps per hour.

1930s

Erich Komusin
The designer and his wife Hildur apply for several patents in Germany and abroad as early as the 1920s. The firm Freistempler GmbH, which he founded in 1938 and which later became Postalia GmbH, is Francotyp's greatest competitor in Germany until the merger in 1983.

KOMUSINA

Komusina franking machine
The Komusina sender's postage meter is produced about 1,500 times until the beginning of the 1930s. It costs 635 Reichsmark.

Francotyp C
The smallest Francotyp machine model C is available for 1,070 Reichsmarks.

1940s

In 1947 the "Bügeleisen" ("Iron") becomes the D2
Ironically called the "iron" by the competition, Postalia is produced around 400 times in France during the war years from 1940 to 1945. In 1947, the company begins production of the Postalia D2 among the ruins of Frankfurt.

Smallest franking machine in the world

Francotyp starts production in 1946
While Postalia GmbH accepts orders shortly after the war without knowing when delivery will be possible, Francotyp stops accepting orders. The production facilities in Bielefeld have been partially destroroyed. In 1946, production in Berlin's Parkstraße starts to a limited extent.

1950s

Francotyp and Postalia conquer the world
Postalia receives its first foreign approval in 1949 and is represented in almost 50 countries by 1965.

1950 – Postalia D2 now also with electric drive

Francotyp's electric taxograph also makes a career for itself abroad – from Italy to Canada.

Field trial at the post office in Berlin W 15
The innovative street mail machine is quickly christened the "civil servant killer" by the Berliners.

With these two handy models, the spread of franking machines in small businesses begins.

1960s

The new Francotyp A 9000 model sets new standards with 9,000 consignments per hour.

POSTALIA

Postalia exhibits at trade fairs worldwide and supplies franking machines to the Japanese, Turkish, Dutch and Austrian postal services, among others. The company is the first non-American manufacturer to receive US approval in 1960.

Large order from West Berlin
In 1967, Francotyp equips 1,100 acceptance points for lottery and football pools with Tempograph safety stamping machines.

500,000 examples sold

1970s

The enemy becomes a friend
Postalia is successfully sold to Francotyp's parent company Anker Werke AG, Bielefeld, in 1969. First of all, only the development capacity of the two firms is combined.

POSTALIA

The new Okafold product range enables folding, inserting, sealing and franking in one system.

1980s

1983
The umbrella company Francotyp-Postalia GmbH is founded

FRANCOTYP POSTALIA

The first fully automatic franking machine in the world

The EFS model

1990s

The T1000 launches in 1991 and later received numerous innovation and public awards under the name Optimail.

Francotyp-Postalia is located in Birkenwerder near Berlin from 1994 to 2014.

By the way:
In 1997, Germany is the second largest franking machine market in the world after the USA. Approximately 300,000 franking machines are in operation.

World's first thermal transfer franking machine

World's largest pass-through thickness – 20 mm

Jetmail is introduced in 1997. From weighing, through letter transport to printing, the inkjet franking machine does (almost) everything on its own.

2000s

Going public
FP successfully goes public in 2006 and takes over two postal service providers. This strengthens FP's position as a service provider for professional mail processing.

First supplier of Frankit franking machines

From 2004 on, frankings must meet Deutsche Post's FRANKIT requirements and be machine-readable, among other things.

By the way:
In 2005, FP has a global market share of 10 percent, in Europe 22 percent and in Germany as much as 50 percent.

Optimail 30
The T1000 successor has an innovative user interface and a new thermal print head for higher resolution.

FACT safe gut

iF product design award 2006

The production plant in Birkenwerder delivers to 86 countries.

2010s

FP Sign
Together with Bundesdruckerei, FP offers secure digital signature and sealing solutions for companies.

First franking machine supplier with Energy Star 2.0

reddot design award

Hybridmail
At CeBIT 2010, FP presents Hybridmail, an online letter that can be sent to the post office at the click of a mouse.

The FP subsidiary Mentana-Claimsoft becomes the first De-Mail provider

Back to Berlin
In 2014, more than 200 FP employees move into their new offices at Prenzlauer Promenade 28.

PostBase
With PostBase, FP takes the next step towards postal communication 2.0.

German Mailgeneering

Digital? Oh, yes.
We at FP are a reliable and smart partner for fast and secure communication for millions of people working all over the world.

Efficiency and Security
Innovations in the field of digital communication and business transactions are part of our DNA and are at the heart of our research.

2,500 patents – with more on the way.
Since our beginnings almost 100 years ago, we at FP have been known for our inventive spirit. Today, as well as back then, we are taking great strides into the future.

Did you know? We were already completely digital in 1983. EFS was the first fully keyboard-operated franking system in the world

FP sign

Made in Germany
It all began in Berlin. We remember our roots and continue to put our faith in technical quality in the 21st century – German Mailgeneering purely and simply.

2.2.2 Data protection, EU General Data Protection Regulation and data security

Personal customer and employee data is an asset worth protecting. In harmony with our Compliance Guideline, we have defined processes and regulations in order to ensure that the processing of personal data meets the requirements of the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG). We document this in our integrated management system. All employees are also regularly trained and instructed on the topic of data protection and data security.

If it becomes apparent that information (including personal data) has become known to unauthorised individual, or if it must be assumed that this may have happened, a security message is sent to the team of the Information Security Officer and the Data Security Officer (together known as the ISO team). Its experts then check the facts and potential impacts without delay, deriving measures where appropriate. The ISO team groups security incidents into three categories: Low, Normal and Critical. Any incidents are listed in the quarterly IMS report. They are weighted according to the categories, creating a reference value of 15 for the current years. In 2020, the actual value was 7.2, again significantly better than the previous year (7.6).

In order to fulfil the reporting obligations set out in Section 33 of the GDPR when processing personal data, the department liaises with the Data Protection Officer before data is documented. If necessary, the procedural directories are updated by IT and provided to the Data Protection Officer. The procedural directories are archived for audits by the authorities.

As far as we know, there were no justified complaints in relation to infringement of the protection of customer data in 2020. No significant data protection incidents caused in-house, such as data leaks, data theft or data loss in connection with customer data, are known to have occurred in the reporting year (GRI 418-1).

2.3 Risk and opportunities management: Banishing dangers, raising potential

In order to sustainably secure the existence and successful further development of our company and to continuously increase our competitiveness, it is tremendously important to recognise and evaluate opportunities and risks at an early stage and to react to them appropriately. Risk and opportunities management is therefore an integral element of our structures. More detailed Information on this subject can be found in the Group Management Report.

Organisation of early identification

The risk and opportunity management system is integrated into **FP**'s control system and existing structures in order to identify and evaluate possible signals at an early stage. It is derived from our strategic goals. Detailed market and competition analyses and forecast scenarios, as well as the intensive examination of relevant value and cost drivers, serve to identify opportunities for the company. With regard to the risks, a monitoring system has been set up in accordance with Section 91 (2) of the German Stock Corporation Act (AktG). This system also serves to identify early any risks that could potentially threaten the existence of the company (GRI 102-30).

FP considers risk management to be a continuous and ongoing process. Even during the course of the year, newly identified risks are immediately reported to the Board of Management (ad hoc communication). The early identification system for risks and opportunities is evaluated by the auditor within the framework of the annual accounts audit in order to ensure that the system is capable, with commensurate probability, of acknowledging, evaluating and communicating all risks that could potentially endanger the existence of the company (GRI 102-29).

The most important goal of risk management is to identify potential risks at an early stage, to reliably assess their probability of occurrence and possible effects on the course of business, to control them and, as far as possible, to limit them in a sensible manner. At the same time, chances of success need to be preserved as long as their risk content does not exceed an appropriate level. On this basis, appropriate measures are taken to manage risks in line with the corporate strategy.

Report managers have been appointed for the observation, evaluation and reporting of opportunities and risks. They are recruited from the managing directors of the domestic and foreign companies as well as the division heads and officers within the implemented management systems (quality management, data protection, etc.).

The report managers identify the opportunities and risks in their subject field and are responsible for realising the opportunities and avoiding the risks. To this end, the Governance, Risk & Compliance division sends them a request to report their opportunities and risks every six months. The report managers develop the appropriate measures for dealing with the risks identified for their subject area.

The Governance Risk & Compliance division monitors the implementation of a uniform risk strategy and methodology for identifying, analysing and evaluating opportunities and risks, as well as the subsequent realisation of opportunities and handling of risk. The Governance, Risk & Compliance division is supported by a six-person risk committee that reaches an agreement at regular intervals on the identification, analysis and evaluation of opportunities and risks. The members evaluate all of the information provided by the report managers, with the following areas of responsibility having been defined, divided according to risk type:

I   Market-related risks
II   Operational risks
III   Financial risks
IV   Regulatory, legal and compliance risks
V   Reputation and brand risks
VI   Environment and sustainability risks

Overall responsibility for the risk and opportunity management system at **FP** lies with the Board of Management. Risk and opportunity management is closely intertwined with compliance management and is an integrated aspect of corporate governance. A system for monitoring risks has been set up in line with section 91(2) of the Aktiengesetz (AktG – German Stock Corporation Act). The risk and compliance situation is regularly analysed and the risks identified are assessed, managed and controlled. This system is used not only for the early detection of risks that could potentially threaten the continued existence of the **FP** Group.

Depending on the assessment of the risks, different strategies are pursued. Risks that could have serious disadvantages for the company's development or even jeopardise its existence are completely and consistently avoided as far as possible. Less significant risks are limited in their impact. For example, certain maximum values are specified, regular and systematic checks are carried out, and/or attention is paid to the consistent separation of functions. Wherever possible or appropriate, risks are outsourced, for example to insurance companies or suppliers. Other risks are taken in a conscious and controlled manner.

The **FP** Group's risk strategy is to be innovative yet risk-averse in the traditional Franking & Enveloping and Mail Services business segments, while investing, in a risk-averse manner, in the growing Software/Digital product area that carries its vision for the future.

The risk management structures and processes are standardised throughout the Group. The risk assessment, i.e. the identification and evaluation of potential risks to which the company is exposed, is carried out every six months according to defined risk categories. This is done in a decentralised manner and is documented via corresponding uniform reporting formats. For this purpose, a large number of risk types are considered and assessed within the risk categories by each reporting party. The individual reports generated on this basis are then validated in the Group's Governance, Risk & Compliance depart-

RISK MANAGEMENT AT FP

Opportunity and risk owners	Reporting responsibility	Risk coordinator	Report recipient
• Recognition or identification of opportunities or risks • Responsibility for implementation or risk management strategy	• Responsibility for reported risks and opportunities in their area • Responsibility for planning and implementing actions to leverage opportunities and manage risks **Staff group** • Section Manager, Managing Director	• Responsibility for implementing a standardised risk strategy and methods • Identification, analysis and evaluation of opportunities and risks as well as subsequent opportunity leverage and risk management Report and presentation to the **Board of Management** Report to the **Supervisory Board**	• Risks are classified (market, operational, finance, reputation/brand, regulation/law/compliance, environment/sustainability) • Analysis, evaluation and monitoring of reported opportunities and risks in two meetings • Support from person responsible for the report in the evaluation process

ment and consolidated into an overall risk situation for the corporate group.

The result of this structured process is used to prepare the risk report, a written communication to the Management Board and Supervisory Board. This information is then incorporated into regular business analyses by the Management Board, site managers and business area heads and is used to develop a course of action.

In order to actively limit the relevant risks through appropriate control activities and to regularly review the defined control activities for appropriateness and effectiveness, risk management is complemented by an Internal Control System (ICS). The scope and effectiveness of the system are regularly monitored and, where necessary, expanded with new control activities, e.g. in the form of guidelines or process instructions. As part of the audit of the financial statements, the risk and opportunity early warning system is evaluated by the auditor to ensure that the system is suitable for identifying, assessing and communicating in a timely manner, with sufficient probability, all risks potentially jeopardising the existence of the company.

2.3.1 Risks for FP

All market-related risks, operational risks and financial risks, as well as regulatory, legal and compliance, reputation and brand risks, plus environmental and sustainability risks at **FP** are inventoried twice a year (GRI 102-31).

The Governance Risk & Compliance department guarantees the implementation of a uniform risk strategy and methodology for identifying, analysing and evaluating opportunities and risks, as well as the subsequent realisation of opportunities and handling of risk. Risks are assessed using a company-specific assessment matrix, which, as in previous years, considers the probability of occurrence and potential damage levels of possible events and derives priorities from them. In the course of the further development of the risk management system, gradual changes were made compared to the previous year.

In order to be able to allocate the **FP** Group's prevention resources more efficiently, risks in the lowest probability class to date, 0-20 % p.a., are being considered in a more differentiated manner (occurrence on a long-term average of up to every five years) and divided into the classes 0–5 %, 5–10 % and 10–20 %. At the same time, above a 60 % probability of occurrence, there is no longer any subdivision, since events whose occurrence is predominantly probable are already given the highest attention. The intermediate probability categories reflect this idea, increasing towards the top end of the probability scale.

The assessment of loss potential is still based on the impact a risk would have on forecast Group EBITDA if it were to occur. The loss classes were also amended here to provide more consistent intervals between the classes. The size of the classes still varies, but the overall distribution has been smoothed out. Intervals now consistently increase by a factor of 1.5. Class limits were also amended to provide a more nuanced picture of whether the occurrence of the risk would actually endanger the existence of the company. This would not be the case for a loss of 35 % of Group EBITDA.

However, the greater differentiation described results in a change to the assessment matrix. The current practice of assigning a higher weighting to potential loss compared to probability of occurrence allows **FP** to focus risk management more on managing severe risks and risks that might threaten the company's continued existence. This is a change from the previous system, under which risk management focused on events where prevention was very limited and that did not pose a risk to the company's continued existence and did not even constitute a material risk. Events with a low loss potential that are almost certain to occur are actively managed by the specialist department responsible.

There are no identifiable further potential risks that could arise from our business activities, products and services, or from our cooperation with business partners and suppliers in relation to sustainability (GRI 102-11). Our 14 key subject areas also do not hold any economic, social or sustainability risks that would endanger **FP**'s continued existence or be regarded as significant in our risk management system (GRI 102-15, GRI 102-34, GRI 201-2). A detailed description of **FP**'s individual risks can be found in the Group Management Report.

2.3.2 Opportunities for FP

Opportunity identification is served here, inter alia, by detailed market and competition analyses and forecasting scenarios, as well as an intensive analysis of relevant value and cost drivers.

For various reasons, **FP** currently expects the market for franking machines to stagnate or shrink. This scenario might turn out to be too defensive, because in many areas, letter post is still the preferred way to exchange confidential or binding documents. By concentrating on franking machines for smaller letter volumes, a decline in letter volumes could even prove advantageous for the **FP** product range as it can substitute larger machines and thus have competitive advantages. **FP** also does not yet have a large installed base in various countries and could signifi-

cantly expand its presence there. **FP** is well positioned to systematically exploit opportunities on the Group's strategic target markets with its products and internal measures. While the company is working specifically to tap into these opportunities, it is rather unlikely that short-term successes can be achieved here.

3 FOCUS ON ACCOMPANYING Companion to our clients
(GRI 103-1, GRI 103-2, GRI 103-3)

Our goal is sustainable successful business development. One building block for achieving this is our customers, whom we place even more at the centre of our actions and for whom we develop new products and services along the entire customer journey. Or, as our second guiding goal puts it: FOCUS ON ACCOMPANYING.

Every day we work with dedication and passion to inspire existing customers and to convince new customers to join us. There are still many undiscovered treasures lying dormant on the digitalisation market. An example from the mail business: 81 % of companies continue to use business letters for confidential and important communications since many companies are uncertain about the confidentiality, security and binding nature of digital solutions. There is a gigantic need here: 53 % of companies are not yet using the potential of digital alternatives, although 66 % of companies realise that the potential for optimisation lies in the digitalisation of incoming mail. This opportunity must be seized (www.fp-francotyp.com/ Effizienzreport).

Portfolio at a glance
The most important product in the secure mail business sector is our PostBase family: the range extends from the PostBase Mini, our small system for beginners, to the PostBase Classic and PostBase 100 and onwards to the professional franking system, our PostBase One and, since 2019, our PostBase Vision. With this comprehensive portfolio, we have the right solution for every requirement. We also offer our clients a flexible and economical alternative with **FP** Finance.

FP Finance offers various options for using products. From all-inclusive rental to leasing, customers have a range of options to choose from. At the forefront for this are financing solutions tailored to customers' needs for franking and enveloping machines, as well as for electronic solutions. Instead of having to make a one-off large investment, the customer pays in regular and manageable instalments and thus gains financial leeway. We furthermore offer customers an "all-round carefree package" with

individual service and maintenance contracts. Depending on the customer's wishes and requirements, the products can be purchased, rented again or returned at the end of the contract period.

In the field of secure, fully digital communication processes, we have developed **FP** Sign, a cloud-based software solution for the secure, confidential and legally binding digital signing and exchange of contracts and documents.

We have developed the customer portal especially for our customers from the SME sector, through which they can access our digital products and services worldwide. With the cloud-based **FP** Parcel Shipping service, **FP** customers are able to quickly and easily compare the prices of various providers when sending parcels, select the best parcel sender and then generate a parcel label online. We also offer our customers webshop services or the opportunity to print digital documents on paper, frank and then send them using our hybrid mail services such as transACT-mail. And, our **FP** Secure Gateways are the perfect solution for the security requirements in the IoT environment.

3.1 Research, development, innovation: we are inventing the future

As a technology company, innovation is of central importance to us. The transfer of valuable data streams and secure communication have contributed to the creation of specialist expertise in the development of functions that satisfy the requirements of various postal authorities and companies around the world. These skills shape the DNA of **FP**, with its sensors, actuator mechanisms, connectivity and cryptography components.

The research and development division focuses on developing products for corresponding innovative solutions, physical products and software for the target markets. Basic research that does not pursue a primarily economic purpose is less in focus.

The core goal of research and development is to support the key aspects of the strategy to develop innovative products and refresh existing products based on an evaluation of the market and its technologies. This is especially true in digital areas of business. This results in the following key areas:
- Securing the franking machine business
- Strengthening of digital products
- Expanding the IoT business sector

To achieve these goals, the best possible use of resources and competences is crucial. The proven use of agile devel-

opment methods enables **FP** to dynamically adapt products to market requirements. At the beginning of a project there is an idea, which is not implemented rigidly in the sense of a conventional "waterfall model", but rather can be continuously improved through early contact with customers and Marketing. In addition to the agile implementation of projects, **FP** is also increasingly using agile methods in the product definition phase. These design sprints lead to rapid market feedback even during the product idea's development stage. In the meantime, **FP** is using agile processes and methods that are integrated into a sophisticated multi-project management environment in all projects in which it is expedient to do so.

The development activities focus on the core skills of
• Secure infrastructures
• Cryptography (security and encryption software)
• Sensor and control solutions
• Software
• Connectivity
• Testing and test automation

Secure infrastructures
FP develops and operates secure infrastructures as the basis for billing services. They complement the hardware components with solutions-orientated services. Customers often use these as "pay-as-you-use" services. **FP** develops the corresponding hardware and software components for billing services and offers suitable solutions for this.

Cryptography (security and encryption software)
Secure billing services require modern encryption technologies, i.e. cryptography. **FP** offers a range of different security solutions for this purpose. In the case of franking systems, they essentially enable the highly secure transmission of monetary values and sensor data. In the IoT environment, they ensure the transmission of all types of data with a unique identity from the point of origin to various cloud services.

Sensor and control solutions
The many-times-proven interface technology from **FP** makes it possible to acquire data from virtually any source, such as industrial controls, energy meters, analogue and digital sensors of all kinds and to make it available for analysis and use in digital services. The applications created with this technology are extremely diverse. In 2020, work began on developing further new interfaces, such as LMN and CLS, for added-value services involving smart meter gateways.

Software
Software is of crucial importance for the success of **FP**'s products. In order to advance software development in the different areas in a more targeted manner, it is increasingly being bundled into competence centres. Software development nowadays comprises not only "simple" machine control, but also PC and web applications, embedded software and servers for managing data and for implementing cryptography and cloud solutions. Development takes place in two different areas of competence. The first area includes application development with a focus on PC and server software, cloud applications and the development of mobile applications for the Android and iOS operating systems. The second area concentrates the development of embedded software with the emphasis on industrial IoT and the further development of products for the franking and enveloping business.

Specifically, the following focal activities took place in 2020:

Franking product area
Development activities in the area of franking machines focused on product maintenance measures. The existing model range was further optimised based on customer requests or to improve safety. All franking systems have been re-approved in accordance with the new IEC62368-1 safety directive. They have also been tested for electromagnetic compatibility and electrostatic discharge. The approval of PostBase Vision in further countries was also prepared or completed.

Digital products (without IoT)
During the application development process, the focus lay on developing the cloud-based digital signature solution **FP** Sign and in particular on adding key functions and convenience features, addressing requirements from other countries and developing **FP** Sign mobile apps for Android and iOS associated with the roll-out via app stores.

The development and infrastructure integration of a shipping solution for parcel shipping in the USA, as well as the development and roll-out support for the international customer portal continued to remain at the forefront of our activities.

Expanding the IoT business sector
In the area of IoT applications, the company succeeded in developing numerous different gateways to series production readiness and transferring production to the plant in Wittenberge. Security technology approvals were also completed for various gateways.

Subsequently, the focus of development activities was on software development. Gateways capture data and forward it securely. The benefit for the customer lies in the availability of the data and its corresponding evaluation. For this purpose, a portal is to be developed that enables the efficient onboarding of new customers. This portal would offer customers the possibility to make individual evaluations of the data. Apps and a dashboard are to be developed for the rapid commissioning of the gateways and the standardised evaluation of the data, so that customers can receive a turnkey end-to-end solution.

Changes in research and development activities compared to the previous year
The focus of R&D activities changed last year. Whereas hardware products used to be the focus, there has been an increasing focus on the associated software solutions. They should make it possible to offer customers end-to-end solutions with which the data can not only be collected, but also analysed and evaluated. This is expected to be one of the keys to generating significant growth in digital products in the future. We do not claim to develop all the solutions ourselves. Given the right opportunity, we would also specifically expand our expertise in this area in a non-organic way.

Product development with agile methods
The optimised use of resources and skills is crucial for success in the field of research and development. We use agile development methods that enable us to dynamically adapt our products to market needs. At the beginning of every project there is an idea, a concept, to which we do not stubbornly adhere, but which can rather be continuously modified and improved through early contact with customers and sales. In addition to the agile implementation of projects, we are also increasingly using agile methods in the product definition phase. These design sprints lead to rapid market feedback even during the product idea's development stage. In the meantime, we use agile processes and methods that are integrated into a sophisticated multi-project management environment in all projects in which it is expedient to do so.

Cooperation with universities
No sustainable company can do without cooperation with universities and other educational institutions. **FP** has long since engaged in an active exchange with various institutions. We offer students working on their Bachelor's or Masters' thesis the opportunity to engage with experienced **FP** engineers and **FP** developers, work with them and use **FP** laboratories and workshops for their own research and developments.

FP also facilitates organisational and personal support for funding projects.

3.2 R&D in the field of Franking & Office Solutions – Our patent formula for successful products

How does an idea become a good idea? And how does a good idea become a new product and a market success? How can ideas be evaluated quantitatively and qualitatively? This is the question that drives the Research & Development team across departments and divisions.

It all starts with an idea. In this context, the faster and more accurate the evaluation, the more quickly and with less risk it can be launched on the market. Ideas go through a multi-stage process in this context: from an initial pitch before a panel of experts, through a prototyping and testing process to an evaluation matrix that examines in detail the relevance for customers, strategy, market and technology. We think from the user's perspective. In other words, ideas are developed in an iterative process together with potential customers and quickly trialled through minimum viable products, as they are known, and repeatedly adapted to the requirements (design thinking).

Our methods for evaluating product ideas have given rise to further evaluation models, for example for strategic partnerships. With the evaluation criteria that have been developed, **FP** sets standards so that decisions can be taken quickly.

Protecting ideas
Our transformation process requires a future-oriented, active strategy with respect to industrial property rights. The core element is the systematic analysis of new, relevant fields of business in relation to the existing framework conditions around intellectual property (IP): Which property rights already exist? Which strategic fields can still be occupied? How can our innovative products be protected most effectively and efficiently? In addition to the classic "Freedom to Operate" research and the protection of new products during development, the targeted creation of strategic intellectual property rights is of particular importance. The basis for this active strategy with respect to industrial property rights is the periodic review of our patent portfolio with regard to intrinsic value. This represents a good starting position and guarantees the appropriate "clout" for future intellectual property activities.

Our patents
FP has been a company driven by engineers, their experience, their knowledge and their expertise for 98 years – with our history being shaped by our patents. With the help of our 360° IP strategy, we accompany the entire development cycle of new products, thereby achieving all-round protection through the use of early patent applica-

tions. Even during the phase of idea generation and concept development, functions which are relevant to intellectual property rights are identified and registered by means of a systematic analysis, thereby resulting in competitive advantages in monetary terms during the subsequent marketing process. The aim is to significantly strengthen our market position by the targeted occupation of relevant fields of intellectual property rights.

3.2.1 PostBase – Our successful product family
The most important product group in the mail processing sector is our PostBase family. The PostBase Classic was launched onto the German and US markets in 2012, with further countries such as Canada, the United Kingdom and Italy following in 2013. With our PostBase, we have brought numerous innovations in the field of mechatronics and software control to the market, as well as the characteristic touch display for intuitive operation.

The range extends from our PostBase Mini, a small system for beginners, to the professional franking system, our PostBase One. Whether medium or high mail volumes, with the PostBase Classic and PostBase 100 models as well as the PostBase One, the product family always offers the ideal solution for day-to-day business, perfectly adapted to the mail volume in question.

PostBase Vision Proven and newly combined
Compared to the PostBase Classic, our newest family member, the PostBase Vision, has a colour and motorised swivel touch display that is more than 40 % larger and that the user can individually adjust to his or her visual habits. This means that functions can now also be controlled easily and in a customer-friendly way using swipe gestures. The enlarged surface allows for the convenient entry of text messages or QR codes using the QWERTZ keyboard directly on the franking machine. The intuitive graphical user interface has been made even more user-friendly with new tool tips, and connectivity has been significantly expanded with integrated WLAN.

However, the PostBase Vision is not "just" a special piece of hardware, but rather a real IoT device, i.e. a component of the Internet of Things. The suffix "Connected2Tomorrow" makes reference to one of the new machine's key features: its particularly future-focused connectivity. The modular system of PostBase Vision also ensures a high degree of individuality and flexibility for users.

The PostBase Vision is integrated into the customer portal, the gateway to the digital **FP** world. It provides a quick overview of the status of all the user's machines. Our self-service functions also support users with minor problems, which reduces service trips and thus also protects the environment. The customer portal displays the car-

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OUR POSTBASE FAMILY

PostBase Mini
Perfect for beginners

PostBase (Classic)
Quick, stylish, whisper-quiet

PostBase 100
The franking machine with a modular approach

PostBase Vision
Proven and new combined

PostBase One
The right choice for mailrooms

For more than **10 years**, our eco-conscious customers have been able to print the GoGreen logo on their envelopes with every franking operation, thereby supporting Deutsche Post AG's climate protection programme.

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tridge fill levels of all devices, the remaining postage credit in our customers' postage accounts, as well as video material on how to set up the machine.

Cartridges and other consumables can also be purchased online. Our customer portal gives our customers a comprehensive breakdown of their contracts, orders, invoices and service enquiries. They can set up various users and cost centres in the portal and obtain detailed and up-to-date analyses of the use of their entire fleet of installations from a central location.

3.2.2 Environmentally-friendly and energy-efficient products (GRI 301-2, GRI 301-3)
A company can only be successful in the long term if it acts in harmony with the environment. That is why one of **FP**'s guiding principles is to protect the environment and use our energy sources in a resource-conserving manner. Product management has been responsible for sustainability at **FP** for more than 25 years.

Environmental protection is not a fad at **FP**, but in fact has a long tradition: a recycling system for our consumable materials was established for the first time back in 1995 and has been undergoing continuous development since then. More than ten years ago, we launched the first franking system with GoGreen functionality onto the market and have supported Deutsche Post AG's climate protection programme ever since. In this programme, the CO_2 emissions generated during the transport of a Go-Green consignment are recorded for each individual customer and offset by means of a climate protection project.

The sustainable option for franking
Our PostBase, PostBase Mini and PostBase Vision franking systems satisfy the requirements for sustainable franking in many respects. Not only do they weigh 8 % less compared to predecessor and competitor models, but they also offer the option to reuse components. The labelling of the plastics used also facilitates their return to the recycling system and reduces the subsequent sorting effort during recycling. We are also using new, environmentally friendly packaging and inserts made from 100 % recycled materials for our PostBase family.

Figure 1: Our environmentally friendly packaging

PostBase Vision – where high-tech meets sustainability
• We have reduced waste from ink cartridges by 50 %, since we are only using one 1-inch printing head.
• We use new packaging and inserts made from 100 % recycled materials.
• We dye our own plastics, avoiding the need to paint plastic components.
• We use a high proportion of non-mixed plastics, thereby guaranteeing easier recycling.
• All plastic components are labelled in accordance with their properties.
• We have a high reuse rate for the structural components of the PostBase Classic, PostBase One and PostBase Mini.

PostBase Vision – More power, but not more power consumption (GRI 302-5)
The Energy Star is an American environmental symbol for energy-saving devices that meet the particular criteria of the American environmental authority the EPA and the American Department of Energy.

Our PostBase Vision was certified in November 2019 – no longer in line with the specifications of the Energy Star in Version 2.0, but rather in accordance with the new specification of Energy Star 3.0, valid from 1 August 2019! Despite a wider array of new components, such as the LEDs in the logo and shaft lighting and system area, the larger display and the new WLAN PCB, the power consumption of the PostBase Vision is no higher than that of our PostBase Classic. This makes it so energy-efficient that it fully complies with the strict Energy Star 3.0 specifications.

We have also been able to upgrade the technology of our PostBase Mini, PostBase Classic and PostBase 100, which previously already satisfied Energy Star 2.0, and also certify them according to Energy Star 3.0. With our consumables recycling concept, customers can dispose of used ink cartridges in an environmentally friendly way. With our new PostBase Vision, we have reduced waste from ink cartridges by 50 %, since we are only using one 1-inch printing head.

FP Sign – less paper and more effectiveness in day-to-day office work

There are many reasons to think about resource-saving processes in the office. Whether for the environment, to minimise effort and save costs, or to promote more effective work processes. Digital signatures and signature solutions such as **FP** Sign create the basis for doing away with printed paper in the office in the future and pave the way for a new way of working.

For fast an effective business processes

Digitalisation has changed our working world time and time again since the very beginning. That said, it has advanced faster in some areas than in others. Thus, the handwritten signature, which is still sent by post on paper, now almost seems like an artefact from days gone by. But, more and more companies are realising that, thanks to electronic signatures, the less effective process of signing by hand with pen and paper is being replaced by a fast, mobile and reliable digital alternative.

Do you also question how long you wait on average for the confirmation of an offer or the signature on a contract? Because the postal delivery took longer or the signature stage got missed at the business partner's, it is not uncommon for a signature that is important for closing a deal to be delayed, resulting in your projects and work processes coming to a standstill. But, with the electronic signature, companies can not only provide a solution internally, but also to their business partners which is fast, legally binding and also location-independent and can be used on almost any terminal device. The digital signature thus affords all contracting parties valuable savings in time and effort, which can be invested in making the project actually happen. This way, no internal resources lie idle for days.

For less effort

Printing, signing, copying, scanning, filing – all of these steps are still an integral part of document management in many companies in order to bring even the simplest office processes under control. There may also be securitisation, franking and, finally, conventional dispatch by post.

So, depending on how large the office or company is, this inevitably means that some of the office staff spend a non-inconsiderable amount of their working time on filing and managing documents that require signatures. Depending on the volume of documents to be signed, many businesses have to invest several staff hours a day in routine office tasks that also cannot be completed without other costly equipment and media such as paper, printers and scanners.

However, what are necessary administrative tasks for some are a thing of the past for companies that already use an electronic signature. This is because digital signing is very simple: simply upload documents, place your own digital signature with a few mouse clicks, and select the recipients to countersign. They receive the relevant document by e-mail and can also sign digitally and, above all, in a legally binding and completely paperless manner.

The digital signature solution from **FP** Sign, for example, offers a user-friendly signature cockpit in which signature processes can be transparently tracked. The signed document is also available to all signatories as a legally binding PDF and can be easily filed and inserted into their own document management system (DMS) without consuming additional resources such as paper or using media such as printers and scanners.

To protect the environment

Paper consumption in Germany currently exceeds 200 kg of paper per capita (report by the Forum Ökologie & Papier, FÖP, 2018). Year after year – converted to DIN A4 – this corresponds to approximately 350,000 pages of paper. Office staff alone use an average of 40 to 50 sheets of paper every day: so a not inconsiderable proportion of this is created in the office. However, by introducing electronic signatures, companies can fulfil their social responsibility and contribute to environmental protection by significantly reducing the need for printed paper.

We all know the friendly hint that goes beyond previous lip service in the e-mail signature: "Please think of the environment before printing this email." But, with a digital signature, it is quite easy to live up to your good intentions for less paper consumption in everyday office life. The savings on paper are twofold when using a digital signature, as the reduced amount of mail also proportionally reduces the number of envelopes used, thus reducing paper waste. Then there is the saving on ink and toner, which also leave an environmentally harmful imprint. What is more, a company's eco-balance is demonstrably improved as a result of the reduced volume of mail. Thousands of business processes per company that are no longer handled on paper thanks to **FP** Sign are a good contribution to environmentally friendly action.

In the design and development of products, as well as in the manufacture and procurement of materials and sub-products, Product Management, Development, Production, Purchasing and Service at **FP** are responsible, in accordance with their specialist responsibilities, for systematically working to ensure that products, manufacturing processes and transport routes are consistently and continuously improved in accordance with the state of the art taking into account economic conditions and in compliance with sustainability criteria. This applies to new products as well as to product modifications and improvements, maintenance and repair. In doing so, we pay attention to four key factors at all times:

1. The development, manufacture and market launch of products which can be re-used many times, which have a long technical service life and are suitable for proper, safe and high-quality reuse and environmentally sound disposal

2. The priority use of recyclable waste or secondary raw materials during the manufacture of products

3. The labelling of products containing harmful substances in order to ensure that the waste remaining after use is recycled or disposed of in an environmentally sound manner, the reference to options or obligations for returning, re-using and recovering specific materials and deposit regulations by labelling of products

4. The taking back of products and the waste remaining after their use and their subsequent environmentally sound recycling or disposal

When the state of the technological art is determined, the following criteria in particular are to be taken into account, as well as the proportionality between the costs and benefits of possible measures and the principle of precaution and prevention – in each case relative to systems of a certain type:

1. The use of low-waste technology and less hazardous substances
2. Promotion of the recovery and recycling of the substances produced and used in the individual processes and – where applicable – the wastes
3. Comparable processes, devices and operating methods that have been successfully tested
4. Advances in technology and scientific knowledge
5. The nature, impacts and volume of the emissions concerned
6. The scheduled times for the commissioning of new or existing plants

🌱 **FP** Green News

FP is the **first manufacturer** to qualify its franking machines according to the latest, even stricter Energy Star 3.0 specification.

7. The time required to introduce a better technology that has become available
8. The consumption of raw materials and the type of raw materials used in the individual processes (including water) as well as energy efficiency
9. The need to avoid or reduce as far as possible the overall impact of the emissions and the hazards posed to individuals and the environment
10. The need to prevent accidents and reduce their consequences for individuals and the environment
11. Information published by the European Community Commission or by international organisations on the integrated avoidance and reduction of environmental pollution

3.3 R&D in the field of Software and IoT

Whether intelligent refrigerators or smart cars, entire production lines or huge power plants: the Internet of Things (IoT) will change people's habits and is taking over the world. Scarcely any market is growing faster than the IoT sector.

The Internet of Things means that a device connected to the Internet can communicate directly with other devices, a group of devices or a platform. The communication possibilities range from the transmission of simple status messages, for example the current temperature, to complex controls of industrial plants or the implementation of future-orientated and liveable as well as energy-optimised living concepts.

The Internet of Things can also make a valuable contribution to the issue of sustainability: a seamless flow of traffic, highly efficient systems for power and heat generation and the monitoring of environmental conditions in real time are just a few options among many.

But, as numerous as the possibilities of the IoT are, they have one thing in common: the demand for data security. The transferred data must be authorised in an integral form, i.e. unchanged, with a secured identity, in full, and by the expected communicating party. In some sensitive areas, confidentiality also needs to be ensured – unauthorised individuals must not be able to read the content.

But, this is precisely where the dangers lurk. In principle, every form of digital communication is vulnerable. Everything that can be networked can also be the target of manipulations and attacks. From an economic perspective, however, the greatest risks often yield the biggest opportunities. Market players are also increasingly becoming aware of the need to protect themselves and their customers from unauthorised access. The IoT security market is therefore growing faster than the sales of IoT devices. Cybersecurity is a megatrend.

In the IoT business unit, we offer secure digital solutions for the following applications:
- Infrastructure automation
  — Retrofitting in the areas of heat, water, transport, buildings, environment
  — Monitoring and remote control of substations in the domains of heat / water / wastewater
  — Smart cities
- Energy management and renewable energies
  — Contracting
  — Heat meters
  — Electricity
  — Energy management
  — Smart grids
  — Monitoring and remote control of photovoltaic systems, wind farms and combined heat and power plants
- Factory automation
  — Integration of hardware safety for the safe feedback of IT systems to automation equipment
  — Connection of manual workstations to cloud systems
  — Tracking & traceability

3.3.1 FP Secure Gateway
Interface for a highly secure IoT
The IoT, the Internet of Things, is a booming market. But, just as fast as this market is growing, so too is the need for security. The more things and processes are networked, the more prone they are to cyber attacks.

Scalable, flexible, secure
The **FP** Secure Gateway is the perfect solution for the secure transfer of data in the IoT domain. It has a scalable number of interfaces. The information documented by the sensors is transferred via our Gateway to a data centre, for example in the cloud, and secured according to the required security level. The communication channels are designed according to the area of use. The volume of data and network connection available are the key influencing factors here. Local commissioning apps support streamlined rollout processes and rapid commissioning. One particular feature is that the security level can also be increased at a later point in time and adapted to growing requirements.

The flexible and robust structure of the gateways allows them to be used in industrial environments, thereby meeting the requirements of solutions providers in the domain of Industry 4.0.

The stand-out distinguishing feature of the Gateway product range compared to other products is its optional security features, such as the secure storage of key material for cryptographic key management processes (key generation, re-encryption) supported by the optional hardware security module. The key material is used for integrity protection, for safeguarding confidentiality and for secure time stamp and verification services.

Our hardware security modules are certified to FIPS 140-2 Level 3. FIPS stands for "Federal Infrastructure Processing Standard". This is a computer security standard used by the American government to approve and certify cryptographic modules with the primary goal of use by authorities.

In summary, this means that, with our technology, we are providing a hardware security module that already meets one of the highest security standards in existence.

3.3.2 FP Energy Management
Efficiency / Cost-cutting / Sustainable
FP Gateways help, quite simply, to reduce the consumption of electricity, water and gas.

FP InovoLabs, together with colleagues from the **FP** production company in Wittenberge, equipped our production facility with appropriate sensor technology at respective consumption points with our **FP** Gateways. These sensors record water, electricity and gas consumption, as well as the temperatures prevailing in the factory, and send this data to our **FP** IoT Gateways via radio or cable. These collect the data, process it and then send it from time to time to a cloud-based software, the so-called dashboard.
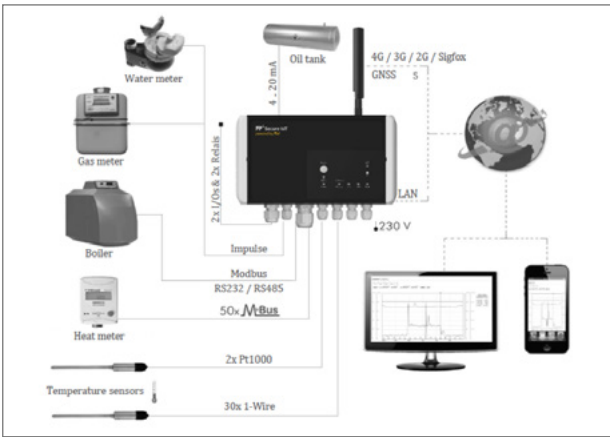
Figure 2: Example image of an installation with IoT capture technology and dashboard

From all the resulting data curves, with the appropriate experience, it is very easy to determine and see where energy is being consumed in order to optimise it accordingly at these points. Be it by replacing light bulbs, sealing leaky windows, adjusting heating times or similar. This works so well that large volumes of CO_2 and therefore also costs have already been saved through derived measures.

So, what could be more obvious than to test such a system at our headquarters, the PP28?

Since the building and the technology inside it do not belong to Francotyp Postalia Holding AG itself, we naturally

had to be correspondingly prudent in the planning and installation here. The installation or replacement of sensors is prohibited here, so only temperature sensors were installed that are simply placed on the pipes and thus transmit the data wirelessly to the Gateway. Due to the current situation, we have also tested the use of CO_2 detectors here and found them to be good.

Initial evaluations of the data series brought the surprising realisation that, for most of the eight equipped heating distributors, the concept of reducing the temperature at night was interpreted at least in an unusual way:
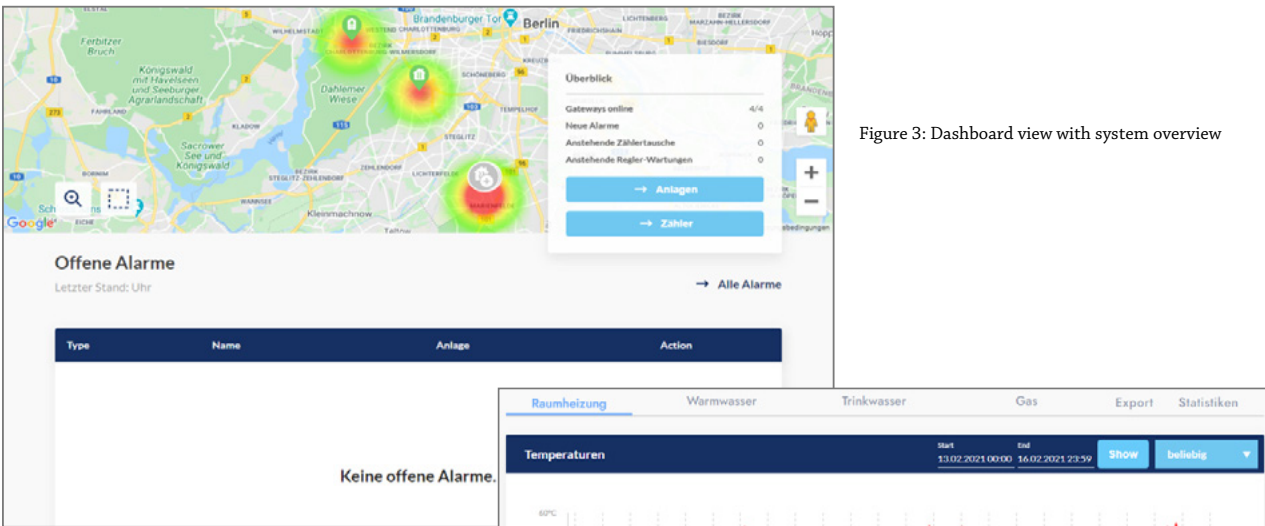

Figure 3: Dashboard view with system overview

Figure 4: An example of a night-time reduction with optimisation potential in the PP28
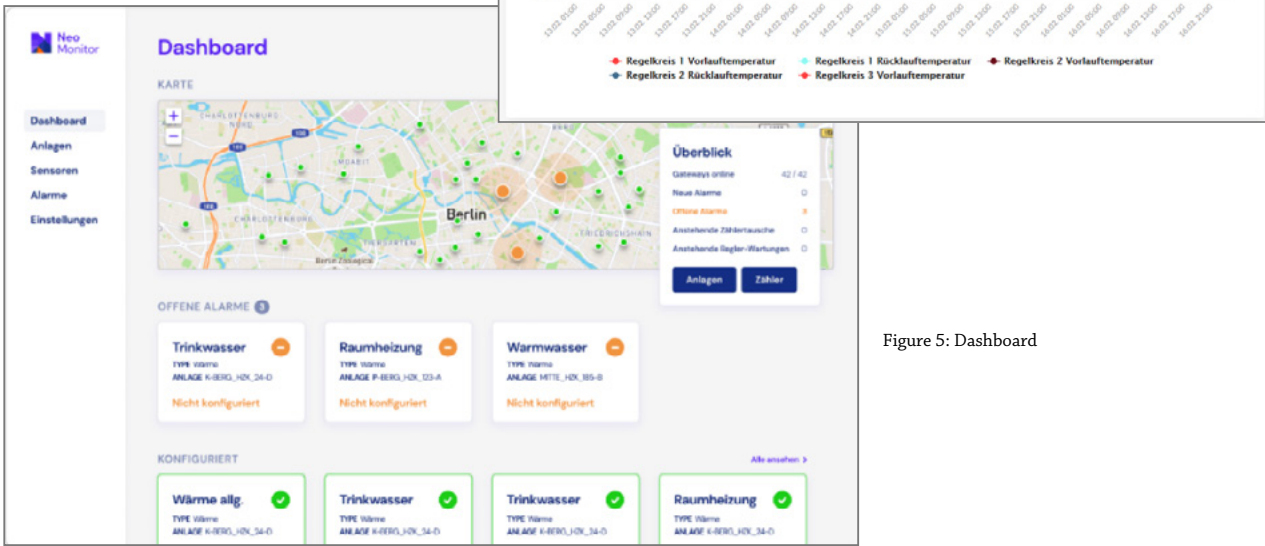
Figure 5: Dashboard

Here are a few everyday examples

1. Example: Intelligent rubbish compactors call for waste collection

From the moment something is thrown away, we forget all about it. So, it is great when rubbish trucks are equipped with a fully automatic rubbish compactor, like the one owned by an **FP** client. They need to be emptied less often, and the logistics are reduced. The truck also scans the rubbish to determine whether it contains wood or metal and regulates the compaction pressure and speed to compress the rubbish perfectly and reduce machine wear.

With the **FP** IoT Gateway, all rubbish trucks can send their data directly to the manufacturer. The manufacturer can then track, using cloud monitoring, whether the systems are working correctly. The trucks also report their fill level before it reaches a critical level. The software in the cloud summarises the status of the systems and automatically coordinates the most efficient disposal plan.

2. Example: Cooling keeps the cheese cold

The food industry is bound by strict guidelines for guaranteeing quality. For this reason, a cheese producer is having its production processes monitored by FP IoT Gateways. They are installed on the control elements and sound an alarm as soon as defined temperature limits are exceeded or if major fluctuations occur. The current temperature can be monitored and controlled centrally through the IoT gateways, cutting production losses to a minimum. The cheese producer can also provide documentation of the temperatures if necessary.

3. Example: Cleaning oil filters until the end

Oil filters in cars need to be changed regularly. Wind farm turbines also have oil filters, albeit much larger ones. Service engineers start up the systems in accordance with the cyclical maintenance cycle and replace the filters. This is inefficient, because the systems' operability cannot be precisely predicted due to the changeable wind. Often, the filters are still OK, and if a fault were to occur, it is often only noticed at the next visit. The oil filter of one **FP** client therefore documents the pressure curve, temperature and clouding of the oil in order to determine the filter's condition and remaining lifespan. All of the oil filters in operation send their data via the IoT Gateways to the monitoring system, where the data is collated and presented for viewing. It is then used to create customised and efficient servicing schedules. And even more oil is saved.

4. Example: Reliable partner for energy management

Talking of wind turbines: **FP** IoT Gateways can handle not just automation, but also energy management. As a result of the change in energy policy, more and more solar plants, wind turbines and combined heating and power plants are being built. Added to this are charging stations and static energy stores. The gateway can easily connect, monitor and control small, alternative energy generators. If a storm occurs on a sunny day, for example, wind turbines and solar panels produce more electricity than is required. If over-production occurs, certain systems have to be temporarily disconnected from the grid. This already takes place automatically. However, a further switch-on often requires manual intervention with a journey having to be made to the plant in question. With the IoT Gateways, both steps can be carried out directly in the energy management control room. They also offer the options "On" and "Off", as well as scaling of the operating power.

although the temperature is lowered at around 10 p.m., it is raised again from 1 a.m. onwards. The systems are also literally running at full steam throughout the weekend.

The whole system is alive and is constantly being expanded, and in the future it will also be possible to analyse the electricity meters in order to find ways to save costs and CO_2.

So, it remains exciting and we are already waiting curiously for the next findings.

3.3.3 FP NeoMonitor
The IoT Complete Solution for Building Digitisation from **FP** offers a custom-fit solution for the real estate industry. In Germany, 40 % of final energy is consumed by buildings[2]. Two-thirds of this energy consumption is caused exclusively by heating[3]. There is enormous potential here to reduce primary energy and thus significantly reduce the carbon footprint.

NeoMonitor provides the digital basis to achieve not only the CO_2 reduction, but also the desired energy cost reduction.

With NeoMonitor's complete solution comprising hardware and software, our customers can easily and efficiently maintain an overview of all building services installations.

NeoMonitor is the future-proof, end-to-end solution that provides the technological core for all key technologies in a building. Heating systems, lifts, access control and more are part of the NeoMonitor ecosystem. Our customers receive a turnkey solution including IoT hardware, connectivity, installation and cloud computing to uncover the properties' potential savings, which are found in cooperation with our customers. The early detection of potential faults in particular can lead to optimisation in the areas of system failure or system control.

With NeoMonitor, our customers can significantly and sustainably reduce their ecological footprint. The end-to-end solution also relieves core problems such as rent defaults and inefficient heating systems. This is how NeoMonitor manages to bring together the best of both worlds: ecology and economy.

3.3.4 FP Sign – The signature solution gives companies a head start
In 2020, through close exchange with our customers, our **FP** Sign solution was expanded to include new functions that facilitate handling in the event of absence (auto-delegation). In addition to introducing Swisscom as another

trust service provider, we have successfully integrated **FP** Sign into various third-party systems, for example in the area of contract management (CLM). This enables a very high degree of process optimisation, as the connection allows users to carry out their processes as usual in the same IT system, without digital media breaks. This year, we have also implemented important measures to advance the technology in **FP** Sign.

With **FP** Sign, documents such as contracts, offers, forms or certificates can be digitally signed quickly, securely and in compliance with the law and exchanged within minutes – whether in the office or on the move. Different signature levels ensure compliance with internal guidelines and the written form requirement that may be required for legal reasons.

FP Sign gives companies a real competitive advantage. The solution can be used in any sector or industry, but increased demand is being seen in particular from recruitment agencies, tax consultants, lawyers, insurance companies and banks.

Figure 6: FP Sign

FP Sign is "made in Germany"
It was developed in Germany and uses data centres based in Germany which have been certified by the Federal Office for Information Security (BSI). The security features and its excellent scalability make **FP** Sign an innovative solution for digital signatures.

Other core features of **FP** Sign include:
- eIDAS compliance
- Complete control and traceability of the digital transaction process
- Seamless integration into business applications such as SAP, Salesforce and industry-specific specialist software with support for the latest APIs
- Industry neutrality

Commitment in different cultures
FP Sign as a cross-culturak solution

Anyone who has to deal with different cultures in their daily business life understands best that the success of a business is also a question of commitment and trust. Every culture defines commitment values differently and attributes different levels of importance to them. Cultural differences become noticeable at the latest when the actual contract negotiations with the foreign partner begin. While punctuality, goal-orientated meetings and quick decisions are common in Germany, things are different even in directly neighbouring countries. Often, international business fails because of a lack of understanding of intercultural etiquette. It is worth examining the respective national characteristics of business etiquette and also reflecting on our own working culture.

Digital signature solutions such as **FP** Sign from **FP**, the expert in secure mail business and secure digital communication processes, are efficient helpers, especially in the case of intercultural differences and divergent business practices. They significantly shorten the process of closing a deal and obtaining legally valid documents. This side note shows what it takes to build trust and commitment with other cultures and how technologies such as **FP** Sign can help.

FP Sign as a cross-cultural solution
If we take into account the fact that, depending on the cultural view, sometimes extensive and lengthy behaviour and rituals have to be gone through for a written contract to be concluded successfully, a solution for digital signatures is a vital adaptation for business processes. Especially if the written form is less binding and relevant in the business partner's culture, it is important to complete this stage with the appropriate speed and thus fulfil the requirements for legally valid documents. **FP** Sign from **FP** helps with this step. In order to secure the whole of the business transaction, attachments and further explanations required by the business partner can also be uploaded to **FP** Sign with the document to be signed. For contracts that require seals or stamps for full legal validity, **FP** also offers an e-seal solution in combination with the qualified electronic signature.

This is how FP Sign supports you with cultural differences in business practice

However, it is not just contractual content that can be secured with the help of a digital signature from **FP** Sign. Other business correspondence, such as minutes or briefings, which are particularly important in international business for comparing the status of work, are also given a higher binding force by a digital signature than a mere confirmation by e-mail. **FP** Sign increases the effectiveness of business processes and offers speed where additional time is lost with a signature on paper. When the entire negotiation process takes a long time anyway, or business partners are waiting for immediate feedback, **FP** Sign is the fast, secure and legally valid solution for digital documents that require a signature.

[2] https://ec.europa.eu/info/news/focus-energy-efficiency-buildings-2020-feb-17_dE
[3] www.umweltbundesamt.de/daten/private-haushalte-konsum/wohnen/energieverbrauch-privater-haushalte#hochster-anteil-am-energieverbrauch-zum-heizen

- Mobile app for work on the move
- Constant development and orientation towards the requirements of the industry in question with the direct integration of customers
- Inclusion of all specialist departments, such as Procurement, Administration, Sales, Marketing and HR
- One solution for all – from SMEs to conglomerates

FP Sign also has many advantages in terms of sustainability:
- Less paper consumption, more protection of resources
- Less printer use and savings of ink, toner and maintenance call-outs, as well as less toner dust development
- Digitalisation is driven forward
- Streamlined processes with significantly shorter throughput times and faster results associated with cost savings
- Elimination of logistics costs and saving of resources thanks to less transport (mail)

3.3.5 Our customer portal
The gateway to the digital world of FP
FP's online portal has a lot to offer and combines a wide range of **FP** products and services as a one-stop platform: from digital signature solutions to the online dispatch of paper mail, scanning services, business telephony via Voice over IP (VOIP) and simple parcel dispatch with the **FP** Parcel Shipping solution, which was initially made available in the USA in February 2020, and on to cost centre management, reporting and user administration for franking systems.

The customer portal fulfils two tasks at once: it is firstly an important part of our strategy that allows us to develop new solutions and services for our existing and for new clients. At the same time, the portal acts as an important level for further strengthening the traditional sector. With our customer portal, we accompany our customers on their digitalisation journey via an easy-to-use portal.

Successful introduction
The customer portal has now been introduced in nine countries. With the introduction in Canada in 2020 we, as specialists in secure digital communications, are now completing the platform's international roll-out. The initial figures prove that the cloud solution is meeting customers' expectations. Almost one in two **FP** business customers in the Netherlands, one in three in Belgium and one in five in Great Britain, for example, are already using the new portal.

One platform – all functionalities
Customers gain a summary of their relevant franking system data and, with the integrated help centre, have the

ability to view invoices, orders, contracts and service enquiries. Our latest flagship, the PostBase Vision franking system, is controlled and evaluated via the central cloud application – no matter where the user is located. This means that an easy-to-use web dashboard can be used to view invoices and account details or monitor ink and postage levels. Thanks to automatic synchronisation, prompt analyses are available from a central point in the portal, and reports that can be generated at any time provide an overview of potential savings on postage costs.

More transparency – less effort
Overall, the administrative outlay for our customers is reduced tremendously, since with the franking systems alone, entire fleets can be controlled centrally or cost centres can be set up according to department, person or level of authorisation. With the new customer portal, we are bringing together all of our solutions in a single location.

The aim is to support and accompany all current and future customers with the digital transformation of their communication and business processes. One good example of this is the machine dashboard it contains: it provides the user with information about the fill levels of cartridges and the postage funds on machines, but also about any functional problems – and in such cases also an instant solution. There is a (video) guide available on how to resolve all previous known problems. This allows our customers to start using their machines as quickly as possible again without having to wait for the **FP** customer service team.

In line with **FP**'s strategy, the solutions and services are also gradually being geared towards our new customer target groups. And here, too, we are listening to what our customers have to tell us: an agile project method ensures that customer feedback can be quickly integrated into the development of further portal functions, ensuring that we constantly align our services with the wishes and requirements of our customers and continuously improve them.

3.3.6 FP Parcel Shipping
Parcel shipping made easy
The availability of goods on the Internet is growing – and so is the parcel industry. While major power sellers and e-commerce firms rely on fully integrated logistics solutions for shipping their goods, companies in the SME sector need practical and convenient solutions.

The web-based cloud solution **FP** Parcel Shipping – initially developed for the American market – is also part of the customer portal. It facilitates the convenient handling of parcel shipping. The customer has the choice: not only USPS, but also UPS and FedEx are available to choose

from as carriers. All common methods such as e-check, direct debit or credit card can be used for payment. In functional terms, customers can choose between the carriers' various shipping options and different print formats for labels. Customers can also use a local direct connection for parcel scales. Together with the new address management and integrated address validation features, as well as recipient notification by e-mail, there is now a sophisticated parcel shipping system on the market that is perfect for customers' needs.

3.3.7 FP transACTmail – Letters and office communications – Sending paper mail online
Convenient, simple, flexible: this is our digital online letter and communication portal transACTmail for processing and sending business mail.

transACTmail serves as a digital solution for office communication: the customer creates their business correspondence online or uploads it digitally, and the recipient receives it as paper mail as usual. Whether it be invoices or promotional mail, customers can create and send mail through the browser-based solution whenever and wherever they want.

With transACTmail too, the focus is on security. The finished letters created by the customer are uploaded in encrypted form and forwarded for processing at the IAB printing and franking centres by transACTmail. Using the latest data management and production technology, business mail is prepared and printed to a high standard, folded, enveloped, suitably franked and delivered on the next working day – a process that is reliable, fast and secure. transACTmail has many advantages for companies: flexibility and convenience through 24/7 availability of the application, no investment in stamps, envelopes or other necessary materials for mailing. transACTmail is provided without any contractual commitment or quantity obligation. The system can also be easily integrated into existing CRM/ERP systems via an API interface. But, for our customers, this not only means a saving in time and costs. With transACTmail they also make a contribution to improved sustainability, because the processing of business mail can be carried out digitally right through to dispatch, which saves a lot of paper.

3.4 Product quality, product efficiency and product security – The principles of our success (GRI 103-1, GRI 103-2, GRI 103-3)

The economic success of our company is based on the quality and security of our products. That is why **FP** has extensive internal regulations to ensure it. These regula-

tions are continuously reviewed and updated, and compliance is monitored in defined processes.

This means that we satisfy the requirements of key stakeholders:
1. Our customers expect in particular a high level of service, availability at all times, low maintenance costs as well as simple and safe operation.
2. Our contractual partners on the part of the respective national postal companies expect strict compliance with the standards they have set and monitor these regularly in precisely defined audits.
3. For their part, the regulators in the countries in which we operate have themselves drawn up extensive sets of regulations and standards with which our products must comply at all times.

Planning ahead is better than reworking. That's why we take the quality and security of our products into account right from the development stage, so that they can be integrated smoothly into the process. This enables us to achieve short development and approval times as well as rapid implementation in production and commissioning by the end customer with as few problems as possible.

During the development of the successful PostBase product range with its various models, we carried out an extensive survey with the support of external consultants in order to better understand our customers wishes and requirements. In total, more than 200 customers in Germany and abroad were asked in detail about their expectations and requirements, and their answers were subsequently taken into account in the development process. In an extensive customer satisfaction survey, these requirements were gradually explored in more detail and integrated in an agile manner into the development process.

Sales and product management are the intermediaries between our customers and the development teams in the ongoing process of continuous improvement. They know the customers' wishes and suggestions and pass them on to development. The information and performance data from the service department is also regularly evaluated and understood as a basis for further improvements.

Compliance with the requirements of the regulatory bodies and postal operators is defined with binding effect in our guidelines. The feedback from this stakeholder group represents the approval of the product, since it documents compliance with all regulations and standards. This also includes the monitoring of the quality and security of supplied parts, which is our responsibility, but verified nonetheless by the approval authorities. A further aim of the procedure is the granting of the CB (Certification

Body) certificate by the notified body and therefore the issuing of the declaration of conformity according to CE by **FP** for the device in question.

Specifically, example references are made below to the following guidelines and standards, which may also include several individual technical standards in each case:
• European certificates
• Product Safety for ITE products
• Low-voltage directive
• EMC Directive (Electromagnetic compatibility of electrical and electronic products)

North American certificates are maintained in accordance with the OSHA Safety Standards (Occupational Safety and Health Administration), compliance with which can only be confirmed by Nationally Recognized Testing Laboratories (NRTL).

In addition to the mandatory technical standards, **FP** ensures that internationally recognised country-specific standards are also adhered to and that the corresponding certificates are issued for the products, in particular:
• "Geprüfte Sicherheit" – GS (Tested Safety, Germany)
• Energy Star (USA)

The globally recognised GS mark documents compliance with the quality and safety standards of the German Product Safety Act and confirms in particular that appropriate safety measures have been taken to protect the customer.

Some countries also require environmental compatibility, safety and health checks in order to ensure that the products operate in accordance with the specifications in different environments (GRI 416-1). During the 2019 reporting year, there were no infringements in relation to the health or safety impact of products and services (GRI 416-2). There were also no processes or infringements in relation to product and service information or labelling (GRI 417-1, GRI 417-2). There were further no infringements in relation to marketing and communication (GRI 417-3).

Quality assurance in the area of software development is carried out continuously in the development process. The development teams interpret the results and, if necessary, initiate measures to eliminate potential quality problems. To this end, **FP** uses a Release Management System (RMS) in which all data, information, measures and results are stored, so that all statuses and processes can be restored as required. Each approval of a product or release is preceded by a defined routine: The test team defines acceptance criteria and formulates test cases. These test cases are processed by the test team. During the course of processing, defined test logs are kept in order to guaran-

tee the documented verifiability of the test process at all times (GRI 416-2).

In the area of hardware, quality assurance is carried out during the project using numerous internal methods. In our in-house electromechanical laboratory, we carry out intensive functional tests and endurance tests throughout a device's entire development period. The transfer of a development to production is coordinated by a corresponding team which prepares series test plans as well as production plans and testing schedules in order to ensure quality during production.

The restructuring of the Development division, the integration of Tixi and the focus on IoT processes and digital products required extensive adaptations to the process images and managed documents. The organisational changes implemented were adapted into the Integrated Management System (IMS). All processes and managed documents were established accordingly. Objectives here included organisational development, expanding knowledge management and strengthening internal and external communication. By successfully passing monitoring audits in December 2020, **FP** is still able to provide clients with certificates for the management systems for quality (ISO 9001:2015), environment (ISO 14001:2015) and energy (ISO 50001:2018), as well as occupational safety and health (ISO 45001:2018).

Product safety
Most products and services from **FP** require an operating licence from a regulatory institution. For the franking systems, these institutions are the respective postal companies in all sales territories worldwide, and for software products it is often the BSI (Federal Office for Information Security).

The smooth and safe operation of our products for the user is an important factor, but not everything. The high approval requirements of the individual regulatory institutions go far beyond this. As a result, one key criterion for the approval of **FP**'s products and services is data security, which must be guaranteed at all times. Where postage fees worth billions are transferred between the cloud-based infrastructures of the national postal companies and the franking systems of the customers, highly secure communication channels within the Internet are required. The values transferred between the parties must be calculated exactly before being transferred. Accordingly, the postal service companies demand the highest security standard from the manufacturers for each new model. Accredited testing laboratories are used to carry out these tests.
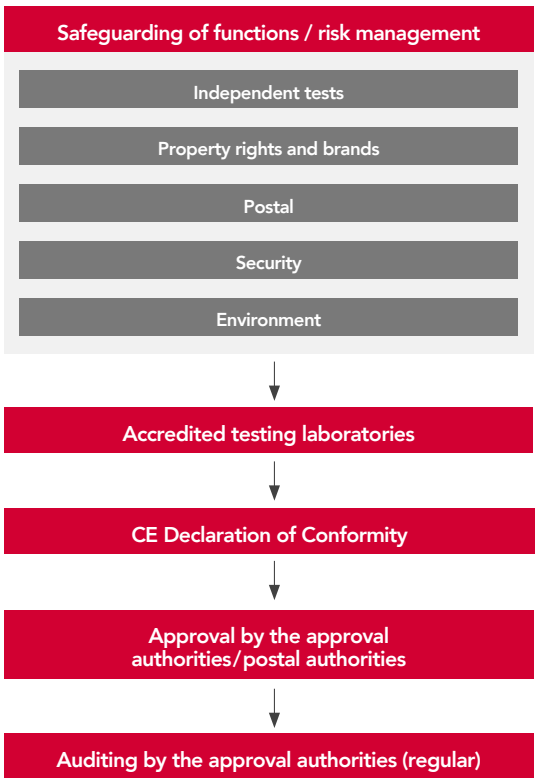
But, the approval of a product is not the end of the story: in addition to the initial approval, the postal companies concerned carry out a regular check to determine if the security requirements are also reliably met over the lifetime of the product. Not only the security level is checked during these audits. Additional important components include the test and evaluation themselves. Security at this high level can only be guaranteed by well-defined processes that are put into practice over the long term. Consistency and quality over many years in particular is one of **FP**'s core areas of expertise and explains the high market entry barriers for other companies. And, this is also where the interfaces to other modern products such as **FP Sign** and the associated potential for synergy lie. Confidentiality, security and compliance with legislation are essential requirements in this context for the success of products and services.

3.4.1 Quality management system
Quality and safety – for a long product life
(GRI 103-1, GRI 103-2, GRI 103-3)
The quality and safety of our products are the most important criteria even during their development. However, they do not just play a role when a new product is brought to life. Instead, we see it as our obligation to keep our focus on the quality and safety of our products and services throughout their entire life cycle.

Under the responsibility of the Board of Management, the integrated management system representatives (IMR) and quality management representatives at the various locations evaluate current and future requirements as well as the results of previous activities and events, initiating follow-on measures as appropriate. This occurs on the basis of the "Plan, Do, Check, Act" method .

Based on the results of this process, measures are developed which the departments are required to implement by working together. Measures relating to warranties and improvements are coordinated and checked for effectiveness by means of appropriate quality cycles. Feedback is provided once a measure has been implemented. The cycle concludes with the corresponding analyses and the derivation of possible options for action.

Quality and improvement: the non-financial performance indicators pursuant to Section 315 of the German Commercial Code (HGB)
As part of our responsibility towards our stakeholders, we use both financial and non-financial performance indicators to manage our company. The focus is on the quality of the range of services, measured by means of a quality (PQI) and an improvement indicator (nF IQ).

In addition to financial performance indicators, the **FP** Group also uses non-financial performance indicators to manage the company. At the heart of these is the quality of the service spectrum, measured by means of a quality and an improvement indicator.

The quality indicator measures the product quality based on the annual service call-outs in relation to the average weighted machine park. Ongoing changes such as the introduction of new or the optimisation of existing products are also taken into account. This parameter has so far only been measured in Germany and applied on a comparative basis against international subsidiary companies in order to support the cost calculation process, for example. Since 2020, this parameter has been known as PQI Germany and has been supplemented with the parameter PQI international. The Product Quality Indicator International is also comprised of the average machine inventory and annual service calls. However, it combines data from Belgium, Germany, the United Kingdom, Italy, Canada, the Netherlands, Austria, Sweden and the USA. These are the countries that support the **FP** Group with data regarding service calls for the identification of potential improvements. Since the value of the PQI International is calculated differently to that of PQI Germany and reported on for the first time in 2020, it has also been calculated for 2019 in order to be able to compare developments. Both PQIs (since 2019) take into account only the

Digital signature solutions on the rise:
40 per cent of large companies already use them

The third Digital Office Index (DOI) of the digital association Bitkom shows that the use of digital signatures has increased significantly. The study also shows that the corona pandemic has an impact on the digitalisation of companies. We supported the study as a partner.

Digital signatures and e-invoices are becoming increasingly common in offices in Germany. Here, large companies (500 employees or more) are clearly in the lead: a full 40 per cent already use digital signature solutions. This is the result of a survey by the digital association Bitkom. For the study "Digital Office Index" (DOI), Bitkom conducted a representative survey of more than 1,100 companies across all sectors with 20 or more employees for the third time. The DOI maps the digitalisation of office and administrative processes, their progress and effects. The study also provides insights for the first time into the level of digitisation in public administration, which corresponds to the average of all survey participants. Banks and financial service providers top the list of industries.

Sign documents securely and without contact
Digital signatures and e-invoices in particular are becoming increasingly common in offices in Germany. With the help of electronic signatures, contracts, invoices and other documents can be digitally signed and exchanged in a legally secure manner, regardless of location and within a few minutes. The use of digital signature solutions has increased significantly since the last survey: while they were used by 13 per cent of the companies surveyed in 2018, by 2020 they were being used by 18 per cent, i.e. almost one in five companies. And, this trend is expected to continue: while 8 per cent of the companies surveyed planned to use digital signature solutions in 2018, this figure doubled to 16 per cent in 2020. In the course of this, more and more companies are also using e-invoices: in 2018, 53 per cent of respondents created at least half of their invoices electronically; in 2020, this figure will already be 65 per cent, i.e. almost two-thirds. Surprising frontrunner: public administrations. 88 per cent of respondents in this industry said they create at least half of their invoices electronically.

Digitalisation in companies is on the rise
The corona pandemic is playing an important role in the increased use of digital solutions: 18 per cent of respondents said that corona had accelerated the digitalisation of office and administrative processes in their company. In addition, 55 per cent of survey participants said they had increased their investment in hardware equipment as a result of corona, and for 39 per cent this was also the case for software equipment. All in all, digitisation in companies and public authorities will pick up speed significantly in the near future. Almost three quarters (74 per cent) of the companies surveyed already have a digitalisation strategy, which is 6 per cent more than in 2018.

"Digitising business processes saves companies and authorities time and money, especially now during the corona pandemic. For example, signature processes that are handled by post or e-mail often cause delays. This can regularly cause companies to lose revenue. With the help of digital signature solutions such as **FP** Sign, contracts and invoices can be signed and exchanged within minutes in a legally secure manner, regardless of location," says Stephan Vanberg, Managing Director of **FP** Mentana-Claimsoft.

Act: Take measures for the continuous improvement of the integrated management system's performance.

Check: The processes are monitored, measured against the corporate policy, goals, individual objectives, legal obligations and other requirements, and their outcomes reported on.

Plan: Goals and processes are defined in order to achieve results in accordance with the corporate policy.

Do: The processes are actioned.

products that are currently manufactured in Wittenberge. Since 2020, the values from PostBase Vision have also been factored into the parameter.

As a result of the new development of our PostBase franking systems, we have been able to significantly improve quality over recent years. The value of PQI Germany improved by 8.6 % to 10.6 in 2020 from 11.6 in 2019 (previous year's figure of 14.6 in 2019 adapted). The reason for this is the targeted improvement in quality that has been implemented in the current product ranges. The PQI International improved from 47.4 (previous year's figure of 45.4 in 2019 adjusted) in 2019 by 4.8% to 45.1 in 2020.

For 2021, we expect that both the PQI Germany and the PQI International will improve slightly first, since we are continuously improving our product quality through improvement projects arising from the quality cycles.

The improvement indicator (nf IQ) also measures the quality of **FP**'s products and in particular the quality of new franking systems. It has been based so far on the cost of parts for improvements to machines that have been delivered, and measures the ratio of the costs of the parts from warranties to the overall turnover. Since 2019 and retroactively for 2018, the nf IQ has been calculated based on the parts costs from warranties and the turnover from franking machines. The **FP** Group collects the necessary data on a monthly basis, whereby an analysis of the last few years shows that the indicator tends to rise with the

introduction of a new generation of franking systems. After adjustment of the basis for calculation, the nf IQ in 2019 was 0.65. In 2020, the nf IQ rose to 1.0. This is due to the introduction of PostBase Vision in several countries. As already mentioned, this is a normal course of events when new products are introduced. For the 2021 financial year, an improvement in the nf IQ is anticipated since the measures from the regular cycles will take effect.

	Forecast for 2020[1]	IST 2020	Explanation
Quality indicator	Slight improvement compared to the previous year (47.4[1] in the previous year) after adjustment of the calculation basis.	45.1	Improvement in the quality of the current product ranges through appropriate project implementation from the quality cycles, but with fewer service calls due to the corona pandemic.
Improvement indicator	Slight deterioration compared to the previous year (0.65 in previous year) after adjustment of the calculation basis.	0.96	Slight deterioration mainly due to the change in the calculation basis and the introduction of PostBase Vision in several countries

[1] Previous year's figure of 45.4 adjusted in 2019.

Table 1: Comparison of forecast and actual value

The **FP** Group also regularly uses these two non-financial performance indicators internally under the aspect of sustainability. Both non-financial parameters measure the long-term increase in product and service quality. Im-

provements in both indicators help increase customer satisfaction and therefore the company's economic success. At the same time, a more sparing use of material and personnel resources will also be achieved in this way.

Quantitative information on the non-financial performance indicators of the parent company is currently not collected for management purposes.

3.4.2 Customer service at FP
Excellent products deserve excellent service
Our customers know that we keep our performance promise:

Security

Simplicity

Quality

Our customers appreciate us for this, not only with regard to our products, but also and especially with regard to the provision of our services – an essential distinguishing feature from the competition.

Customer structure
FP focuses on the group of small to medium-sized companies. As in the previous year, around 85 % of our customers come from this sector, which is made up of companies with up to 250 employees. Around 13 % of our customer base is represented by the average market segment of companies with up to 2,000 employees, and, in the corporate segment with over 2,000 employees, the proportion is 1 to 2 %.

Every customer segment has its own requirements and expectations. Therefore, we approach each segment differently, with different sales teams and channels, in order to achieve the greatest possible effectiveness and efficiency. We also take care to ensure that sales costs and customer communication remain in an equilibrium that matches the expectations of customers and also the promised efficiency of sales costs.

Sales structure
FP currently has sales teams in the areas of
• Telesales
• Direct sales for major customers
• Indirect sales channels via dealers
While the emphasis is on the dealer channel in North America, we serve the majority of customers directly in Europe.

The Shared Service Centre (SSC) plays an important role in serving our customers in Europe. This is where processes are optimised and quality is increased. Domestic **FP**

companies and subsidiaries from other European countries will in future be making even more use of the SSC's services. The multi-lingual staff in the SCC not only handle customer service by telephone and e-mail, but they also optimise administrative procedures such as order processing and accounting and therefore improve service quality.

Service hotline
We offer direct support to our customers: in both Germany and abroad, every customer has the option to contact our service hotline (First-Level Support). In Germany, a total of 8 employees are on hand to help customers and support them with their enquiries and fault reports. For technical questions that cannot be answered immediately, the Service Hotline can in turn call on national Second-Level Support. Each national service can also turn to the international support team which, if necessary in connection with the Development department, will find a solution as quickly as possible. The second-level and international support team also support Product Management with invitations to tender and the acquisition of postal licences in the respective countries. The creation of service documentation and service bulletins is also one of the international support team's tasks.

Service bulletins contain technical details as well as organisational and country-specific information that help national support with the provision of daily support to customers. They are used primarily for the transfer of knowledge among service colleagues in order to keep them up to date at all times.

In order to be able to help customers quickly and effectively with any problems and questions that may arise, we need sound, product-specific expertise and many years of experience, as we offer a wide range of products with a total of 20 different models of franking systems and 15 models of enveloping systems of different ages to look after.

On-site assistance
Not every problem can be solved over the telephone. But, even in these cases, our customers should be helped quickly. If a technical specialist is required, they will be on site within a few hours in order to rectify any defect as quickly as possible. In order to be able to guarantee such smooth customer service, we maintain a dense network of technicians in Germany with over 40 employees (previous year: 40), who look after our customers in the event of technical faults that cannot be rectified by our Service Hotline or on-site maintenance. Our retail partners also use our own sales and after-sales services.

Figure 7: Insight in the main garage

Repair and disposal
In 2020, on average, we repaired, maintained or properly scrapped and recycled due to their age around 600 franking and enveloping machines.

The new development of our PostBase franking systems has enabled us to significantly improve quality in recent years, which is reflected in a decline in the number of franking and enveloping machines we are repairing and servicing. In recent years, we have sold virtually only new PostBase systems and replaced older systems with new PostBase systems.

In Germany, in the event of a repair, customers have the option of using a rental machine for the duration of the repair, which is delivered within 24 hours and collected again from the customer after return of the original machine in order to ensure high-quality service.

Since March 2020, our central workshop has also been repairing machines for customers from the Netherlands and Belgium. Loan machines, decommissioning and scrapping/recycling are also carried out centrally for these countries. Work was also done on handling central logistics by implementing the worldwide central warehouse for our spare parts at our production site in Wittenberge.

Spare parts

In the event of an emergency, not only must a service technician be on site quickly, but the required spare parts must also be available. In order to satisfy the highest possible standards of service, these spare parts and consumables are available at short notice and can, if requested, be delivered by express courier to the customer within one working day. The Service Parts Centre at the **FP** production site in Wittenberge is responsible for this. It stocks more than 800 different spare parts and consumables, and many more are available to order. The global market is supplied from here – with ink cartridges, ink ribbons, envelopes, spare parts and labels. In the course of restructuring measures forming part of the "JUMP" project, which is scheduled to run for several years, warehouse stages in Belgium, the Netherlands and Italy were dissolved in 2020, so that since April of this year, consumables and spare parts have been sent directly from Wittenberge to the customers and the service staff on site.

International support

Our service does not stop at national borders: All in all, our international support team covers more than 40 countries. We are well positioned both nationally and internationally to offer our customers excellent service quality despite the large number of different franking and enveloping systems.

Training

Knowledge multiplies when it is shared. This is the motto of our international collaboration platform, which we use to optimise the transfer of knowledge between our technical experts. This not only ensures first-class expertise, but also saves resources in terms of sustainability and, in particular, avoids travel. These specific training courses on our products and services form a solid basis for the reliable and secure care of our customers. The sales, service and support teams, as well as our trading partners and franchisees, are trained internationally by **FP**'s own training units.

Every year there are an average of 15 individual training courses on franking and an average of six on the subject of enveloping. Through our train-the-trainer concept we are able to design the training courses on site in a highly customized way, thus ensuring their sustained success. Due to the corona-related pandemic, the training courses were increasingly conducted virtually or in individual one-to-one arrangements (as needed).

Customer satisfaction analyses

We are very satisfied with our products, our services and our service. But, are our customers as well? To find out, we regularly conduct customer satisfaction surveys, which help us to review the quality of our customer care, adapt our products to customer needs and turn satisfied customers into even more satisfied customers. We take the wishes and requirements of our customers seriously: An engineering change management process is used to convert customer inquiries concerning existing products into specific product improvements. And, in the case of new product developments, customer surveys and usability tests are carried out on user-friendliness in order to take customer needs into account as much as possible.

Complaints and service management

How trusting a partnership really is often only becomes apparent when something doesn't go so smoothly. This also applies to the relationship with our customers. That is why we attach great importance to a sophisticated service and complaint management system that aims to maintain, restore and increase customer satisfaction. We see an opportunity and a task in every complaint, recognising the indications of weaknesses it contains and using them for ongoing improvements.

We document every complaint. By doing so, we create transparency with regard to the measures initiated and implemented in complaint handling. The documentation enables targeted communication with the customer, creates clarity and avoids duplicated and incorrect work. Employees to whom a complaint is made fulfil the role of being the first point of contact and coordinator for their department. It is their task to promptly select complaints which have been submitted locally, forward them internally to the employees responsible and track their processing.

At present, we have our own points of contact in our different areas for the acceptance and processing of complaints. We manage and control all customer complaint data ourselves – from its collection and processing to the concluding, effective solution. The complaints recorded are evaluated and form the basis for an analysis of causes in order to uncover and evaluate the main problem areas, develop measures for their prevention, and continuously improve the complaint handling process.

3.5 Sustainability in the supply chain
We have high standards – including
for our suppliers (GRI 102-9, GRI 204-1)

Sustainable thinking and action, respect for human rights, compliance with environmental protection, climate protection and occupational health and safety – all of these are essential parts of our added value chain and criteria used when procuring the materials and services we need. That is why we work to continuously optimise our supply
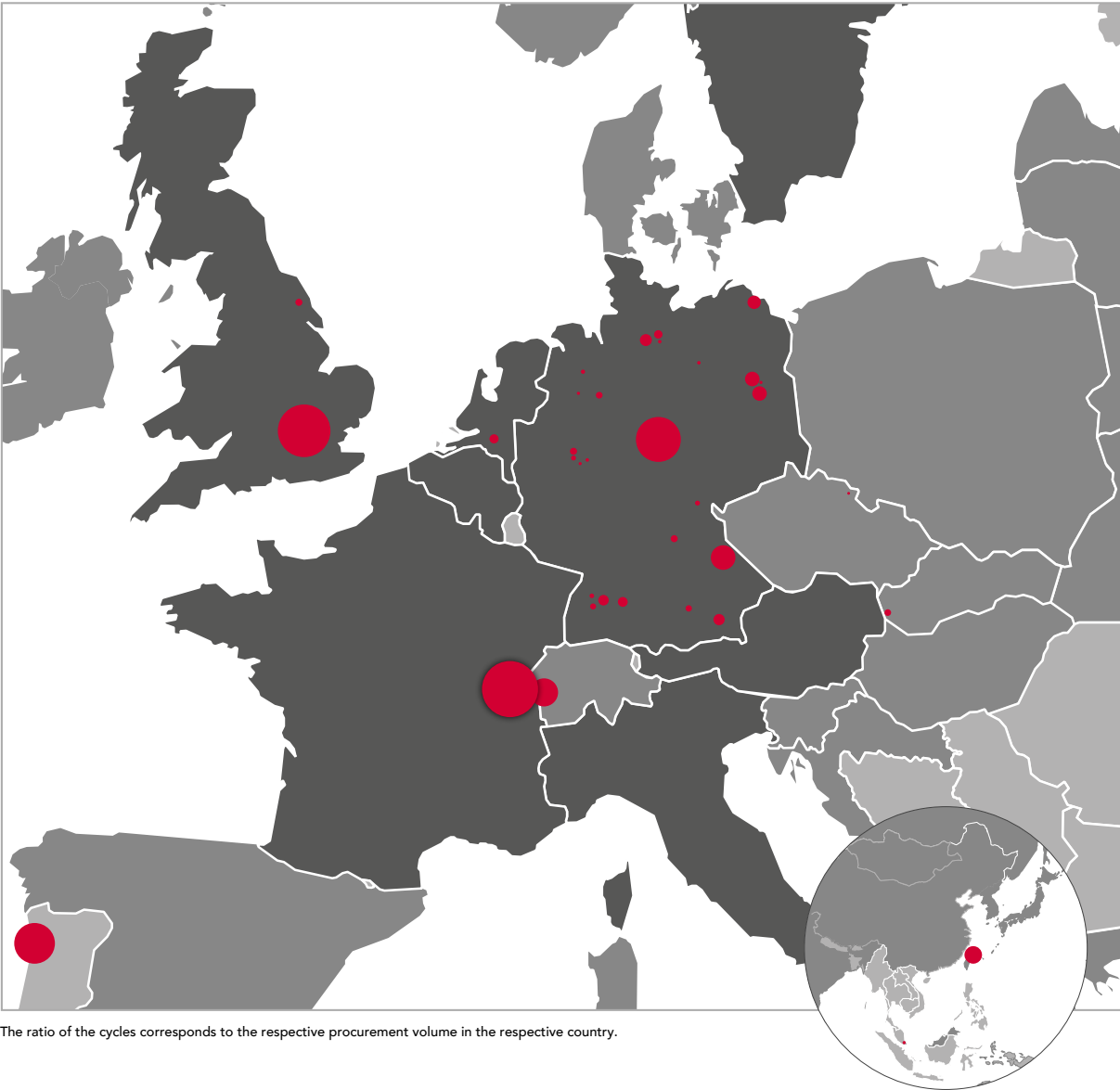
The ratio of the cycles corresponds to the respective procurement volume in the respective country.

chains and pursue several goals in the process: optimisation of prices, delivery quality and adherence to deadlines, but also the avoidance of environmental burdens caused by overseas transport. For this purpose, we changed over to procurement very close to our production site back in 2014.

The sole production site for franking systems and therefore the destination of the supply chains is **FP** Produktionsgesellschaft mbH & Co. KG based in Wittenberge in the Federal State of Brandenburg. Essentially, individual parts and assemblies are used there which we group together into the areas of mechanical contract production, plastic components, electronic components and assemblies, as well as drive technology. In 2020, we worked with around 225 suppliers (2019: around 230).

Procurement close to home

For more than six years we have made use of economically and ecologically optimised procurement from suppliers who are based in Europe. Direct cooperation with suppliers in Asia was all but ended, and only five of our suppliers come from outside Europe. The proportion of direct procurement in Europe is now 99 %. The share of the procurement volume awarded in Germany remains at approx. 45 %, the same as last year.

As part of the "Best Material Purchase" project, which we implemented more than three years ago, further suppliers in the local area have been trained in order to strengthen the Berlin-Brandenburg region economically and reduce the environmental impact of transport.

Purchasing close to home – a portrait of partnership-inspired cooperation

For more than 15 years, we have been working with a company that is intensively involved in ecological issues and climate protection: TECTRON WORBIS GmbH.

In addition to the highly secure hardware security module, the assembled printed circuit board is another centrepiece in the franking machine. For production, we want to ensure a sustainable supply of the required materials. At **FP**, we benefit greatly from a trusting partnership with one of our suppliers, TECTRON WORBIS GmbH. Over the years, the company's service portfolio has steadily developed into a complete EMS service provider (PCB assembly, module production and device assembly) with state-of-the-art equipment lines and the latest technology. TECTRON WORBIS GmbH supplies us with high-quality assemblies from the Thuringia region.

TECTRON WORBIS focuses on sustainability

At **FP**, we have been selecting our suppliers according to economic and ecological criteria for several years. We are constantly optimising our supply chains to reduce our environmental impact

Figure: TECTRON WORBIS GmbH

What's special about TECTRON WORBIS: sustainability is an integral part both of the corporate philosophy and of production. The company not only uses its own green electricity at the Worbis production site, but currently generates up to 75 % of its electricity needs from its own energy park. TECTRON WORBIS operates a photovoltaic system, two combined heat and power plants (CHP) and a battery buffer system. The heat produced as a by-product is used to heat a total of seven hall systems.

Trusting partnership

Our cooperation with TECTRON WORBIS is characterised by trust and partnership. As a sustainable company, we at **FP** can not only rely on the extensive expertise and high quality of our supplier TECTRON WORBIS, but also assemble materials and components in our franking machines that are produced in a climate-friendly manner.

Quality and quality management – just like at **FP**, this is also a top priority at TECTRON WORBIS. On regular quality panels we exchange ideas and share our expectations. Everyone involved benefits from this – and has done so for many years.

About TECTRON WORBIS GmbH:

TECTRON WORBIS GmbH was founded in 1991 on the site of the former Robotron factory in Worbis, in the Eichsfeld region of Germany. The company now employs more than 200 staff. Right from the start, TECTRON WORBIS was able to rely on excellently trained employees who had already worked for many years as skilled workers and engineers in the electrical sector and the former Robotron Group.

Our SMT production offers our customers the highest standard thanks to state-of-the-art machines and qualified skilled workers. In addition to many Mydata machines for small and sample series, various SMD lines – including four complete lines from the latest Siemens/ASM X series – are available to us 24 hours a day. Further information can be found on the Internet at www.tectron-worbis.de.

Figure: TECTRON WORBIS GmbH

Our goal is to establish and maintain long-term relationships with our suppliers that are based on strong partnerships. This is the only way in which we can ensure a sustainable supply of the necessary materials for our production. Looking at our A and B suppliers (in the reporting year: 54), we have worked successfully with 31 of them for more than 15 years, with nine for more than ten years and a further 11 for more than five years.

Ongoing review

New suppliers are reviewed for supplier approval as part of an established, standard process. Among other things, this includes the collection of information on all implemented environmental, energy, and occupational health and safety management systems as well as all alternative measures (GRI 308-1). Suppliers which take such measures that go beyond the legal regulations are given a higher ratings index during qualification.

Figure 8: The FP Produktionsgesellschaft mbH & Co. KG in Wittenberge

If a supplier receives poor assessments in these areas, they may be removed from the list if they are also associated with other negative anomalies. With all supplier approvals

and renewed supplier assessments, we enquire about a number of ecological and social components in the form of a supplier self-assessment. In the 2020 reporting year, we re-evaluated 35 existing suppliers (previous year: 35), and no negative environmental or social aspects were reported (GRI 414-1, GRI 414-2).

We do not maintain relationships with suppliers that are suspected of negative ecological or human rights impact, negative labour practices or negative impact on society (GRI 308-2). Since our suppliers are almost exclusively based in Europe and we do not work directly with any suppliers in developing or emerging market countries, it can be assumed that there are no risks of child labour, forced labour or negative effects on human rights. All of our suppliers are also adequately informed about our values, manners when dealing with one another and requirements in the area of compliance – with the same applying to our employees.

Sustainable packaging

Our packaging commutes: for high-quality electrical components, we established individual returnable packaging and work with local suppliers within the framework of groupage transport using corresponding reusable containers. This process was also used with the launch of the PostBase Vision. This allows us to avoid single-use packaging, reducing the environmental burden to the minimum possible.

4. FOCUS ALL TOGETHER
   Bringing a vision to life together
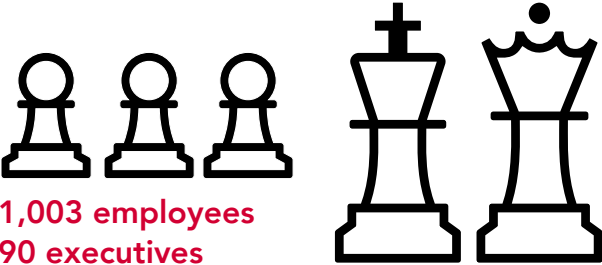   (GRI 103-1, GRI 103-2, GRI 103-3)

FOCUS ALL TOGETHER: Our core values of team spirit, attitude, ideas and vision are what defines our employees and what they practise every day. Each and every one of us at **FP** bears responsibility for our success – through the consistent implementation of our shared projects and goals.

Strong together

Our employees represent a wealth of skills, experience and interests. Promoting and demanding, seeking common ground and making differences productive, developing and maintaining sustainable values – this is part of our responsibility as a company and as an employer.

Our employees therefore create important perspectives for all of our stakeholders. Strengthening this awareness and anchoring the goals and principles of our Group as a yardstick for decisions represents the basis for sustainable action on our own responsibility.

FP Momentum in Figures for 2020

1,003 employees
90 executives

22 locations in Germany and subsidiaries in the UK, France, the Netherlands, Belgium, Austria, Italy, Sweden, Canada and the US

Our employees completed a total of **6,651** hours of continuing education in 2020.

We employ 54 severely disabled people, many of them hearing-impaired, at our sorting and printing centers of the FP subsidiaries freesort and IAB throughout Germany, as well as at our sites across Germany. There are 83 employees worldwide.

30 employees worldwide are involved in works council activities in 8 companies.

Parental leave
25 employees with a 100% return rate

17 women

8 men

Average age worldwid*

44%* of our employees are 30–50 years old

40%* are more than 50 years old
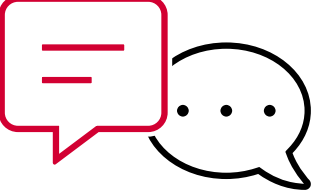
16%* are less than 30 years ol

*out of a total of 1,003 employees

We train people – our five training professions in Germany at a glance

- Office management specialist
- IT specialist for application development
- Electronics technician for devices and systems
- IT systems specialist
- IT specialist for systems integration
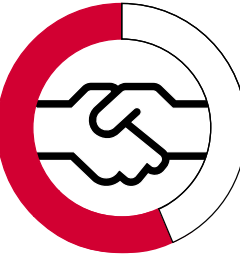
Worldwide, we employ **35%** students, interns and trainees.

384 (38%) employees receive an annual performance appraisal.
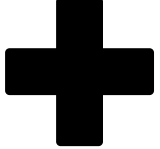
Recruitment worldwide

101 men 10.1%*

77 women 7.7%*

*percentage worldwide, out of a total of 1,003 employees
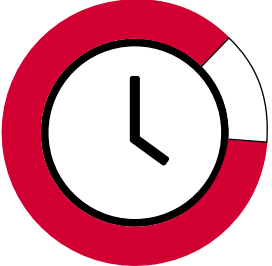
Sick leave rate in percent*

4.65%

*out of a total of 1,003 employees with an average of 255 working days

Type of employment worldwide

Full-time (84%):
841 employees
530 men (53%)
311 women (31%)

Part-time (12.7%):
127 employees
45 men (4,5%)
82 women (8,2%)

of which students/trainees 35 employees

Worldwide, almost **70%** of our employees are able to organize their **work location flexibly,** and almost 50% of all employees can make use of flexible working hours.

Temporary*:
112 employees
62 men (7.1%)
50 women (5.7%)

87% of our employees are employed on a **permanent basis***:

769 employees
468 men (53.1%)
301 women (34.1%)

*out of a total of 881 employees (without USA)

Duration of employmenr*
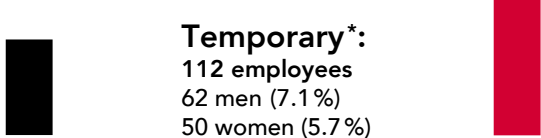
22% of our employees have been employed at FP for **more than 15 years**

13% have been employed at FP for more than 10 years

17% have been employed at FP for more than 5 years

Less than one year: 101 men and 77 women
Less than five years: 159 men and 148 women
Less than ten years: 95 men and 75 women
Less than fifteen years: 82 men and 47 women
More than fifteen years 145 men and 74 women

*out of a total of 1,003 employees

Average age in German*

46,1* years

*out of a total of 547 employees

For the sake of simplicity, we sometimes use gender-specific language. Particularly in the context of a gender-neutral and non-discriminatory approach, this is of course intended to refer to all genders, including LGBTQIA+ (lesbian, gay, bisexual, transsexual, transgender, queer, intersexual and asexual people).

4.1 Strengthening of sustainable company management and corporate culture Why people like working for us
(GRI 103-1, GRI 103-2, GRI 103-3)

Developing and implementing framework conditions that strengthen the workforce and the management team, accompany them, provide them with a sense of security, and support them: this is a strategic task in our daily interactions with one another. Our common goal is to structure our actions in such a way that all resources are used with clear objectives and in a concentrated manner. No employee should be under- or over-challenged, but the requirements should be in line with their abilities.

We demand a high level of performance, but we do not leave our employees to achieve it on their own. Instead, we support them through intensive development. Top performance pays off and, at the same time, makes it fun to work at FP. As part of FOCUS ALL TOGETHER, we are aiming to achieve sustainable strengthening of our corporate culture.

Responding to each other's needs, listening, supporting each other, looking for solutions together – that's how we work at FP. All of this is not a matter of course, but it is part of our everyday working life, which is characterised by an almost family-like character that we are proud of. As a medium-sized corporate group, we also benefit from short communication channels and the close personal and direct exchange of ideas.

Key figures about our employees
At present, the same statistical data is not collected consistently in the different areas of the company. For this reason, the fields of application of the statements made here differ to some extent. Nevertheless, we have once again succeeded in broadening our view of our key personnel figures for the reporting year.

Number of Employees	2020	2019	2018	2017
Employees in Germany	688	654	643	638
Employees in Europe (not including Germany)	156	195	234	247
Employees in North America	159	163	181	182
Employees worldwide	**1,003**	**1,012**	**1,058**	**1,067**

Table 2: Employees as of 31.12.2020

In 2020, 1,003 employees (previous year: 1,012) worked at our subsidiaries worldwide – in ten countries and at 22 German locations (GRI 102-8). Together, we pursue the goal of organising our processes so that we can support our customers efficiently and cost-effectively.

NUMBER OF EMPLOYEES BY SEGMENT ON THE DAY OF REPORTING

■ Production ■ Sales Germany ■ Sales International ■ Central functions
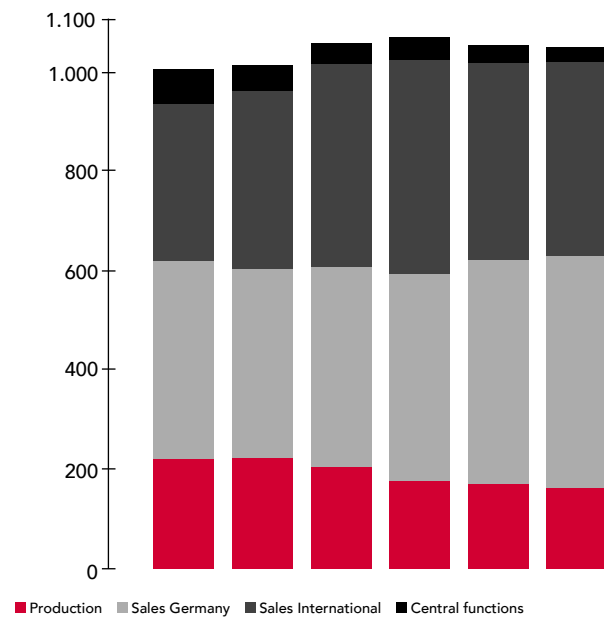
	2020	2019	2018	2017	2016	2015
Production	220	222	201	176	170	162
Sales Germany	396	380	402	417	450	466
Sales International	315	358	415	429	396	390
Central functions	70	52	40	45	36	30
Total	**1,003**	**1,012**	**1,058**	**1,067**	**1,052**	**1,048**

Executives with responsibility for HR[3]	2020	%	2019[1]	%	2018[2]	%
Number of executives[3]	90	9.0 %	131	12.9 %	143	13.5 %
Of which women	26	28.9 %				
Of which men	64	71.1 %				

[1] Employees included: 1,016 (worldwide)
[2] Employees included: 1,058 (worldwide), corrected for 2018
[3] Executives with responsibility for HR, across all levels in our company, including global group managers

Table 3: Number of executives as of 31.1 2.2020

4.2 Staff development – The people behind FP (GRI 103-1, GRI 103-2, GRI 103-3

Finding and inspiring new talent, recognising and promoting talent already present in the company – these are important aspects of our HR work.

Our world of work in figures
The number of new appointments worldwide in 2020 stood at 178, of whom 77 were female and 101 were male (previous year: 144 employees worldwide).

87 % with permanent contracts

Employees	2020[1]	%	2019[2]	%	2018[3]	%	2017[4]	%
permanent	769	87	817	92	850	88	460	87
fixed-term	112	13	73	8	72	7	55	10
Training contracts worldwide	1	0.1	14	1.6	22	2.3	9	2
Training contract Germany[4]	12	1.4	10	1.1	8	1.2	–	–
Working students	12	1.4	20	2.2	18	1.9	7	1

[1] Employees included: 881   [2] Employees included: 890   [3] Employees included: 962   [4] Employees included: 531

Table 4: Type of employment

The resignation quota worldwide stood at 8.2 % (previous year: 9.5 %) and involved a total of 82 resignations by staff. In Germany, the resignation quota fell significantly to 5.2 % in 2020 (previous year: 7.7 %).

The termination rate increased in particular due to the transition of the subsidiaries in the Netherlands and Belgium to the Shared Service Centre in Hennigsdorf and was 12.9 % worldwide (previous year: 5.7 %). It affected 129 employees in total (GRI 401-1). In Germany, the ratio of resignations rose to 8.5 % (previous year: 4.8 %), which was mainly due to the transfer of local administrative functions to the Shared Service Centre.

22 % of our employees have been with FP for more than 15 years
178 employees have been with us for less than 1 year (14 %). 307 staff have been with us for less than 5 years (34 %). 170 employees have been with us for more than 5 years (17 %). 129 employees have been with us for between 10 and 15 years (13 %). 22 % of our employees have been with us for more than 15 years, amounting to a total of 219 staff.

The average length of service at the German locations (688 employees included) is 9.91 years. 72 of our employees have been with FP for more than a quarter of a century, and three colleagues will be celebrating their 40th anniversary with us in 2021. Four other colleagues are starting their 41st and 42nd year at FP.

Here is a global summary of our employees' length of service:

Management maxims
Our international management acts in accordance with our management policy. By establishing principles, we give employees a framework that leaves room for freedom, encourages innovations and creates the ability to take decisions (GRI 102-16). These core values are an integral part of our processes for introducing new colleagues and our annual training courses.

Internal communication
Communication, exchange, information: FP attaches great importance to joint dialogue. The constant exchange

	Year	Less than 1 year		under 5 years		under 10 years		under 15 years		more than 15 years	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Employees [1]	2020	75	69	187	154	95	75	82	47	145	74
In per cent		7 %	7 %	19 %	15 %	9 %	7 %	8 %	5 %	14 %	7 %
Employees[2]	2019	83	50	168	134	124	66	75	59	145	75
In per cent		8 %	5 %	17 %	14 %	13 %	7 %	8 %	6 %	15 %	8 %
Employees[3]	2018	88	72	184	138	138	64	78	54	155	84
In per cent		8 %	7 %	17 %	13 %	13 %	6 %	7 %	5 %	15 %	8 %

[1] Employees included: worldwide   [2] Employees included: 979   [3] Employees included: 1.055

Table 5: Length of service

contributes significantly to achieving the effectiveness and efficiency we need for a sustainable corporate direction and is an important part of our corporate culture. We regularly send out our global Corporate News, containing information about "What's happened", and "What's happening", and we also welcome colleagues with staff information. In the context of transformation especially, we rely on the active communication of change. In order to promote short communication channels, we use our collaboration platform **FP** Connect. This supports all employees with the rapid exchange of information and ideas through various forums and groups, and therefore provides a very good supplement to video conferences. The worldwide teams can communicate with each other without having to travel long distances or restrict themselves to using the telephone. The teams were therefore very well prepared for the involuntary, pandemic-related lack of alternatives to this form of virtual cooperation.

Co-determination
Works councils represent the interests of the employees at the Berlin-Pankow location, at the nationwide locations of our sales and service field staff, at our production site in Wittenberge and at our Group companies in Austria and the Netherlands. Trustful cooperation with them is an essential part of this open and joint dialogue. All in all, we have 27 employees in seven companies who are actively involved with the works council.

Commemorative culture
FP is a company with a long and eventful history, to which we have even dedicated our own museum at the Berlin-Pankow site, presenting numerous, mostly private exhibits from almost 100 years of inventive history. There are now 43 franking machines on display, some of which are still working. There are also some special features in the Berlin collection. For example, one of the few Komusina franking machines still in existence – the forerunner of the world's most successful franking machine of all time, the Postalia D2. More than 500,000 of them were produced. And, the D2 with the serial number 2 is also in the collection. 14 historic machines have now made their way to Wittenberge, including the 50,000th PostBase Mini and the 100,000th PostBase Classic. Every single museum piece contributes to keeping our history alive, and all employees are invited to immerse themselves in this world.

Training
Our trainees are the potential top performers of the future. That is why they are carefully trained at **FP** and supported in a variety of ways. Training with us is designed for long-term cooperation. We also promote interrelationships between academic training and the requirements of business.

Through cooperation agreements and contacts with 30 German universities in total, we support students in the preparation of their final theses on the one hand and maintain contact with research and teaching for our experienced employees on the other. Our dual training syllabus allows young people to craft their own entry into the world of work through strong performance.

At our German locations, we are currently training twelve young people in four professions, and worldwide we had 13 trainees at the end of the reporting period, with a further 21 interns and students.

On 1st August and 1st September 2020, we welcomed (as in the previous year) two new trainees to the **FP** family. We want our trainees to gain a deep insight into the **FP** Group. That is why we offer them the opportunity to think outside the box, for example through assignments beyond the training regulations that broaden their horizons.

We welcome our trainees at Welcome Days and support them through regular appraisal meetings and group-wide trainee meetings.

We see our trainees as a valuable pillar of support during their training period – and after graduation they are the best-trained young talents for **FP**. That's why we try to generate enthusiasm for the topic of training within the Group as well. The more departments experience for themselves how valuable trainees are for the company now and in the future, the higher the demand, enthusiasm and willingness to train themselves.

By teaching technical, methodological, social and personal skills, we not only want to ensure that young people acquire the ability to act professionally, but also offer them

FP News

Our five training professions at a glance:

- Management Assistant – Office Management
- Electronics Engineer for Appliances and Systems
- Technical Computer Scientist – Application Development
- Technical Computer Scientist – Systems Integration
- IT Systems Management Assistant

long-term prospects. This applies both to people who are undergoing initial training and those who have dropped out of their studies and have decided to follow another path into a career. In addition to teaching vocational skills, knowledge and abilities, it is particularly important to us that the trainees can apply what they have learned independently.

Good ideas are in demand
Our ideas management
To secure and strengthen our competitiveness, we need many good ideas – the ideas of our employees. In order to promote the active thinking and participation of all employees, an improvement system, our ideas management, was introduced as part of the first ISO certifications. It is intended to stimulate and encourage all employees to contribute their ideas and to examine their possibilities for implementation. This commitment, which often goes beyond the employee's areas of responsibility, is then acknowledged and rewarded by **FP**.

In order to be able to evaluate and process the ideas, we make use of an ideas database which is maintained by our Ideas Manager. Irrespective of their responsibilities and

length of service with the company, all employees of **FP**, including trainees, interns and working students as well as freelancers and pensioners, can submit ideas.

Work continues on the implementation of the cloud-based solution to restructure ideas management.

4.3 Diversity and women's quotas
(GRI 103-1, GRI 103-2, GRI 103-3)

Diversity is an important foundation for FOCUS ALL TOGETHER and is part of our mission statement and corporate culture. That is why we at **FP** ensure non-discriminatory cooperation.

FP values diversity. That is why we support an open and honest atmosphere as part of our leadership principles. Every employee should feel empowered to actively put forward their views and suggestions, regardless of how long they have worked with us, their age or their position in the company. Supported by the explicit mention of the principle of equal treatment in our mission statements and the appointment of corresponding equality repre-

sentatives and the establishment of confidential hotlines, this principle is incorporated into all of our processes (GRI 102-17, GRI 406-1).

We pay particular attention to equal treatment in terms of our remuneration system. This is based on the requirements of the work performed and the responsibility assumed, not on the holder of the position (GRI 401-2, GRI 405-2). In some of the German Group companies we ensure this together with the employee representatives (GRI 102-41) by means of a remuneration system defined in our company collective agreement. Where operational changes are put in place, the employee representatives are notified in accordance with legal and company regulations. We also maintain a close dialogue with our employee representatives on various committees (GRI 402-1). There were no reported cases of discrimination in the reporting year.

We also embrace diversity with regard to the age of our employees. We specifically focus on the formation of mixed-age teams, because the experience of our older employees is a valuable asset. Using and preserving this wealth of knowledge by passing it on to the younger generation is a key success factor. Our own training programme supports the natural increase in the percentage of the group of over-50s in Germany.

Employees	2020[1]	%	2019[1]	%	2018[1]	%	2017[3]	%
under 30 years of age	159	15.85	157	15.45	130	14	39	7
30 to 50 years old	438	43.67	449	44.19	412	44	220	41
over 50 years of age	406	40.48	410	40.35	400	42	272	51

[1] Employees included: worldwide
[2] Employees included: 942
[3] Employees included: 531

Table 6: Average age of FP employees

The inclusion of severely disabled people is also of major importance to us. In Germany, we continued to fulfil the legal quotas across all companies, as in previous years.

At our nationwide sorting and printing centres run by FP's subsidiaries freesort and IAB, as well as at our German sites, we employ over 80 severely disabled people, including many who have a hearing impairment. Communications – the key to success: supervisors and colleagues have been trained in cooperation with communities and integration services so that these special teams can understand each other effectively.

At the FP production company, a pilot project entitled "Ways into Work" has been in place for 3 years, organised in cooperation with the Prignitz counselling service. The aim of this is to employ people with a disability.

Employees	2020[1]	%	2019[1]	%	2018[1]	%	2017[2]
Proportion from minority backgrounds	65	6.5	71	7	94	8.9	97
Proportion with disabilities	83	8.3	75	7.4	77	7.3	84

[1] Employees included: worldwide
[2] Employees included: 902 (Germany, Austria, Italy, France, USA, Canada)

Table 7: Employees from minority backgrounds and with disabilities

Diversity at executive level

The subject of diversity is also of major importance to FP's Supervisory Board. Guided by the German Stock Corporations Act and Code of Corporate Governance, it is aware of the need to ensure diversity in its composition and the relevant voting proposals at the Annual General Meeting. In addition to gender, the experience of the individual members, measured in terms of age, professional experience and internationality, is particularly relevant for the assessment of candidates. The Supervisory Board – following a suitably conducted application or proposal process – proposes the most suitable people based on these criteria. At present, there are still no women on the company's Supervisory Board.

The planned age limit for voting proposals of members of the Supervisory Board also needs to be considered in light of this. The mandate must end by no later than the end of the Annual General Meeting that takes place in the individual's 70th year. Furthermore, at least one member of the Supervisory Board should fulfil the criterion of internationality. At least one member already has the required characteristics for this (GRI 102-24).

The German Stock Corporation Act and the German Code of Corporate Governance also stipulate that the Supervisory Board of companies listed on the stock exchange must define target figures for the proportion of women. A diversity concept for the composition of the Supervisory Board, which takes into account, for example, characteristics such as age, gender, nationality, educational or professional background, has not yet been drawn up and pursued. At present, there are still no women on the company's Supervisory Board. For the time being, therefore, a target of zero per cent women was set for the period up to 30 June 2021 at the latest by the resolution of 20 June 2019.

The new regulation regarding the filling of Board of Management positions must be considered under the same requirements. In addition to the relevant professional qualifications, the Supervisory Board pays attention to diversity in the composition of the Board of Management. The Supervisory Board would welcome a female or diverse member of the Board of Management and would give her priority in the event of equal suitability. However, in the view of the Supervisory Board, gender and diversity are not dominant selection criteria for Board of Management members. Consequently, FP imposes a target of 0 % on itself, which corresponds to the current status quo.

The company's Board of Management has decided on a target for the proportion of women in the two management levels below the Board of Management in accordance with Section 76 (4) German Stock Corporation Act. The first management level below the Board of Management has been defined as the Managing Directors of the domestic and foreign companies and the Divisional Managers in Germany or those with equivalent managerial functions within the company. The FP Group does not have a second management level below the Board of Management. For the FP Group, the Board of Management most recently determined in a resolution dated 3 June 2019 that the target figure for the proportion of women on the 1st management level must henceforth be at least 10 per cent. As of 31.12.2020, this target of 10 per cent is exceeded at 10.52 per cent. When filling management positions, the Board of Management will be mindful of the need to re-attain the diversity specifications (GRI 405-1). There are no further specifications in the sense of a diversity concept.

4.4 Safety and health in the workplace
(GRI 103-1, GRI 103-2, GRI 103-3)

Protecting the health and safety of our workforce is a primary corporate objective for us and one of the most important management tasks.

In order to maintain and increase the safety awareness of our employees in their respective activities, we regularly provide them with relevant information and conduct training courses, which are complemented by balanced health protection offers. Within the framework of the tasks and powers assigned to us, we assume major responsibility for ensuring and consistently improving the environmental protection and occupational safety measures, as well as the safety and health at work of all employees. Globally, our sickness rate was 4.65 %.

Our occupational health and safety management system

We use an occupational health and safety management system which is certified at our German locations according to ISO 45001:2018. Subject and specialism-specific representatives support our executives locally in ensuring that we fulfil the requirements of our stakeholder groups as well as those of the legislator. Key tasks are performed by the Representative for the Integrated Management System (IMR), the Occupational Safety Specialist (OSS), the Waste and Hazardous Materials Specialist (WHMS), and our Company Medical Officers (CMO).

A Fire Protection Officer (FPO) has also been appointed for the Berlin locations and Wittenberge. At our locations we also have local Safety Representatives (SR) with supplementary tasks for information security, First Aiders (FA), Evacuation Assistants (EvaA) and Fire Protection

Preventive medical checkups/first-aid trainings	2014	2015	2016	2017	2018	2019	2020
Statutory compulsory examinations (not required)	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable	not applicable
Driving, control and monitoring activities[1]	2	2	1	2	1	1	–
Computer workstations[2]	16	32	72	33	40	49	13
Noise[3]	2	4	–	8	–	5	7
Musculoskeletal system, load[4]	–	–	–	–	1	–	–
Medical consultations (company doctor)	33	25	51	38	113	55	–
Flu vaccinations (complementary offer)	47	46	20	18	51	53	31
First aid courses (first aiders)	14	25	10	19	24	0	–

[1] according to DGUV 250-427 (G25), [2] according to DGUV 250-438 (G37), [3] ccording to DGUV 250-418 (G20), [4] according to DGUV 240-460 (G46)
Locations Birkenwerder/Berlin-Pankow, Berlin-Adlershof, Wittenberge, Langenfeld

Table 8: Health screenings over time

Assistants (FPA). In addition, there are further representatives – such as a Laser Safety Officer (LaserSO) at the Wittenberge location – who report to the Fire Protection Officer or directly to the Board of Management, depending on the locations' risk assessments (GRI 403-3).

A number of employees at all locations across Germany are involved with occupational, environmental, energy and health management. Our company physicians (CP) support all employees with treatment and screening programmes that go beyond the level of basic care, such as the influenza vaccination programme. Our house rules serve to minimise possible risks. They apply, of course, to all employees. Visitors, guests and external persons are informed of them. In the event that external companies carry out work on our premises, a corresponding safety briefing is carried out with the third-party company and confirmed in writing by both parties. This confirmation is archived. It also regulates how to deal with hazardous substances, work on electrical systems and perform welding work (GRI 403-1).

Employees at all locations are represented on the Occupational Safety and Environmental Protection Committee (OSEPC). At its regular meetings, the topics of basic support and company-specific support according to German Social Accident Insurance (DGUV) Regulation 2, as well as supplementary topics on environmental and energy management, are discussed and potential measures agreed upon with the employer representative. Appointments for the screening programmes offered are agreed annually and all employees are informed.

Ergonomic workstations

Our workstations should not only be comfortable and practical, but also easy on the back. As a result, they are planned and set up in accordance with ergonomic aspects. For example, height-adjustable desks in our offices, which we are using more and more, ensure that our employees can change their working posture as often as possible.

Prevention and handling of accidents

At the German sites, there were four reportable commuting accidents and five reportable occupational accidents in

2020, with one reportable and commuting accident in the previous year (GRI 403-2).

If an accident happens, we want to know exactly why it happened so that we can prevent it in the future. We conduct a thorough analysis of the accident situation in the company and consult on measures and facilities to counter accident and health hazards. Through the exchange of experience on the implemented measures, they are constantly improved. We are also actively working on suitable preventative measures to counteract accidents in and on the way to / from the workplace.

We are also prepared for emergency situations: in order to be able to respond appropriately to them, regular emergency exercises are carried out at all locations as a preventive measure. The dates for such exercises are arranged in the Occupational Safety and Environmental Protection Committee (OSEPC). Emergency exercises are prepared and supervised by the occupational safety specialist and evacuation drills by the fire safety officer. All emergency exercises are carried out in accordance with the location-specific fire protection regulations. After each exercise, the accompanying team evaluates the results in a hazard assessment in order to derive measures for improvements from them.

4.5 Compatibility of work and family Free choice of work location and working hours

Due to corona, the topics of home office and mobile workplaces have experienced an enormous boost in Germany and worldwide. And here, too, we were ahead of our time: we began introducing the "Mobile Workplace (MWP)" at the Berlin site in 2018. In all areas where their activity allows it, our employees have the flexibility to perform their tasks in the form of mobile work.

The flexible organisation of working time and place of work accommodates both private and company interests and helps to improve the compatibility of work activities

and personal lifestyle. The MWP project is another step in our company's cultural transformation process and a sign of a culture of trust in which individuals' work is appreciated by colleagues and superiors, no matter where they do it. And with this, we are choosing a self-organised method of working for employees and the ability for the managers involved to manage their work remotely.

In total, we offer more than 70 % of our employees worldwide the opportunity to work from a flexible location in order to also be able to carry out tasks away from their regular place of work.

Flexible working hours

Many of our employees decide for themselves when they work, because we only have fixed working hours where it is necessary. Worldwide, more than 50 % of our employees can organise their working hours flexibly.

We welcome our employees to get involved in their free time. We also enable and promote the voluntary commitments of our employees through uncomplicated leave of absence – paid or unpaid. The opportunity to participate in the implementation of our strategic goals, even on a part-time basis, is used by our employees in many ways. There are no company benefits, which are granted only to full-time employees, but not to temporary or part-time employees (GRI 401-2).

Parental leave

Children are our future. **FP** therefore supports parents who work for the company wherever possible in financial ways too, such as allowances for childcare costs, paid leave for the care of sick children or additional leave for family events. 25 employees are currently using the opportunity to take parental leave. Our young parents also return to work after taking parental leave, which confirms the success of our efforts (GRI 401-3).

Retirement provision

We feel gratitude for the work dedication and achievements of our employees even beyond the time of their often long-standing employment with our company. That is why we contribute to the security of our employees for

the time after they retire from working life. We pay allowances for private retirement provisions and raise awareness around the importance of this topic through regular employee events, as well as giving our team plenty of information. (GRI 201-3).

4.6 Societal and social commitment

FOCUS ALL TOGETHER states team spirit and attitude as our core values. Thanks to the commitment of our employees, we were also able to do good deeds in 2020. We are delighted to be able to document our employees' outstanding achievements.

Making Strides Against Breast Cancer

Colleagues from **FP** USA successfully collected money for breast cancer research: "Making Strides Against Breast Cancer". Once again this year, **FP** Mailing Solutions USA enabled its employees to participate in a wide variety of fund-raising activities, ranging from sponsored walks to bake sale days to merchandise clothing sales. However,

Accidents in and on the way to / from the workplace	2014	2015	2016	2017	2018	2019	2020
Total over the year	0	7	5	2	7	1	9
Reportable accidents at work (AAW)	0	6	2	1	4	0	5
Notifiable accidents on the way to/from the workplace (CA)	0	1	3	1	4	1	4

Locations Birkenwerder/Berlin-Pankow, Berlin-Adlershof, Wittenberge, Langenfeld

Table 9: Accidents in and on the way to / from the workplace 2020

	2020		2019[1]		2018[2]	
	Male	Female	Male	Female	Male	Female
Employees on parental leave	8	17	14	24	5	11
Return quota from parental leave	100 %	100 %	100 %	100 %	100 %	36 %

[1] Employees included: 407   [2] Employees included: 407

Table 10: Parental leave and return quota

due to the corona pandemic, there were not as many fund-raising events as in previous years, although this situation will hopefully return to normal in 2021.

For 8 years running, **FP** Mailing Solutions USA has been committed to helping women with breast cancer and has also been a proud partner of the National Breast Cancer Foundation. Marketing campaigns for Breast Cancer Awareness Month have become commonplace.

In addition to its annual donation of US$ 12,000, **FP** also continues offer its special edition of the pink PostBase franking machine, which is designed to raise awareness of breast cancer. The pink franking machine does more than just raise awareness of breast cancer, however. For every pink PostBase sold, **FP** gives 5 % of the revenue to the National Breast Cancer Foundation. This means that all of our customers have the opportunity to directly support people affected by breast cancer.

Picture 9: Pink PostBase Vision

This year, **FP** organised multiple donation collection drives to raise money and awareness. **FP** took part in six different fund-raising events. From charity events to silent auctions, **FP** was able to collect additional money to support those in need.

Our thanks go to everyone who gave freely of their time and money to our many charity campaigns. In 2021 too, we will be filling FOCUS ALL TOGETHER with life again and dedicating ourselves to making our society a little bit better.

FP Mailing UK is helping businesses to continue operating during COVID-19
FP Mailing UK helped businesses across the country maintain their operations during the COVID-19 crisis by enabling them to relocate their franking machine to off-site locations.

Most companies send out mail to keep the business running. Several trips per day to a post office were not in line with the social distancing rules.

That's why **FP** is proud to have been able to enable its customers to temporarily relocate their franking machines to an off-site location, while complying with Royal Mail's business continuity measures.

Franking machines from **FP** Mailing's PostBase range are plug-and-play, and the technical support team continued to be available to all customers at all times to ensure that the move of all necessary equipment went as smoothly as possible.
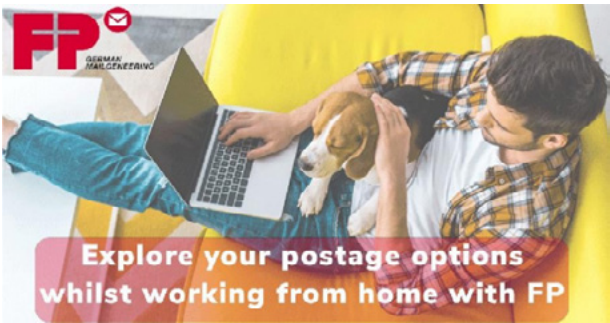
5. FOCUS ON PROTECTION Responsibility means change

"Whoever wants the world to remain as it is, does not want it to remain." What Erich Fried once said still applies today under different circumstances. In the face of climate change, species extinction and all other environmental problems, it is our responsibility to make a difference. **FP** takes this responsibility seriously. Protecting the environment and conserving resources with our energy sources is one of our main principles. This is why our production takes place exclusively in Germany and why we primarily work with suppliers from Germany and Europe. We also ensure that waste and emissions are minimised and, wherever possible, avoided altogether.

Sustainability from the outset
For each newly developed product and each with new process used, we check the environmental compatibility and the efficient use of energy and open up opportunities to optimise both. (GRI 103-1). We train our employees to raise their environmental and safety awareness and empower them to work and act accordingly. We work on continuous improvements, and we are happy to do so even beyond compliance with legal requirements. One means of achieving this is an open dialogue on all environmental and energy management issues, which we conduct regularly with employees, authorities, customers and suppliers, as well as with the public.

The "Environment, Energy Efficiency and Occupational Health and Safety Report", which has been published separately for many years, has from 2019 onwards been integrated into our Sustainability Report. The graphics used

previously are shown separately in the annex (www. fp-francotyp.com/nachhaltigkeitsbericht).

5.1 Integrated management system – energy and the environment Environmental protection still standards-compliant

The requirements of the ISO 14001, ISO 50001 and ISO 45001 standards provide the framework for introducing an environmental, energy and occupational health and safety management system and therefore for breaking new ground towards personal responsibility and self-commitment. With this in mind, the topics of occupational health and safety are directly linked to the topics of environmental protection at **FP**, which also brings advantages with regard to sustainability, reporting, risk and process management.

Environment and energy management system compliant with ISO 14001, 50001, 50003 and 31000

As already described in the section on the quality management system, our measures are based on the "Plan, Do, Check, Act" method.

Improving economic efficiency, productivity and working conditions, protecting the environment and extending the availability of fossil fuels for useful purposes – these are the goals of our energy management to which we are committed. Wherever it is cost-effective, we implement energy efficiency measures at our sites and we continuously implement improvements in our energy management.

We adapted our energy management system to the audit requirements of ISO 50003 early on and had the system re-certified according to ISO 50001:2018 in 2019. Approaches referred to in ISO 31000 (Risk Management) are also used and implemented in order to support risk-based thinking. The legally required OSC (Occupational Safety Committee) was remodelled in 2009 into an Occupational Safety and Environmental Protection Committee (OSEPC). In addition to the topics of safety and health in the workplace, the committee also assesses subjects such as compliance, waste, hazardous substances, energies and resources, and defines measures for improvement. In detail, these include:
- Energy management, energy savings and energy supply at the respective location
- Production, saving, selection and transport of raw materials, water management and water saving

- Avoidance, recycling, reuse, transport and final disposal of waste
- Assessment, monitoring and reduction of noise pollution inside and outside the location
- Environmentally relevant changes to existing production processes as well as to packaging, transport, use and final storage
- Operational environmental protection: practices among contractors and suppliers
- Current legal situation, new legal or also internal requirements and, if applicable, feedback from interested parties, improvements, corrections

No fines or penalties for non-compliance with environmental laws and regulations were imposed during the reporting year of 2020 (GRI 307-1). There were also no complaints regarding ecological aspects that would have had to be submitted, processed or resolved in a complaints procedure (GRI 103-2).

As already mentioned at the beginning of the Sustainability Report, the regular ISO monitoring audit took place in November and December 2020, which we passed successfully for our five standards
- ISO 9001:2015 (Quality),
- ISO 14001:2015 (Environment),
- ISO 45001:2018 (Occupational Safety),
- ISO 50001:2018 (Energy) and
- IEC/ISO 27001:2013 (Information Security – IAB only).

The auditors made 24 recommendations (opportunities for improvement), 14 notes (minor non-conformities) and raised one complaint. All these points have been included in our potential list. The rectification of these non-conformities has already begun, and the correction of the complaint has already been carried out.

The 24 improvement opportunities will be reviewed for turnover feasibility and then implemented if necessary. The decision on the opportunities will be documented in the potential list.

5.2 Protecting resources and increasing resource efficiency – Here, too, we are getting better and better

Derived from our company policy and through dialogue with our stakeholders, we revised and streamlined the integrated management system's strategic goals in 2020. Energy management at our German locations was successfully re-certified in 2019 to comply with the current version of ISO 50001:2018. Within this context, the certi-

fication area for **FP** Mentana-Claimsoft GmbH was expanded to include the environmental protection and occupational health and safety management system. We were able to further improve the efficiency of electricity and heat consumption at the German locations compared with the previous year's level, which led to an improved CO_2 balance.

Resource conservation – what we have achieved
The following measures were successfully implemented in this respect:

- Keeping the efficiency of electricity and heat consumption at the German locations above the energy baseline and increasing their efficiency
- Sustainably keeping the costs of our waste volumes at the German core locations (Berlin-Pankow, Berlin-Adlershof, Wittenberge and Langenfeld) below Euro 60,000 (2020: Euro 27,568.36)
- Maintaining the efficiency of water consumption at the locations above the energy baseline
- Keeping the emissions consumption of the **FP** vehicle fleet below 60,000 kg CO_2 p.m. (2020: 50,934 kg CO_2)
- Emissions consumption of the flights taken by **FP** employees below 20,000 kg CO_2 p.m. (2020: 7,436 kg CO_2)
- Checking and updating German Social Accident Insurance (DGUV-V3) tests for all appliances
- Updating the energy baseline in the event of changes

In addition, we continued, initiated and implemented the following measures in 2020:
- Maintenance of our hazardous substance, waste, energy and legal source registers
- Constant review of integrated requirements aspects (objective control)
- Guidelines, process and directive supplements in the system documentation
- Information and training courses
- Updating of the hazard assessments at all locations
- Regular plant and fire safety inspections at our locations in Berlin-Pankow, Berlin-Adlershof, Hennigsdorf and Wittenberge and at all **FP** freesort locations, focusing on safety in the workplace and fire safety
- Measurements and detailed analyses of the energy consumption at the German locations

Expenditures on Environmental Protection
In 2020, investment calculations were carried out at German sites with a focus on metering systems. As part of the investment calculations, preparations were made for the systematic conversion of measuring systems to the IoT (Internet of Things) so that more influence can be exerted over energy consumption in future.

As a result, in addition to staffing costs and smaller expenditures for the procured measuring systems (approx. Euro 5,000), costs were essentially only incurred for the monitoring audit of the integrated management system (approx. Euro 20,000). Disposal costs in 2020 amounted to around Euro 25,000 at all German locations (previous year: around Euro 30,000).

5.2.1 Energy and consumption data
A falling trend (GRI 103-1, GRI 103-2, GRI 103-3)
At our German locations, we primarily use the resources of electricity, heat (from heating oil, natural gas, district heating or fuels) and water. The consumption data is recorded and analysed every month in the central energy register in order to use the observed trends to achieve further savings in the future and use our ecological resources in an even more environmentally friendly manner.

Our calculations of energy-related services (ERS) are always based on the energy baseline (EB) for all 22 German locations. This baseline is reviewed annually and adjusted for each location according to defined criteria. Since we also operate a sizeable fleet of cars (field sales team, **FP** freesort fleet), their fuel consumption is considered separately from heat consumption. Our energy baseline, which is reviewed annually, is also the key figure (EnPI) for the respective location for the current year.

At all German locations, a total of 1,083 MWh of electricity were used in 2020 (previous year: 1,211 MWh), 1,924 MWh of heat (heating oil, natural gas, district heating) (previous year: 1,924 MWh) and 2,050 MWh of fuel (previous year: 2,100 MWh) and 343 MWh of kerosene from aircraft use (previous year: 882 MWh).

The total energy consumption for all 22 locations, including the vehicle fleet and use of flights, was 5,399 MWh (previous year: 6,117 MWh). The entire scope of reporting currently relates to the German locations, as the foreign companies are not yet included (GRI 302-1).

5.2.2 Reducing energy consumption – Expenditure for savings (GRI 103-1, GRI 103-2, GRI 103-3)
At year-end in 2020, the **FP** IAB Communications application development site was closed, and the employees were primarily integrated into the production site following appropriate construction measures. This enabled just under 2,000 kWh of electrical energy to be saved alone. Smaller LED lighting fixtures were procured at the Wittenberge production site.

The climate balance improved in 2020 from 1,741 t of CO_2 to 1,554 t CO_2 for our German locations (reduction by over 200 t CO_2) (GRI 302-4, GRI 302-5, GRI 305-5).

5.2.3 Energy intensity – LED lights the way to the future (GRI 103-1, GRI 103-2, GRI 103-3)
The core objective of our energy management system is to constantly increase the efficiency of our consumption. The absolute consumption values are certainly not insignificant, but have to be supplemented by consideration of the dynamics of corporate development – including new or expanded locations, new employees or changed framework conditions (GRI 302-3).

For each German location, separate energy indicators (EnPIs for electricity / heat) are planned and monitored annually in relation to the benefit/expenditure. In buildings where office work is carried out, the benefit for the electricity values is mainly calculated on the basis of the times they are actually used by the employees, whereas in the various production facilities we take the production volume as the basis. In the case of the heat values, the benefit is the useful hours of the employees in relation to the useful areas. Which measured variables are used in each case was determined for each location by means of suitable correlations. The heat consumption per unit area is also compared and optimised with the building energy specifications (energy certificates). Since we did not yet have all the energy performance certificates of the landlords, we were only able to compare the specific heat consumption per area unit in 2020 with standardised building specifications for the locations still missing energy performance certificates.

Within the framework of our analyses of the electricity consumption, it was found that approximately 31 % of the consumption was caused by production equipment (2017: 17 %). Lighting supports account for 28 % (2017: 26 %), servers 13 % (2017: 20 %) and computer workstations for 7 % (2017: 11 %), ahead of printers and air conditioning units.

All German companies, in accordance with the resolution by the Board of Management from last year, are also obliged to switch to LED in the context of lighting procurement.

5.2.4 CO_2 emissions
Saving where we can (GRI 103-1, GRI 103-2, GRI 103-3)
As a company, we generate CO_2 emissions. We are, however, investing energy to reduce them – with measurable results, be it in the vehicle fleet, heating energy, service or when we hold the Annual General Meeting.

Our transporters in Germany carried over 135 million letter items in 2020 (previous year: 170 million), while our passenger cars were in use for 177,783 hours (previous year: 182,543 hours of use). A separate CO_2 fleet register

(broken down according to passenger cars and vans) is maintained for the company's vehicle fleet. If new leased vehicles are ordered (or exchanged for existing models), they must always have lower energy consumption than the previous vehicles.

Fleet on the right course
Although just a few years ago the target figures for the entire vehicle fleet were 75,000 kg CO_2 per month, they had already been reduced to 50,934 kg CO_2 per month by 2020. In the reporting year, 611,211 kg of CO_2 were generated (previous year: 616,391 kg); grouped according to vehicle type, this was caused by 117 cars at 516,239 kg and 15 delivery vans at 94,972 kg. This means we were able to reduce CO_2 emissions by 1 %.

Savings on Scope 1 and 2 (direct and indirect)
The use of a total of 1,924 MWh of heat from heating oil, natural gas and district heating (previous year: 1,924 MWh) generated 429 t CO_2 which come under Scope 1 (direct emissions). These are produced by static and mobile energy sources. From the use of heat (429 t CO_2), the CO_2 fleet register (611 t CO_2) and the use of flights (89 t CO_2), this produces a total value of 1,129 t CO_2 (previous year: 1,272 t CO_2). This corresponds to a reduction of 11 % (GRI 305-1).

Based on the use of 1,083 MWh of electricity (previous year: 1,211 MWh), which falls under Scope 2 (indirect emissions), a total of 425 t CO_2 were generated (previous year: 457 t CO_2); in this case, only emissions from electricity generation were included (GRI 305-2). Here, the increased use of LED lighting and the replacement of kitchen appliances and the use of short-time and mobile working reduced energy use by 14 %.

Due to technical problems, we were unable to identify CO_2 emissions that arise in the upstream and downstream value-added chain and are indirectly related to our corporate activities for the 2020 reporting year for the overland transports managed by one of our logistics providers (GRI 305-3).

It is not currently possible to report in full on ozone-depleting substances such as nitrogen and sulphur oxides (GRI 305-5, GRI 305-6, GRI 305-7).

Green energy at our German locations
In 2020, new energy contracts were put out to tender for our German locations at the headquarters in Berlin and the locations of the **FP** subsidiary freesort in Hamburg, Frankfurt, Weinstadt, Pattensen, Leipzig, Langenfeld and Munich. In the interests of sustainability, we have decided to obtain all of our energy from green energy from 2021 onward, which will significantly improve our climate foot-

print. Since 2019, we have been sourcing 100 % green electricity at our production site in Wittenberge and at the SSE site in Hennigsdorf. As a result, we have saved a total of 51 t of CO_2 through green energy, equivalent to just under 11 %, in 2020.

What is more, we use the recommendations of the German Federal Environment Agency to calculate the CO_2 emissions and round up the specified number of grams (www.umweltbundesamt.de).

5.2.5 Waste balance and waste types – Avoidance comes before recycling (GRI 103-1, GRI 102-2, GRI 103-3)
The best waste is that which is not created in the first place. Therefore, our first principle is to avoid waste, closely followed by preparation for reuse, actual recycling or other, especially energy recovery. Only if none of these options are available do we choose landfill and proper disposal.

The protection of natural resources and the environment, as well as the protection of people, is also paramount in the generation and management of waste. Waste is therefore stored and treated separately so that it can be returned to the closed-loop economy. We prepare annual volume balance comparisons with waste balances and determine the ratios of the different waste types.

We did increase our waste to 307.7 t (previous year: 240.7 t), but were able to recycle 147.6 (previous year: 81.7 t) compared to the previous year and therefore keep the costs in 2020 significantly below the target value of Euro 55,000 (Euro 27,568.36). At our German locations, 307.7 t of waste (of which 0.0 t were hazardous) were produced (previous year: 0.1 t) (GRI 301-1). The proportion of hazardous waste dropped significantly by 100 % compared to the previous year (GRI 306-2). There were no exports of waste in accordance with the Basel Convention (GRI 306-4).

5.2.6 Hazardous substances
135 hazardous substances are currently used at our sites (previous year: 131), 44 of which have no hazardous characteristics (previous year: 50), equating to 33 % (previous year: 31 %). Six hazardous substances are used at two or all locations. Compared to 2018, we are no longer using two hazardous substances without hazardous characteristics.

The highest proportion of the 58 substances used at the Berlin-Pankow location are only stored in small amounts or used in development. The production sites in Berlin-Adlershof and Wittenberge each use 31 or 36 substances. All substances for which safety data sheets are required have been listed. These also include, for example, our old inks, since they are assigned to water hazard class 1, but they do not require any hazard (GHS H) or safety information (GHS P). Contact sprays, Caramba or Raster Clean are substances for which there are corresponding hazard and safety instructions that have to be observed – even if they are only used in very small quantities. Before a potentially hazardous substance is used by us or a further application for it is found, all of the risks it represents to the health and safety of our employees and our customers, as well as the environmental impact, are assessed and tested (GRI 306-3).

5.2.7 Water (GRI 103-1, GRI 103-2, GRI 103-3)
Water does not play a significant role in our production process. At the German locations we use fresh water (GRI 303-1). There is no negative impact on the water sources used (GRI 303-2). Recirculation via production circuits or separate systems does not, therefore, take place (GRI 303-3). We facilitate reprocessing through regular waste water disposal.

The total water consumption at the locations of Langenfeld and the six other consolidation centres (999 m³), Wittenberge (475 m³) and Adlershof (200 m³), Hennigsdorf

(116 m³), as well as at the main location in Berlin (1,290 m³), is 3,072 m³ (previous year: 4,012 m³). Measured in terms of hours of use, the reduced water consumption level is 3.26 litres per hour of use (previous year: 4.15 litres per hour of use). The aim is to continue maintaining water consumption per hour of use at this low level.

Low water hazard
In our hazardous substances register, all substances used are broken down according to water hazard classes. According to the current Water Resources act (Section 62 Para 4 Clause 1 of the WHG), substances with a potential to endanger water are only divided into three classes. Substances that are not at risk of endangering water are assigned to class 0.

We only work with a small proportion of water-endangering substances of hazard classes 2 and 3, such as adhesives and cleaning agents in small quantities. Our old inks correspond to water hazard class 1, while the new inks are classified under water hazard class 3.

WHC[1]	0	1	2	3	Total
Number of substances[2]	8	79	29	4	108

[1] WHC: Water hazard class according to WHG (Water Resources Act)
[2] From the central directory of hazardous substances

Table 12: Overview of substances hazardous to water

Secure storage of hazardous substances
In relation to water-endangering substances, particular focus is placed on the appropriate labelling. These substances are always stored in special containers. Special precautions at filling stations prevent them from entering the waste water system. All supply lines, pipes or containers are sealed and drip-proof, with suitable binding agents available at all times, and all disposals are taken care of using the relevant disposal matrix in accordance with statutory requirements.

The central waste collection points are clearly documented for the locations in site maps.

Storage location	Without haz. characteristics	With haz. characteristics	Totals
Berlin-Pankow location	13	44	58
Berlin-Adlershof location	9	22	31
Wittenberge location	19	17	36
Langenfeld location	1	3	4
Hennigsdorf location	0	0	0
Service location	1	5	6
Entsorgte Stoffe	2	0	2
Disposed-of materials	44	91	135

Table 11: Overview of hazardous substances

INDEX OF THE NON-FINANCIAL DECLARATION OF FRANCOTYP-POSTALIA HOLDING AG ACCORDING TO THE REQUIREMENTS SET OUT IN THE CSR DIRECTION IMPLEMENTATION ACT (CSR-RUG)

General requirements		Chapter
Section 289c, Para 1 HGB (German Commercial Code)	Business model	1.2, 1.3
Section 289c, Para 3, Sentence 1 and Sentence 2 HGB	Concept and strategy including results	1.3
Section 289c, Para 3	Materiality clause	1.5
Section 289c, Para 3, Sentence 3 HGB	Significant risks related to a company's own business activity	2.2, 2.3, 3.1, 3.2
Section 289c, Para 3, Sentence 4 HGB	Significant risks related to a company's business relations and services	2.2, 2.3, 3.1, 3.2, 5
Section 289c, Para 3, Sentence 5 HGB	Non-financial performance indicators	2, 3, 4, 5
Section 289d HGB	Framework	1.5
Environmental issues	**Key topic**	
Section 289c, Para 2, Sentence 1 HGB	Conservation of resources	5.2
	Protection of resources	5.2
	Integrated management system	5.1
Employee issues	**Key topic**	
Section 289c, Para 2, Sentence 2 HGB	Staff development	4.2
	Corporate culture	4.1, 4.2, Management principles
	Diversity and women's quotas	4.3
	Safety and health in the workplace	4.4
Customer	**Key topic**	
Section 289c (2) HGB	Product quality	3.4
	Product efficiency	3.4
	Product safety	3.4
	Sustainability in the supply chain	3.5
	Research, development and innovation	3.1
Social issues	**Key topic**	
Section 289c, Para 2, Sentence 3 HGB	Societal and social commitment	4.6
	Reconciliation of work and family	4.5
Human rights	**Key topic**	
Section 289c, Para 2, Sentence 4 HGB	Risk and opportunities management	2.3
	Compliance	2.2
	Management principles at FP	Double page
Prevention of corruption and bribery	**Key topic**	
Section 289c, Para 2, Sentence 5 HGB	Compliance	2.2
	Management principles at FP	Double page

Glossary

A

Agile methods
Agile methods are principle-driven procedures for higher efficiency in software development.

Actuator technology
Actuator technology refers to the signal-controlled reaction of drive elements to certain operating states.

API
A programming interface.

App
Program for smartphones and tablet computers.

A-segment
Designation for the franking machine segment of customers with low mail volumes (up to 200 letters per day).

B

Bluetooth
Standard for radio transmission of data between different electronic devices over a distance of up to about ten metres. Bluetooth has replaced infra-red technology in this segment.

B-segment
Designation for the franking machine segment of customers with medium mail volumes (200 – 2,000 letters per day).

BSI
German Federal Office for Security in Information Technology (Bundesamt für Sicherheit in der Informationstechnik).

C

CDS spreads
Credit default swap (CDS) is a credit derivative that allows trading default risks of loans or bonds. Spread is the margin between buy and sell bids.

CGU
A cash-generating unit (CGU) is, according to International Financial Reporting Standards (IFRS), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets (IAS 36.6)

Cloud services
Provision of IT infrastructure such as computing power, storage space or application software as a service via the Internet.

Concept of Operation
An operational concept that describes the characteristics of a system from a user's point of view.

Connectivity
The ability of systems to connect to other systems.

Credit facility
Total of all credit options available to a customer to cover a credit requirement at one or more banks (mostly against provision of collateral) and which the customer can draw on as required.

Cryptography
Originally the science of encoding information. Today, cryptography is also concerned with the conception, definition and construction of information systems and information security.

CRM
Customer Relationship Management System. Software solution for the systematic design of customer relationship processes.

Cross-selling
Effort to offer the customer the sale of complementary products or services.

C-segment
Designation for the franking machine segment for customers with high mail volumes (more than 2,000 letters per day).

Currency swap
In a currency swap, two counterparties exchange two currencies at the current rate and then swap them back at the same rate at a future date.

Cyber attack
Targeted attack on larger computer networks that are important for a specific infrastructure from the outside.

D

Dashboard
Method of clearly displaying information on a monitor by means of small programs that are designed similarly to classic fittings.

Design sprint
A time-limited five-step process involving design thinking with the aim of reducing the risk of bringing a new product or service to market.

DNA
Science: deoxyribonucleic acid, carrier of the unique hereditary information, i.e. the material basis of genes. The "DNA" of a company describes, among other things, special characteristics of a company that give it a competitive edge or combine unique selling points. The DNA of FP is defined by actuators, sensors, connectivity and cryptography.

E

Edge computing
Decentralised data processing at the edge of the network by intelligent devices. Model for IoT.

eIDAS
European regulation on electronic identification and trust services for electronic transactions.

Electronic signature (e-signature)
Data record that confirms the identity of the sender, for example of an e-mail, and that the message has not been changed. Legally binding by European directive and German signature law in the form of the qualified electronic signature.

Embedded software
Software that takes over certain control, monitoring and correction functions within a technical apparatus such as a car.

EMC
Electromagnetic compatibility. Property of an electronic device not to disturb others due to electromagnetism.

End-to-end solution
An end-to-end solution means that FP, as the provider of an application program, software and system, fulfils all the customer's software and hardware requirements in such a way that no other provider is involved to meet the requirements. Everything from a single source, covering the entire value chain.

ERP
Enterprise Resource Planning. ERP systems support the planning of company resources such as finances, personnel, goods, etc. ERP connects different back-office systems such as production, finance, human resources, distribution and materials management systems.

ESD
Electrostatic discharge.

F

Finance lease
A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The classification is made at the inception of the lease [IAS 17.4 and 8].

Financial covenants
Collective term for additional contractual clauses or ancillary agreements in loan and bond contracts with companies.

Forfeiting
The purchase of receivables – usually without a right of recourse against the seller in the event of default.

FP Input
With FP Input, structured incoming mail processing of all incoming mail, including digital filing of scanned documents, is taken over.

FP Output
With FP Output, data streams are taken over from customers. FP takes care of the entire production process from preparing the data, printing, inserting, franking and handing over the letters to the delivery service or alternatively digital delivery.

FP Parcel Shipping
A new FP solution for parcel shipping with multi-carrier selection, franking and parcel tracking.

FP Product Roadmap
Plan for the development of new products and services, including in the area of franking systems.

FP Secure Gateway
The latest FP product, FP Secure Gateway, is the perfect solution for security requirements in the IoT environment and has a scalable number of sensor inputs.

FP Sign
FP Sign is a cloud-based software solution for the secure, confidential and legally binding digital conclusion and exchange of contracts and documents.

Freedom-to-Operate research
Checking whether there are already existing industrial property rights of third parties in the development, production and market launch of a new product.

G
Gateway
Component (hardware and/or software) that establishes a connection between two systems.

Going concern
Positive continuation forecast for the next business year.

H
Hardware security module
External or internal computer accessories for encrypting and decrypting sensitive data.

Hybrid mail services
Hybrid mail services convert data into ready-to-send letters and vice-versa.

I
Industrie 4.0
Term from the German government's 2020 High-Tech Strategy which postulates the fourth industrial revolution. Following on from mechanisation (Industry 1.0), mass production (2.0) and automation (3.0), the Internet of Things governs production in Industry 4.0.

Infrastructure discount
The infrastructure discount has replaced the volume discount of Deutsche Post AG since 1.1.2018. Special requirements must be met for this, including machine-readable postage paid impressions.

Inserter release
A new option to combine enveloping and franking.

Intellectual property
The right to intellectual property.

IoT
Internet of Things. The Internet of Things in an industrial context, synonymous with Industry 4.0.

Iteration
The process of repeating the same or similar actions several times to approach a solution or a specific goal.

J
Juconn GmbH
Since January 2019, FP has held a 15% share in Juconn GmbH, enabling us to offer customers the full IoT added value chain.

M
Mail services
The Mail Services product area includes the franking service – the collection of unstamped outgoing mail and provision of franking – and the consolidation service – sorting by postcode and posting – at a Deutsche Post AG mail centre or alternative postal delivery service (Secure Mail-Business).

O
Operate lease
A lease is classified as a finance lease if it substantially transfers all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The classification is made at the inception of the lease [IAS 17.4 and 8].

P
Partial service discount
The partial service discount is granted within the framework of Deutsche Post partial service contracts when letter mail items are posted, processed and consolidated at a mail centre.

PKI
In cryptology, public key infrastructure refers to a system that can issue, distribute and verify digital certificates.

PostBase One
PostBase One replaced CentorMail in spring 2016 and is a new system in the PostBase product family in the upper performance class. PostBase One enables franking of medium and larger mail volumes.

PostBase Vision
The PostBase Vision is the logical development of the PostBase "Classic" franking system, introduced in 2012. With a colour touch display that has been enlarged by more than 40 per cent and automatically swivels to face the user, it is now possible to control functions with swipe gestures, as well as enter text and QR codes directly on the PostBase Vision.

PostBase100
The PostBase 100 is a system of the PostBase product family. A special feature is the dynamic scale, which allows customers to conveniently process stacks of uniform mixed mail.

Proof of concept
Proofs of feasibility.

S
Sale and lease-back
Sale of assets that are subsequently used by way of rental or leasing.

Sensor technology
In sensor technology, external and internal operating states are detected by sensors, which are converted into the control of drive elements by special software programs.

Shared Service Centre (SSC)
The combination of an organisation's internal services with the aim of achieving greater efficiency through synergy effects.

Signature
Legally-binding signature. An electronic signature, also called an e-signature, can replace the handwritten signature. FP Sign is a legally compliant service for signing digital documents.

Signature (digital, electronic)
See E-signature, FP Sign.

Social media
Collective term for Internet services such as Facebook or Twitter that enable users to communicate with each other in groups and create content collectively.

Strengths compass
The strengths compass is the world's first and only digital tool for collecting and visualising strength feedback. More than 1,000 FP employees worldwide have taken part in the Strengths Compass Workshops.

Startup
Newly established company.

Strategic controller
Strategic control is used to describe the process used by companies to control the creation and execution of strategic plans.

T
Target Operating Model
The description of the desired state of an organisation's operating model.

Time to PoC
Time to Proof of Concept (PoC). Important milestone in project development. Basis for further work by confirming the project concept. It thus serves as a basis for decision-making for the further course of the project and enables risks to be identified and minimised.

Tixi.com
Acquisition of the business operations of the IoT specialist in May 2018.

TransACTmail
Online letter dispatch for private customers. Using a browser-based app, the user sends his or her text to FP, which prints, envelopes and sends the letter. The service is available from just one letter.

Transformation
Development of new digital business fields.

Triggering Event
Causative event for a value reduction test.

U

Upselling

Striving to offer the customer higher-quality products and services in the next step.

W

White Spot

"White spots", in business: areas which are not yet or only slightly served by current offers (also "untapped market potential" or "identification of innovation opportunities").

WIFI (WLAN)

Wireless Local Area Network. Radio-based local data transmission network with a short range. Internationally mostly referred to as WiFi.

Imprint

For the sake of simplicity, we use the terms "employees", "investors", "customers", "suppliers", etc. throughout. In the context of a gender-neutral and non-discriminatory approach, these groups naturally include all genders, including LGBTQIA+ (lesbian, gay, bisexual, transsexual, transgender, queer, intersex and asexual people).

"What we do today determines what the world will look like tomorrow."

Marie von Ebner-Eschenbach