



**non-financial
group report 2021**

**Welcome
to the non-financial group report**

**of Francotyp-Postalia Holding AG
as of 31 December 2021**

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1. Introduction

Dear Reader, dear Shareholders, dear Business Partners,

For the fifth time, we are publishing our sustainability report in the form of a non-financial group report and documenting our responsibility for ensuring a sustainable tomorrow for us all. It is important for us to present to you **Francotyp-Postalia** and our measures for orienting our Group in a future-proof, environmentally responsible way. In the following pages, we will describe all the issues that motivate us to fulfil this responsibility now and in the long term, explain the impact of our activities and our progress in the area of sustainability.

2021 was a special year for **FP**. We have worked intensively on transforming ourselves into a modern, digital and sustainably profitable international technology group. Sustainable success is important for the future of our Group. We have already taken the first steps on this path, and they confirm that we are on the right track.

Once again, health was another important topic for the previous business year with regards to our employees, customers and suppliers. Our pandemic management enabled us to protect the health of employees as much as possible while also keeping the impact on operations to a minimum.

Transformation, as well as something our Group has undergone, is also the best way to describe the changes our economy has been facing and will face in the future. The European Union is putting in place new standards so that all of us around the world have the chance to fight climate change and guarantee the future on this planet. We welcome these initiatives and will support them to the best of our ability.

This will also change **FP's** perspective on sustainability. Reducing energy and water consumption and waste has been a part of our action plans for many years. However, with the new Board of Management contracts, the reduction of our carbon footprint was included in our variable remuneration targets for the first time, thus ensuring that this important aspect is a key priority for management and is pursued in accordance with the interests of other stakeholders. We know that the EU taxonomy will require a huge effort from medium-sized companies, but we are preparing to the best of our ability to take the new ESG criteria into account.

When it comes to sustainability, our values remain the basis for a long-term and sustainable strategy and the resulting action to: **FOCUS ON SUSTAINABILITY**. This continues to embody the sustainability strategy of **FP**.



The dimension of the sustainability statement "What we do today determines what the world will look like tomorrow" is divided into three main areas in our Group: the environment, social issues and governance. The four key objectives of our sustainability, **FOCUS ON FUTURE**, **FOCUS ON ACCOMPANYING**, **FOCUS ALL TOGETHER** and **FOCUS ON PROTECTION** provide a structure for all the measures we put in place and guide the systematic documentation of our individual steps towards achieving sustainability as well as making them transparent.

All this is only possible thanks to the commitment of our highly responsible employees who implement our objectives worldwide. The focus on sustainability is an integral part of our strategy. We are pioneers in competition, have multiple certifications, meet the relevant standards and are also preparing for the digital world. We think outside the box to make an active contribution to sustainable optimisation processes for our customers with our developments in **Digital Business Solutions** and other spheres. Efficient energy management and holistic communication control are just two examples of our areas of expertise and development possibilities. In addition to achieving added value for our customers, we are also shaping a digital, efficient and therefore resource-efficient workplace while also considering the people in our environment who support these thoughts and processes.

As a Group, we will remain agile and dynamic in the future. Detailed information about the measures, precautions, certifications and monitoring mechanisms in our **FP** Group can be found in the following pages of our non-financial group report.

And, in terms of sustainability: "do today what you want for tomorrow".

We hope you find the report informative – happy reading!

A handwritten signature in black ink, appearing to read "Carsten Lind".

Yours, Carsten Lind (GRI 102-14)

1.1 About our non-financial group report

In addition to a description of our business model, our non-financial group 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 matters, social affairs, respect for human rights and the fight against corruption and bribery.

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

We take joint responsibility

We have made the core content of this statement our mission. We have had a Sustainability team in place for a full five years now. They are a group that is dedicated to taking care of and reporting on all contents of this topic in a highly attentive and conscientious manner. The ins and outs of the findings and questions that have arisen from the team's work are discussed by committees set up specifically 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).

As a result of the definition of aspect boundaries in the CSR Directive Implementation Act differing from the frameworks of sustainability reporting, **Francotyp-Postalia Holding AG** has not used any framework in the creation of its non-financial declaration. Last year, the European Commission presented its proposal for a revision of its directive on non-financial corporate reporting. The revision of the NFRD (EU Non-Financial Reporting Directive), which will become the CSRD (Corporate Sustainability Reporting Directive), is the foundation of the German CSR Directive Implementation Act (CSR-RUG), which will be adapted accordingly when the CSRD comes into force.

Summarised non-financial group report pursuant to Sections 289b-e and 315b, c of the German Commercial Code (HGB)

The purpose of non-financial group report of **Francotyp-Postalia Holding AG** and its subsidiaries is to report in a transparent manner **FP's** overall performance in the area of sustainability. The report complies with the requirements of Sections 289b-e and 315b and c of the German Commercial Code (HGB). **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). Our key sustainability topics are presented using central qualitative and quantitative non-financial information as well as key figures. Our reporting is annual and refers to the 2021 financial year. We started with our first sustainability report for the 2017 reporting year, followed by the second report for the reporting year 2018 and third and fourth reports for 2019 and 2020 respectively (GRI 102-50, 102-51, GRI 102-52).

The contents of the non-financial group report for the 2021 reporting year are derived from the **FP** essential aspects matrix. While preparing the essential aspects matrix

and the corresponding analysis, we took into account the aspects required and subject to reporting under the CSR-RUG accordingly. We do not distinguish between the key information and key figures of our subsidiaries and those of the Group.

Explanation regarding the definition pursuant to Section 298c (2) HGB and German Accounting Standard (DRS) 20

We have incorporated the topics and issues specified in our essential aspects matrix and, in particular, the specifications of the CSR-RUG into our review. In turn, all of the key issues in our essential aspects matrix were then grouped into subject areas and assigned to the respective key objectives of our sustainability strategy. Separate concepts relating to individual subsidiaries are not discussed in the non-financial group report. The corresponding information on our subsidiaries and corresponding basis of consolidation can be found in the 2021 Annual Report. The derivation of aspect boundaries and the use of such aspects are also a requirement of **FP's** integrated management system (GRI 102-48).

Key aspects and adjustments

For the coming 2022 reporting year, the aspect boundaries will be redefined within the framework of the further developed transformation process and adjusted accordingly. Due to the short implementation period in the 2021 reporting year, it was decided not to do this retroactively and during the **FUTURE@FP** transformation process. In this context, as has already been reported, we plan to conduct a survey among selected stakeholder groups in order to compare sustainability reporting and give our shared dialogue an even more detailed structure (GRI 102-43).

Importance of aspects and determining report contents - Our areas of focus

After our Sustainability team was established over five years ago, it had a number of intensive rounds of discussion with the Board of Management to define the essential and fundamental aspects relating to sustainability as well as the contents of the report itself. In this reporting year, we look at these aspects for the last time. For the coming reporting year, the aspects will be redefined on the basis of the transformation process and adjusted accordingly.

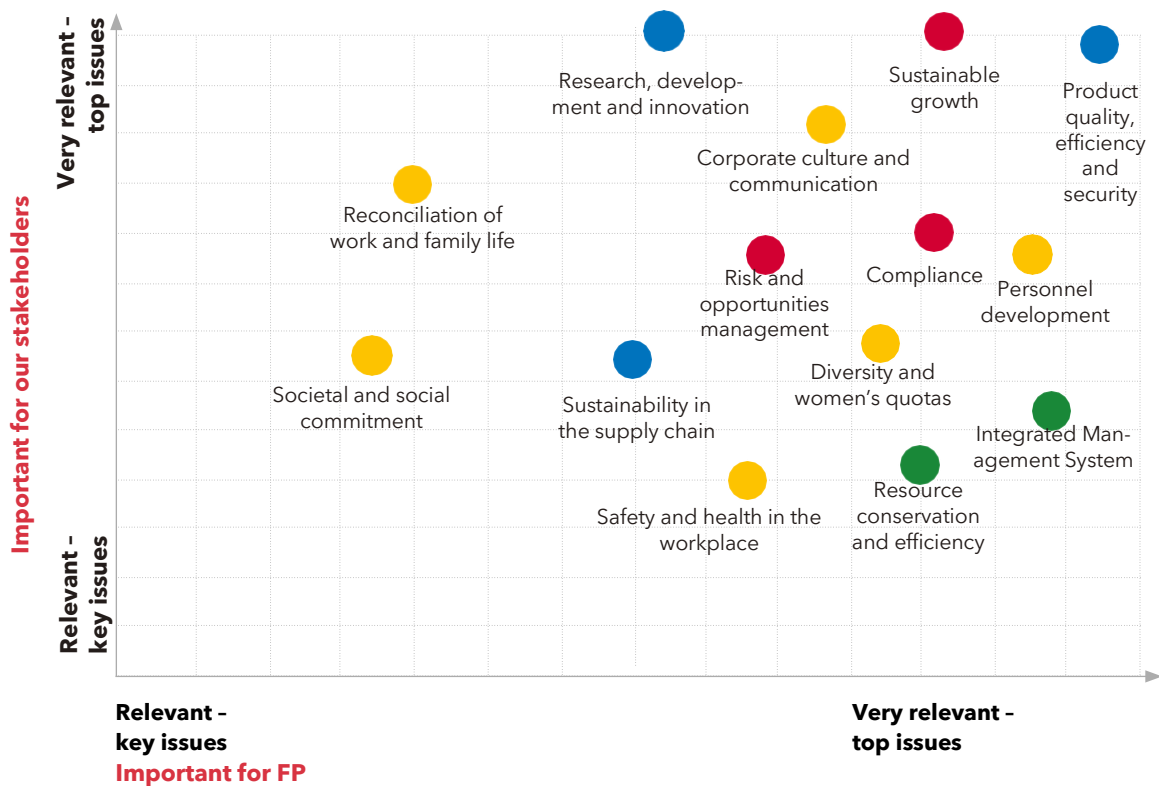
Furthermore, we look at 62 different aspects from the following areas: company, customers, employees, products, environment and society (GRI 102-46, GRI 102-47).

In particular, we scrutinised the aspects of our own operations that have a significant impact on sustainability. The economic, ecological and social impact of our operations on each aspect was discussed in detail and classified. Compared to the previous year, there are no significant changes in our essential aspects and aspect boundaries (GRI 102-49).

We have assessed 14 of the aspects as important and assigned them to the four key objectives of our **FOCUS ON SUSTAINABILITY** sustainability strategy. Sorted by relevance for our stakeholders and for us as **FP**, we present the essential aspects in our matrix. 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*).

FP ESSENTIAL ASPECTS MATRIX



- FOCUS ON FUTURE** Sustainable growth in the mail business and digital communication processes
- FOCUS ALL TOGETHER** Strengthening sustainable corporate governance
- FOCUS ON ACCOMPANYING** Further strengthening the focus on customers, products and service
- FOCUS ON PROTECTION** Improving resource conservation and increasing resource efficiency

Reporting standards and reporting principles - Transparency and comparability

Our essential aspects matrix, last used for the 2021 reporting year, forms the basis for the reporting structure. To ensure that our sustainability reporting remains comparable at all levels and that it continues to be reliable for the coming years, we are following the current Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI) for the reporting period from 1 January to 31 December 2021. This is done in accordance with the concept of materiality pursuant to Section 315b in conjunction with Section 289 c HGB.

ABOUT THE GLOBAL REPORTING INITIATIVE (GRI)

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

The fifth report made in the form of a non-financial group report was prepared in accordance 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 AktG, the non-financial group report was reviewed and approved by the Supervisory Board. Contact partners for sustainability matters is Anna Lehmann, Advisor on Sustainability and Investor Relations and Kevin-Paul Seifert, Quality Manager (GRI 102-53). In the 2021 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 https://www.fp-francotyp.com/Nicht_finanzielle_Berichterstattung (GRI 102-55).

EU taxonomy

To create a climate-neutral European economy that is both competitive and resource-efficient, the European Commission launched the European Green Deal at the end of 2019. This concept includes central components of the European Union's climate policy and addresses, among other things, the areas of energy supply, trade, industry, agriculture and forestry, transport and financial market regulation.

Firmly anchored in the European Green Deal is the EU taxonomy for sustainable activities, which aims to categorise financial products according to their level of sustainability and promote sustainable investments. The idea is to list all environmentally sustainable economic activities in a uniform system to reduce the risk of greenwashing, promote transparency and create uniformity. This has resulted in mandatory reporting for all capital-oriented companies, the aim of which is to make it easier for consumers to compare the different business models and their sustainability.

Article 9 of the Taxonomy Regulation lists six environmental objectives of the European Union:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and restoration of biodiversity and ecosystems

For the 2021 reporting year, only the first two objectives of climate change mitigation and adaptation are reported, in line with the regulation. In the interest of transparency, the first step when it comes to these objectives is to recognise and/or identify the economic activities which are compliant under the taxonomy and the size of their share in the total turnover as well as the capital and operating expenditures attributable to them. Only those economic activities that are compliant under the taxonomy are listed and described in Annex I - Climate Change Mitigation and Annex II - Climate Change Adaptation and are relevant to the environmental objectives mentioned.

In order to determine the key figures in each case, all consolidated Group companies apply the International Financial Reporting Standards (IFRS), which also form the basis for **FP's** consolidated financial statements.

The total turnover for the respective business year can be seen in the value shown in the profit and loss account. Total investments include all gross additions attributable to tangible and intangible fixed assets. It should be noted that acquired goodwill is not taken into account. Total operating expenses can be calculated from the areas of all direct, non-capitalised costs, which include, among others, research & development, renovation measures, short-term leasing contracts and maintenance/repair.

So far, the published legal acts on the Taxonomy Regulation only cover activities related to the environmental objectives of climate change mitigation and adaptation. In a supplement to the delegated acts, further activities are to be added in order to cover a broader range of business activities.

At its currently known regulatory status (as at 31 March 2022), **Francotyp-Postalia Holding AG** cannot allocate any relevant economic activities and therefore cannot determine any taxable turnover. The further environmental objectives resulting from the expansions of the legal acts are to be included in reporting in the future. How this will affect **Francotyp-Postalia Holding AG** in the next few years and whether taxonomy-compliant revenues can be calculated depends on the progress of the **Future@FP** transformation programme on the one hand and on the contents of the Taxonomy Regulation on the

other. In the area of investments, no taxonomy-compliant economic activities have been identified so far within the **Francotyp-Postalia** Group. Capital expenditure relates to net assets or processes associated with taxonomy-compliant economic activities (Annex I or II). Furthermore, no taxonomy-compliant activities can be derived from the operating expenses. Operating expenses also relate to net assets or processes associated with taxonomy-compliant economic activities (Annex I or Annex II). The area of research and development is also not taxonomy-compliant at this stage.

An expansion of the relevant economic activities is expected in mid-2022, which will expand the scope of reporting in coming financial years. Accordingly, all six environmental objectives mentioned are considered relevant. In addition to being identified, each economic activity must also be checked for taxonomy conformity. To do this, the "technical screening criteria" must be observed:

- A substantial contribution to one of the environmental objectives mentioned must be demonstrated.
- There must be no significant harm caused to any other environmental objective (do no significant harm - DNSH).

- A minimum social standard must be ensured (in accordance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards and the International Bill of Human Rights).

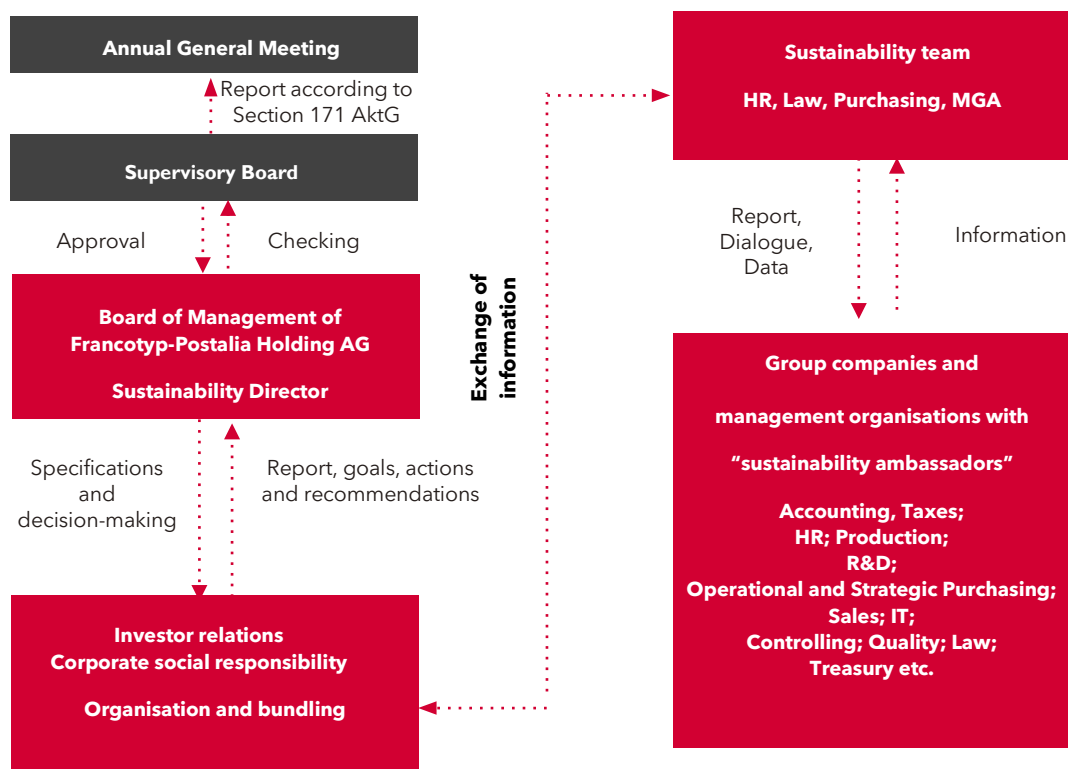
Due to the short-term nature, the FAQs on the interpretation of certain legal provisions of the delegated acts on disclosure requirements under Article 8 of the EU Taxonomy Regulation published by the EU Commission on 2 February 2022 are not taken into account in this non-financial group report. All other impacts on future reporting are still being analysed at this stage.

Our structure in the area of sustainability

In order to implement the relevant requirements in the area of sustainability, we have put in place a corresponding structure within **FP** that supports us in pursuing our sustainability strategy.

The Supervisory Board acts as the supreme controlling body (for review/approval) with regard to non-financial reporting and reports to the Annual General Meeting in accordance with Section 171 AktG. The Board of Management, in particular the Chairman of the Board, bears overall responsibility for the Group-wide sustainability strategy and its implementation.

STRUCTURAL ORDER IN THE REPORTING CHAIN



The full Board of Management coordinates the guidelines and decisions with the Investor Relations/Corporate Social Responsibility business areas. This is where the issues and

tasks are handled collectively, reports prepared and objectives determined. In addition to these monitoring tasks, Group-wide data collection is coordinated from here and

the development of the non-financial key figures is tracked and monitored by the Management Systems, Building Technology and Work Organisation department. Likewise, support is provided in the implementation of measures and joint recommendations are developed. There is a direct reporting chain to the Board of Management. The corresponding compliance with all legal requirements and specifications on sustainability are also monitored centrally. This is implemented in close cooperation with the Sustainability team and our "sustainability ambassadors" within the Group. The sustainability ambassadors are managers who ensure the implementation of the Group-wide objectives arising from the sustainability strategy and who share responsibility for progress and achieving objectives.

1.2 Who we are and what we do - our business model

For nearly 100 years, **FP** has been an expert in solutions that make office life easier. Franking machines are at our core, but we also offer numerous software solutions for the digital world that add value to our customers' everyday work. Over the years, we have always made it our goal to look ahead and help shape the future to bring about lasting positive change. Sustainably strong and for a successful tomorrow - together.

Transformation for a sustainable future

The 2021 financial year became a year of transformation. **FUTURE@FP** has created the conditions for improving the profitability of the **FP** Group. A strong foundation in our digital business models is necessary for the future, not only to compensate for the long-term shrinking revenues in our core franking and enveloping business area, but also to steer the company into areas that are expected to continue to be relevant for growth and achieve attractive margins over the next few years.

About FP

Francotyp-Postalia Holding AG (hereinafter referred to as **FP**) is an internationally active, listed group with headquarters in Berlin (*GRI 102-1, 102-3, GRI 102-5*). Around 1,000 employees worldwide work tirelessly to create and uphold our ideas, achieve our objectives and, of course, support our customers (*GRI 102-7, GRI 102-8*). In Germany, we have a total of 22 offices (last year: 22). 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 through a dense network of dealers in around 40 countries worldwide (*GRI 102-4, GRI 102-6*).

We manufacture our franking systems in Germany in a modern, flexible production facility in Wittenberge (Brandenburg), which was expanded in 2017 with a central workshop for Germany and our service parts centre for the shipping of consumables and spare parts, designed to make the process of delivering these items expediently even more effective.

The **FP** Group's operating activities focus on products and services for efficient mail processing and the consolidation

of business mail. We also work to offer digital solutions for companies and public authorities. **FP** divided its operating activities into three business areas in the 2021 financial year (*GRI 102-2*):

- Digital Business Solutions
- Mailing, Shipping & Office Solutions
- Mail Services

As a result of the ongoing transformation, the business unit "Franking and Office Solutions" was renamed "Mailing, Shipping & Office Solutions", and the business unit "Software & Business Process Automation" was renamed "Digital Business Solutions".

FP's goal is to make everyday office and work life of our private and corporate customers easier, more efficient and more successful by offering innovative solutions.

Our business areas in detail

As part of the transformation and the **FUTURE@FP**, **FP's** structure was adjusted and three main business areas defined.

Mailing, Shipping & Office Solutions

In this business area, we have pooled our franking machine business as well as other products and solutions that make customers' everyday office and working lives easier - from franking and enveloping and office supplies and products to parcel shipping solutions.

We have taken the first steps in this direction with **FP Parcel Shipping** and **FP Vision360**. The aim is to provide customers with a comprehensive solution for their office needs. There is great potential for these offers in Europe and the USA. This business area already generates a high proportion of recurring revenue.

As the German market leader and third-largest supplier of franking machines, more than 200,000 companies worldwide continue to place their trust in **FP's** expertise.

Digital Business Solutions

In the area of **Digital Business Solutions**, we combine all activities related to digital solutions which help us to simplify and make more efficient our customers' business processes in their everyday office life. We are increasingly relying on SaaS solutions and offer customers solutions not only for individual processes, but the entire range of incoming and outgoing processes.



Established:
1923



HQ:
Berlin



Employees:
900 worldwide



Customers:
> 200,000



Finance:
Listed company with a turnover of approx. EUR 203X million in 2021

Products include Hybrid Mail, transACTmail, back-office and front-office automation, DE-Mail, FP Sign and third-party products. With this business area, FP is addressing the rapidly growing market for process automation. Through strategic additions, the solution portfolio is to be expanded, for example in the area of cloud-based applications, so that we can offer customers secure and efficient processes.

Mail Services

In the Mail Services business area, FP is a leading service provider in the consolidation of business mail. We collect the letters from customers, frank them, pre-sort them and deliver them to Deutsche Post sorting offices or other delivery companies. This allows our customers to process their mail quickly and efficiently while also benefiting from discounts on postage.

Staying relevant

FP operates a strong franking machine business. Number three on the global market, the company has a clear focus on the small and medium mail volume segment. While this is an advantage in some ways, as individual customers are sending fewer and fewer letters and are more likely to switch to smaller franking machines, this development cannot hide the fact that total sales of franking machines are declining year after year due to the dwindling mail volume worldwide. Over the past five years, the active

number of FP franking machines in Germany alone has shrunk by more than 20 per cent overall, albeit to a lesser extent than the market as a whole. And this, of course, has also reduced the need for related consumables and services. This is a development that we are proactively addressing in order to secure future growth and remain relevant in the eyes of our customers.

FUTURE@FP - our way forward

With our transformation programme "FUTURE @FP", we will transform the FP Group into a sustainably profitable international technology group with innovative software solutions. We consistently implemented the programme in the 2021 reporting year.

The future is digital

Digitisation is quickly expanding into many areas and, the last two years of the coronavirus pandemic proved that this trend can and will accelerate again.

Furthermore, we are still unable to accurately assess the impact the pandemic has had on the postal market. Before the start of the Corona pandemic, a total of 15.9 billion letters were sent in Germany in 2019. In 2020, this number dropped to 14.3 billion. In December 2021, Deutsche Post confirmed that letter volumes will continue to decline at

around two to three per cent per year¹. This trend is irreversible, making the transformation of our company all the more important.

Products that are developed with a strong focus on technology often do not offer clear added value for the customer. We are changing this by developing existing products in ways that make the most commercial sense and only offering products with clear benefits for customers. In addition, we are creating new business models that offer an attractive customer experience.

The new operating model

FP puts the customer at the centre and serves the market through its agile business units. Lean management structures mean that clear responsibilities are established that offer the greatest possible flexibility, agility and personal responsibility. The service units support the operational units by means of cost-effective and highly efficient processes. The goal is to significantly improve profitability, thereby increasing the value of the company.

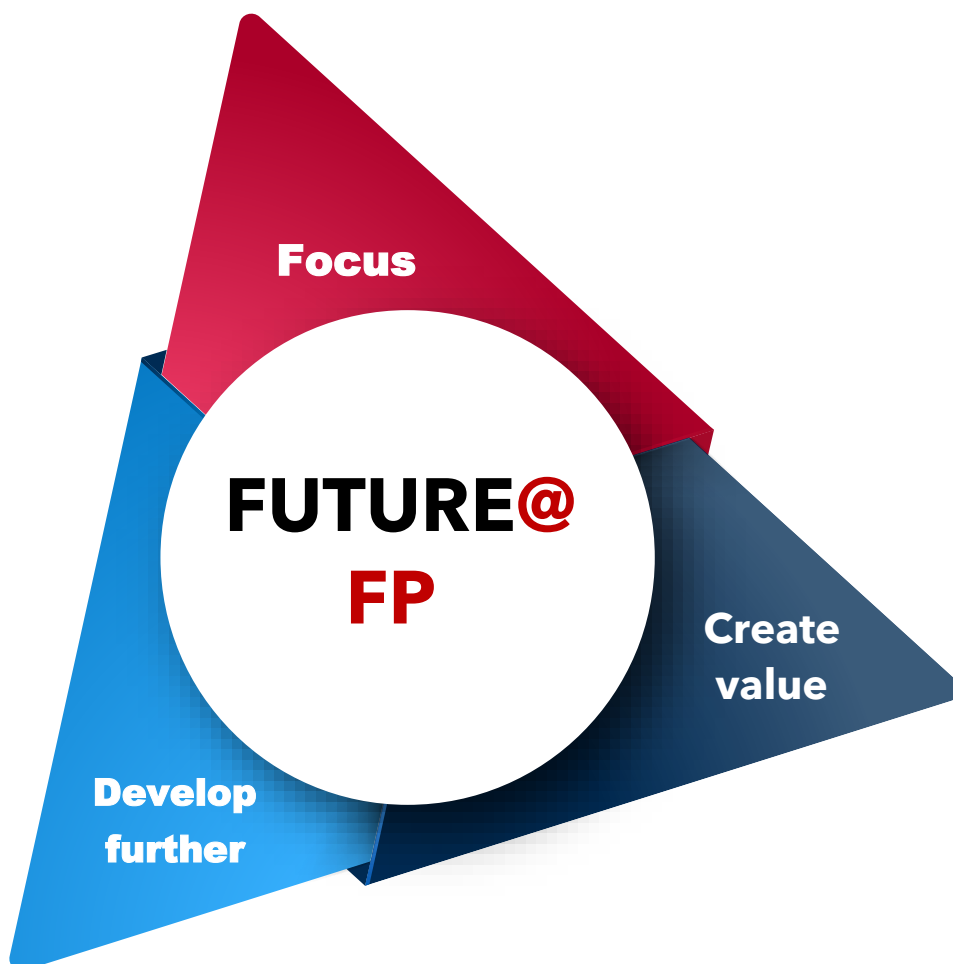
Our values - the guideposts in our transformation

The transformation we are undergoing is based on values that guide our daily actions.

Knowledge - the foundation of our success. **Quality made in Germany** - something that fills us with tremendous pride. We deliver quality and love technical innovation. We develop innovative ideas and initiatives by integrating 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 refers to 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 <https://www.deutschlandfunknova.de/beitrag/briefe-zustellung-der-post-soll-wegen-nachhaltigkeit-laenger-dauern>

1.3 Group structure and company management

"What one person is unable to achieve alone can be achieved by many." (Friedrich Wilhelm Raiffeisen)

Working together with trust

As a German public limited company, **FP** is subject to German stock corporation law and has its Board of Management, Supervisory Board and Annual General Meeting as its governing bodies. The management of the company is characterised by close and trusting cooperation between all these bodies and lively and continuous communication 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 by 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 this 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 Board of Management, 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. No changes took place within the Supervisory Board during the 2021 financial year. As of 31 December 2021, the Supervisory Board was made up of the following members: Dr Alexander Granderath (Chairman), Lars Wittan (Deputy Chairman) and Klaus Röhrig. Further information on our supervisory boards can be found on our website in the "Management" section. In accordance with the German Corporate Governance Code, the profiles are updated once a year and, at the time of publication, were most recently updated in December 2021.

Board of Management

The Board of Management jointly bears responsibility for the overall management of the Group's business activity and, as at 31 December 2021, is made up of one Chairman and one Board member (*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 **FP**, the two members of the Board of Management work together in a friendly and trusting manner in their respective areas of responsibility for the benefit of the company.

Our organisation of areas of responsibility



Carsten Lind

CEO since November 2020

As Chairman of the Board of Management, **Carsten Lind** is responsible for corporate strategy including M&A, communications, human resources and the business units.



Martin Geisel

CFO since January 2021

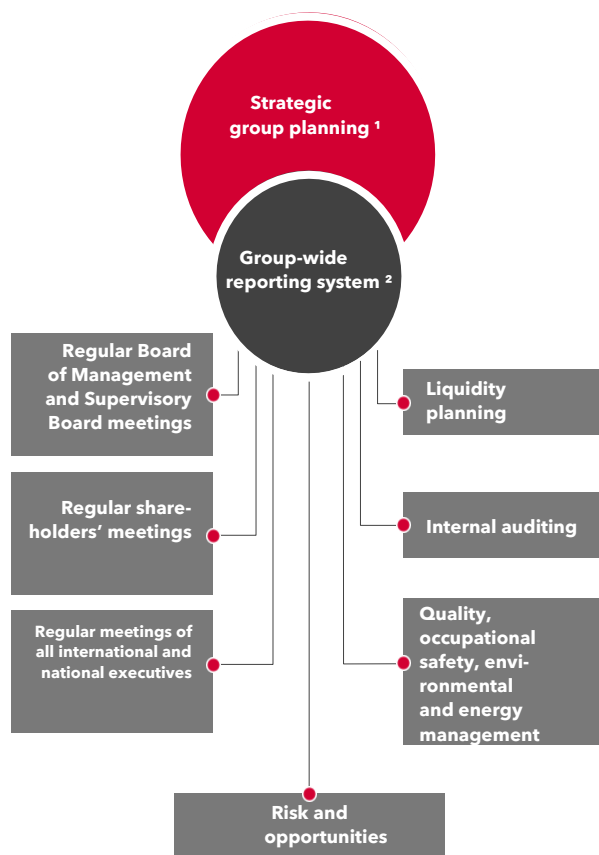
Martin Geisel, CFO of the **FP** Group, is responsible for the areas of finance, (accounting, controlling, taxes and treasury), investor relations, legal and compliance, risk management, internal auditing, purchasing and procurement, and IT.

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 potentials in advance, it has set up an opportunity and risk management system that is monitored by ongoing controlling. This means 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 was changed and adapted in line with **FUTURE@FP**. We have harmonised business volumes and costs across functional areas using right-sizing and right-shoring measures.

By introducing a new unified ERP/CRM system, we will further improve effectiveness and efficiency, and thus profitability. This also allows us to work in a much simpler and more KPI-driven way.



cess, including where necessary during the year
situation

Responsibility out of self-understanding

It is part of how we define ourselves throughout the Group to assume responsibility in all dimensions of sustainability: the economic, ecological and social. It forms the basis for all our decisions. We assume and demonstrate responsibility for products and processes, employees, customers and partners. The environment and society are just as much in focus as the implementation of our sustainability strategy. In doing so, we maintain an open approach and are in continuous dialogue with our stakeholders.

Key financial figures

FP generated a Group turnover of EUR 203.7 million with an EBITDA of EUR 18.5 million in the 2021 financial year (GRI 201-1).

Detailed notes on the company's key financial data, as well as the important changes made during the reporting period with regard to the size of all 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 members of the Board of Management (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, in the Remuneration Report and in the Opportunities and Risks Report.

ARUG II (German Act on the Implementation of the Second Shareholders' Rights Directive) came into force in 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. The draft remuneration system for the Board of Management prepared in 2021 and approved by the Supervisory Board was presented to the 2021 Annual General Meeting and approved with a majority of 97.4 per cent of the votes. The current Supervisory Board remuneration system was evaluated and reinforced. The Annual General Meeting approved this proposal with 92.6 percent of the capital represented. Non-financial performance criteria also include those related to corporate social responsibility. This was implemented by **FP** in accordance with the law.

1.4 FOCUS ON SUSTAINABILITY

Sustainability strategy and management approach – a company with a clear focus on responsibility (GRI 103-1, GRI 103-2, GRI 103-3)

Despite the exemplary structures we already have in place, we have set ourselves the goal of working intensively to drive the sustainability of our company even further. The key question is this: can we combine our ambitious economic goals with this pledge?

These questions were answered with our sustainability strategy "**FOCUS ON SUSTAINABILITY**" 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, when examining the issue of wasting resources, which is a daily concern for us.

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

At the heart of our sustainability strategy and especially for us as a sustainably growing company are the three dimensions of economics, ecology and social matters.

We have defined four overall 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 first guiding goal, **FOCUS ON FUTURE**, comprises our economic sub-objectives and measures: profitable, sustainable growth and the strengthening the digital strategy through the 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 towards our partners on the market through an effective and transparent compliance management system. Extended data protection management ensures compliance with legal data protection regulations such as 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.

For this, we rely on our values of **steadfastness** and **ideas**.

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 make them feel at home at the company in the long term. We will encourage our new employees even more than before, foster diversity and equal opportunities, and generally develop our staff in every respect, including through active support for the common good and shared commitment to society. We want to involve our workforce even more than before in the development and implementation of our strategy. In addition, internal communication will be stepped up further and supplemented with ideas management as a platform for employees to have their say in the company's development. And, of course, we will work together tirelessly to ensure health and safety in the workplace.

Our values of **team spirit** and **exemplary attitude** help us achieve this.

FOCUS ON ACCOMPANYING

Our third guiding goal, **FOCUS ON ACCOMPANYING**, puts the focus on customers, products and service. We have set ourselves the goal of sustainably improving product quality and product efficiency. The aim is to achieve an innovative and future-proof portfolio of products that does not need to be adjusted in reaction to new legal requirements, but stays one step ahead of them as much as possible. 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**.

FOCUS ON PROTECTION

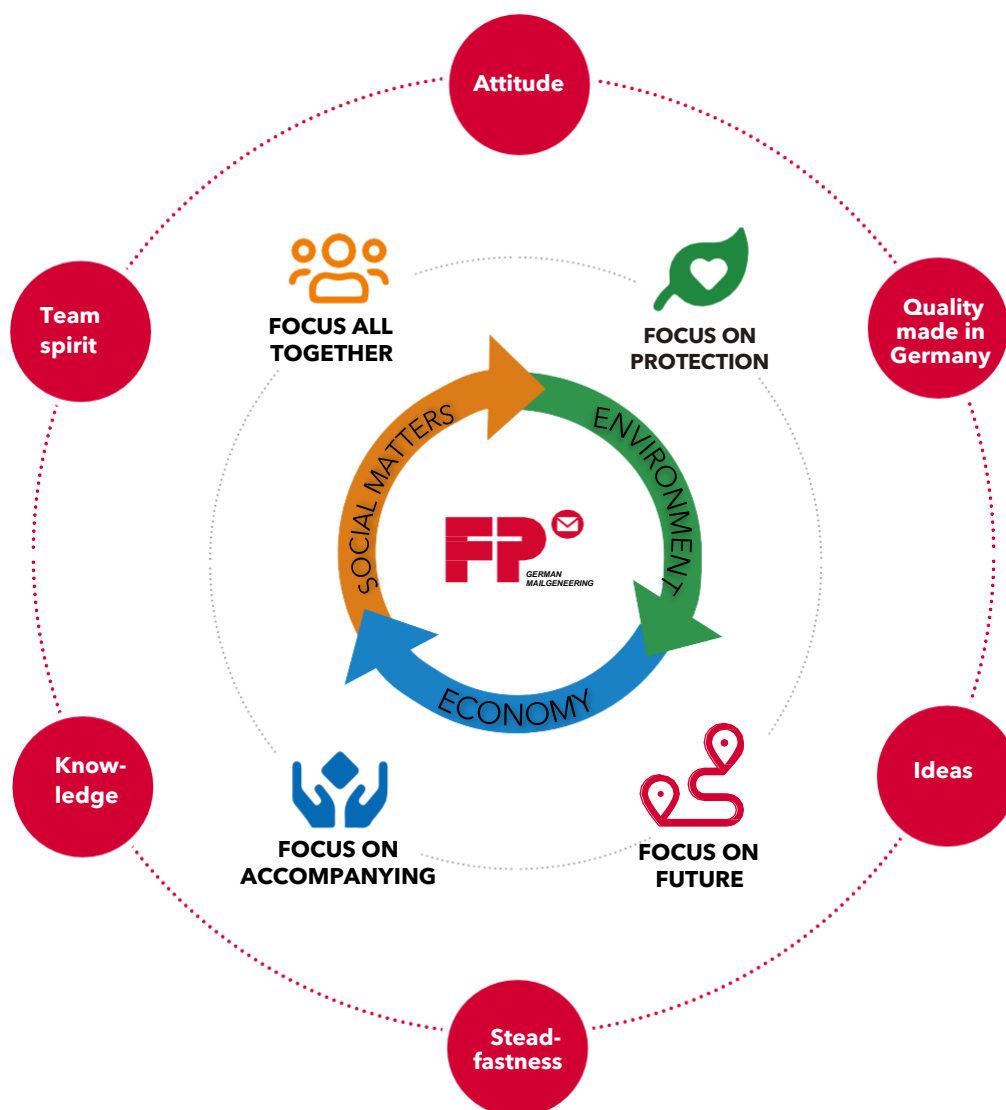
Our fourth guiding goal, **FOCUS ON PROTECTION**, comprises everything to do with conserving resources and increasing resource efficiency. To this end, we are increasing the energy efficiency of our plants and offices, for example by choosing the electricity we buy or the light sources according to energy criteria. Furthermore, we are establishing a global recycling and waste management system and optimising our current management systems in Germany from an ecological perspective (see Chapter 5 **FOCUS ON PROTECTION**).

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

Open to change

FOCUS ON SUSTAINABILITY is not a master plan that is set in stone and 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.

OUR GUIDING PRINCIPLE - FOCUS ON SUSTAINABILITY



1.5 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 continually improving these services for nearly 20 years now.

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 to them.

The integrated management systems of our German sites have been certified since 2004 and never cease to be developed further. This includes occupational safety and health, environment, energy, quality and information security.

The regular ISO recertification and surveillance audits took place in November 2021 and we successfully performed to the following standards:

- ISO 9001 (quality)
- ISO 14001 (environment)
- ISO 45001 (occupational safety)
- ISO 50001 (energy)
- IEC/ISO 27001 (information security - only for DBS at the Berlin-Adlershof site)

We would like to thank everyone involved for their staunch support, especially our internal audit team for the work they have done. The key areas that were audited and certified include the following:

- 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 the Management Representative (BdM). The BdM is member of the Board of Management Martin Geisel.

The system is managed by the "Management Systems, Building Technology and Work Organisation" department, which is responsible for quality, environment, energy, occupational health and safety and information security. The tasks in this area are coordinated by the Integrated Management System Officer (IMB), who has also been appointed Francotyp-Postalia Holding AG's Energy Management Officer (EnMB) for the German sites. His task is to monitor "first, second and third-party" audits, reports of results and findings in accordance with requirements relating to quality, energy and

environmental safety, occupational health and safety, and information security.

The 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, and other reports on environmental protection and occupational health and 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, customers and suppliers, and all other interested stakeholders.

Control from within and outside

The integrated management system is monitored centrally with the relevant identified internal and external stakeholders. For this purpose, we maintain an overview of all requirement aspects, the important legal requirements and the strategic and annually updated operational targets. Continuous controlling ensures that all opportunities and risks are checked and processed on an ongoing basis. This is then taken as the basis for the preparation of corresponding quarterly reports and an annual management review - in cooperation with the BdM - which present the strategic and operational targets and measures to be initiated.

Employee engagement

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

1.6 Stakeholder management - we stay in contact

In the future, we will focus even more on the interests of our stakeholders, especially when adjusting our essential aspects. Knowing your precise needs and expectations is key for our entrepreneurial success, since they not only shape our sales markets, but also determine the regulatory framework and our reputation as a globally active group. 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 be divided into six main groups: employees, customers, shareholders, suppliers, legislature and the NGOs of our industry, as well as - more generally - the public. This is a network of relationships that grows at the same rate as our market presence (GRI 102-40, GRI 102-42).

FP maintains continuous dialogue with these stakeholder groups in order to establish and build upon trusting and long-standing partnerships. The Group departments and subsidiaries also initiate a networking process as soon as cross-departmental issues arise.

Our employees

Our employees are the driver force of our company, which is why we put a particular focus on encouraging and promoting them. In addition to this, we have also laid down certain measures for their benefit, such as on-going training and development, pleasant working conditions and active, open and trusting communication.

Our customers

With our future actions and organisation in our three business areas, our customers are even more at the centre of how we think as a company. Not only do we want to be there for them along their customer journey, but also recognise today their expectations and needs of tomorrow and advise them accordingly. We rely on regular communication with our customers in agile development processes or through the classic medium of carrying out customer surveys and market analyses to reach this goal.

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** 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 may exercise their voting rights themselves or have them exercised by a proxy of their choice – including through a shareholders' association. In order to make it as easy as possible for our 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 shareholders can access them directly. At the same time, the documents are transferred directly to the shareholders via their respective banks.

Once a year, 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. **FP**'s 2021 ordinary Annual General Meeting was again held in a virtual format due to the continued uncertainty surrounding the pandemic. At the Annual General Meeting on 16 June 2021 in Berlin, 48.8 per cent of the voting share capital was represented. One item on the agenda was the discharge of the Board of Management. More than 90 percent of the shareholders present approved this proposal. However, the former CEO Rüdiger Andreas Günther was not discharged for the 2020 financial year. In the vote to discharge of the

members of the Supervisory Board for the 2020 financial year, the proposed resolution was adopted by a large majority. In addition, the Annual General Meeting adopted the resolution on the remuneration system for the members of the Board of Management with a large majority. All other items on the agenda were also approved by a large majority.

With the end of the Annual General Meeting, the term of office of all Supervisory Board members ended, meaning that a re-election was necessary. The previous Supervisory Board members Dr Alexander Granderath, Lars Wittan and Klaus Röhrig were elected for a further term of four years, i.e. until the end of the Annual General Meeting that decides on the discharge of the Supervisory Board for the 2024 financial year.

Information on the Annual General Meeting, including the full voting results, is available in German at www.fp-francotyp.com/hv2021_de and in English at www.fp-francotyp.com/hv2021_en.

In the 2021 financial year, the **FP** Group maintained its IR activities despite the coronavirus crisis. Due to the spread of the pandemic, investor meetings took place mainly in digital format or over the phone. Capital market participants were able to be in open, transparent and regular contact with the **FP** Group. **FP**'s Management Board and Investor Relations team used one-on-one meetings, investor conferences and roadshows to spread awareness about and inform people of the company and its potential. CEO Carsten Lind attended the annual German Equity Forum (EKF) on 23 November 2021 and presented **FP** digitally to around 100 national and international investors. The EKF is Europe's most important platform for equity financing for medium-sized companies.

Following the publication of the quarterly figures, the **FP** Group again used conference calls to be able to hold discussions with investors. The company has made the presentations available on its website for anyone who is interested. Visitors and capital market participants can find all other relevant background information on the company homepage (www.fp-francotyp.com). In addition to the annual and semi-annual financial reports, the quarterly reports, financial presentations and press releases on the **FP** Group can also be found here, along with all current developments, such as voting rights announcements or directors' dealings.

In the 2022 financial year, **FP** will continue to engage in dialogue with investors and expand its IR activities, including in virtual formats. **FP** plans to continue to send representation to international roadshows and capital market conferences in order to strengthen existing contacts and establish new contacts with investors.

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

As before, the market in which we operate is strictly regulated, and we abide by these rules. This is why we regularly exchange information with the respective

authorities and institutions and maintain relationships with industry associations and other corporate organisations. Through BITKOM e.V., the Bundesverband Briefdienste e.V. and the SIBB, the Digital Business Association Berlin-Brandenburg, we engage with important topics that are of relevance to our business activities and lend our perspective 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 ensuring secure infrastructures and secure encryption so that digitisation is able to develop to its full potential for German society and the Germany 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 place great value on long-term, partnership-based relationships with our suppliers, through which we ensure the sustainable supply of the materials we need for our 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 in these relationships.

Dialogue and reporting

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

2. FOCUS ON FUTURE

2.1 Obligation to our stakeholders (GRI 103-1, GRI 103-2, GRI 103-3)

To goal of a sustainable company and a sustainable **FP** should be to strike a balance between the interests of our shareholders, employees, customers, suppliers and other stakeholders. It has been our firm belief for years that sustainable and future-oriented action in particular will contribute to long-term success.

For our shareholders, the emphasis is on unilateral company success. They have a legitimate expectation that their investment will pay off through an increase in the stock market price of their share certificates as well as via the distribution of dividends.

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

FP share price volatile

The **FP** share started the 2021 stock market year at a price of EUR 3.23. In the weeks that followed, the share price was very volatile and reached its high for the year of EUR 3.37 (closing price) in February and at the end of April 2021. A correction followed in May 2021 – the share hit its low for the year (Xetra) at EUR 2.69 in this month. However, the share quickly recovered and the price rose again significantly in the early summer months. After the Annual General Meeting on 16 June 2021 and the positive quarterly figures, the share price rose, reaching EUR 3.29 at the end of June. This was followed by another volatile phase in the price development which, in the autumn, saw a slight decline. With the publication of the figures for the third quarter, however, the share regained its strength once again and in mid-November exceeded the EUR 3.00 mark again. The **FP** share ended the year at EUR 3.07. This corresponds to a mild decline of 4.1% over the year.

The securities of the two listed competitors developed in line with the American and European stock markets. In the first half of the year in particular, both companies posted gains, showing an increase of 7.6% and 21.7% each for the year.

Thus, over the year, **FP**'s shares underperformed compared to its peer group, which is unsatisfactory from the company's point of view. This is probably due to the fact that **FP** is undergoing a transformation process and many investors are still cautious. The company is doing everything in its power to ensure that **FP** is successful in the long term and that it can sustain its success, and that this is reflected in its results and, in the medium term, in its share price.

Compared to last year, share trade volume fell to an average of 5,245 **FP** shares per day on the Xetra platform. The peak trade volume was achieved on 19 May, with 43,150 shares traded in a single day. On the Tradegate platform,

the highest number of shares traded was on 20 August, with 61,201 shares. An average of 7,063 shares were traded daily on Tradegate.

Close cooperation between the Board of Management and the Supervisory Board

FP's Management Board and Supervisory Board work closely together in a spirit of trust towards the common goal of increasing the value of the company and improving profitability in the long term. To achieve this, the Board of Management and the Supervisory Board regularly discuss the progress of the agreed strategic orientation of the company. The Board of Management also informs the Supervisory Board regularly, promptly and comprehensively about all issues relevant to **FP** with regards to planning, business development, the financial and profit situation, risk, risk management, internal accounting and compliance. The Board of Management reports on any deviations in the trajectory of the business from the established plans and objectives, gives reasons for them and discussed the proposed countermeasures. In the rules of procedure for the Board of Management, the Supervisory Board has defined the manner in which the Board of Management must provide information and carry out reporting. Decisions or measures that have a considerable impact on the company's revenue, financial or asset status, as well as transactions of significant importance, require the consent of the Supervisory Board in accordance with the Board of Management's rules of procedure.

Our operational structures, which have been adjusted in particular within the framework of **FUTURE@FP**, are essential prerequisites for sustainably fulfilling the expectations placed on us and increasing the value of the company.

New structures for a sustainable future

In the 2021 financial year, the right conditions were created within the framework of **FUTURE@FP** to successfully develop new digital business areas. Our business in the franking machine market is the foundation on which this transformation is being successfully shaped. And we still see significant potential here in the most attractive global markets: the USA and France. We offer a large number of innovative products that are of interest to companies and public authorities alike. Our product portfolio comprehensively covers the needs of our customers.

About a year ago, with the transformation programme **FUTURE@FP**, we set out towards a successful future for **FP**. During this period, we adjusted the cost base to the current turnover level and have already been able to achieve some initial and significant savings as a result. Further measures are being implemented to expand profitability. The restructuring into three business units with clear tasks and responsibilities simplifies our workload, making work more effective and helping us to become more customer-, market- and business-oriented. In the area of Mailing, Shipping & Office Solutions, **HEFTER** was integrated to expand the product and service portfolio in Europe. In the area of Digital Business Solutions, the two subsidiaries **Mentana Claimsoft** and **IAB** were merged to form **FP Digital Business Solutions GmbH** at the beginning of

November 2021. With an expansion of the integrated input and output management offering, they are helping to develop **FP**'s digital business. The same applies to the digital signature solution **FP Sign**. In collaboration with customers, the product is being further developed to optimise it for use by both large and small companies. We also expect to see positive effects from the consolidation in the **De-Mail** provider market. And last but not least, **FP Parcel Shipping** will be rolled out in other international markets in the coming months. In the current business year, we have been able to increase turnover in the **Digital Business Solutions** business area. The **Mail Services** business area is also showing positive development. Levels of business mail franking in particular increased significantly despite the pandemic. This enabled us to further consolidate our position in 2021 in a highly competitive market in the face of generally declining mail volumes. In the coming months, we will continue to systematically pursue our chosen path to transform **FP** into a sustainably profitable, international technology group. One of the most important initiatives will be the introduction of a standardised ERP/CRM system. This will not only increase control and transparency, but is also the basis for the automated processing of various internal transactions as well as transactions with customers and partners. Through our input and output management offerings, we have the ability to integrate to a large extent into our customers' processes. This will provide customers with data in the required form while also creating real added value through intelligent services, a development which opens up exciting new perspectives. We develop our solutions in close cooperation with customers and are focusing on specific industries and niche markets, which is where we see the greatest potential for **FP** to successfully scale up its offerings later on.

2.2 Compliance - strong principles to guide our daily operations (GRI 103-1, GRI 103-2, GRI 103-3)

The Board of Management and Supervisory Board - taking into account the participation rights of the responsible employee representatives - have defined our compliance guidelines and code of conduct, which must be observed by all employees and that apply worldwide. Our compliance guidelines define our expectations in terms of compliance with legal and 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. Compliance issues are regularly discussed between the Supervisory Board/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 requirements for compliance. 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**. Like the responsible handling of insider information, these rules and principles are laid down in our compliance guidelines (GRI 205-2).

Our principles at a glance

1. We operate globally, respecting recognised standards. Laws and regulations that are relevant to us - both in Germany and at our overseas offices - are observed.
2. We take responsibility for our employees. No employees may suffer any disadvantage as a result of following compliance regulations.
3. Our managers act as role models and encourage their staff to follow compliance regulations.
4. We maintain integrity and fairness in our commercial activities both in respect of our business partners and internal members of staff.
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 have been mandated by the Board of Management of **Francotyp-Postalia Holding AG** to promote and monitor compliance with the code of conduct worldwide. All employees are obliged to provide information to the Compliance Officers within the limits of the law.

Compliance with specifications is evidenced by documentation. If our compliance guidelines and the specifications laid down by subordinate documents (processes, guidelines, instructions) are not observed or are deliberately violated, measures under labour law are taken against the offending person(s) who, if necessary, may also 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 starting private business relationships with them (e.g. consultancy agreements).

We act fairly and reject...

- ... the acceptance or offer of direct or indirect advantages, especially "kick-backs", but also of personal gifts and invitations that may be

construed as having influence over commercial decisions or transactions.

- ... any actions likely to confer direct or indirect advantages on officials or other public sector employees.
- ... 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 (2021: no direct or indirect donations), (GRI 415-1).

Since legal violations due to individual acts of misconduct can never be completely ruled out, our employees and third parties have the opportunity to report misconduct within the company via the whistleblower system introduced for all companies worldwide during the reporting year. Our whistleblower system is a quick, easy and anonymous avenue to report concerns about misconduct affecting **FP** or the welfare of staff and third parties. **FP**, along with all of its subsidiaries and processes, is subject to regular risk assessments, including all compliance risks, as part of their risk management system. These regular reviews also serve to check for 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 anti-trust or monopoly formation at **FP** (GRI 206-1).

Criteria for suppliers and customers

We also apply strict standards to our suppliers and customers and are committed to making purchase and sales 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 are committed to complying with national and international agreements

(especially export control regulations, embargo and trade control regulations) when providing our services and distributing our products.

Protecting human and employee 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 the relevant national and local statutory standards and/or are at the level of the national business sectors/industries and regions. We do not check compliance with human rights at our German and international locations as an additional step 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 policy (GRI 412-2).

There were no significant investment agreements or 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 that we suspect may have been obtained directly or indirectly from previous criminal acts and serve to exchange or transfer funds or to smuggle other assets into the legal economic cycle. We comply with national and international money laundering regulations.

Ongoing review

A Group-wide risk analysis, 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). Management and employees receive regular and mandatory training on the compliance guidelines 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. No cases of corruption came to light in the 2021 reporting year (GRI 205-3).

2.3 Information security and its management

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

The Management Representative (BdM) and the Chief Information Security Officer (CISO) ensure a high level of security with the support of the Information Security Officers (ISOs), the Security Officers (SOs) as well as the Emergency Response Officer (NoB) and Data Protection Officer (DPO). Local Emergency Representatives (ER) and additional IT Security Officers (IT-SO) responsible for the IT department also work at the Berlin locations.

The increasing threat of cyber attacks is an issue which the Management Board of **Francotyp-Postalia Holding AG** is aware of and an area where it shows leadership and takes responsibility, as is required by the German IT Security Act. We have therefore implemented measures 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.

Current certificates

In cooperation with the IMB, the certificate for information security management systems (ISO/IEC 27001) of the **FP** subsidiary **FP Digital Business Solutions GmbH (FP DBS)** – formerly **FP IAB** – at the Berlin-Adlershof site 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. In addition, **FP DBS** – formerly **Mentana-Claimsoft** – 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.

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

Personal customer and employee data is an asset that must be protected. We have defined processes and rules in line with our compliance guidelines that ensure the handling of this data meets the requirements of the General Data Protection Regulation (GDPR) and the German Federal Data Protection Act (BDSG). We document this in our integrated management system. In addition, all employees are provided regular training and information on the subject of data protection and data security.

If it becomes apparent that information (including personal data) has been disclosed to unauthorised individuals, or if it can be reasonably assumed that this may have happened, a security notification is sent to the Information

Security Officer Team and the Data Protection Officer (collectively called the “ISO team”). The team experts immediately check the facts of the case, assess the impact and then initiate the necessary measures. The ISO team divides security incidents into four categories: annoying, disrupts operations, interferes with operations, damages operations. Any incidents are listed in the monthly IMS report. Incidents are weighted according to the categories, creating a reference value of 15 for the current years. In 2021, the actual value was 7.3, slightly higher than the previous year (7.2).

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 processing directories are updated by IT and provided to the Data Protection Officer. The processing directories are archived for audits by the relevant authorities.

During the reporting period, there were no incidents that would have resulted in a risk to the rights and freedoms of natural persons. (GRI 418-1).

2.5 Risk and opportunities management: banishing dangers, raising potential

In the course of their business activities, **FP** and its subsidiaries are exposed to a variety of risks that are inextricably linked to business activity. In order to sustainably secure the survival and successful further development of our company and to increase our competitiveness on an ongoing basis, it is vital to recognise and evaluate opportunities and risks at an early stage and react to them appropriately. Risk and opportunities management is therefore an integral element of our structures. Detailed information on this topic can be found in the Group Management Report.

Organisation of early identification

Risk and opportunity management is derived from our strategic goals and integrated into **FP**’s management and existing structures in order to identify and evaluate possible signals at an early stage. Detailed market and competition analyses and forecast scenarios as well as the intensive examination of relevant value and cost drivers are carried out to identify opportunities for the company. Overall responsibility for the risk and opportunity management system of the **FP** Group lies with the Board of Management. Risk and opportunity management is closely interlinked with compliance management and is an integral part of corporate governance (GRI 102-33).

The risk and compliance situation is regularly analysed and the identified risks are assessed, managed and controlled. This system is used not only for the early identification of risks that could potentially jeopardise the company’s survival, but also for the identification of opportunities (GRI 102-30). 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.

FP considers risk management to be a continuous and permanent process. Even during the course of the year, newly identified major risks are reported immediately to the Board of Management (ad hoc communication). The early identification system for risks and opportunities is evaluated by the auditor as part of the audit in order to ensure that the system is suitable to identify, assess and communicate in a timely manner, and with reasonable probability, all risks that could potentially threaten the survival of the company (GRI 102-29).

Objectives and strategy

The most important goal of risk and compliance management is to identify potential risks at an early stage, reliably assess the probability that they will occur and their possible effects on the course of business, control them and, as far as possible, limit them in an appropriate manner. At the same time, chances of success are to be preserved as long as their likelihood of risk does not exceed an appropriate level. On this basis, risks are managed through appropriate measures in line with the corporate strategy.

The goal of opportunity management is to identify opportunities at an early stage and pursue them in a targeted manner. Risk management, on the other hand, is intended to ensure that risks are not only identified in good time, but that countermeasures can be taken promptly in order to control and, if necessary, minimise their impact on the company.

Different strategies are pursued depending on the risk assessment in each case. Risks that could have serious disadvantages for the company's development or even jeopardise its very survival are, as far as possible, strictly avoided. Less significant risks are limited in their impact. For example, the specification of certain maximum values, regular and systematic checks and/or attention paid to the consistent separation of functions. Where 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 act in an innovative yet risk-averse manner in the traditional Mailing, Shipping & Office Solutions business area, while investing in a risk-conscious manner in the growing **Digital Business Solutions** product areas that support its vision for the future.

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Structures and processes

The risk management structures and processes are standardised across 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 in corresponding standardised formats. A large number of risk types within

the risk categories are considered and assessed by each reporting party. The individual reports generated during this process are then validated in the Group's Governance, Risk & Compliance department and consolidated into an overall risk situation for the corporate group. This structured process produces the risk report, which is submitted in written form to the Board of Management and the Supervisory Board. This information is then incorporated into the regular business analyses of the Board of Management, site and business area managers and is used as a basis from which measures are derived.

In order to actively limit the relevant risks through appropriate control measures and regularly assess the defined control activities for appropriateness and effectiveness, risk management is supplemented by an internal control system (ICS). The scope and effectiveness of the system are regularly monitored and, where necessary, expanded by new control measures, e.g. in the form of guidelines or process instructions.

Internal control and risk management system with regard to the accounting process

The internal control system (ICS) for accounting and reporting is an integral part of the comprehensive company-wide control and risk management system. Its objective is to ensure the reliability and transparency of financial reporting. To achieve this goal, **FP** has put in place appropriate structures, processes and controls. These are designed to ensure that the results of the financial reporting process are free from material error and are available on time.

The **FP** Group's ICS is based primarily on process-integrated, organisational security measures such as the separation of functions with corresponding access restrictions in the areas of IT or payment guidelines. Process-integrated controls reduce the probability of errors occurring and support the detection of errors that have occurred.

The ICS for accounting and reporting is designed by the Board of Management and is monitored by the Supervisory Board to ensure that it remains effective. As the parent company, Francotyp-Postalia Holding AG prepares the consolidated financial statements of the **FP** Group. This process is preceded by the financial reporting of the Group companies included in the consolidated financial statements. Both processes are monitored by a stringent internal control system, which ensures both the correctness of the accounting and reporting, and compliance with the applicable legal provisions. The cross-departmental key functions are controlled centrally, while the Group companies prepare their financial statements in a partly decentralised manner and in accordance with local legal requirements. All the annual financial statements of significant Group companies that are included in the Group consolidation are subject to being audited by an auditor. Further information on this can be found in the Group Management Report.

The main regulations and instruments used in the preparation of the consolidated financial statements are:

- Accounting policies at Group level
- Clearly defined separation of duties and assignment of responsibilities between the areas involved in the accounting and reporting process
- Involvement of external experts where necessary, such as for the valuation of pension obligations
- Use of appropriate IT-based financial systems and detailed authorisation concepts to ensure task-appropriate powers are in place while observing the principles relating to the separation of roles
- System controls and other process controls in the companies for accounting and reporting, consolidation within the scope of the consolidated financial statements and other relevant processes at Group and company level
- Consideration of risks in the annual financial statements recorded and assessed in the risk management system to the extent required by the relevant accounting rules
- Audits by the internal audit department with regard to compliance with and the regularity of the regulations mentioned here

Thanks to the obligation of all subsidiaries to report their business figures to Francotyp-Postalia Holding AG on a monthly or quarterly basis in a standardised reporting format, deviations between target and actual figures over the course of the year are recognised promptly and we are therefore able to react to them expediently.

Risk assessment

The Governance, Risk & Compliance department ensures the implementation of a uniform risk strategy and methodology for the identification, analysis and assessment of opportunities and risks, and the subsequent realisation of opportunities and risk handling.

Reported here, and internally, are all risks with a loss potential of at least 8 per cent of the budgeted Group EBITDA for 2021. The assessment is "net", i.e. taking into account risk-reducing measures that have already been implemented.

Risks for FP

All market-related, operational and financial risks, as well as regulatory, legal and compliance, reputation and brand

risks, including environmental and sustainability risks at **FP** are inventoried twice a year (*GRI 102-31*). Those aspects that are considered significant do not entail any economic, social or sustainability risks that threaten **FP's** survival or are considered material in our risk management system (*GRI 102-15, GRI 102-34, GRI 201-2*). The assessment is "net", i.e. taking into account risk-reducing measures that have already been implemented. Risks of the lowest damage class are not reported. The probability of occurrence refers to a timescale of 12 months. If not explicitly stated, the risks apply to all our segments.

Compared to the previous year, strategic and operational risks have decreased slightly overall. The change in customer demand and the resulting decline in the core business with franking machines and consumables may have a negative impact on **FP's** revenue development in the medium or long term. However, altered customer needs are increasingly being met by a range of products and services that we have expanded to accommodate for those needs.

Risks in the area of procurement and human resources are becoming increasingly relevant. The already tense situation in the supply chains may worsen in the wake of geopolitical upheavals. The labour market situation has already changed significantly as a result of the post-pandemic recovery. Skilled workers, not only in the IT sector, are in great demand, meaning that recruiting processes sometimes come with noticeable delays. Both of these factors can hinder the development of the digital business areas and the related planned improvement of the company's profitability. However, successfully managing this transformation process is of considerable relevance to **FP's** medium- and long-term prospects. A detailed description of **FP's** individual risks can be found in the Group Management Report.

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. Significant opportunities are defined by the Board of Management as possible future developments or events that are known at the time the report is prepared and that could lead to a significant positive deviation from the forecast or target for the company. A detailed description of **FP's** individual opportunities can be found in the Group Management Report.

The history of FP



Admittedly, it took us almost 100 years to go from the first cash franking machine to e-mails. After all, we were usually faster than everyone else.

At **FP**, we will continue to be a reliable and innovative partner in the future, making your office life easier



3. FOCUS ON ACCOMPANYING

Accompanying our customers (GRI 103-1, GRI 103-2, GRI 103-3)

Our goal is to achieve sustainable, successful business development. Our customers are an important building block in this process. We now place them at the centre of our actions even more than before and develop new products and services for them in a customer-centric manner. Or, as summed up in our second guiding goal: **FOCUS ON ACCOMPANYING**.

We are dedicated to working tirelessly every day to inspire existing customers and win new customers.

Portfolio at a glance

The most important product in the area of Mailing, Shipping & Office Solutions is our **PostBase family**. The family ranges from the **PostBase Mini**, our small system for beginners, the **PostBase Classic** and **PostBase 100** to the professional franking systems: our **PostBase One** and our **PostBase Vision**.

In the area of **Digital Business Solutions**, we have created **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 our customer portal especially for customers in the SME sector, through which they can access our digital products and services from anywhere in the world. For example **FP** customers can use the cloud-based **FP Parcel Shipping** service to quickly and easily compare the rates of different providers when sending parcels, select the best parcel carrier and then generate a parcel label online. Furthermore, we provide a portal to our customers with **Vision360** and also offer the option of printing, franking and sending digital documents on paper with our **hybrid mail services** such as **transACTmail**. And our **FP NeoMonitor** includes a portal where customers can analyse data and automate services.

Research, development, innovation: we are inventing the future

For **FP** as a technology company, innovation is key. In relation to this, the **FUTURE@FP** transformation process has led to a significant shift in focus and, consequently, in the use of resources in the 2021 financial year. The focus was predominantly on the development of products and solutions for the digital business areas, which promise the greatest growth potential in the medium term.

Research and development is focused on the development of innovative solutions, products and services for the target markets. Fundamental research that does not pursue a primarily economic purpose has been de-emphasised.

As in previous years, we were again awarded the "Germany's Innovation Leader" seal by the F.A.Z. Institute in the reporting year 2021. In 2019 and 2020, 150,000

companies were examined, whereas in 2021, 170,000 companies were examined.



The central goal of research and development is to implement the corporate strategy, namely to unlock growth potential in digital business areas to enable future growth. With the establishment of the three business units Shipping, Mailing and Office Solutions, Mail Services, and Digital Business Solutions, responsibility for the development of the respective products and solutions was also transferred to these business units.

Agile methods were already being used in the early phases of development. Product ideas and technologies are constantly verified with potential customers to ensure that the results meet their needs. Through these design sprints, market feedback can be taken into account as early as the product idea creation phase. In the meantime, **FP** uses 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.

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, which we do not stubbornly adhere to, but which can 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.

Core areas of expertise

The core areas of expertise of the various development teams differ according to the respective products and solutions that are in focus.

In the area of mailing, the focus is on the secure transfer of money flows. The infrastructure must meet the highest requirements of the various postal authorities and companies around the world. The size and weight of the items affects billing, which needs to correspond to the respective local conditions in the markets.

In the area of digital products and solutions, the focus is on software expertise in order to develop solutions that are provided to customers, for example, as software-as-a-service (SaaS) or platform-as-a-service (PaaS). An important aspect here is process management so that data can be made available and put into an analysable form.

Cooperation with universities

No sustainable company forego working 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 Master's thesis the opportunity to consult with experienced **FP** engineers and **FP** developers, work with them and use **FP**'s laboratories and workshops for their own research and development work.

FP also enables the organisational monitoring and staffing support of funded projects.

Our patents 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? These are the questions that drive the research and development teams in the business units.

It all starts with an idea. In this context, the faster and more accurately the evaluation, the more quickly and with less risk it can be launched on the market. Ideas go through a multi-stage process as follows: 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 as minimal viable products, as they are known, and continuously adapted to requirements (design thinking).

Our evaluation methodology for product ideas has 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 experience, knowledge and expertise for 99 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 applications. 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.

3.1 Mailing, Shipping & Office Solutions

Development activities in the area of franking machines focused on product maintenance measures. For example, international postage tables were re-implemented as required and software adjustments were made.

3.1.1 PostBase – our most successful product family

The most important product group in the mail processing area 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 dealing with medium or high mail volumes, with the **PostBase Classic**, **PostBase 100** and **PostBase One** models, the product family never fails to

provide an ideal solution for day-to-day business that is 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 motorised colour swivel touch display that is over 40 per cent larger and can be adjusted by the user to suit their preferences.

This means that functions can now also be controlled simply and intuitively with 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 actual significantly expanded with integrated WiFi.

However, the **PostBase Vision** is not just a special piece of hardware, but a real IoT (Internet of Things) device. The name "Connected2Tomorrow" makes reference to one of the new machine's key features: its future-focused connectivity. In addition, the modular system of the **PostBase Vision** ensures a high degree flexibility and customisable features 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. In addition, our self-service functionalities support the user with minor problems, which reduces the need for service call-outs, thus protecting the environment. The customer portal displays the cartridge fill levels of all devices, the remaining postage credit in customers' postage accounts and video material on how to set up the machine.

Cartridges and other consumables can be purchased online. With our **FP Vision360** customer portal, customers can access comprehensive information on their contracts, orders, invoices and service enquiries. They can set up different users and cost centres in the portal and access detailed and up-to-date analyses of the use of their entire fleet of installations in one central place.

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 newly combined



PostBase One

The right choice for mailrooms

3.1.2 HEFTER Systemform GmbH

HEFTER Systemform GmbH, based in Prien am Chiemsee in Upper Bavaria, has been one of the leading companies for optimising postage, mailing and print processing for over 50 years. HEFTER has been part of the FP Group since February 2020 and has been able to set the course for the future and expand its product portfolio with this new, financially strong and innovative partner. More than 70,000 HEFTER machines and devices sold around the globe ensure greater efficiency and safety. Now present in 50 countries, HEFTER offers high-performance products and solutions in all business areas including the office environment and graphic applications. In addition, the company's own servicing ensures professional support for optimum machine availability.

Turning something old into something new

HEFTER takes recycling seriously. Used machines are given a general overhaul by the technicians, old or damaged parts are replaced, giving the machines a new lease of life. A 12-month warranty remains in force for the factory-refurbished machines as a matter of course. The company's range is versatile and constantly evolving. Our customers tell us what they need and we check whether the suitable technology is in stock or will be available in the near future. In the last seven years alone HEFTER has sold 30 per cent of our enveloping systems as refurbished. The figure for enveloping machines was as high as 41 per cent.

Air purifier

HEFTER offers air purifiers with the latest technologies. These can clear rooms of up to 150 m² of particles (PM2.5), mites, pollen, mould, hair, odours and cigarette smoke, and reduce the amount of bacteria and viruses in the air. With high-quality HEPA or ULPA filters, the air purifiers remove up to 99.9995% (same for the ULPA 15) of all dust in the air. The Airpura UV 714 air purifier is equipped with a UV disinfection lamp and provides special protection against viruses and bacteria.

HEFTER air purification units are eligible for funding through various federal and state programmes. HEFTER's concept which includes several mobile, quiet and highly effective air purification units per room supports a flexible and cost-effective solution as part of a holistic hygiene regime. Funding programmes for mobile air purifiers are available from the federal government, federal states and within the framework of the "Corona Bridging Assistance III Plus"/Fourth Phase (Corona-Überbrückungshilfe III Plus/Vierte Phase)².

Federal funding is provided in particular for schools and nurseries. Altogether, the German government is providing EUR 200 million for the purchase of mobile air purification devices. The devices are intended to help reduce the risk of infection as much as possible and protect the health of children in school and nurseries. The federal government will provide up to 50 per cent of the funding (max. EUR 1,750 per room). The application for and distribution of the funds are carried out via the states. For example, on 24 August 2021, North Rhine-Westphalia also adopted a funding programme for air purification devices for schools and nurseries amounting to EUR 90.4 million.

Document and industrial shredders

HEFTER's range of document and industrial shredders offers the right solution for every need - whether a customer requires a small, desktop shredder with a low security level or a high-security shredder for destroying confidential documents. HEFTER has the right solution. For large quantities of paper or special materials, we also have industrial shredders and an SSD high-security shredder in our range.

Graphic machines and more

We also offer solutions for the further processing of digital prints. Whether it is creasing machines, perforating machines or folding machines - HEFTER offers the ideal machine for every requirement. The suction air technology in the paper feed processes the paper extremely gently and ensures perfect results.



² <https://www.ueberbrueckungshilfe-unternehmen.de/UBH/Navigation/DE/Dokumente/FAQ/Ueberbrueckungshilfe-III-Plus/ueberbrueckungshilfe-iii-plus.html>

**A GLIMPSE OF OUR FLEXIBLE
PRODUCTION FACILITIES IN WITTENBERGE**



BUSINESS COMMUNICATION OF THE FUTURE

Ulrich Parthier, publisher at it management in conversation with Stephan Vanberg and Michael Steinberg, the Managing Directors of **FP DBS GmbH**; published on 14 February 2022 by IT Verlag für Informationstechnik GmbH.

What will our work look like tomorrow? There are lots of potential formats and possibilities. Ulrich Parthier, publisher at it management in conversation with Stephan Vanberg and Michael Steinberg, Managing Directors of **FP DBS GmbH**.

The two companies **FP Mentana-Claimssoft GmbH and **FP IAB Communications GmbH** merged at the end of 2021 to form **FP DBS GmbH**. What were the reasons behind this merger?**

Stephan Vanberg: It is well known that there is a rapidly increasing demand for digital communication solutions that reproduce complex business processes, also integrate the home office and, at the same time, meet the highest security standards. Large corporations, medium-sized companies and public authorities are now gradually making permanent changes, because there will be no return to the old office life as we knew it before the pandemic. With each new wave of COVID-19, this demand continues to grow. And in order to fulfil these tasks in a comprehensive manner, together as **FP DBS GmbH**, we now offer a complete range of digital business communication solutions.

Michael Steinberg: The traditional company, **FP**, is our parent company and **DBS** stands for “**Digital Business Solutions**”. This also includes our sister company **FP NeoMonitor GmbH**, which provides digitisation solutions specifically for the real estate industry. We have worked together as **FP** subsidiaries for a long time and complement each other perfectly: from the easy-to-use, legally compliant electronic signature **FP Sign**, public authority mailboxes and **TransActmail** for small mail volumes, to complex input and output management using AI and robotic automation for large organisations. “Back-office automation” is the key term here!

Stephan Vanberg: A major help with everyday workload – especially in the home office – is the option of **signing documents digitally in a flash**, no matter where you are – and in compliance with the law, too. With our **FP Sign** solution, you simply sign a PDF digitally online and send it to the recipients in an encrypted format. By doing this, you always have control over who has already signed and who is yet to sign. And different security levels can be implemented here too: from the advanced electronic signature for approved holiday applications, for example, to the qualified electronic signature, which is used for business processes in the temporary employment industry or in the financial sector, to name just a few examples. So you don't have to print anything out, sign it by hand, put it in the scanner and upload it again, let alone take it to the post office!

Michael Steinberg: For companies and authorities that still send or receive letters, we offer hybrid solutions. We scan their paper mail and forward it digitally to the responsible person internally – the “input management” – using machine learning and robotic automation. And vice versa, if an organisation needs to send paper mail, we prepare the data and print, envelope and send it in a fully automatic process. This is known as “output management”, and we take care of that too. And it works out cheaper for them than if they were to do it themselves.



Stephan Vanberg and Michael Steinberg, Managing Directors, **FP DBS GmbH** (Source: **FP DBS GmbH**)

Even before the pandemic, the separation of private and business communication across various devices posed a problem. Where do you see differences, obstacles, and what development do you forecast for the future?

Michael Steinberg: That's right. You should definitely separate the two, even in your home office. In terms of hardware, we are becoming more and more mobile and it will certainly soon be possible to do almost everything in the working world via a mobile app. But for long texts and detailed images, you will still need large screens and quiet environments. We offer customised software solutions for every organisation that are not only user-friendly, but also meet all the applicable legal requirements. As is often the case in public administration, there are special needs. For example, authorities have special security requirements.

How do you support public transport in its efforts to be more efficient, safe and legally compliant?

Stephan Vanberg: In fact, authorities pay special attention to our top security certificates. We supply the software for integrating all EGVP, beBPo and De-Mail functionalities, i.e. for the public authority or public P.O. boxes, which will be obligatory from 2022; only a few providers can keep up with our security standards. And we automate the correspondence of entire municipal administrations, for example in Hildesheim.

So, let's move on to use cases. What examples of use can you give, for example, for legally compliant electronic signatures?

Stephan Vanberg: We have had resounding success with **FP Sign**, particularly with tax firms. Our solution is now also integrated into the DATEV DMS and firms are gratefully taking up the offer. This not only makes the daily work of many tax advisors much easier, but also that of their customers.

Michael Steinberg: Or in the real estate industry: rental contracts, accommodation handover certificates or service provider contracts can be signed with **FP Sign**. Many processes in tenant communication are already carried out via app, but some things still have to be communicated by letter. We have been working with PROMOS Consult Projektmanagement, Organisation und Service GmbH in Berlin for years to provide renter-friendly communication solutions that are economical while also complying with all the applicable legal requirements. And let us not forget **NeoMonitor**, where the technical building equipment (TGA) of entire real estate portfolios is digitised and the efficiency available to view centrally by the real estate manager at their desk via special software.

At the beginning you mentioned the **TransActmail**, TAM for short. What exactly can it do and where is it used?

Michael Steinberg: This is our online self-service for smaller operations. Many freelancers, self-employed people or sole traders no longer even have a printer – let alone stamps – to hand when they unexpectedly have to send a paper letter. With this SaaS solution, the digital draft of their letter is printed, enveloped, franked and sent at a lower cost than if they were to buy stationery and stamps themselves – and of course, it is all much faster than having to run to the postbox yourself. This system pays off from the very first letter.

How do you classify your product portfolio in the context of digital transformation and “new work”?

Stephan Vanberg: We provide communication technologies for organisations of all sizes and in all industries to simplify their written business communication processes digitally and legally compliant manner. Our services can be used as a SaaS solution via a portal or integrated into specialist software, DMS, ERP or CRM systems.

We leave video and telephony to other providers, or we also integrate these solutions into our process automations if they fit the needs of our customers and in turn their customers, and these can be made compliant with the respective legal requirements. We accompany our customers on the path of digital transformation and often our contacts are very surprised at how quickly and easily essential steps can be implemented here.

Michael Steinberg: On the way towards digital transformation, especially in the home office, “new work” means

that care must be taken to ensure that employees can enjoy their free time after work. This is part of occupational health and safety and a healthy company culture. It is in the interest of employers if the new technologies used not only enable faster round-the-clock working, but are useful ways to make work easier and also help to keep people healthy.



3.2 Digital Business Solutions

Whether it is intelligent fridges 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 and scarcely any market is growing as fast as the IoT sector.

"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, such as the current temperature, to complex control commands for industrial equipment or the implementation of future-oriented and liveable as well as energy-optimised living concepts.

As in the previous year, we were again awarded the "Digital Champion" seal by Focus Money and the Institute for Management and Economic Research in the reporting year 2021. In 2020, 5,000 companies were examined, whereas in 2021, 13,000 companies were examined.



The IoT can also make a valuable contribution in the area 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 of the many possibilities.

But as numerous as the potentials 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 are hiding. 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. Cyber security is a megatrend.

Development activities

We evaluated the business areas and tested sales processes in all areas relating to digital products. This meant the potential range of products and solutions was considerably expanded.

Activities were pooled in the subsidiary NeoMonitor to provide customers with an easily accessible end-to-end platform to support building automation, for example. The data gathered is kept on the NeoMonitor portal, which enables targeted analysis and simplifies the service. We were able to process the first installations of this turnkey platform provided from a single source. In addition to the housing industry, these applications are currently also being used in the energy and waste disposal industries.

The digital signature solution **FP Sign** was integrated into Datev's document management system, where it is now available to all 444,000 customers at the click of a button. Onboarding and billing via the dedicated website was also set up for individual users. A new version (next generation) is currently being developed.

For the public sector, **FP** offers a platform for communication between authorities and the judiciary (beBPO, EGVP). This development ensures that all legal requirements for electronic legal transactions are taken into account.

For **DE-Mail**, a tool for secure, confidential and traceable communication on the Internet, the functionalities have been extended to meet the demand for more and larger attachments. In addition, the multi-client capability has been expanded, while at the same time stability and reliability remain guaranteed through network redundancy.

Vision360 enables customers to manage their postage usage and monitor the condition of their franking machines. Here, the development focus was on bringing the product to the international market. Integration into ERP systems

and a corresponding subscription model are intended to open up target groups beyond **FP**'s customers.

FP Parcel Shipping allows customers to choose the cheapest shipping service provider for their parcels. Here, too, the focus was on the internationalisation of the product.

The development of automated workflows was the focus of **input and output management**. Regardless of the communication channel, incoming information is analysed via AI, automatically forwarded and, if necessary, answered via a communication highway. Integration into ERP systems is just as important as the internationalisation of solutions.

3.2.1 FP NeoMonitor

For the efficient management of real estate portfolios, there is often a lack of transparency regarding the situation on site. **FP NeoMonitor GmbH** enables the central management and optimised control of building technology with IoT technology and software solutions so that operating costs can be reduced and management processes streamlined. NeoMonitor provides property managers and energy service companies with real-time monitoring of meter values and a visualisation of efficiency levels, as well as the option to actively control technical building equipment.

Creating benefits for the customer

The core competence of the **FP NeoMonitor GmbH** team is installing IoT technology on technical building systems in order to measure status values such as temperatures and consumption and identify optimisation potential with target parameters or implement them directly. The basis for this is the FP Gateway with extensive connectivity options. Depending on their requirements profile, customers receive a data visualisation that is either individually configured or standardised for the management of energy centres. The added value created for the customer in this area is considerable. After just a short digital connection time, significant effects can already be seen regarding the increase of the energy efficiency of the heating system by optimising overall efficiency. The solution also helps to eliminate additional operating costs due to a failure or defect of the heating system, i.e. technical damage, maintenance costs, rent reduction, claims for damages, etc. And last but not least, the central retrieval of meter readings and remote diagnostics saves organisational effort.

Contributing to greater sustainability and compliance with ESG guidelines

Through the use of IoT technology, **FP NeoMonitor** enables real estate companies to have at their disposal the necessary database to determine energy consumption values. This can be used to identify anomalies and optimisation potential for energy savings. Viewed over a longer period of time, continuous monitoring of the building technology via remote access can prevent damage and thus ensure longer usability of the installation. With regard to ESG, NeoMonitor thus makes a direct contribution to the reduction of CO₂ emissions on the one hand and, on the other hand, provides the necessary data transparency, which ensures leaner organisational processes and low data procurement costs.

CENTRAL MONITORING OF TECHNICAL BUILDING SYSTEMS

With NeoMonitor, a complete solution consisting of hardware and software, property managers can make their technical installations smart in a fast and cost-efficient manner. This optimises utilisation levels, reduces maintenance costs, makes it easier to meet reporting requirements and, above all, satisfies tenants. The editorial team spoke to Dr Benedict C. Doepfer, Head of Sales at **FP NeoMonitor GmbH**, about the solution created by the start-up of the same name.

Text: Roland Heinze

The idea was born on a cold winter night when the heating in my rented flat broke down and I hoped for a quick, simple and more transparent way to repair the damage. The thinking is that faults in technical building systems such as a heating system should be able to be detected and remedied before, for example, the flats become cold. The goal was defined to make it possible to quickly repair or, best of all, prevent damage with some kind of service platform.

With NeoMonitor, a solution is now available that meets the requirements of today's properties and makes an important contribution to the digitisation of the infrastructure. It ensures that technical systems within a larger installation function smoothly. "The start-up behind it is a software solutions provider - a young, agile team that was deliberately separated from the engineering-driven product business of the parent company **Francotyp-Postalia**," says the IoT solutions expert. "We will move away from traditional systems and break new ground to create innovative solutions for the real estate and energy industry."

Closing blind spots and reducing maintenance costs

"The software and gateways of the parent company **FP** create complete solutions, for example to detect faults in heating, cooling, electricity or compressed air systems before the tenant even notices anything is wrong," Dr Doepfer reports. "For many real estate companies, the tenant serves as the 'fault reporting system', as it were, and has to navigate the dark basements where these technical installations are housed. Our monitoring system can close these blind spots. This way, technical problems can be detected at an early stage via the alarm function and maintenance costs can be brought to a minimum." Different maintenance providers can also be connected to the solution. "We include the signals from various manufacturers - often via M-Bus - and transfer them to the user's dashboard," he explains.

The IoT solution is currently mainly offered to real estate and property managers as a SaaS. Which system needs to be serviced when and where is there a problem? Which system has the highest consumption rate and has high CO₂ emissions? For organisations in the housing and real estate industry, users monitor the functionality of all technical building systems with NeoMonitor using IoT technology. "At the end of the day, it is about saving costs for the building operator and providing a sense of security,"

emphasises Dr. Doepfer. "We are taking the building infrastructure to a smart level."

However, energy contracting companies also use the solution for a monthly fee in order to ensure uninterrupted technical operation of the systems for their customers. "With our solution, energy contracting companies can monitor and optimally control the technical systems of several properties and their operation," the manager concludes.

Secure IoT in our DNA

But who is the support behind NeoMonitor? A young, Berlin-based technology company provides the IT infrastructure across the entire value chain. The company can count on the reliable gateways with an optional hardware security module provided by its technology partner **FP InvoLabs**. "These gateways are all about the secure handling of measurement data from buildings, which is a strong competitive criterion for us," Dr Doepfer explains. This means that any type of system can be networked with the cloud-based and scalable software solution in a quick and cost-effective manner. "We therefore offer end-to-end solutions for energy monitoring, for example, and provide our technological expertise in the form of a SaaS," the manager adds.

"For each property, energy management is a complex and individual task," he continues. "Our target image is to enable up-to-date monitoring of the individual systems. This is why we work with our customers to develop customised evaluation metrics in order to achieve the desired optimisation goals in each case. The actions to be taken in the event of deviations from target values are defined together with the customers."

Dr Doepfer goes on to explain: "Our expertise in secure data transmission is based on the strong tradition of secure payment processing in the parent company **Francotyp-Postalia**. "Central device management is also implemented via the cloud. And in terms of customer-oriented further development, Dr Doepfer comments that "we will always continue to develop our software in line with customer wishes without letting things get too complex." In addition to the tried and tested gateway products, this creates end-to-end solutions that are perfectly adapted to the respective application. "Our hardware ensures a high degree of stability with value promises such as secure data

transmission. Our software offers a high degree of flexibility for the different needs of our customers," he says.

"We not only use our own core services, but also rely on strategic partners and integrate their solutions when this creates a meaningful solution concept for our customers," concludes Dr Doefer, who names CO₂ emissions reporting and alarm escalation services as examples. "The demands on the market are exciting and, with our start-up, we are breathing new life into this area of the industry."

Source: Dipl.-Ing. Ronald Heinze, issue 6/2021, VDE VERLAG GMBH; published in building & automation³

3.2.2 FP Sign - the signature solution that gives companies an edge

How can companies digitally integrate sensitive contract processes, and at the same time ensure the highest possible level of data security? This is the challenge currently facing many German companies that are looking at electronic signature solutions as part of their digitisation strategy. We have the solution: **FP Sign**.

FP Sign is a SaaS solution that allows not only tax advisors, but anyone to securely sign electronically and in compliance with the law - even in their home office and on the road. Tax consultants and auditors use **FP Sign**, for example, for the legally compliant certification of annual financial statements, declarations of completeness or audit reports. It is also used to confirm tax returns by customers, and to sign powers of representation or powers of attorney. Almost one third of the companies that already use a digital signature solution (32 per cent) even assume that it will result in more business transactions.

Delays in the work process cost every entrepreneur hard cash and lengthy signature processes handled by post or e-mail are especially to blame when it comes to these delays. More than one third of German companies regularly lose revenue due to delayed or non-delivered signatures. In addition, the traditional way of collecting signatures costs in terms of personnel resources and various materials - costs upon costs that are simply eliminated when using a digital signature solution. **FP Sign** speeds up signature processes, contract negotiations and coordination processes and saves costs.

In 2020, through close dialogue with our customers, we expanded our **FP Sign** solution to include new functions that facilitate handling in the event of absence (auto-delegation). In addition to introducing Swisscom as another trusted service provider, we have successfully integrated **FP Sign** into various third-party systems, for example in the area of contract lifecycle management (CLM). This allows

for 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 interruptions. This year, we also implemented important measures to advance **FP Sign** from a technological standpoint.

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 as well as the written form requirement that may be required for legal reasons.

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

FP Sign - made in Germany

The solution was developed in Germany and uses certified 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
- 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

³ <https://emagazin.building-and-automation.de/de/pro-files/0da9b634c935/editions/d21d75b86deb4df02e77/pages/page/10>

FP Sign also has many advantages in terms of sustainability:

- Less paper consumption, better conservation of resources
- Less printer use and less ink and toner use, fewer maintenance call-outs as well as less toner dust development
- Digitisation is driven forward
- Streamlined processes with significantly shorter throughput times and faster results as well as cost savings
- Elimination of logistics cost and saving of resources thanks to less transport (mail)

3.2.3 VISION 360 - the 360-degree view of postage costs

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, online dispatch of paper mail, scanning services, business telephony via Voice over IP (VoIP) and simple parcel shipping with the **FP Parcel Shipping** solution, which will be available in the US for the first time in February 2020, to cost centre management, reporting and franking system user administration.

The customer portal fulfils two tasks at once: It is an important part of our strategy to develop new solutions and services for our existing and new customers. 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 digitisation journey - via an easy-to-use portal.

Monitor. Manage. Control.

Vision360 can be accessed conveniently online via the **FP** customer portal and offers users of **PostBase Vision** franking systems a general overview of postage usage and important status information on their franking system, e.g. available remaining credit or cartridge fill level, via the informative dashboard.

With the comprehensive reporting function, they can easily create detailed analyses and evaluations on the use of postage according to postal products, cost centres or users for freely definable periods of time. At the same time, they also have the option of creating delivery and dispatch lists for special postal products (BZL & PRIO shipping).

Select. Filter. Export.

Customers gain an overview of their relevant franking system data and, with the integrated help centre, have the ability to view invoices, orders, contracts and service enquiries. **Vision 360** makes it easy to create the report you want in the right format. The available reports (depending on the contract status) are displayed on the screen as blocks or in a list view and can be sorted alphabetically, by type, authorisation level or favourite status. Once a report

is selected, it can be customised with a range of filters, viewed, printed or exported.



Modern. Secure. Connected.

Our latest flagship, the **PostBase Vision** franking system, is managed and analysed via the central cloud application - no matter where the user is. 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 in 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 are (video) instructions on how to fix every problem we are currently aware of.

This enables our customers to get back to using their machines as quickly as possible without having to wait for **FP** customer services. In line with **FP**'s strategy, our solutions and services are also gradually being orientated more and more towards our new target customer groups. And here, too, we listen to what our customers have to tell us. An agile project methodology ensures that customer feedback can be quickly integrated into the development of further portal functions, so that we always align our offering with the wishes and requirements of our customers and continuously improve it.

3.2.4 FP Parcel Shipping - parcel shipping made easy

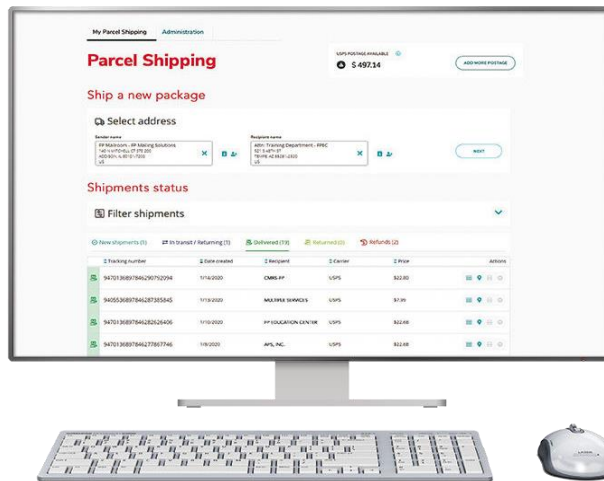
The availability of goods on the Internet is growing – and with it the parcel industry. While major power sellers and e-commerce firms rely on fully integrated logistics solutions for shipping their goods, companies in the SME sector need practical and convenient solutions. The web-based cloud solution **FP Parcel Shipping** – initially developed for the US market – is also part of the customer portal. It enables the convenient processing of parcel shipping. The customer is able to create, configure and print a shipping label themselves. The system compares in advance which shipping option is the fastest and most cost-effective. The customer benefits from this flexibility at all times and saves unnecessary postage. In addition to USPS, UPS and FedEx are also available as carriers. All common methods, such as e-check, direct debit and credit card can be used for payment.

In functional terms, customers can choose between the carriers' various shipping options and use different print formats for labels. Customers can also use a local direct connection for parcel scales.

The new address management function with integrated address validation prevents incorrect addressing, resulting in fewer delays. In addition, the recipient receives advance notification by e-mail, thus avoiding errors at the end of the shipping and delivery process and informing the recipient of the delivery date.

FP PARCEL SHIPPING

FP PS70 USB
scales



IMpb-compliant shipping labels

Thermal shipping label printer

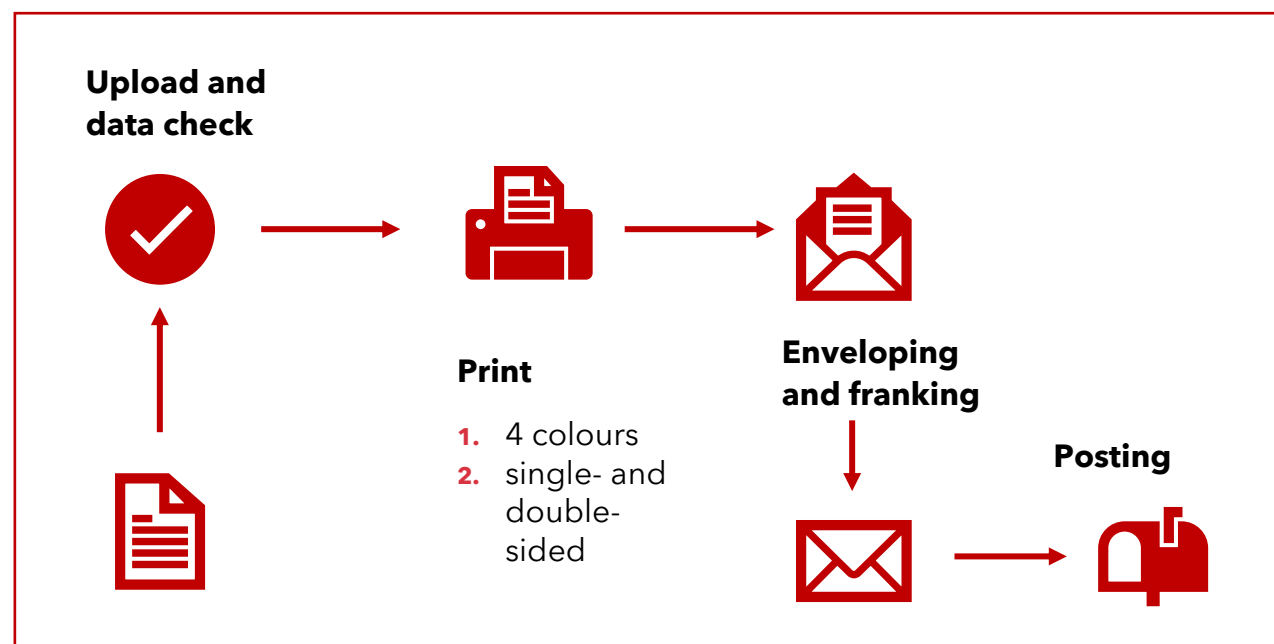


3.2.5 FP transACTmail - letters and office communication - send paper mail online

Convenient, simple, flexible: this is our digital online letter and communication portal, **transACTmail**, for processing and sending business mail. **transACTmail** is 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.

Security is also at the heart of **transACTmail**. The final mail created by the customer is uploaded in encrypted form and forwarded for processing by the **transACTmail** IAB printing and franking centre. Using the latest data management and production technology, business mail is prepared and printed to a high standard, folded, enveloped, suitably franked and delivered the next working day – a process that is reliable, fast and secure.

HOW TRANSACTMAIL WORKS



3.2.6 Input management & output management - incoming and outgoing mail processing

Automated incoming mail and information processing ensures faster, more efficient processing cycles and ultimately higher customer satisfaction. Whether it is a letter, e-mail, fax, online form or messenger service, automated incoming and outgoing processing ensures that incoming business communication is distributed to the right employee(s) or automatically processed and archived.

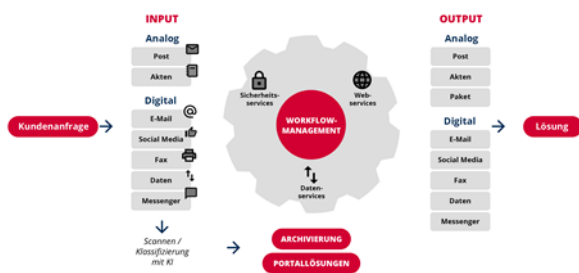


Digital Business Solution GmbH, a subsidiary of the **FP** Group, is the best contact in this area. Expert in dialogue communication and a digital post office, **DBS** handles the

incoming mail processing of all communication channels. No matter what the information input is, it ensures that all information is recorded in a structured manner and that business communication runs smoothly.

The optimal management of customer communication requires a detailed knowledge of the processes and mechanisms within the individual channels. How do you operate a messenger service in compliance with the GDPR? What do you need to consider when scanning company documents?

Entrepreneurs who not only want to effectively use the entire range of possible communication channels, but also successfully control and monitor them, need professional tools and techniques - not only for analogue processes such as processing incoming mail or sending the daily post, but especially for the increasingly used digital channels.



3.3 Mail services - mail processing made easy

FP freesort is the expert for secure and efficient communication and provides a number of letter services that are individually tailored to our customers. This means you can stay in touch with your customers and business partners in an even fast, more efficient and cost-effective manner. From daily collection directly from our customers' premises to franking and delivery, **FP freesort** is a reliable partner in mail processing.

Collection service

FP freesort takes care of the collection of business mail and simply forwards it to Deutsche Post AG. This has many advantages for our customers: in addition to saving time, business mail can be collected in batches, eliminating the need for several trips to the post office.

Franking service

Our customers save time and their domestic and international letters are always franked correctly. This also applies to registered mail and other additional services. The most modern franking machines guarantee reliable mail processing with postage values and

the billing of postage costs always being correct. Billing broken down by cost centre is also possible - we adapt to



your requirements. Our franking service ensures that items are forwarded to Deutsche Post AG and thus reach the recipient quickly and safely.

Consolidation

Effectively save on letter postage. Postage costs have increased by over 12 per cent since 2019. Deutsche Post AG's discount system is geared towards large-scale customers. Discounts are only given to those who send large volumes of letters every day. In particular, small and medium-sized businesses with low letter volumes have little or no chance of reducing their postage costs. We meet the requirements of Deutsche Post AG through letter consolidation, the single-source combination of letters from many business customers into a discountable total bundle. We pass a large part of these discounts back to our customers - in the form of a monthly credit with transparent billing.

FP freesort delivers all your mail from the post box directly to your office or home office. The customer only has to decide when they want it to be delivered. You receive your mail at defined times and usually earlier than with regular delivery - a significant advantage, especially at the beginning of the week. This means our customers can achieve faster customer communication, giving them a competitive edge.



Sorting service

We sort our customers' business mail in eight nationwide sorting and consolidation offices - meaning you can send letters for a lot less. Presorted mail is shipped cheaper. Both Deutsche Post AG and private mail service providers

grant postage discounts for presorted incoming mail. We are happy to take on these preparatory services for our customers. We record the mail volumes delivered for you and hand over your business mail to your preferred mail service provider. In our state-of-the-art sorting centres, the sorting of business mail is carried out fully automatically, quickly and smoothly. We serve all desired major regions and distribution networks.

Digital services

For our customers, we combine the physical letter with the digital world, breaking new ground in customer communication. With our software solutions for digital communication, our customers benefit from cost savings and increase their process efficiency. Regardless of whether large quantities of incoming documents are digitised with our help or documents are submitted to us online, we send them on as a traditional, paper letter. Our innovative technologies are leading to market structure change.



3.4 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 a way that respects the environment. That is why one of **FP**'s guiding principles is to protect the environment and use our energy sources conscientiously with the aim of conserving resources. Product management has been responsible for sustainability at **FP** for more than 25 years.



FP green news

For nearly 15 years now, 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.

Environmental protection is far from being a current fad at **FP**, in fact, it has a long tradition in our company. A recycling system for our consumable materials was established for the first time back in 1995 and has been undergoing continuous development since then. Over ten years ago we launched the first franking system with GoGreen functionality onto the market and have been supporting Deutsche Post AG's climate protection programme ever since. In this programme, the CO₂ emissions generated during the transport of a GoGreen 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 multiple ways. Not only do they have an 8 per cent reduction in weight compared to previous and competitor models, but they also offer the possibility for components to be reused. In addition, the labelling of the plastics used facilitates their return for recycling and reduces the subsequent sorting effort during recycling. We also use new, environmentally friendly packaging and inserts made from 100 per cent recycled materials for our **PostBase** family.

PostBase Vision - where high-tech meets sustainability

- We have reduced waste from ink cartridges by 50 per cent, 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, thereby avoiding the need to paint plastic components.
- We use a high proportion of non-mixed plastics, thereby guaranteeing easier recycling.
- All of our 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 - higher performance without the higher power consumption (GRI 302-5)

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 - and no longer according to the Energy Star 2.0 specifications, but according to the new Energy Star 3.0 specification which came into effect on 1 August 2019. Despite a larger power range of new components, such as the LEDs of the logo and shaft lighting as well as the system area, the larger display and the new WiFi PCB, the power consumption of the **PostBase Vision** does not exceed 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 satisfied the requirements for Energy Star 2.0, and are now certified 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 per cent, since we are only using one 1-inch printing head.

FP is the first manufacturer to successfully certify its franking machines as compliant with the latest, even stricter **ENERGY STAR 3.0** specification.

In the design and development of products as well as in the manufacture and procurement of materials and parts, **FP's** Product Management, Development, Production, Purchasing and Service departments are responsible in their respective fields 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 under 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. Durability and reusability
2. Minimal use of resources in production and operation
3. Hazard reduction throughout the entire lifecycle
4. Transparency

Details:

- 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 re-use and environmentally sound disposal
- The priority use of recyclable waste or secondary raw materials during the manufacture of products
- 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
- 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 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:
- The use of low-waste technology and less hazardous substances

- Promotion of the recovery and recycling of the substances produced and used in the individual processes and – where applicable – the wastes
- Comparable processes, devices and operating methods that have been successfully tested
- Advances in technology and scientific knowledge
- The nature, impacts and volume of the emissions concerned
- The scheduled times for the commissioning of new or existing plants
- The time required to introduce a better technology that has become available
- The consumption of raw materials and the type of raw materials used in the individual processes (including water) as well as energy efficiency
- 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
- The need to prevent accidents and reduce their consequences for individuals and the environment
- Information published by the Commission of the European Community or by international organisations on the integrated avoidance and reduction of environmental pollution.

3.5 Product quality, efficiency and safety – the foundations of our success (GRI 103-1, GRI 103-2, GRI 103-3)

The economic success of our company is based on the quality and safety of our products, which is why **FP** has extensive internal regulations in this regard. These regulations 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 having to take remedial action. That's why we take the quality and safety 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.

In order to understand the wishes and demands of our customers even better, we conducted an extensive survey with the support of external consultants during the development of the successful **PostBase** product family with its various models. In total, more than 200 customers in Germany and abroad were asked in detail about their expectations and requirements, which 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. In addition, the information and performance data are also regularly evaluated and used 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 because 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 respective device.

Specifically, and by way of example, the following guidelines and standards shall be mentioned here and 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.

In 2021, we were awarded the "Highest Quality" seal for the first time by the F.A.Z. Institute, which analysed 22,000 companies.



Some countries also require environmental impact, safety and health assessments in order to ensure that the products perform it specification under various conditions (*GRI 416-1*). During the 2021 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 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 remedy any 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 guarantee 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. We carry out intensive functional and endurance tests throughout the entire development period of a device in our in-house electromechanical laboratory. 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 department, the focus on IoT processes and digital products required extensive adaptations of the process images and managed documents. The organisational changes implemented were adapted into the IMS. All processes and managed documents were established accordingly. The objectives here included organisational development, the expansion of knowledge management and the strengthening of internal and external communication. By successfully passing surveillance audits in December 2020, **FP** we are still able to provide customers 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

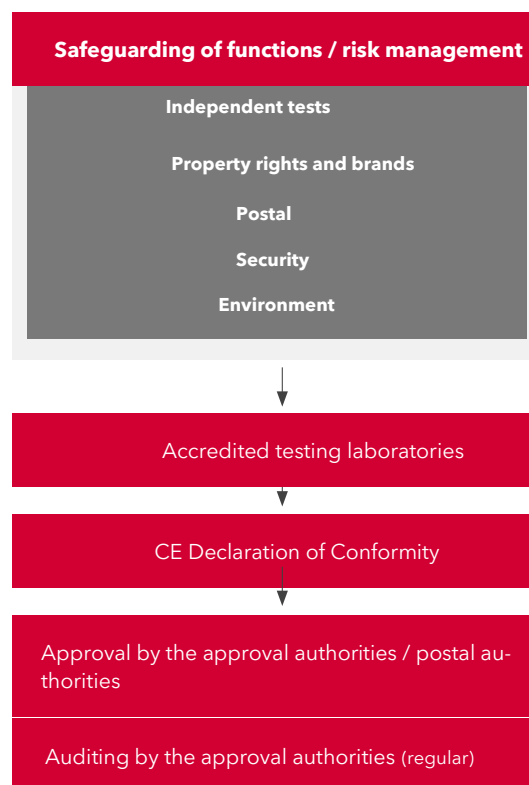
Most products and services from **FP** require an operating licence issued by a regulatory institution. For the franking systems, these institutions are the respective postal companies in all sales territories worldwide, and, for software products, this is often the BSI (Federal Office for Information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

The smooth and safe performance of our products for the user is an important factor, but it does not end there. The demanding licensing requirements of the individual regulatory institutions go far beyond this. The decisive criterion for the approval of **FP** products and services is data security, which must be guaranteed at all times. The transfer of postage fees, which is worth billions between the cloud-based infrastructures of the national postal companies, and the franking systems of the customers require highly secure communication channels within the Internet. 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 the core

areas of **FP**'s expertise, and explains the high market entry barriers for other companies.

TYPICAL APPROVAL PROCEDURE



And this is also where the interfaces to other modern products such as **FP Sign** and the associated synergy potential lie. Confidentiality, security and compliance with legislation are essential requirements in this context for the success of products and services.

3.6 Quality management system Quality and safety - a long product lifecycle (GRI 103-1, GRI 103-2, GRI 103-3)

The quality and safety of our products are the most important criteria during their development, but they do not only play a role at the beginning of a new product's life. Rather, we see it as our obligation to keep our focus on the quality and safety of our products and services throughout their entire lifecycle.

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 follows the **"PDCA"** method: **plan, do, check, act**.

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)

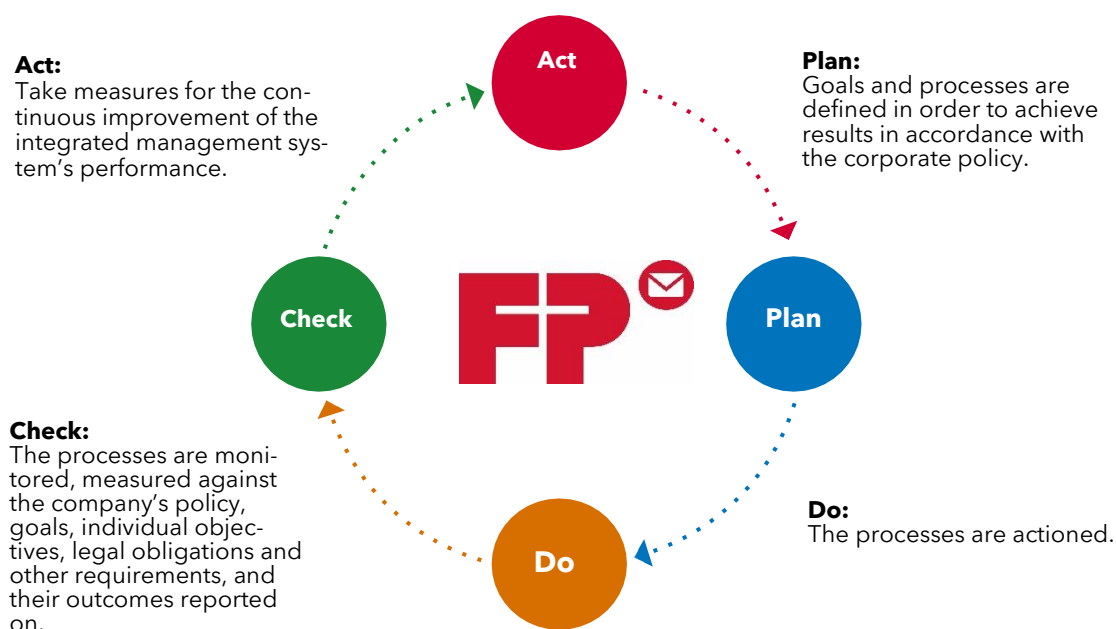
As part of our responsibility towards our stakeholders, we use both financial and non-financial performance indicators to manage our company. The focus is on the quality of the range of services, measured by a **quality indicator (PQI)** and an **improvement indicator (nF)**. In addition to financial 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 range of services, 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. From 2020, this parameter will be known as **PQI - Germany** and

will be supplemented with the **PQI - international** parameter. The **Product Quality Indicator - international** is also comprised of the average machine inventory and annual service calls. However, it combines the 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 than that of the **PQI - Germany**, the two parameters cannot be compared. Both **PQIs** (in place since 2019) only take into account the products that are currently manufactured in Wittenberge. Since 2020, the values of the **PostBase Vision** have been included in the parameter. Through the new development of our **PostBase** franking systems, we have been able to significantly increase quality in recent years. Nevertheless, the **PQI - Germany** value dropped by 8.5 per cent from 10.6 in 2020 to 11.5 in 2021. This was due to problems with the RDS unit of the **PostBase Mini**, which were, however, resolved in the fourth quarter. The **PQI - international** improved by 11.7 per cent from 45.1 in 2020, to 39.8 in 2021.

For 2022, we anticipate that both the **PQI - Germany** and the **PQI - international** will improve slightly, since we are continuously improving our product quality through improvement projects arising from the quality circles.

FP'S PDCA METHOD



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. Following the launch of **PostBase Vision** in several countries and the associated normal increase in the **nf IQ**, the value fell from 0,96 in 2020 to 0.57 in 2021. A similar value of **nf IQ** is expected for the 2022 financial year, as the measures from the regular quality circles will take effect, but warranty reports from the previous year could also arrive later. 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. Improvements 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 non-financial performance indicators of the parent company is currently not collected for management purposes.

FORECAST AND ACTUAL VALUE COMPARISON AS AT 31 DECEMBER 2021

	FORECAST 2022	ACTUAL 2021	EXPLANATION
Quality indicator – international	Slight improvement compared to the previous year (45.4 in the previous year) after adjustment of the basis for calculation.	39.8	Improve the quality of the current product ranges through appropriate project implementation from the quality circles.
Improvement indicator	Slight deterioration compared to previous year (0.96 in prev. year) after adjustment of the basis for calculation.	0.57	Improvement mainly due to fewer warranties for PostBase despite introduction of PostBase Vision in several countries

3.7 Customer service at **FP** – excellent products deserve excellent service

Our customers know that we keep our performance promise. They appreciate us for this, not only in terms of our products, but especially in terms of the services we provide – a key feature that sets us apart from the competition.

Customer structure

FP focuses on the group of small to medium-sized companies. As in the previous year, around 85 per cent of our customers come from this sector, which is made up of companies with up to 250 employees. Around 13 per cent of our customer base is represented by the mean 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 per cent.

Each customer segment has its own requirements and expectations. We therefore approach each customer 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 now has sales teams in various areas, such as telephone sales, direct sales for larger customers and the indirect sales channel via dealers. While the emphasis is on the dealer channel in North America, we serve the majority of customers directly in Europe.

Service hotline

We offer direct support to our customers: Every customer in Germany and abroad has the option to contact our **service hotline** (First Level Support team). In Germany, a total of eight employees are there for our customers and support them with their enquiries and fault reports. For technical questions that cannot be answered immediately, the service hotline can call on the national Second Level Support team. 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 teams also support Product Management with invitations to tender and the acquisition of postal licences in the respective countries. And the creation of service documentation and service bulletins is also one of the tasks of the International Support team.

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 be serviced.

On-site assistance

Not every problem can be solved on the phone. But even in these cases, we aim to help our customers 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 on site in the event of technical faults that cannot be remedied by our service hotline or on-site maintenance. Our retail partners also use our own sales and after-sales services.

Repair and disposal

On average, we repaired, maintained or appropriately scrapped and recycled due to their age a total of 1,200 franking and enveloping machines in Germany in 2021.

The new development of our **PostBase** franking systems has enabled us to significantly improve quality in recent years, which is reflected in a decrease in the number of franking and inserting machines we have repaired and serviced. In recent years, we have sold virtually only new **Post-Base** systems and replaced older systems with new **Post-Base** 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

Spare parts

In case of an emergency, not only must a service technician be on site quickly, the required spare parts must also be available. In order to satisfy the highest possible standards of service, our spare parts and consumables are available at short notice and can, if required, be delivered by express courier to the customer within one working day. The service parts centre at the **FP** Produktionsgesellschaft site in Wittenberge is responsible for this. It stocks more than 780 different spare parts and consumable items, and many more are available to order. The global market is supplied from here – with ink cartridges, ink ribbons, envelopes, spare parts and labels. The warehouses in Belgium, the Netherlands and Italy were decommissioned to two years ago, meaning that, since the beginning of 2021, consumables and spare parts have been sent directly from Witten-



VIEW OF THE SPARE PARTS WAREHOUSE AND ORDER PICKING IN WITTENBERGE



order to ensure high-quality service.

berge to the customers or the service staff on site.

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. We also worked on handling central logistics by establishing the central global warehouse for our spare parts at our production site in Wittenberge.

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 grows 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 excellent 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 coronavirus pandemic, training sessions were conducted virtually to a greater extent, or in individual one-to-one arrangements (as needed).

Customer satisfaction analyses

We are very satisfied with our products and services as well as our customer service. But are our customers satisfied too? To find out, we regularly conduct customer satisfaction analyses that 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 to evaluate user-friendliness and therefore cater for customer needs to the best of our ability and to turn every contact into a long-term customer relationship.

We also conducted a customer survey among our German VSG customers in 2021. The response was overwhelming and far exceeded our 2020 participation figures.

The scores remained at the previous year's level in almost all areas and we continued to improve in the areas of "Friendliness in Sales and Service" and "Product Quality", in which we scored better than last year. In the area of products, we were able to record a consistently good rating, but the price increase is noticeable here in the individual ratings and comments. The important Net Promoter Score continued to rise in 2021 – despite the pandemic. Conversely, this means that FP VSG has been rated "world class" by customers for the third time in a row. Congratulations to all our colleagues who have made this possible, especially in these times!

Complaints and service management

How trusting a partnership really is often only becomes apparent when something does not go so smoothly. This also applies to the relationship with our customers. That is why we attach great importance on having a polished, well-honed service and complaint management system that aims to maintain, restore and increase customer satisfaction. We see every complaint as an opportunity and a task to be worked on, recognising the feedback on weaknesses it provides and using this to make ongoing improvements.

We document every complaint, which is how we create transparency with regard to 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.

3.8 Sustainability in the supply chain We have high standards – this applies to our suppliers too (GRI 102-9, GRI 204-1)

Thinking and acting in a sustainable way, respecting human rights, working to protect the environment, climate and occupational health and safety – these are all essential components of our value chain and criteria in the procurement of the materials and services we require. That is why we work on continuously optimising our supply chains, pursuing 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 2021, we continued to work with around 225 suppliers (2020: approx. 225).

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. As a result, the direct cooperation with suppliers located in Asia was almost completely terminated.

Furthermore, only three of our suppliers are from outside Europe. The proportion of direct procurement in Europe is now 99 per cent. The proportion of the procurement volume awarded in Germany remains at approximately 46 per cent, similar to last year's figure.

As part of the "Best Material Purchase" project, which we have been operating for more than three years now, 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.

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 21 of them for more than 15 years, with 9 for more than 10 years and a further 11 for more than 5 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.

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 2021 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.

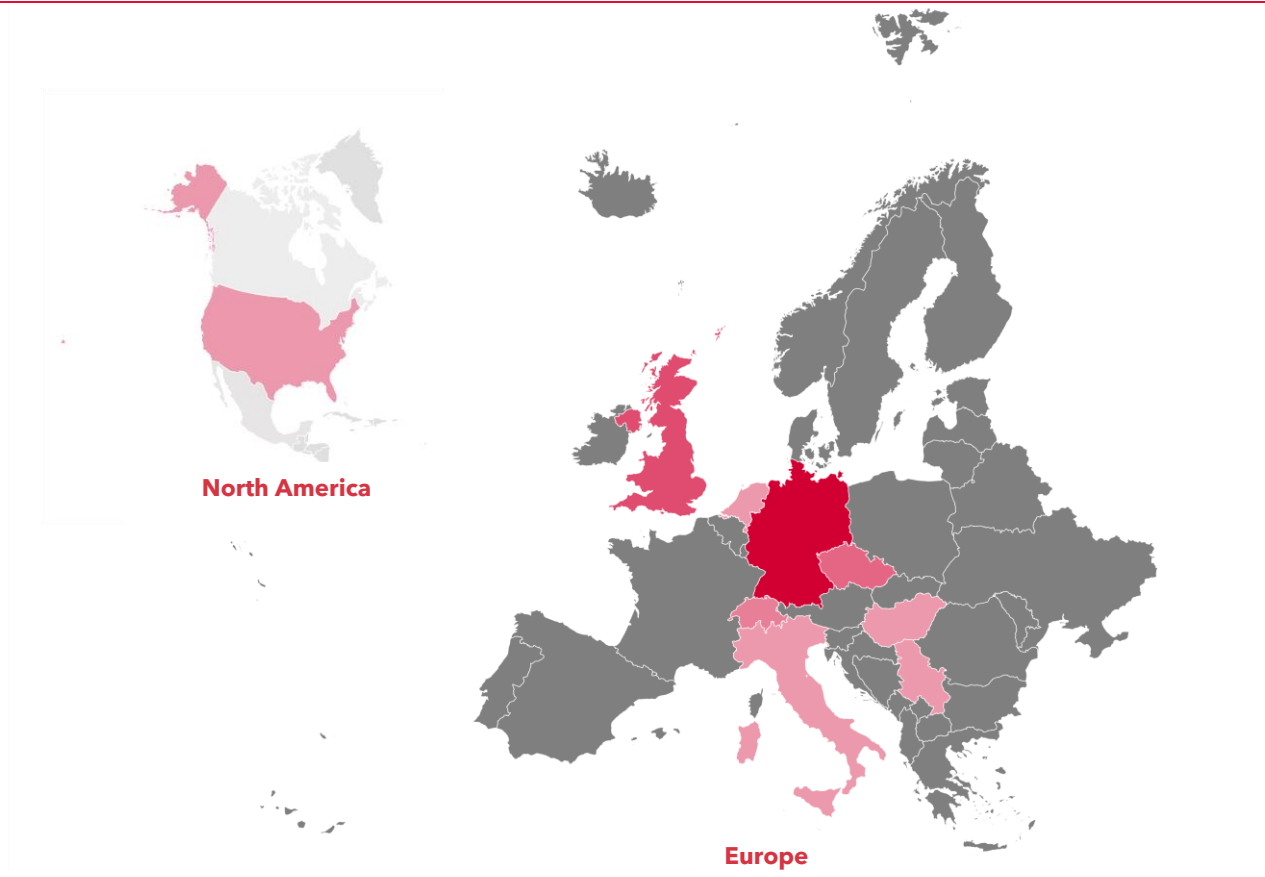
Sustainable packaging

Our packaging is returnable. We have introduced individual returnable packaging for high-quality electrical components 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.



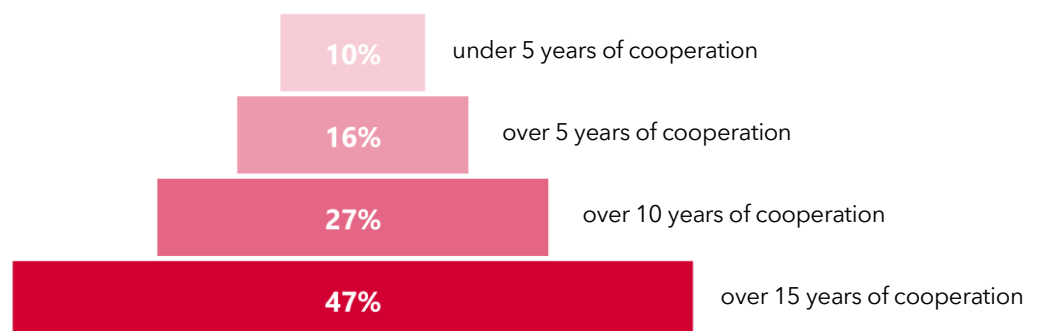
FP Produktionsgesellschaft mbH & Co. KG in Wittenberge

OUR SUPPLIERS AT A GLANCE



ds to the respective procurement volume in the respective country.

OUR FOUNDATION - LONG-STANDING SUPPLIER RELATIONSHIPS



PURCHASING CLOSE TO HOME - A PORTRAIT OF PARTNERSHIP COOPERATION

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

In addition to the highly secure hardware security module, the assembled printed circuit board is another core element of the franking machine. For production, we want to ensure a sustainable supply of the necessary 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 to the extent that it has become 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 now. We are constantly optimising our supply chains to reduce our environmental impact.



Image: TECTRON WORBIS GmbH

What is special about TECTRON WORBIS: Sustainability is an integral part of the company's philosophy and within its production. The firm not only uses its own green electricity at the Worbis production site, but currently generates up to 75 per cent 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.

Trustworthy - in 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 use materials and components to assemble our franking machines that are produced in a climate-friendly manner.

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

**About
GmbH:**

TECTRON WORBIS



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 people. Right from the start, TECTRON WORBIS was able to draw on excellently trained employees who had already worked for many years as experts, 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 expert members of staff. In addition to many Mydata machines for small and sample series, we also have various SMD lines - including four complete lines of the latest Siemens/ASM X series - available to us around the clock. You can find more information online at www.tectron-worbis.de.



Image: TECTRON WORBIS GmbH

Our leadership principles at FP (GRI 102-16)



1. Market and competition

Our business areas are secure mail business 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 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 be the number 1 brand in our customers' relevant market for secure mail business and secure digital communication processes, as well as balance growth with adequate profitability.

4. Secure jobs

Qualitative 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 with our highly motivated, qualified and responsible employees. We demand a high level of performance and we encourage our employees to reach it. 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. We pass on this appreciation in a tangible way.

6. Innovation and processes

Our decisive levers for qualitative growth are 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 them 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, honesty and humanity, respecting others and their opinions. 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. We always follow up words with actions.

FP IN FIGURES FOR 2021

899
employees -
71
managers



22 locations in Germany and subsidiaries in the United Kingdom, France, the Netherlands, Belgium, Austria, Italy, Sweden, Canada and the USA



In 2021, our employees completed a total of **1,406** hours of further training.

At our nationwide sorting and printing centres run by **FP's subsidiaries freesort** and **FP Digital Business Solutions** as well as at our German sites, we employ over **85** people with severe disabilities, many of whom are hearing-impaired.



31 employees worldwide are involved with works council activities in 8 companies.

Parental leave

17 employees with a 100% return rate

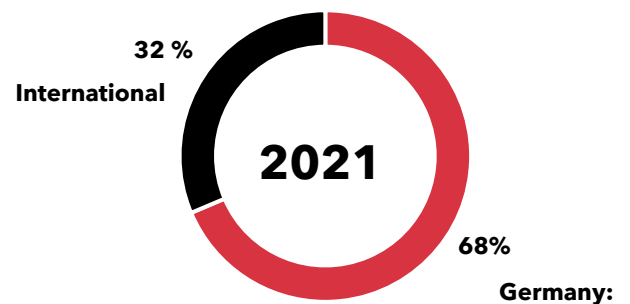


14 women



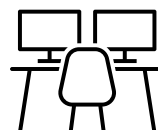
3 men

Employees by location

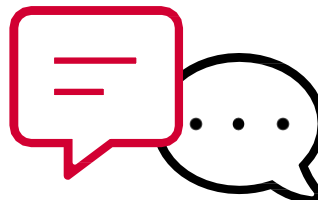


We give training - our five training professions in Germany at a glance:

- Office Manager
- IT Specialist in Application Development
- Electronics Engineer for Appliances and Systems
- IT Systems Salesperson
- IT Specialist in Systems Integration



We employ **14** students, trainees and interns



383 (43%) employees receive an annual performance appraisal.

ies", "investors", "customers", "suppliers", etc. throughout. In the context of a gender-neutral and non-discriminatory approach, these 2IA+ (lesbian, gay, bisexual, trans-sexual, transgender, queer, intersex and asexual people).

New appointments world-wide

68
men
6.8%*



37
women
3.7%*

*percentage worldwide, employees included: 899



Sickness quota in percent*

3.98%

*Employees included:
899 with an average of 255 working days

Type of employment world-wide

Full-time (86.2%):

775 employees
511 men (56.8%)
264 women (29.4%)



Part-time (13.8%):

124 employees
59 men (6.6%)
65 women (7.2%)

Worldwide, nearly **51%** of our employees are able to enjoy **workplace flexibility** and almost **72%** of all employees can make use of **flexible working hours**.

Fixed-term*:



77 employees
46 men (5.1%)
31 women (3.4%)



84% of our employees are permanently* employed:

759 employees
513 men (57.1%)
246 women (27.4%)

*Employees included: 899

Duration of employment*



23% of our employees have been with FP for **more than 15 years**

18% have been with FP for more than 10 years
17% have been with FP for more than 5 years

Less than one year: 66 men and 48 women
Less than 5 years: 143 men and 109 women
Less than 10 years: 86 men and 73 women
Less than 15 years: 117 men and 48 women
Over 15 years: 124 men and 85 women

*Employees included: 899

Average age in Germany*



*Employees included: 617

Average age worldwide*



47%* of our employees are between 30 and 50 years old

35%* are over 50 years old
18%* are under 30 years old

*Employees included: 899

4. FOCUS ALL TOGETHER

Working together (GRI 103-1, GRI 103-2, GRI 103-3)

FOCUS ALL TOGETHER: Each and every one of us at **FP** bears responsibility for our success by consistently pursuing our shared projects and goals. Our core values of team spirit, an exemplary attitude and ideas are what define our employees and what they live up to every day.

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.

4.1 Strengthening sustainable corporate governance and culture (GRI 103-1, GRI 103-2, GRI 103-3)

Developing and implementing framework conditions that strengthen the entire **FP** workforce and management team, accompanying them, providing them with a sense of security and support: 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, the demands made of them should match their abilities.

We demand a very high level of performance, especially within the framework of **FUTURE@FP** and with the introduction of our new ERP/CRM system, but we do not leave our employees to achieve this on their own, we support them through training and promotion.

Top performance pays off – and incidentally, it is also a pleasure to work at **FP**. As part of **FOCUS ALL TOGETHER**, we are aiming sustainably strengthen our company culture and build on and expand it.

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, it is part of our everyday working life, which is characterised by an almost family-like dynamic that we are very 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, for the year under review we have once again succeeded in broadening our view of key HR figures. With the introduction of a standardised ERP/CRM system, these differences should be completely eliminated and be the same for all German and international employees.

In the reporting year, the allocation of employees was also adjusted due to the changes within the transformation programme. These are now no longer divided into Production, Sales Germany, Sales International and Central Functions. In the year under review, the newly introduced business units played a leading role. A corresponding adjustment was also made for previous years.

EMPLOYEES PER SEGMENT AS AT 31 DECEMBER 2021

BUSINESS UNIT	2021	2020	2019	2018	2017	2016
Mailing, Shipping & Office Solutions	497	606	614	664	672	676
Mail Services	134	153	164	170	171	170
Digital Business Solutions	152	90	81	89	91	93
Other (incl. HQ)	116	154	153	135	133	113
Total	899	1,003	1,012	1,058	1,067	1,052

In 2021, 899 employees (previous year: 1,003) worked at our subsidiaries worldwide – in 10 countries and at 22 German locations (GRI 102-8). The difference in the number of

employees compared to the previous year relates to the reorganisation and the restructuring programme. The geographical distribution of employees is as follows:

NUMBER OF EMPLOYEES (GEOGRAPHICAL DISTRIBUTION) AS AT 31 DECEMBER 2021

	2021	2020	2019	2018
Employees in Germany	617	688	654	643
Employees in Europe (not including Germany)	132	156	195	234
Employees in North America	150	159	163	181
Employees worldwide	899	1,003	1,012	1,058

4.2 FP as an employer

In the reporting year, we were awarded the title of "Top Career Opportunities 2021" by Focus and Focus-Money. A total of 22,500 companies were evaluated. In 2019, FP was among Germany's best employers (Berlin and Brandenburg population survey; Die Welt) and among Germany's most sought-after employers (F.A.Z. Institute).



resignations by staff. In Germany, the self-termination rate increased slightly to 5.7 per cent in 2021 (previous year: 5.2 per cent).

The resignation quota fell year-on-year and stood at 10.1 per cent worldwide (previous year: 12.9 per cent). This affected 91 employees (GRI 401-1). In Germany, the resignation quota fell to 6.8 per cent (previous year: 8.5 per cent).

23 per cent of our employees have been with FP for more than 15 years

114 employees have been with us for less than 1 year (13 per cent). 252 staff have been with us for less than 5 years (28 per cent). 159 employees have been with us for more than 5 years (18 per cent). 165 employees have been with us for between 10 and 15 years (18 per cent). 23 per cent of our employees have been with us for more than 15 years, amounting to a total of 209 staff members.

The average length of service at the German locations (617 employees included) is 10 years. 75 of our employees have been with FP for more than a quarter of a century, and some of our colleagues will be celebrating their 40th year with us in 2021. Four colleagues are even beginning their 41st and 42nd years at FP.

4.3 Human resources 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 in 2021 was 105, of which 37 were female and 68 were male (previous year: 178 employees worldwide)

The resignation quota worldwide stood at 12.3 per cent (previous year: 8.2%) and involved a total of 111

TYPE OF EMPLOYMENT

EMPLOYEES	2021 ¹	%	2020 ²	%	2019 ³	%	2018 ⁴	%
Permanent	822	91.4	769	87.3	817	91.8	850	88.3
Fixed-term	77	8.6	112	12.7	73	8.2	72	7.5
Training contracts worldwide	0	0	1	0.1	14	1.6	22	2.3
Training contract Germany	4	0.4	12	1.4	10	1.1	8	0.8
Working students ⁴	7	0.8	12	1.4	20	2.2	18	1.9

¹Employees included: 899

²Employees included: 881

³Employees included: 890

⁴Employees included: 962

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

LENGTH OF SERVICE AS OF 31 DECEMBER 2021

	Year	LESS THAN 1 YEAR		LESS THAN 5 YEARS		LESS THAN 10 YEARS		LESS THAN 15 YEARS		OVER 15 YEARS	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Employees ¹	2021	66	48	143	109	86	73	117	48	124	85
In per cent		7.3	5.3	15.9	12.1	9.6	8.1	19.7	5.3	13.8	9.5
Employees ²	2020	75	69	187	154	95	75	82	47	145	74
In per cent		7.5	6.9	18.6	15.4	9.5	7.5	8.2	4.7	14.5	7.4
Employees ³	2019	83	50	168	134	124	66	75	59	145	75
In per cent		8.5	5.1	17.2	13.7	12.7	6.7	7.7	6.0	14.8	7.7

¹Employees included: 899

²Employees included: 1,003

³Employees included: 979

Management maxims

Our international management acts in accordance with our management policy. By establishing principles, the policy gives employees a framework that leaves room for freedom, encourages innovations and creates an environment that is ripe for decision-making (GRI 102-16). These core values are an integral part of our processes for introducing new colleagues and holding our annual trainings.

Managers with HR responsibility¹ as at 31 December 2021

	2021	%	2020	%	2019	%
Number of managers ³	71	7.9	90	9.0	131	12.9
of which women	21	29.6	26	28.9		
of which men	50	70.4	64	71.1		

¹Managers with responsibility for HR, across all levels in our company, including Group managers

Internal communication

Communication, exchange, information: **FP** attaches great importance to joint dialogue. This constant exchange contributes significantly to achieving the effectiveness and efficiency we need to move in a sustainable direction as a company and is an important part of our corporate culture. We regularly conduct "big picture calls" to inform all colleagues worldwide about developments in the company, the successes of the business units and the progress of Future@**FP**. We especially rely on active change communication in the context of transformation. Thanks to our video platforms, 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. In the reporting year 2021, we have a total of 31 employees in 8 companies who are actively involved in the works council (27 works council members in the previous year).

Training

Our apprentices 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 eight young people in four professions, plus six students and interns.

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.

For our trainees, mobile working became part of everyday life during the COVID-19 pandemic. This meant we were improving what we do. Simply being good is not enough for us.

7. Transparency

We have clear goals, translate them into detailed, concrete measures and implement these measures consistently. Since you can only improve what you measure, we ensure

not only able to ensure the safety of our educators and trainees last year, but also to successfully achieve all training objectives with great success. We see our apprentices as a valuable source of support during their training period – and after they graduate, they are the best-trained young talent for **FP**. That's why we try to generate enthusiasm for the subject of training within the Group as well. The more departments themselves experience how valuable apprentices are for the company now and in the future, the higher the demand, enthusiasm and willingness to train themselves will be.

Our training professions

- Office Manager
 - Electronics Engineer for Appliances and Systems
 - IT Specialist in Application Development
 - IT Specialist in Systems Integration
 - IT Systems Salesperson
-

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 long-term prospects. This applies both to those starting initial training and those who have dropped out of university and decided on a different way into working life. 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 competitive position, we need lots of good ideas, namely 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 possibilities for how to implement them. 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 at **FP**, including apprentices, interns and working students as well as freelancers and pensioners, can submit ideas. Work continues on the implementation of our cloud-based solution to restructure idea management.

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.

4.4 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 that we work without discrimination.

FP values diversity, which 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, the appointment of corresponding equality officers and the establishment of confidential hotlines as well as the new whistleblower system, this principle is present in our processes. (GRI 102-17, GRI 406-1).

EMPLOYEE AGES AS OF 31 DECEMBER 2021

EMPLOYEES	2021 ¹	%	2020 ²	%	2019 ³	%	2018 ⁴	%
under 30 years of age	111	12.3	159	15.8	157	15.4	130	13.8
30 to 50 years of age	410	45.6	438	43.7	449	44.2	412	43.7
over 50 years of age	378	42.0	406	40.5	410	40.4	400	42.5

¹Employees included: 899

²Employees included: 1,003

³Employees included: 1,016

⁴Employees included: 942

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 based on collectively agreed regulations. 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 include 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 factor for success. Our own training programme supports the natural increase in the percentage of the group of over-50s in Germany.

The inclusion of severely disabled people is also of major importance to us.

MINORITIES AND LIMITATIONS

	2021 ¹	%	2020 ²	%	2019 ³	%	2018 ⁴	%
Proportion of minorities	21	2.3	65	6.5	71	6.9	94	9.9
Proportion with disabilities	65	7.2	83	8.3	75	7.4	77	8.2

¹Employees included: 899

²Employees included: 1,003

³Employees included: 1,016

⁴Employees included: 942

We employ more than 80 severely disabled people, including many with hearing impairments, at our nationwide sorting and printing centres operated by **FP** subsidiary **FP Digital Business Solutions GmbH** and at **FP Freesort** sites in Germany. Communication is the be-all and end-all: supervisors and colleagues have been trained in cooperation with communities and specialist integration services so that these special teams can communicate well.

At the **FP Produktionsgesellschaft**, a pilot project entitled "Ways into Work" has been in place for four years, organised in cooperation with Lebenshilfe Prignitz. The aim of this is to employ people with a disability.

Diversity within FP

The subject of diversity is of major importance to the Supervisory Board of **FP**. The Supervisory Board, guided by the German Stock Corporations Act and Code of the German Corporate Governance, 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 suitable 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. All members of the Supervisory Board must not yet have reached the age of 70 at the time of their election (age limit) and must have belonged to the Supervisory Board for less than 10 years. Likewise, at least one shareholder representative shall be independent within the meaning of the German Corporate Governance Code. Also, at least one supervisory board mandate shall be held by a person who particularly embodies the criterion of internationality. In addition, the Supervisory Board as a whole has determined that its members must have the following required expertise and competencies to perform the necessary supervisory function and to assess and monitor the business conducted by the company:

- Entrepreneurial or management experience
- No former member of the Board of Management and no supervisory board mandates with competitors
- Knowledge or experience in the “digital communication” sector
- Knowledge of the target postal market, knowledge of B2B and business development
- Knowledge in the field of research and development
- Knowledge in the field of finance and accounting, controlling and auditing of financial statements
- Knowledge in the fields of corporate governance/risk management/compliance
- Knowledge in the fields of M&A
- Knowledge in the field of sustainability

The above criteria for the composition of the Supervisory Board have been and are met. The members of the Supervisory Board as a whole thus have all the essential knowledge, skills and experience necessary for the proper performance of their duties. (GRI 102-24).

Diversity on the Supervisory Board

A diversity concept for the composition of the Supervisory Board, which, for example, takes into account characteristics such as age, gender, nationality, educational or professional background, has not yet been drawn up and pursued. The German Stock Corporation Act and the German Corporate Governance Code stipulate that the supervisory board of listed companies must define targets for the proportion of women. Most recently, the Supervisory Board set a target of zero per cent women for the period until 30 June 2021. At the end of this period, the proportion met the target. The same target of zero per cent women was then set for the period until 30 June 2026 at the latest.

Diversity of the Board of Managers

Based on the recommendations of the German Corporate Governance Code and in accordance with the statutory regulations, the Supervisory Board has adopted a requirements profile for Board of Management members, which also takes into account the diversity requirements for this body. Accordingly, the central suitability criteria for the selection of candidates for long-term succession planning are professional qualifications for the department to be taken over, leadership skills, past performance and industry knowledge. 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. Most recently, the Supervisory Board had set a target of zero percent women on the Board of Management for the period until 30 June 2021. At the end of this period, the proportion met the target. The same target of zero per cent women was then set for the period until 30 June 2026 at the latest.

Diversity in the management levels

The Board of Management of the company has decided on a target for the proportion of women in the first and second management levels below the Board of Management in accordance with Section 76 para. 4 AktG.

In its resolution of 3 June 2019, the Board of Management set the target for the proportion of women in the first management level at 10 per cent. At the end of the period, the share was 21 per cent.

Within the framework of **Future@FP** and the corresponding reorganisation, the management levels were changed, especially with regard to the introduction of the business units. Accordingly, there are now two management levels within the **FP** Group:

The heads of the business units and corresponding staff functions within **FP** are defined as the first management level below the Board of Management and report directly to the Board of Management.

The second management level below the Board of Management are the heads of departmental and operational corporate departments and report to the first management level.

With the resolution of 23 December 2021, it was determined that the target figure for the proportion of women in the first management level should be maintained and must be at least 10 per cent. The target figure for the proportion of women in the second management level is to be increased and must be at least 30 per cent. As of 31 December 2021, this target of 10 per cent in the first management level has been reached (14 per cent). In the second management level, this target of 30 per cent has been reached with 34 per cent. Both targets shall be reviewed and redefined on a regular basis, but no later than 30 June 2026. 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 relating to a diversity concept.

4.5 Health and safety in the workplace (GRI 103-1, GRI 103-2, GRI 103-3)

Protecting the health and safety of our workforce is a primary business 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

appropriate information and hold training courses, which are supplemented by balanced health promotion 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 3.89 per cent (previous year: 4.65 per cent).

HEALTH SCREENINGS/FIRST-AID TRAINING OVER TIME

	2015	2016	2017	2018	2019	2020	2021
Legally required examinations (not necessary)	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	1
Computer screen workstations ²⁾	16	32	72	33	40	49	13
Noise ³⁾	2	4	-	8	-	5	2
Musculoskeletal system, stress ⁴⁾	-	-	-	-	1	-	-
Medical consultations (company physician)	90	25	51	38	113	55	28
Influenza vaccinations (supplementary service)	47	46	20	18	51	53	45
First aid courses (first aiders)	14	25	10	19	24	0	8

¹⁾according to DGUV 250-427 (G25)

²⁾according to DGUV 250-438 (G37),

³⁾according to DGUV 250-418 (G20),

⁴⁾according to DGUV 240-460 (G46)

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

Our SGA 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 (IMB), the Occupational Safety Specialist (SiFa), the Waste and Hazardous Materials Specialist (FaAbf/Gef) and our Company Medical Officers (BetrA).

A Fire Protection Officer (BrandSB) has also been appointed for the Berlin locations and Wittenberge. At our locations we also have local Safety Representatives (SiB), First Aiders (ErstH), Evacuation Assistants (EvaA) and Fire Protection Assistants (BrandSH). In addition, there are further representatives – such as a Laser Safety Officer (LaserSB) 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 large number of employees at all German locations is committed to occupational, environmental, energy and health management. Our company physicians (BetrA) also support all employees with treatment and screening services that go beyond the level of basic care, such as the influenza vaccination programme.

Our house rules serve to minimise possible risks. It applies, of course, to all employees. Visitors, guests and external persons are instructed in this. 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 the locations are represented on the Occupational Safety and Environmental Protection Committee (AUSA). 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 coordinated annually and the employees are informed about them.

Ergonomic workstations

Our workplaces should not only be comfortable and practical, but also easy on the back. For this reason, workplaces 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

There were no accidents on the way to/from work that were subject to reporting and one occupational accident that was subject to reporting at the German sites in 2021 – in the previous year there were five occupational accidents and four accidents on the way to/from work that were subject to reporting (GRI 403-2).

In the event of an accident, 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, these 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 react appropriately, regular emergency exercises are carried out at all locations as a preventive measure. The dates for these exercises are agreed in the Occupational Safety and Environmental Protection Committee (AUSA). Emergency drills are prepared and supervised by the Occupational Safety Specialist and evacuation drills by the Fire Protection 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 possible improvements.

ACCIDENTS IN AND ON THE WAY TO/FROM THE WORKPLACE 2022

Accidents in and on the way to / from the workplace	2015	2016	2017	2018	2019	2020	2021
Total over the year	7	5	2	8	1	9	1
Reportable accidents at work (AAW)	6	2	1	4	0	5	1
Notifiable accidents on the way to/from the workplace (CA)	1	3	1	4	0	4	0

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

4.6 Reconciliation of career and family Free choice of work location and working hours

Due to COVID-19, the topics of home office and mobile workplaces have experienced an enormous push in Germany and worldwide. And here, too, we were ahead of our time: we had already started to introduce the "Mobile Workplace" (MAP) at the Berlin site in 2018. In all areas where the tasks permit it, our employees have the flexibility to perform 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 employees' personal lives. The MAP project is another step in the cultural transformation process of our company and a sign of a culture of trust in which your work is appreciated by colleagues and superiors, no matter where it is carried out. And with this, we are choosing a self-organised method of working for employees and the ability for the executives involved to manage their work remotely.

Overall, we offer more than 51 per cent of our colleagues worldwide the option of a flexible workplace, where they are also able to carry out tasks away from their regular place of work. This change was significantly influenced and driven by the pandemic in particular.

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 72 per cent of our employees can organise their working hours flexibly.

We welcome our employees to get involved in their free time. That is why we enable and encourage voluntary work through an uncomplicated annual leave system – paid or unpaid. Our employees also take advantage in many cases of the opportunity to participate in the implementation of our strategic goals on a part-time basis. There are no company benefits for this, as these are granted only to full-time employees and not to temporary or part-time employees (GRI 401-2).

Parental leave

Children are our future. That is why **FP** also supports parents employed by the company financially where possible, such as through subsidies for childcare costs, paid time off to care for sick children or additional leave for family events. 17 (in the previous year: 25) employees use 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 provision and raise awareness for the importance of this topic through regular employee events as well as providing employees with information on the subject (GRI 201-3).

PARENTAL LEAVE AND RETURN QUOTA

	2021 ¹		2020 ²		2019 ³	
	Men	Women	Men	Women	Men	Women
Employees on parental leave	3	14	8	17	14	24
Return quota from parental leave	100%	100%	100%	100%	100%	100%

¹Employees included: 899

²Employees included: 407

³Employees included: 407

4.7 Societal and social commitments

FOCUS ALL TOGETHER states team spirit and an exemplary attitude as our core values. Thanks to the commitment of our employees, we were also able to do good deeds in 2021.

Hockey is Diversity & nursery support

Diversity is very important to us at **FP**, because we are all versatile and different. That's why we joined the "Hockey is Diversity" campaign last year. Since 2010, the association founded in Berlin has been working together with former professional hockey players for more inclusion and to stand up against racism, right-wing extremism and discrimination. They do not limit themselves to Germany, but operate internationally to build mutual respect and tolerance across the board.



During the pandemic, our production facility in Wittenberge was able to actively support the nursery located there. Our nurseries in particular have been severely restricted in recent years. Not only did daily operations sometimes come to a complete standstill, but important collection campaigns for new acquisitions were also no longer possible. With **FP**'s help, a new playground, learning centre and football pitch with new goals were able to be built quickly and are now ready for use. In the new learning centre, the children will be taught important facts about nature and the environment, and they will enjoy running around on the playground and football pitch.

International breast cancer awareness

Last year, our **FPUSA** colleagues were again successful in raising money for breast cancer research and have now been a proud partner of the National Breast Cancer Foundation for nine years. **FP** continues to 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 per cent 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.



FP Mailing UK was able to help female doctors last year who were no longer able to carry out their usual work due to social distancing. For example, Dr Caroline Overton has been provided with a free franking machine to continue the smooth running of the Bristol Women's Clinic to further combat breast cancer.



FP Mailing UK - strong against COVID

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.

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

FP Mailing's PostBase range offranking machines are plug-and-play-ready 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.



Food pantry and toys for tots in Illinois

Although the pandemic continued to cause major restrictions, our colleagues at **FP** USA were once again able to diligently collect and give away new toys for socially disadvantaged children last year. The scheme meant they were able to give many children a smile over Christmas. Funds were also collected to support the local food bank and to prevent hunger in socially disadvantaged areas. Most recently, they also donated and distributed several Christmas dinners.



Our thanks go to everyone who gave freely of their time and money to our many charity campaigns. In 2022 too, we will be filling **FOCUS ALL TOGETHER** with life again and dedicating ourselves to making our society a little bit better.

5. FOCUS ON PROTECTION

Responsibility means change

In the face of climate change, species extinction and all other environmental problems, it is our responsibility to make a sustainable contribution to change and we, as **FP** take 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 primarily work with suppliers from Germany and Europe. We also ensure that waste and emissions are minimised and, where possible, avoided altogether.

Sustainability right from the start

For each newly designed product and each new process used, we check the environmental sustainability and the efficient use of energy and open up opportunities to further improve both (*GRI 103-1*). We train our employees in order to raise their environmental and safety awareness and empower them to work and act accordingly. We are working on continuous improvements, and this also goes 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.

Board of Management bears responsibility

With the resolution and vote of the Annual General Meeting in the reporting year, the new Board of Management remuneration system was confirmed. In relation to this, two ESG sustainability criteria (ESG = Environment, Social, Governance) were defined within sustainability component 2. These were determined in principle for the financial years up to and including the 2024 financial year.

The first sustainability criterion is the annual ISO (re-)certification in all five management systems:

- 9001:2015 – quality management system
- 14001:2015 – environmental management system
- 45001:2018 – occupational health and safety management system
- 50001:2018 – energy management system
- 27001:2013 – information security management system (only **FP Digital Business Solutions GmbH** at the Berlin-Adlershof site)

The goal is the uninterrupted successful maintenance of the five ISO certifications over the period. This is also accompanied by successful annual (re-)certification.

The second sustainability criterion is the continuous reduction and elimination of CO₂ emissions through the use of

green energy and resource efficiency. The baseline values are derived from the company's carbon footprint from 2019. The goal is to reduce CO₂ emissions by more than 30 per cent in Germany by 2024 compared to 2019. In particular, electricity, heat and business travel will be recorded monthly over the entire period. The two agreed ESG sustainability criteria are of equal value, i.e. their fulfilment will be incorporated equally into the assessment of the target achievement of sustainability component 2.

Further information can be found in the **FP** remuneration system at <https://www.fp-francotyp.com/Verguetung-derOrgane>.

Transparency in reporting

The "Environmental Protection, Energy Efficiency and Occupational Health and Safety Report", which has been published separately for more than 10 years, has been integrated into our Sustainability Report as of 2019. The graphics used previously are shown separately in the annex available at <https://www.fp-francotyp.com/nachhaltigkeitsbericht>.

5.1 Integrated management system - energy and the environment - environmental protection is 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.

In 2021, we started the migration of our integrated management system documentation to a new system. In preparation for this, various content management systems had already been considered in 2020. We will be launching the "orgavision" software solution at the end of 2022. The aim is to carry out the surveillance audits in 2022 for the first time with the new documentation solution: 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.

Improve economic efficiency, productivity and working conditions, protect the environment and extend the availability of fossil fuels for useful purposes – these are the goals of our energy management and we are committed to achieving them. Wherever it is cost-effective, we

implement energy efficiency measures at our sites and 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 recertified 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 ASA (Occupational Safety Committee) was transferred with effect from 2009 into an Occupational Safety and Environmental Protection Committee (AUSA). 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 2021 reporting year (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).

In October and November 2021, the ordinary ISO recertification audit took place, which we successfully passed for our five standards:

- ISO 9001:2015 (quality)
- ISO 14001:2015 (environment)
- ISO 45001:2018 (occupational safety)
- ISO 50001:2018 (energy)
- IEC/ISO 27001:2013 (information security – only **FP Digital Business Solutions GmbH** at the Berlin-Adlershof site)

The auditors made 40 recommendations (opportunities for improvement) and 24 notes (minor non-conformities). All these points have been included in our potential list. Work has already begun on remedying these non-conformities.

The 40 opportunities for improvement were reviewed for turnover feasibility and then implemented if necessary. The decision regarding the opportunities for improvement is documented in the potential list.

5.2 Protecting resources and increasing resource efficiency

Derived from our company policy and the dialogue with our stakeholders, we revised and redefined the integrated management system's strategic goals in 2022. Previously, the last time this happened was in 2020. Due to the pandemic, we were not able to improve the efficiency of electricity and heat consumption at the German sites compared to the previous year's level. Due to the temporary introduction of a two-shift operation in production, the increased heating requirement due to the colder winter and the more frequent ventilation intervals, heat and electricity consumption have increased in some cases. Nevertheless, our carbon footprint has improved due to changes in electricity contracts.

Resource conservation - what we have achieved

The following measures were successfully implemented in this respect:

- Sustainably keeping the costs of our waste volumes at the German core locations (Berlin-Pankow, Berlin-Adlershof, Wittenberge and Langenfeld) below EUR 60,000 (in the 2021 reporting year: EUR 20,073.75)
- Maintaining the efficiency of water consumption at the locations above the energy baseline
- We kept the emissions consumption of the FP vehicle fleet below 45,000 kg CO₂ p.m. (2021: 40,364 kg CO₂)
- Emissions consumption of the flights taken by FP employees were below 20,000 kg CO₂ p.m. (2021: 599 kg CO₂)
- 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 2021:

- 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 Berlin-Pankow, Berlin-Adlershof, Hennigsdorf and Wittenberge sites as well as at all FP free-sort sites with a focus on occupational safety and fire protection

- Measurements and detailed analyses of the energy consumption at the German locations

Expenditures on Environmental Protection

In 2021, an investment calculation was carried out with a focus on converting the vehicle fleet to electric cars. Unfortunately, the financial burden is currently too high compared to the potential carbon emissions saved. Nevertheless, we are keeping this in focus and will carry out a new investment calculation in three years' time at the latest.

Therefore, apart from personnel costs and smaller expenses for the procured measurement systems and LED lighting, the only costs incurred were for the re-certification audits of the integrated management system (approx. EUR 30,000). Disposal costs in 2021 amounted to around Euro 20,000 at all German locations (previous year: around Euro 25,000).

Energy and consumption data -

decreasing 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 sale 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 1,038 MWh of electricity were used in 2021 (previous year: 1,083 MWh), 2,331 MWh of heat (heating oil, natural gas, district heating) (previous year: 1,924 MWh) and 2,749 MWh of fuel (previous year: 2,050 MWh, adjusted for previous year: 2,729 MWh) and 28 MWh of paraffin from the use of aircraft (previous year: 343 MWh) was consumed for journeys to and from Germany.

The total energy consumption for all 22 German locations, including the vehicle fleet and use of flights, was 6,144 MWh (previous year: 5,399 MWh, adjusted for previous year: 6,079 MWh). The entire scope of the reporting monthly fee relates to the German locations, as the foreign companies are not yet included

(GRI 302-1). As part of **Future@FP** and the introduction of a new ERP system, the corresponding data collection is being planned.

Reducing energy consumption - Expenditure for savings

(GRI 103-1, GRI 103-2, GRI 103-3)

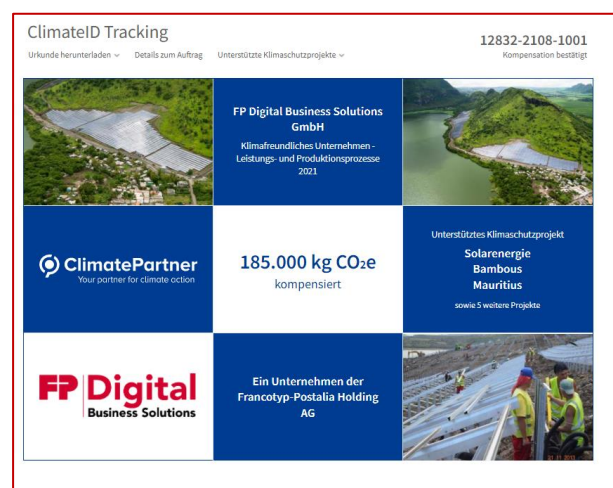
Smaller LED lighting fixtures were procured at the Wittenberge production site. The conversion of a **freesort** location to LED lighting planned for 2021 had to be postponed by one year due to the pandemic.

In the reporting year 2021, our carbon footprint was reduced from approx. 1,554 t CO₂ to 1,212 t CO₂, in particular through the support of climate protection projects. This corresponds to a reduction of almost 342 t CO₂ (GRI 302-4, GRI 302-5, GRI 305-5).

FP Digital Business Solutions GmbH, a subsidiary of **Francotyp-Postalia Holding AG**, has achieved complete carbon neutrality in all service and production processes together with ClimatePartner, its partner in climate protection. **FP DBS** will offset 185 t CO₂ for the whole of 2021, including all measurable and unavoidable carbon emissions from energy consumption in buildings and processes. The same applies to the cars and vans, where attention is also paid to climate-friendly motors at the time of purchase.

The cooperation will also continue for the next two years, so that by the end of 2023 almost 550 t CO₂ will be offset through selected global climate protection projects.

"Climate protection has already been very important to us for several years now and this step marks the last step towards climate neutrality. As we can all see, urgent action is needed. We want to make our contribution to this - in the interests of our employees, customers and the future of us all," explains Managing Director Michael Steinberg, Managing Director of **FP Digital Business Solutions GmbH**.



By offsetting carbon emissions, **FP Digital Business Solutions GmbH** supports various initiatives that are dedicated to protecting people, nature and the environment on site: regional forest protection projects in the Harz Mountains, an initiative for clean cooking stoves in Nigeria, marine protection worldwide, the promotion of solar energy in Mauritius, wind energy in Uruguay and clean drinking water in India. All projects are Gold Standard or Verified Carbon Standard and, in addition to protecting the environment, also contribute to the sustainable development of

the country and its people. You can find more information directly on the page of our climate protection partner, ClimatePartner: <https://www.climatepartner.com/12832-2108-1001>.

Energy intensity - LED lights up 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 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 site, separate energy performance indicators (EnPIs for electricity/heat) continue to be planned and monitored annually in relation to benefit vs. expense. 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 vs. 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 2021 with standardised building specifications for the two locations still missing energy performance certificates.

Within the scope of our analyses of electricity consumption, it became apparent that approx. 31 per cent of consumption is caused by lighting fixtures. Production equipment with 29 per cent, servers with 15 per cent and computer workstations with 9 per cent followed ahead of printers and air conditioning systems. This change results from the pandemic, as the lighting in an office is on even when the workload is lower (home office obligation). Working from home thus reduced the electricity consumption by computer workstations, but the value for lighting does not decrease to the same extent. This also applies to the heating of offices and workplaces. Apart from that, the demand for heat increased due to more frequent pandemic-related ventilation.

Furthermore, all German companies are obligated to switch to LEDs when procuring light sources in accordance with a resolution passed by the Executive Board in 2019.

5.3 CO₂ emissions - Saving where we can (GRI 103-1, GRI 103-2, GRI 103-3)

As a company, we generate CO₂ emissions. However, we are vigorously driving reduction efforts in this area with measurable results.

Our vans in Germany carried over 134 million letters in 2021 (previous year: 135 million), our passenger cars were in use for 168,107 hours (previous year: 177,783 hours of use). A separate CO₂ 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

While the targets for the entire vehicle fleet were 65,000 kg of CO₂ per month just five years ago, this figure was already below 54,000 kg of CO₂ in 2021. In the reporting year, 640,000 kg of CO₂ were generated (previous year: 611,000 kg); broken down by vehicle type, the 106 passenger cars (previous year: 117) generated 480,000 kg and the 17 transporters (previous year: 15) generated 160,000 kg. Despite the reduction of the car fleet by 11 vehicles, carbon emissions increased by 5.7 per cent due to the use of two new vans.

Savings on Scope 1 and 2 (direct and indirect)

The use of a total of 2,331 MWh of heat from heating oil, natural gas and district heating (previous year: 1,924 MWh) generated 522 t CO₂ which come under Scope 1 ("direct emissions"). These are produced by static and mobile energy sources. From the use of heat (522 t CO₂), the CO₂ fleet register (640 t CO₂) and the use of flights (7 t CO₂), this produces a total value of 1,169 t CO₂ (previous year: 1,129 t CO₂). This corresponds to an increase of 6 per cent (GRI 305-1).

Based on the use of 1,038 MWh of electricity (previous year: 1,083 MWh), which falls under Scope 2 (indirect emissions), a total of 228 t CO₂ were generated (previous year: 425 t CO₂); in this case, only emissions from electricity generation were included (GRI 305-2). Here, the increased use of LED lighting and mobile work reduced energy use by 4 per cent.

CO₂ emissions that arise in the upstream and downstream value chain and are indirectly related to our corporate activities were only determined for our land transport and air freight for the reporting year 2021. Due to technical problems of our logistics provider, we cannot report sea freight and parcel shipping separately (GRI 305-3).

Land transport within Germany and Europe accounted for approx. 26 t CO₂ in the reporting year 2021. More than 100 airfreights worldwide generated around 250 t CO₂ last year. 96 sea freight shipments generated a round 111 t CO₂. 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, the electricity contracts for our German locations at the headquarters in Berlin and at the **FP** subsidiary **free-sort** locations in Hamburg, Frankfurt, Weinstadt, Patten-sen, Leipzig, Langenfeld and Munich were put out to tender. In terms of sustainability, we have decided to purchase 100 per cent green electricity from 2021, which has significantly improved our carbon footprint.

In addition, we have been sourcing 100 per cent green electricity at our **production site in Wittenberge** and at the **SSC** site in Hennigsdorf since 2019. By switching these 10 locations to green electricity, we saved a total of 162 t CO₂ in 2021 – that's just under 54 per cent. We use the recommendations of the German Federal Environment Agency to calculate the CO₂ emissions and round up the specified number of grams (www.umweltbundesamt.de).

5.4 Waste balance and waste types - Avoidance before recycling (GRI 103-1, GRI 103-2, 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 these options do not exist, do backfilling and proper disposal follow. The protection of natural resources and the environment, but also 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.

Although we reduced our waste to 265.0 t (previous year: 307.7 t), compared to the previous year, we were only able to recycle 102.6 t (previous year: 147.6 t). Nevertheless, we

were able to keep the costs in 2021 well below the target value of EUR 25,000 (EUR 20,102.75). At our German locations, 265.0 t of waste (of which 0.9 t were hazardous) were produced (previous year: 0 t, adjusted for previous year: 0.3 t) (GRI 301-1). The proportion of hazardous waste fell significantly by more than 90 per cent compared to the previous year (GRI 306-2). There were no exports of waste in accordance with the Basel Convention (GRI 306-4).

5.5 Hazardous substances

99 hazardous substances are currently used at our sites (previous year: 135), 34 of which have no hazardous characteristics (previous year: 44), equating to 34 % (previous year: 33 %). Six hazardous substances are used at two or all locations.

The highest proportion of the 41 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 19 or 35 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).

OVERVIEW OF HAZARDOUS SUBSTANCES

Storage location	without dangerousness characteristics	with dangerousness characteristics	Totals
Berlin-Pankow location	6	35	41
Berlin-Adlershof location	5	14	19
Wittenberge location	15	20	35
Langenfeld location	1	3	4
Hennigsdorf location	0	0	0
Disposed-of materials	1	2	3
Documented locations	28	74	102

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).

5.6 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.

Water consumption at the Langenfeld site and the other six consolidation centres (854 m³), Wittenberge (548 m³), Adlershof (230 m³), Hennigsdorf (42 m³) and at the main site in Berlin (937 m³) totals 2,611 m³ (previous year: 3,072 m³). Measured in terms of hours of use, the reduced water consumption level is 3.28 litres per hour of use (previous year: 3.26 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(1) 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.

OVERVIEW OF SUBSTANCES HAZARDOUS TO WATER AS AT 31 DECEMBER 2021

WHC ¹⁾	0	1	2	3	Total
Number of substances ²⁾	12	63	17	7	99

WGK: Water hazard class according to WHG (Water Resources Act)
From the central directory of hazardous substances

Safe storage of substances hazardous to water

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.

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of Francotyp-Postalia Holding AG in accordance with the requirements of the CSR Directive Implementation Act (CSR-RUG)

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Glossary

A

Agile methods

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

Actuators

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

API

A programming interface.

App

Programme 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 infrared technology in this segment.

B-segment

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

BSI

Federal Office for Information Security.

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.

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

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 programmes 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.

Currency swap

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

DNA

Scientific: Deoxyribonucleic acid, carrier of 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 pool 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, as well as the unchanged nature of the message. Legally binding by European directive and German signature law in the form of the qualified electronic signature.

Embedded software

Software that performs 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 by electromagnetism.

End-to-end solution

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

ERP

Enterprise Resource Planning (ERP). 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, sales and materials management systems.

ESD

Electrostatic discharge.

F

Finance lease

A lease is classified as a finance lease if it transfers substantially 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 non-payment.

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 the 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 multicarrier selection, franking, parcel tracking.

FP Product Roadmap

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

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.

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.

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 prognosis for the next business year.

H

Hardware security module

External or internal computer accessories for encrypting and decrypting sensitive data.

Hybrid mail services

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

I

Industry 4.0

Term from the German government's High-Tech Strategy 2020, which postulates the fourth industrial revolution. In the succession of 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 January 2018. Special requirements must be met for this, including machine-readable postage paid impressions.

Inserter release

A new option to combine inserting and franking.

Intellectual property

The right to intellectual property.

IoT

Internet of Things. The Internet of Things when used in industry, synonymous with Industry 4.0.

Iteration

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

Y

Juconn GmbH

Since January 2019, we have acquired a 15% share in Juconn GmbH, enabling us to offer customers the full IoT added value chain.

K)

Connectivity

The ability of systems to connect to other systems.

Credit facility

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.

M

Mail Services

The Mail Services product area includes the franking service - the collection of unstamped outgoing mail and assumption of franking - and the consolidation service - sorting by postcode and posting at a Deutsche Post AG mail centre or alternative postal delivery service.

O

Operate Lease

A lease is classified as a finance lease if it transfers substantially 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

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 over 40 per cent and automatically swivels to adapt to the user, it is now possible to control functions using swipe gestures, as well as enter text and QR codes directly on the PostBase Vision.

PostBase 100

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 programmes.

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 collaboratively.

Start-up

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

Target operating model, which is the description of the desired state of an organisation's operating model.

Partial benefit 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.

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.

Transformation

Development of new digital business fields.

Triggering event

Causing event for an impairment test.

U

Upselling

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

W

White spot

"White spots", in the economy market 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 (WLAN). Wireless local data transmission network with short range. Internationally usually referred to as "WiFi".

Imprint

Imprint and Appendix

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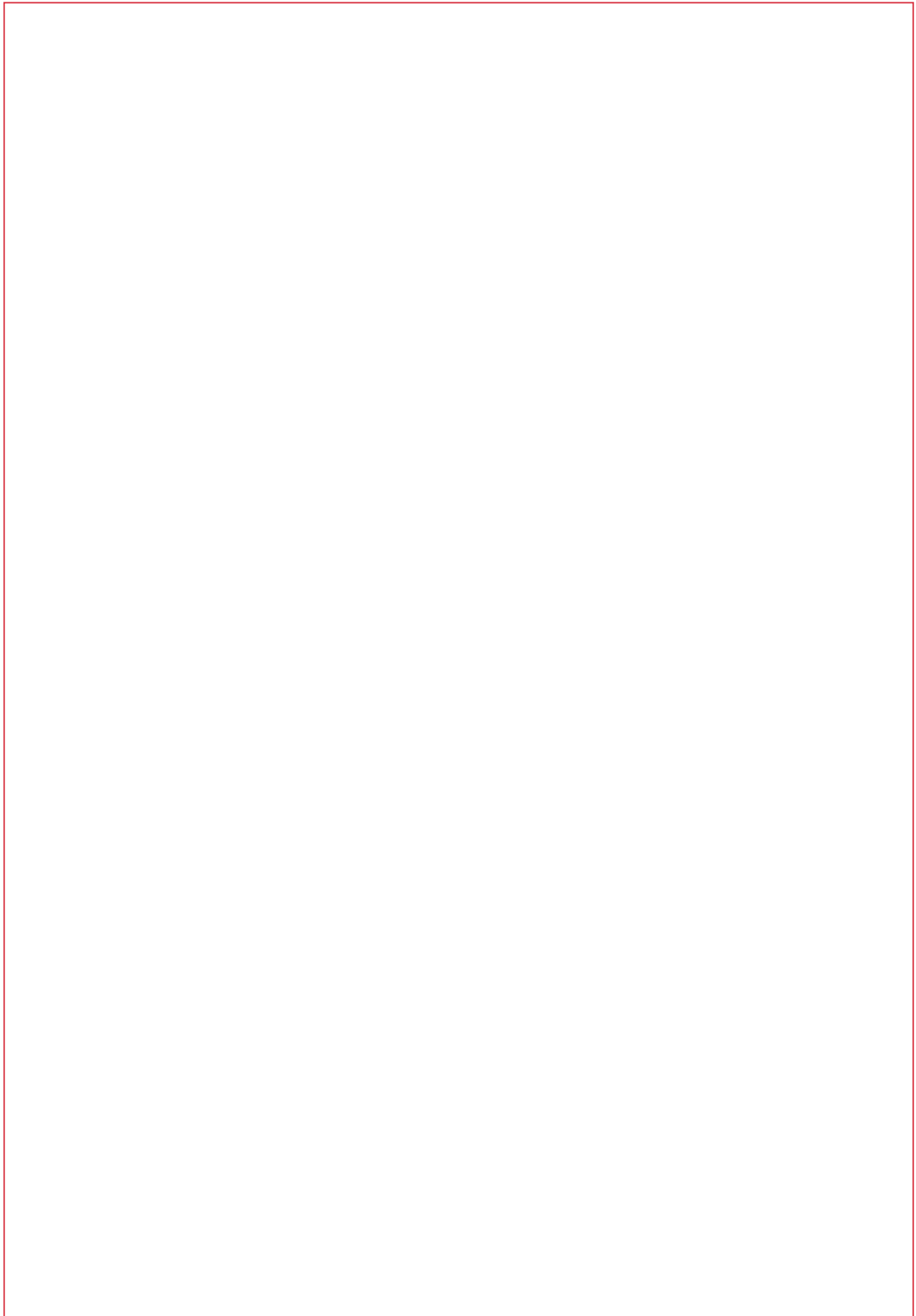
The sustainability index of Francotyp-Postalia Holding AG is attached to the report (GRI 102-55).

It is available for download as a separate document at
https://www.fp-francotyp.com/Nicht_finanzielle_Berichterstattung

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).

Notes







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