

**Responsible actions –
Sustainable growth.**



Welcome
to the Sustainability Report

of Francotyp-Postalia
Holding AG,
dated 31 December 2017

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The abbreviation "SA" refers to the topics of the materiality matrix that have been identified as essential.

1. Introduction

Sustainability,
Ladies and Gentlemen,

has long been embedded in our company on many levels. There are directives, guidelines, specifications for many important aspects – but:

It is our employees who practice sustainability day after day. They assume responsibility. Together with our customers they find new ways in which we can improve our products. They are committed to advocating new lamps and thereby reduce CO₂ emissions and our electricity costs. They are strongly involved in social initiatives. They oversee that we strictly observe legal requirements, quality standards, and environmental standards to the best of our judgment. They exchange information with authorities, politicians and other individuals at our locations. They review our suppliers – also with regard to their sustainability standards. They ensure the security of our information technology.

IT and data security is not a sustainability obligation for us, but our core competence! After all, we print money: Our franking systems convert more than one billion euros into letter postage every year. Our customers and the national postal companies entrust these funds to us. Because we demonstrate continuously that these money transferring data streams are secure.

Secure mail business and secure digital communication processes: We are experts in these fields. With our high quality we create trust among our customers and the basis for more intensive cooperation. We also build on trust-ba-

Responsible actions,
Sustainable growth

sed cooperation with our customers in our growth strategy known as ACT: We acquire new market shares in our core business. We provide support to our customers when they change from the analogue to the digital world. And we are currently transforming ourselves into a company that is undergoing dynamic growth.

And it is our employees who are driving this transformation forward! Together we create a culture of innovation, speed and collaboration, of thinking and acting together. With this “mindset”, with this attitude, we are going to become a new, larger, more successful company.

Sustainable growth is part of our responsibility as a globally operating corporate group: with respect to our employees, our customers and suppliers, our shareholders and to our social and natural environment. Growing in this way makes it easier and easier for us to remain in a position where we can meet this responsibility.

We don't just rest on our laurels, but instead pursue ambitious goals – for our growth, the increase in value of our company and the sustainability of our actions. The report we are presenting to you here not only documents our responsibility, but is also an incentive for us to make even further progress.

Come and join us on our journey!

Your
Rüdiger Andreas Günther (CEO/CFO)



1.1 Acknowledgement

Innovation, increased speed, team strengthening, a new togetherness in a corporate culture of recognition, commitment and joint action.

We would like to thank all our colleagues for providing their support, their ideas and their time in order to make our first Sustainability Report possible.

We can be proud of what we are and what we achieve – and we make use of our strengths for our common future.

What we have already achieved, we have achieved together – and together we are driving forward **FP**'s sustainable development.

ONE FP. Teamwork and Team works.

1.2 Francotyp-Postalia – an Overview

German Mailgeneering: Our claim sums up what sets us apart from the rest. It consolidates the information provided by almost 1,000 employees who have participated in the last 18 months in our Fit4Change Initiative – together with our partner Stärkenkompass GmbH – as well as the information from countless discussions with our international colleagues and the results of our market research.

Geneering is the development and modification of DNA, including that of a company, in order to give it a new character. Engineering skills are our field of expertise. German Mailgeneering therefore combines our history, origin and tradition with the future.

German Mailgeneering is associated with

- The global recognition of the German engineering skills
- Quality made in Germany, which is appreciated all over the world, trust and security
- Virtue and heritage
- Technical development and innovation
- The digital world, the inventive spirit and the strength of our engineers
- Enthusiasm and passion
- Our will to achieve transformation, our open-minded attitude to the world and our desire for something new

Almost 1,100 employees worldwide are dedicated to serving our customers. As an internationally operating corporate group which has its headquarters in Berlin and which is listed on the stock exchange, we – the company Francotyp-Postalia Holding AG (hereinafter referred to as **FP**) – can look back on 95 years of history and forward to new ways of digital communication.

We maintain 22 locations in Germany and operate with our own subsidiaries in a total of ten countries (GRI G4-9). Furthermore, we have our own dealer network that is represented in over 40 other countries.

Our business activities focus on products and services for efficient mail processing (franking and enveloping systems), the consolidation of business mail (mail services) and digital solutions (software solutions) for companies and public authorities.

FP develops and manufactures **franking systems**. With their help, customers can frank their mail automatically within a short time. This is not only efficient, but also reduces postage costs. We sell and rent out not only these systems, but also enveloping systems that automatically insert the printed letters into envelopes.

The after-sales business is the most important source of revenue. It generates recurring revenues from the sale of consumable materials such as ribbon and ink cartridges, as well as from services, software solutions for cost centre management and teleporto.

The sale and rental of the systems expand our base for the resulting recurring revenues.

Since the beginning of 2012 we have been manufacturing all of our franking systems exclusively in a modern, flexible production facility in Wittenberge in the German federal state of Brandenburg, which fulfils the highest quality requirements. Our own Service Part Center for the national and international dispatch of consumables and spare parts is also based in Germany.

Many of our customers with significant volumes of letters no longer want to frank them or simply have them delivered in the standard postal manner themselves. They decide instead to outsource these processes. We help our customers in this respect as well. In the **Mail Services** product area we collect the items to be dispatched from the customer and frank them if this has not already been carried out. All letters are automatically sorted according to the postcode/ZIP and delivered in grouped form to the respective Deutsche Post AG letter centre or alternative postal delivery providers. With eight sorting centres in Germany, **FP** is the leading independent consolidator of business mail in Germany. The largest **FP** centre for mail consolidation is located in Langenfeld near Düsseldorf – this is supported by seven other smaller centres, including Leipzig, Munich, Hamburg, Frankfurt and Berlin.

But some of our customers go even further: They also do not want to print their mail themselves. We are able to help them save costs in this respect as well and act in an environmentally friendly manner. The **Software Solutions** Division comprises hybrid mail services and solutions for all aspects of fully digital communication. Customers send their letters digitally while the highest security standards are maintained. **FP** highly efficiently takes over the printing, folding/inserting, franking and delivery to the post office – all from a single source (**FP** Outbound). The recipients then receive a classical letter under normal circumstances.

But it also works the other way around: **FP** Inbound supplements the Outbound service. **FP** takes over the incoming mail. Letters to the customer are received, digitised, analysed according to customer-specific criteria and sent to the customer's data or document system in electronic form. It goes without saying that these processes also meet the highest security standards. This also includes the offer of permanently storing all customer correspon-

dence and securing the digital documents with highly developed encryption and signature software. The product of the future in this field is **FP Sign**, a cloud-based solution for the legally-compliant digital conclusion and exchange of contracts and documents (GRI G4-3, GRI G4-4, GRI G4-5, GRI G4-6, GRI G4-7, GRI G4-8).



Figure 1: Locations in Germany

Francotyp-Postalia Holding AG
Francotyp-Postalia GmbH
FP Sales and Services GmbH
FP Direct Sales GmbH
FP InovoLabs GmbH 13089 **Berlin**

FP IAB – Internet Access GmbH
(Production) 12489 **Berlin**

FP IAB – Internet Access GmbH
(main office) 12489 **Berlin**

FP Manufacturing company mbH
& Co. KG 19322 **Wittenberge**

freesort Langenfeld
40764 **Langenfeld**

freesort Frankfurt
60437 **Frankfurt**

freesort Weinstadt
71384 **Weinstadt**

freesort Munich
80807 **Munich**

freesort Hamburg
22459 **Hamburg**

freesort Pattensen
30982 **Pattensen**

freesort Leipzig 04256 **Leipzig**

FP Hanse GmbH 28832 **Achim**
till 31. December 2017

Mentana Claimsoft GmbH (main
office) 15517 **Fürstenwalde**

Mentana Claimsoft GmbH
(branch)
31162 **Bad Salzdetfurth**

FP Sales and Services GmbH
(branch)
17034 **Neubrandenburg**

FP Sales and Services GmbH
(branch) 01069 **Dresden**

FP Sales and Services GmbH
(branch) 20097 **Hamburg**

FP Sales and Services GmbH
(branch) 40472 **Düsseldorf**

FP Sales and Services GmbH
(branch) 24105 **Kiel**

FP Sales and Services GmbH
(branch) 34131 **Kassel**

FP Sales and Services GmbH
(branch) 99091 **Erfurt**

freesort Düsseldorf **Düsseldorf**



FP | mentana
claimsoft

FP | FREESORT

FP | IAB

FP | INOVOLABS

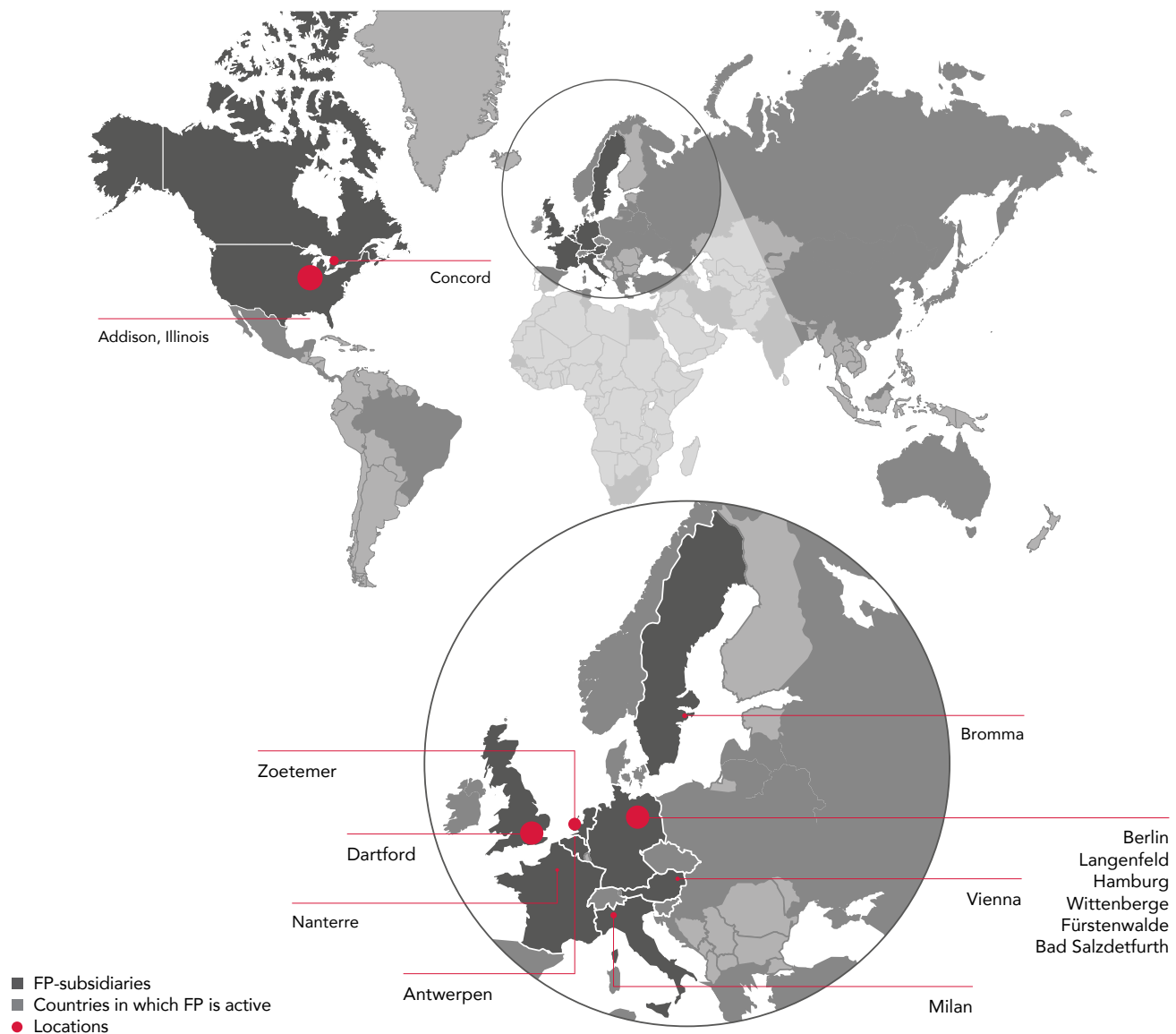


Figure 2: International FP subsidiaries

FP Overview

- 22 locations in Germany
- Subsidiaries in Germany, the USA, Canada, Great Britain, the Netherlands, Belgium, France, Austria, Italy and Sweden
- International dealer network in over 40 countries
- 95 years of company tradition and experience
- More than 1,000 employees
- Around 35,000 machines of the new PostBase series (PostBase Mini, PostBase Classic, PostBase One) produced in 2017
- 1,900 spare parts and consumables held in stock
- A total of 290,000 franking systems produced since the opening of our new works in Wittenberge in 2012
- 25 different country variants at PostBase
- More than 2,500 patents
- More than 199 million processed letters in the Mail Services Division at the locations of the FP subsidiary freesort
- More than 64 million printed and processed pages at the FP subsidiary IAB

As a German stock company, **FP** is subject to German stock corporation law. **FP** therefore has the governing bodies of the Management Board, Supervisory Board and Annual General Meeting. The management of the company is based on close and trusting cooperation between all governing bodies and a lively and continuous flow of information between them. Shareholders can submit questions to the management of the Group and exercise their voting rights in particular at the Annual General Meeting. As stipulated in the Articles of Association, the Supervisory Board of Francotyp-Postalia Holding AG consists of three members. They are elected by the Annual General Meeting. The Supervisory Board elects the Chairman and a Deputy Chairman from among its members.

The Supervisory Board has set up its own rules of procedure. It stipulates the manner in which the highest supervisory body operates (GRI G4-34). Potential conflicts of interest are queried before the nomination of an individual for election to the Supervisory Board (GRI G4-41). We refer to the Group Management Report (GRI G4-51) for a detailed overview of the remuneration of the members of the Supervisory Board.

The Management Board currently consists of one Chief Executive Officer (CEO) and two further members of the Management Board. The Board manages the company with the aim of creating sustainable value on 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 G4-35, GRI G4-38).

In accordance with the rules of procedure issued by the Supervisory Board, the Management Board directs the company's business with a sustainable focus – with uniform plans and guidelines. The Management Board bears joint responsibility for the entire management of the Group (GRI G4-39). Within the framework of their overall responsibility for the management of the Group, the three members of the Management Board work together in a spirit of collegiality and trust for the benefit of the company in their respective areas of responsibility.

Rüdiger Andreas Günther, the CEO and Chief Financial Officer (CFO), is responsible for the areas of Strategic Business Development, Corporate Communications/Investor Relations, Public Relations, Finance/Accounting/Controlling/Tax/Treasury, Human Resources/Legal/Compliance, Mergers & Acquisitions and Production/Purchasing.

As the CSO, **Thomas Grethe** is responsible for the Franking and Folding/Inserting business field (Germany Sales, International Sales, Product Management) as well as Strategic Marketing/Brand Management and Internal Auditing.

Sven Meise is responsible as the CDO for the business area of Digital Solutions for Mail Services and Software, Product Portfolio Management, Business Development, Information Technology, Research & Development and Quality.

The Management Board develops the orientation of the company, coordinates this with the Supervisory Board and plays a decisive role in defining sustainable corporate development (GRI G4-42).

The Management Board ensures strict compliance with the legal regulations and internal company guidelines – not only at Group level, but also at the respective Group companies. It has set up an appropriate Opportunities and Risk Management System. It monitors this on an ongoing basis through appropriate controlling measures in order to identify not only possible hazards, but also potential opportunities in advance. In this way it is able to take measures if necessary to take advantage of the opportunities and counteract the risks.

Assuming responsibility in the areas of sustainability – economic, ecological and social aspects – is part of our Group-wide conviction and forms the basis for all decisions. We assume responsibility for products and processes, employees, customers and partners in the same way that we do for the environment and society. In doing so, we maintain an open approach and are in continuous dialogue with our stakeholders.

Details on our Corporate Governance can be found in the Group Management Report and in the other reports, including the report of the Supervisory Board (GRI G4-38), in the Group Declaration on Corporate Governance and in the Corporate Governance Report, as well as in the Opportunities and Risks Report.

FP generated a Group turnover of 206.3 million euros with an EBITDA of 26.3 million euros in the past fiscal year (GRI G4-9).

Detailed explanations of the company's key financial data, as well as the important changes during the reporting period with regard to the size, organisational and ownership structure of the company, including possible changes to the location or changes with respect to the business activities, 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 G4-13).

The Sustainability Report is now published annually as a separate report – together with the respective Business Report. The most recent reports were in the 2016 Business Report in the Chapter on "Environment and Social Commitment" and in the Environmental Protection and Occu-

pational Safety Report. The contact person for the field of sustainability is Dr. Joachim Fleißing, Head of Investor Relations (GRI G4-28, G4-29, G4-30, G4-31).

1.3 ACT Growth Strategy

Is the market for franking systems a dying market? Is **FP** no longer able to grow with its systems? Are we being overrun by digitalisation? No, no and once more, no.

We asked ourselves these questions in 2016. We analysed markets and trends, thoroughly evaluated our qualities and opportunities and developed a new strategy. This disproves the myths that circulated about our market and our business and opens up new perspectives for us for sustainable corporate development. In November 2016 we presented them to our employees and the public. ACT has ushered in a new era that makes **FP** a dynamic and profitable growth company.

ACT: The name of the strategy stands for **Attack, Customer Journey** and **Transformation**. The strategy is focused on revenue growth and increased profitability. It also comprises measures to increase our efficiency and implementation strength in all areas with the four priorities of: finance, human resources, sales and digitalisation.

Attack: Expansion of the customer base and increase in the market share in the core business

The core business of **FP** with its franking systems has more growth potential at its disposal than had been assumed in the past. Indeed, the market for franking machines is undergoing considerable changes as a result of the increased use of email. More and more companies are replacing large systems for high volumes of letters with smaller systems. This represents a special opportunity for us because our strength is smaller franking systems in particular. We are excellently positioned in this market segment and continue to invest in Research & Development. The 2016 fiscal year already showed which opportunities open up in this market segment. However, the upward trend also continued in 2017. Currency-adjusted revenue in the franking segment grew by 2.8%, with the revenue from product sales even rising by 7.1%. We have an installed base of around 225,000 franking systems and are the world's third-largest company in this field, with a market share of approximately 11% in the franking machine market.

With the innovative PostBase range we are ideally prepared for changing customer requirements. With a targeted market development strategy, particularly in the USA and France, we now intend to successively acquire further market shares in our core business and expand our customer base. In addition, we plan to expand our range of ser-

vices with additional innovative products and services, for example in the area of small parcels and parcel shipment.

Customer Journey: Developing new solutions and services for existing and new customers

FP is anticipating the changing customer needs and developing into a companion for the digitalisation of processes relating to incoming and outgoing business communication at companies and public authorities. Existing services of the subsidiary **IAB** are being systematically expanded for this purpose with the help of the nationwide sorting centres of the **FP** subsidiary **freesort**. This is resulting in the creation of digitalisation hubs for incoming mail. We are strengthening our market position with additional innovations. The product pointing the way towards the future is **FP Sign**, which was introduced at CeBIT 2017.

Paradigm shift at FP

FP can take advantage of the segment shift in favour of smaller systems. We can further expand the existing customer base of around 200,000 companies. At the same time, the opportunity is opening up to accompany every existing customer and every new customer on the path to digital transformation. In addition to the classical dispatch processing, we offer our customers products and services for all aspects of digital communication. Overall, this results in stronger customer loyalty and higher, sustainably profitable growth per customer.

Transformation: Development of new digital business fields

If we want to accompany our customers on their way from the analogue to the digital world, then **FP** also has to change. What does this involve? It involves, for example, the implementation and use of new, agile innovation methods. With these we are able to position ourselves better and faster in strategic terms and adapt our core business to the changing needs of our customers. As a result, we explore and test future markets, products and business models. All these initiatives are based on **FP**'s own DNA (cryptography, sensor systems, actuating elements, connectivity). This then opens up further strategic options for the transformation of **FP**.

Digitalisation is taking place step-by-step

Digitalisation is proceeding rather hesitantly, particularly in the area of communication and document processes. The reason for this is that customers are uncertain about how they can use digital media and communication channels in a meaningful and efficient manner. Many companies are sticking to tried and tested processes and media for confidential information. They mainly use email only for sending simple correspondence.

Digitalisation in our market generally takes place in three stages:

1. Digitalisation of incoming mail
2. Production and processing of outgoing mail
3. Complete digital document and transaction management

The digitalisation of these areas is therefore carried out successively. In most cases it does not result in exclusively digital communication and document processes being created overnight from the paper-based processes which were previously completely analogue. Instead, both communication channels run side by side. Digitalisation therefore does not lead to a disruptive change in the market, but results in a longer transformation process taking place at the customer end.

1.4 Sustainability strategy and its management – Practising sustainability

Sustainable action and the assumption of responsibility for all employees, customers and partners as well as society are the basic idea underlying daily activities. An Integrated Management System ensures the continuous improvement of the services to the benefit of customers and the protection of employees and the environment. The important aspects include:

- 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

In the period from 2004 to 2016 we introduced certified management systems for our German locations that cover aspects such as occupational health and safety as well as environment, energy, quality and information security. 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 the basic standards and is certified according to them.

Sustainability as an Ambition and Mission

The regular certification of the Integrated Management System in accordance with the corresponding standards clearly illustrates the great importance placed on the topic of sustainability – also with respect to customers.

Integrated Management System

Our certified Integrated Management System (ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2007, ISO 50001:2001, ISO/IEC 27001:2013) is the responsibility of Sven Meise, who is a Member of the Management Board.

It is managed by the relevant Department “Integrated Management System Controlling”, responsible for quality, environment, energy, occupational health and safety and information security. Responsibility for the associated tasks lies with the representative for the Integrated Management System (IMR), who has also been appointed the Energy Management Representative (EMR) of Franco-Typ-Postalia Holding AG for the German locations. His task is to monitor first and second party audits, reports of results and findings in accordance with requirements relevant in terms of quality, energy, environmental, occupational safety and information security.

The findings of process documentation controlling, regular plant inspections, meetings of the Occupational Safety and Environmental Protection Committee, relevant information security reports, customer and certification audits as well as other reports on environmental protection and occupational health and safety are constantly monitored and updated on the basis of proof of completion and effectiveness.

The Integrated Management System is monitored centrally with the identified internal and external stakeholders. For this purpose, an overview of all system aspects, the important legal fields and the strategic and annually updated operational targets is maintained. Ongoing controlling ensures that all opportunities and risks are checked and processed.

This is then taken as the basis for the preparation of corresponding quarterly reports and an annual Management Review – in cooperation with the Management Representative – which present the strategic and operational targets and measures to be initiated.

The Integrated Management System also supports efficient communication and promotes an open information policy towards our employees, our customers and our suppliers.

The above is brought to life by our committed and dedicated employees. We continuously raise their environmental and security awareness through corresponding information and training courses.

Even at the product development stage, we pay attention to environmental protection and the conservation of resources. The PostBase franking system, our most important product range, satisfies the very latest requirements placed on environmentally-friendly franking. The innovative system is considerably lighter compared to predecessor and competitor products, while components can be reused and all of the plastics used are labelled accordingly.

In terms of energy consumption, PostBase meets the strict requirements of version 2.0 of the US Energy Star

environmental standard. Additionally, our customers can dispose of used ink cartridges in an environmentally-friendly manner or recycle them.

The **FP** subsidiary **Mentana-Claimsoft** was one of the first companies in Germany to receive TR-RESISCAN certification in 2016. Once a process has received this certification, users can scan in previously archived documents and then destroy the paper without the document losing its evidential value.

The British subsidiary Francotyp-Postalia Ltd. had its quality management system certified according to BS EN ISO 9001:2008 and its environmental management system according to BS EN ISO 14001:2004 in 2015. Compliance with and the guarantee of environmental standards were also audited in 2017 by certification according to the “Transform WEEE Compliance” scheme.

With the ACT growth strategy – and in order to meet its own requirements with respect to sustainability – a separate sustainable team was set up in 2017 and the introduction of a corresponding Sustainability Management System adopted (GRI G4-37). The resulting findings and questions are also discussed and debated by the committees set up for this purpose, as well as at the meetings of the Management Board and Supervisory Board (GRI G4-36, G4-43, GRI G4-48).

In order to make sustainability reporting comparable at all levels and reliable for the coming years, we have decided to take as our basis the standards of the Global Reporting Initiative (GRI) (GRI G4-15) and report in the “Core” compliance option (GRI G4-32). No external audit of the report by an auditing company or any other institution has been carried out (GRI G4-33). It has been reviewed by the Supervisory Board in accordance with Section 171 of the German Stock Corporation Act (AktG).

1.5 Stakeholder Management

With the ACT growth strategy, the focus has been increasingly on the needs and expectations of the stakeholders. Accurate knowledge of these needs and expectations is a key prerequisite for our corporate success, as they not only shape our sales markets, but also determine the regulatory framework conditions and our reputation as a Group. That is why we seek and maintain the dialogue with our stakeholders at Group level as well as locally in the regions in which we operate. Our stakeholders include analysts and investors, employees, customers, neighbours, suppliers, partners, politicians, public authorities, science and non-governmental organisations – a network of relationships that is growing to the same extent as our market presence (GRI G4-24, GRI G4-25).

The whole of **FP** with all its subsidiaries and Group Divisions maintains a close dialogue with all its stakeholders in order to develop and maintain a good and close partnership. Furthermore, the Group Divisions and subsidiaries initiate a networking process as soon as cross-divisional issues arise. Examples of this include the development of new franking systems or digital products and services.

Four significant stakeholder groups are our employees and customers, the respective legislators and organisations, as well as the general public.

Our Employees

Our employees are the source of our innovation and added value for our customers. They are the driving force behind the growth and profitability of our company. Corresponding attention must therefore be paid to the advancement of our employees. This includes a series of measures to which our company has committed itself specifically with the ACT growth strategy. Regular employee surveys and a close dialogue with our employees as well as employee-friendly framework conditions are indispensable premises for our success. We are still at the beginning, but are certainly aware of this responsibility.

Our Customers

With the introduction of our ACT growth strategy, the focus on our customers has increased even more than before. It is our declared aim to focus more strongly on the changing communication processes of our customers and not only to accompany them on their customer journey, but also to advise them with foresight. In this respect, we plan the regular exchange with our customers either in agile development processes or through the classic medium of carrying out customer surveys and market analyses.

Legislators and Organisations

The market in which we operate is still strictly regulated and we have to meet the specifications of the regulatory authorities. This requires a regular and close exchange with the authorities and institutions concerned.

Of course we also maintain relationships with industrial associations and other social organisations. In addition to the Bundesverband Briefdienste e.V. and the Competence Center für die Elektronische Signatur im Gesundheitswesen e.V., we support the Stifterverband für die Deutsche Wissenschaft, the Berlin Partner and the Allgemeine Verband der Wirtschaft für Berlin and Brandenburg e.V. At BITKOM e.V., **FP** is a strategic partner and active in a large number of work groups. We were also represented in the Cybersicherheitsrat e.V. (Cyber Security Council Association) until the end of 2017 (GRI G4-16). Within the framework of FutureConvention, **FP** has been honoured for over 40 years of membership of the Deutscher Verband

für Post, Informationstechnologie und Telekommunikation e.V.. In the summer of 2017, **FP** signed the crypto-charter of the German Government's National IT Summit. With the Digital Agenda, the Federal Government aims to strengthen security and protection on the Internet in such a way that digitalisation can develop its full potential for German society and the economy.

General Public

As a company that is listed on the stock exchange, it is more than just a duty for us to maintain a very good relationship with our investors. We also go far beyond the requirements imposed on us by law or stock exchange regulations in our relationships with the media. Such intensive and positive exchanges serve in any case the purpose of developing and constantly optimising ourselves in the sense of ACT.

The exchange between the stakeholders and the controlling bodies is regulated via the reporting system. The individual subsidiaries and Group Divisions report regularly to the Management Board, which in turn reports to the Supervisory Board at least four times a year (GRI G4-37).

1.6 Aspect Boundaries and Definition of Report Contents

After the foundation of our sustainable team, various intensive discussion rounds were held to define the aspect boundaries and contents of the reports.

Taking into account the interests of our stakeholders, a total of 54 different topics from the fields of company, customers, employees, products, environment and society were analysed in the first step (GRI G4-18). They have been brought together into 27 subject areas (SA) which are to be regarded as significant (GRI G4-19, GRI G4-27) and on which comprehensive reports are submitted in the following sections. The derivation of aspect boundaries and the use of such material aspects is also a requirement of the Integrated Management System of **FP** (GRI G4-22, GRI G4-23).

In a further step, we plan to conduct a survey among selected stakeholder groups in order to compare the sustainability reporting and structure the dialogue even more closely (GRI G4-26).

2. Sustainable Development for our Future

2.1 Sustainable Increase in Company Value (SA 1)

The different stakeholders view the value of the company from different perspectives.

For our shareholders, the main focus is on the overarching success of the company with appropriate reflection in the stock market price and in the dividend policy. They expect their investment to pay off through an increase in the market valuation determined by the stock market price of their share certificates and, at the same time, through the distribution of shares in the company's profits. The entire company is primarily and crucially committed to its shareholders.

The development of the stock market price and therefore the company value is monitored every day. However, it is also dependent on external factors, such as the general capital market environment, which are beyond the company's control.

However, good corporate governance is the essential factor in meeting the expectations placed on us over the long term, increasing revenue and profits and increasing the value of the company. Sustainable and good corporate governance is documented in the successful control systems of **FP** and in all of the areas identified in this report. Corporate management is successful if it fully satisfies the expectations of all stakeholders.

2.2 Strengthening of the Market Shares (SA 2)

The aim is to sustainably strengthen our market shares. Our growth strategy in our core business is clearly defined. We will significantly strengthen our activities in the most attractive markets worldwide, namely the USA and France. Nevertheless, we also want to further improve our leading role in our home market of Germany and go on the attack in other markets. We offer a large number of innovative products that are of equal interest to companies and public authorities. Our product portfolio comprehensively covers the needs of our customers.

With a market share of around 11%, we are number 3 worldwide. This means: 89% of the market can still be conquered.

The development of our market shares is constantly monitored. This is part of the sales management process.

At the same time, expanding our customer base opens up ways to offer our customers further products and services. With the ACT growth strategy we will be accompanying them on their path to digital transformation. As a result, we will be making an important contribution to the company's revenue.

In this way the strengthening of the market shares tends to have positive effects – also for other important factors such as customer satisfaction and job security.

2.3 Compliance (SA 3)

The Management Board is responsible for ensuring compliance with the legal regulations and internal company guidelines and works to ensure that they are observed by the Group companies. Compliance issues are regularly discussed between the Supervisory Board or the Chairman of the Supervisory Board and the Management Board. Our corporate culture is characterised by a sense of trust and mutual respect, as well as the will to strictly comply with laws and internal regulations. This is not only a self-evident obligation, but also fulfils the expectations of all stakeholders.

Nevertheless, legal infringements through individual misconduct can never be completely ruled out. Employees and third parties have the opportunity to report misconduct within the company. Due to the organisational effort that would be involved, a system that allows the possibility of providing information in a protected form (whistleblower system) is not implemented. We do everything in our power to minimise the risk of legal infringements as far as possible and detect and consistently follow up such misconduct. Compliance with legal and ethical rules and principles is of key importance. The rules and principles are laid down in the Compliance Guideline (GRI G4-SO4), as is the responsible handling of insider information.

The extent and intensity of our compliance activities are based on a Group-wide risk analysis, which is carried out every six months, and on any current events that may occur (GRI G4-SO3). The risk of individual infringements is minimised through ongoing information and training measures. Any misconduct that is uncovered is followed up immediately and consistently. The company's internal Compliance Guideline serves as a yardstick for all employees to behave with integrity in their business dealings. Executives and employees receive regular training on the Compliance Guideline.

Together with external service providers, audits are carried out to ensure compliance with further legal requirements.

To our knowledge, there was not a single case of corruption in 2017 (GRI G4-SO5). However, in the second quarter of 2017 we were affected by fraudulent actions in the recording and settlement of letter volumes in the time-critical consolidation business. We have reviewed the efficiency, quality and stability of the processes in the interests of our customers and partners in the Mail Services and Software Divisions and implemented measures to avoid the reported risks.

2.4 Risk and Opportunity Management System

Our risk and opportunity management system serves to identify, recognise and limit opportunities and risks at an early stage. As a fundamental rule, our risk and opportunity policy is geared to securing the continued existence of our company on a sustainable basis and continuously improving our competitiveness. The detailed Risk and Opportunity Report can be found in the [Group Management Report](#).

Our risk and opportunity management system is integrated into the value-oriented control system and the existing structures in order to identify and evaluate possible signals at an early stage. This is derived from the strategic aims. 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. With regard to the risks, a monitoring system has been set up in accordance with Section 91, para. 2 of the German Companies Act (AktG). This system also serves to identify early any risks that could threaten the existence of the company. We consider our risk management to be a continuous and ongoing process.

In addition, risks identified during the year that have a high probability of occurrence and a high potential extent of damage are immediately communicated to the Management Board within the framework of appropriate reporting lines. The early identification system for risks and opportunities is evaluated by the auditor of the annual accounts within the framework of the audit in order to ensure that the system is suitable for the timely identification, assessment and communication of all risks which potentially endanger the existence of the company (GRI G4-45). In the 2017 reporting year the risk assessment procedure was changed. In order to distinguish the risk management system more clearly from the monitoring system pursuant to Section 91, Para 2 of the German Companies Act (AktG), the risk groups have been re-defined. Overall responsibility for the risk and opportunity management system lies with the Management Board. The Management Board is informed about the current risk situation of **FP** by the Risk Coordinator and orders further

measures if necessary. After the Management Board has adopted the Group Risk Report, it is submitted to the Supervisory Board.

On behalf of the Management Board, the Risk Coordinator monitors the implementation of a uniform risk strategy and methodology, the identification, analysis and evaluation of opportunities and risks, and the subsequent realisation of opportunities and risk treatment. He is supported in this by recipients of the report. All recipients of the report form a committee that reaches an agreement at regular intervals on the identification, analysis and evaluation of opportunities and risks (GRI G4-46). Report Managers from the following group of individuals are appointed to monitor, evaluate and report on the opportunities and risks: Managing Directors of the domestic and foreign companies, Divisional Managers and representatives of the implemented management systems.

The Report Managers identify the opportunities and risks in their subject field and are responsible for realising the opportunities and avoiding the risks (GRI G4-44). To this end, the Risk Coordinator sends them a request to report opportunities and risks every six months. For their subject area, the Report Managers develop suitable options for dealing with the identified risks, which are evaluated by the recipients of the reports and decided upon by the Management Board.

All legal and all business, operating, financial and IT risks and opportunities are inventoried twice a year at **FP** (GRI G4-47). The risks recorded are assessed according to the potential amount of loss or damage and the probability of occurrence, depending on whether they are important and, if appropriate, whether they jeopardise the existence of the company. These risks are recorded separately and monitored further. In order to obtain meaningful information about which risks can be significant, all risks are divided up into five different classes (1 to 5) according to their probability of occurrence and the level of the potential loss or damage.

A total of eleven significant individual risks (A) were identified as of the balance sheet date. Seven of these risks are so-called key risks (A1), the occurrence of which would probably endanger the existence of the Group (GRI G4-2).

3. Customer Service par Excellence

Our customers are the focus of our activities. We develop new solutions and services along the Customer Journey.

**ACT – we act from the customer's point of view.
ACT is curiosity – about new ideas, new solutions,
new people.**

Around 35,000 franking systems of the new PostBase series produced in 2017 and more than 200,000 supported companies represent a very large number of tasks and challenges that we face every day within the context of corporate sustainability. We strive for long-term and successful business development, while at the same time making a positive contribution to sustainable development. This is exactly where our ACT growth strategy comes in.

3.1 Focus on the Customer (SA 4)

Customer first: Our work is always customer-oriented. This is why we have been successful on the market for over 95 years. But we want to get even closer to the customer. Every day we work to inspire existing customers and convince new customers of our solutions.

Customer needs will change and we are prepared for this. We are developing into a companion for the step-by-step digitalisation of processes associated with incoming and outgoing business communication at companies and public authorities. With our subsidiaries **IAB**, **freesort** and **Mentana-Claimsoft**, we are excellently positioned to play an active role in shaping the digitalisation process in our industry.

Customer Journey

81% of companies continue to use business letters for confidential and important communications. Nevertheless, there is a growing demand for digital alternatives. Many companies are uncertain about the confidentiality, security and binding nature of digital solutions. 53% of companies do not yet use the potential of digital alternatives, although 66% of companies see their optimisation potential to lie in the digitalisation of incoming mail. We will seize this opportunity (www.fp-francotyp.com/efficiency-report).

We have the expertise to develop solutions along the Customer Journey and support our customers with the realisation of these optimisation potential.

We place our customers at the centre of our activities and support them in the analogue and digital world with innovative solutions.

The most important product in the mail processing sector is our PostBase range: The range extends from a small system for beginners to professional franking systems. The classic entry-level model is the PostBase Mini for companies with small mail volumes. With the PostBase models and PostBase One, the PostBase product range offers the ideal solution for medium and high letter volumes in day-to-day business. We have the right solution for every requirement.

3.2 Distinctive Service Quality (SA 5)

We are well positioned in the service sector at the national and international level to deal with the large number of companies we support and all of the various franking and enveloping systems. Approximately 50 countries are looked after in total by international support.

**FP – we have been writing the future for 95 years.
The vision for our own future:
We make life easier for our customers with our innovative and efficient products and services and give them time for their core business.**

Not only in Germany, but also abroad, every customer has the opportunity to contact our service hotline (First Level Support). In Germany we have a total of 15 employees to provide support to our customers in resolving any issues. For more complex questions, the service hotline can in turn call upon the national Second Level Support for assistance. Additionally, the national service can turn to the international Third Level Support which – if necessary in connection with the Development Department – will find a solution as quickly as possible. It takes many years of experience to acquire the in-depth and product-specific expertise required for this, as we offer a wide range of products in the form of 20 different models of franking systems for which we provide support and 15 models of enveloping systems in various age groups.

The Second Level and Third Level Support also support Product Management with invitations to tender and the acquisition of postal licences in the respective countries. Third Level Support is also responsible for creating service documentation (approx. three per year for franking systems and two per year for enveloping systems, including corresponding updates) as well as the creation of service bulletins (approx. 50 per year for franking systems and 20 per year for enveloping systems, including corresponding updates). 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.

In order to offer a smooth customer service, we maintain a dense network of technicians in Germany, with a total of 45 technicians who support the customer in the event of technical faults that cannot be rectified by our service hotline or on-site maintenance. If a technical specialist is required, he or she will be on site within a few hours in order to quickly rectify any defect. In some countries, our trading partners are responsible for this service.

In Germany, the USA, the United Kingdom, Sweden, the Netherlands, France and Italy we have our own central workshop in each case, which makes it possible to repair

franking machines and inserters if this cannot be carried out by a technical specialist on site.

On average, 1,700 franking machines and inserters are repaired, maintained or appropriately scrapped and recycled because of their age in Germany every year. In the event of a repair, customers have the option of using a rental machine for the duration of the repair, which is delivered within 24 hours and collected again from the customer after return of the original machine in order to ensure high-quality service.

The German Service Part Center stocks more than 1,900 different spare parts and consumable items, among other things. The entire global market is supplied from here – with ink cartridges, ink ribbons, envelopes, spare parts and labels. We always strive to ensure the fastest possible delivery.

With the introduction of our international collaboration platform, we have created the ideal preconditions for opening up global opportunities for knowledge transfer between the technical specialists. 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 folding/inserting. Through our train-the-trainer concept we are able to design the training courses locally very individually and therefore ensure their sustained success.

Furthermore, regular customer satisfaction analyses are carried out in the countries in order to optimise the quality of our customer service and customer satisfaction and adapt our products to customer needs. An engineering change management process is used to convert customer inquiries concerning existing products into specific product improvements. Within the framework of new product developments, customer surveys and usability tests on user-friendliness are carried out in order to take customer needs optimally into account.

3.3 Complaint Management (SA 6)

Complaints are expressions of dissatisfaction expressed by customers to FP with which our customers draw our attention to conduct that they perceive to be disadvantageous. They would like redress for impairments from which they have suffered and/or to bring about a change in the criticised behaviour. We do not differentiate between claims and complaints as defined by German law if these do not have any legal relevance and treat both equally.

Service and complaint management are designed for the purpose of maintaining, restoring and improving customer satisfaction, minimising any potential negative effects of customer dissatisfaction, identifying the indications of weaknesses and opportunities contained in the complaints and making use of them to carry out continuous improvements.

The documentation of complaints also creates transparency with regard to measures that have been initiated and implemented within the framework of complaint processing. It enables targeted communication with the customer, creates clarity and avoids duplicated and incorrect work.

Employees to whom a complaint is submitted are either responsible for its immediate resolution or for forwarding it to the relevant specialist department. They 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 a total of nine different areas for the acceptance of complaints and their processing.

We manage and control all customer complaint data ourselves – from its collection and processing to the final 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.

Complaints about quality are managed and evaluated in our [Quality Management System](#).

3.4 Information Security and Data Protection (SA 7)

The use of data and information technology is indispensable for our company's activities. We know that data security is a major challenge, no matter what types of data are being used. For this we use a certified Information Security Management System (ISMS).

The Company and Compliance Guidelines for Information Security and Data Protection apply not only to our German locations, but worldwide. Under the guidance of the Management Representative (MR), the Chief Information Security Officer (CISO), the information security level is ensured with the support of the Emergency Representative (ER), the Information Security Officer (ISO) responsible at the Berlin locations and the Security Officers

working there. Furthermore, local Emergency Representatives (ER) and additional IT Security Officers (IT-SO) responsible for the IT Division work at the Berlin locations.

The Management Board at Francotyp-Postalia Holding AG is aware of the increasing threat posed by cyber attacks and also takes over the management of and responsibility for this area, as required by the German IT Security Act (BSI Act) for cyber security. Within this context, IT security measures have been implemented in order to ensure that the management is called in immediately in the case of any security incidents.

In cooperation with the company's Representative for the Integrated Management System (IMR), the Information Security Management System of the **FP** subsidiary **IAB** at the Berlin-Adlershof location was certified in accordance with ISO/IEC 27001 back in 2016. Thanks to the close cooperation between the Information Security Representatives, the Management System is networked throughout Germany. In the coming years it will be continually developed in the interests of our stakeholders and comprehensively certified in accordance with ISO/IEC 27001. In addition, **Mentana-Claimsoft** holds an IT security certificate from the German Federal Office for Information Security (BSI) for the operation of its De-Mail infrastructure.

Protection of Personal Data

We take extensive precautions in order to protect personal customer and employee data. Various processes and rules for the protection of personal data have been defined for this purpose. Based on these processes and the Compliance Guideline, we have set up a system for the protection of personal data.

All employees are regularly trained and instructed on the subject of data protection and information security by the corresponding Data Protection Officer.

If it becomes apparent that information (including personal data) has become known to unauthorised individuals – or if it must be assumed that this may have happened – a security message is sent to the ISO team. The ISO team (CISO, ISO, IT-SO) will then immediately carry out a check of the facts and impacts and initiate appropriate measures.

Security incidents are divided up into three categories (low, normal, critical) by the ISO team and listed in the quarterly IMS report. Compared to the previous year, the reference value of reported security incidents was reduced from 12.7 to 7.2 in 2017. No data leaks were detected in 2017. To our knowledge there were no cases of data theft or losses, although there was a complaint about a lack of data protection and data security. Customer data was not

affected. In 2017 there was no known infringement of privacy resulting from unauthorised use or backup of data (GRI G4-PR8).

4. Value Creation, Quality and Products made in Germany

4.1 Product Quality and Product Safety (SA 8 and SA 9)

The quality and safety of our products plays an outstanding role for us in several respects.

Quality and safety are the basis for the economic success of the company. Guaranteeing these aspects at all times is therefore the subject of extensive internal regulations which are continuously reviewed and updated and compliance with which is monitored in defined processes.

This means that we satisfy the requirements of key stakeholders:

1. Our customers expect in particular a high performance level, 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 that our products must comply with at all times.

It is therefore an essential objective to take account of quality and security during the product development stage so that they are smoothly integrated into the process. This enables us to achieve short development and approval times, rapid implementation in production and commissioning by the end customer with as few problems as possible.

Made in Germany: The legend lives on – worldwide.

During the development of the currently successful Post-Base product range in its various forms, we also surveyed the demands of our customers through an extensive survey which was conducted with the support of external consultants. 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 requirements specifications that were integrated into the development process.

For further development, the knowledge acquired in this way was consolidated by means of an extensive customer enthusiasm survey. The results were also included in the specifications. In the ongoing process of continuous improvement, the Development Department takes receipt of the wishes and suggestions from customers mainly through the mediation of Sales and Product Management. In addition, the information and performance data from the Service Department are 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 based on the resulting documented compliance with all regulations and standards. This also includes the monitoring of the quality and safety of supplied parts, which is our responsibility but is nevertheless checked by the approval authorities. One further aim of the procedure is the granting of the CB certificate by the notified body (Certification Body) and therefore the issuing of the declaration of conformity according to CE by **FP** for the respective device. Specifically, only the following guidelines and standards should 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.

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, which documents compliance with the quality and safety standards of the German Product Safety Act, indicates in particular that corresponding safety measures have been taken to protect the customer.

Some countries also require environmental impact assessments in order to ensure that the products operate in accordance with the specifications even when subject to different environmental conditions (GRI G4-PR1).

Quality assurance in the area of software development is carried out continually in the development process. Through the use of analytical tools, various metrics are determined and displayed regularly and automatically. The development teams interpret the results and, if necessary, initiate measures to eliminate potential quality problems. To this end, **FP** uses a Release Management System (RMS) in which all data, information, measures and results are stored, so that all statuses and procedures 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 worked through by the test team. During the course of processing, defined test protocols are maintained in order to guarantee the documented verifiability of the test process at all times (GRI G4-PR2).

Quality assurance in the area of hardware is carried out during the project by numerous internal methods. Intensive function and endurance tests of devices are carried out in our own electromechanical laboratory during the entire development period for a device. The transfer of a development to production is coordinated by a corresponding team which prepares series test plans as well as production plans as well as test plans in order to ensure quality during production.

4.2 Francotyp-Postalia as a Pioneer in Innovation and Development (SA 10)

Innovative Strength

Our company's own DNA is predestined to make its way into the areas of Industry 4.0 and the Internet of Things (IoT).

For more than 15 years, **FP** has been developing the know-how of applied cryptography and continuously adapting it to new technologies and requirements. Mastering this technology is indispensable for all of our products and represents an outstanding discipline.

Our products or services are no longer units which work in isolation today. All of our installed PostBase, PostBase One and PostBase Mini systems are connected to our repository. A large number of orders can be placed and executed via this system. Every product and every service represents a complex system that is connected to and communicates with other systems. The Navigator for franking systems establishes a connection to hybrid or fully electronic dispatch systems. Via our cloud system **FP Sign** parcel services can be called up and contracts and documents can be exchanged or signed even in a mobile form in a legally binding, secure and confidential manner. In addition to the connection across product boundaries,

services are also made available within a product that are only made possible through integration with other sub-systems.

Development Processes

Not only are the individual skills decisive with respect to success in the area of Research & Development; a further major success factor is the processes. Through the use of agile development methods we have the ability to dynamically adapt products to market requirements. At the beginning of a project there is an idea, which is not implemented rigidly in the sense of a conventional waterfall model, but can be continuously improved through contact with customers and Marketing at an early stage.

Data security comes first – Approval conditions and processes for products and services of the FP Group

Most of our products and services require an operating licence from a regulatory authority. For franking systems, for example, these are the postal authorities, and for software products often the German BSI (Federal Office for Information Security).

The individual regulatory authorities are already emphasizing that in the case of our products the important aspects are not only their smooth and safe operation for the consumer. The decisive criterion for the approval of the 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 requires 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 test laboratories are used to test these.

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 are 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 is one of our core competencies and explains the high barrier encountered by companies wishing to enter the franking machine market. This is also where the interfaces with excellent synergy potential to modern products, such as **FP Sign**, are located.

Objectives and innovations in the Research & Development Division

Objectives of Research & Development

- Support for the essential strategic measures of the ACT strategy for the development of new, innovative products and the revision of existing products for the purposes of a market and technology evaluation
- Increase in efficiency and innovativeness through the implementation of new, agile innovation methods within the framework of FP FIT
- Revision of the existing patent strategy
- Development of new products along FP's own DNA
- Establishment of an innovation network – close cooperation with universities and start-ups

Innovations from Research & Development Division (products, country variants and software programs)

- Implementation of the USPS security standard IMI-PC (Intelligent Mail Indicia Performance Criteria) for US franking systems
- Conversion of the franking systems to the requirements of the infrastructure discount (ISR) of Deutsche Post AG
- Development of the FP SecureGateway (Internet of Things, IoT)
- Development of the FP customer portal discoverFP
- Market analysis for the future FP Product Roadmap
- Evaluation of technical alternatives in the areas of drive and printing technology, as well as for the use of web technologies (embedded software)
- Development of the cloud-based digital signature solution FP Sign
- Implementation of eleven further country variants for the international roll-out of the FP PostBase range

Group-wide Decision Criteria for the Evaluation of Product Ideas

Not every idea results in a product which is ready for the market. So what makes an idea, a product, a partnership successful? Are there ways to evaluate this quantitatively and qualitatively? The R&D team dealt with precisely these questions across departments and divisions in the course of last year.

It all starts with an idea. If there is an initial idea, the following applies: If an idea can be evaluated in a faster and more elaborated manner, it can be brought to market faster and with lower risk. Ideas go through a multi-stage process as follows: from an initial pitch before a commission of experts, through a prototyping and testing process to an evaluation matrix that asks in detail about the customers, strategy, market and technology. Here we pursue the user-centred approach from Design Thinking. This means that ideas are evaluated and developed in an iterative process together with potential customers. If it becomes apparent during this process that changes are necessary, these are inserted and checked again in the next repeat step.

The considerations on the evaluation of product ideas gave rise to further evaluation models last year, for example for strategic partnerships. With the evaluation criteria that have been developed, **FP** sets standards so that decisions can be taken quickly.

Patents

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 business areas with regard to the existing framework conditions governing intellectual property (IP): Which property rights already exist? Which strategic fields can still be occupied? How can our innovative products be protected ideally and efficiently? In addition to the classic “Freedom to Operate” search 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.

FP has always been a company driven by the best engineers, their experience, their knowledge and their expertise – with our history being shaped by more than 2,500 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 idea generation and concept phase, 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.

Cooperation with universities

Cooperation with universities and other educational institutions is essential for any company that wants to be prepared for the future. We have therefore been actively exchanging ideas with various institutions for a long time and offer students working on their Bachelor’s or Master’s degrees the opportunity to work together with experienced **FP** engineers and the **FP** developers and to use the laboratories and workshops for their own research and developments. We also offer interested students the opportunity to spend a semester at our foreign branches.

Further information on this can be found in the section [Driving Force for Social Dialogue](#).

4.3 Quality Management System (SA 11)

We ensure the quality and security of our products right from the development stage. We see it as our obligation to never lose sight of the quality of our products and services throughout their entire life cycle.

Quality is our daily aspiration

On behalf of the Management Board, the Integrated Management System Representative (IMR) and the Quality Management Representatives at the various locations continually evaluate current and future requirements, as well as the results of past activities and events, and initiate appropriate follow-up measures on the basis of the “Plan Do Check Act” method (planning, execution, review, improvement).

This results in a need for action and the definition of corresponding measures which are to be implemented jointly in the specialist departments. Warranty and improvement measures are coordinated and their effectiveness checked with corresponding quality rounds, with the measures to be worked through reported back after implementation. 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 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

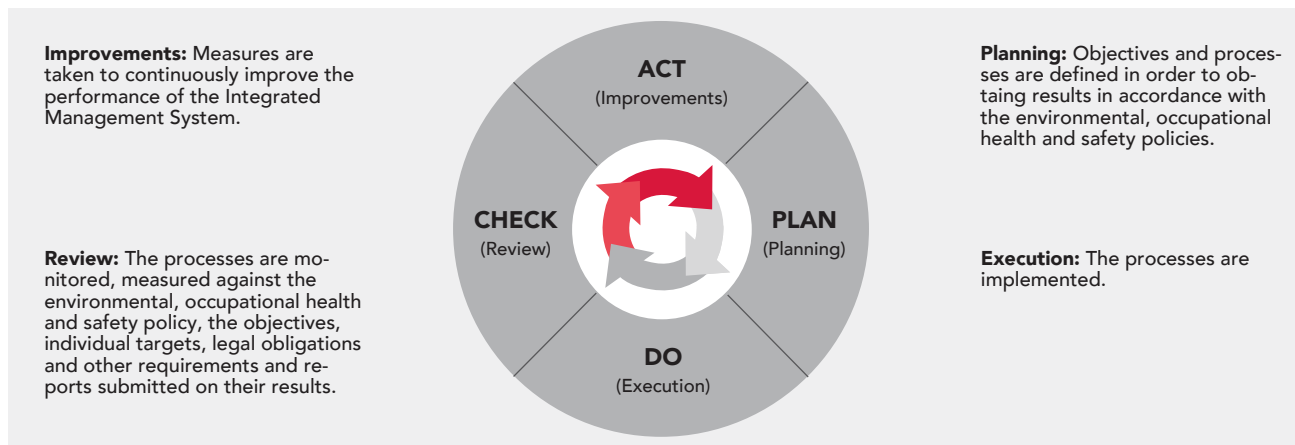


Figure 3: PDCA method of FP

of the range of services, measured by means of a quality (PQI) and an improvement indicator (nF IQ).

Continuous Improvement in Quality

As a result of the new development of our PostBase franking systems, we have been able to significantly improve the quality in recent years.

This had a particular impact in 2017, as we sold only new PostBase systems and replaced older systems with new PostBase systems. We expect further improvements in the coming years and will adjust our targets accordingly. In 2017 the PQI was 16.35, which is a significant improvement of 33% in total over the previous year.

The improvement indicator (nF IQ) also measures the quality of **FP**'s products – in particular the quality of new franking systems. It is based 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. We collect 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. On the basis of an international market adjustment and a change of the calculation method for the national market, we expected an increase in the nF IQ factor in 2017. Our goal was not to exceed the target figure of the previous year. This was reliably achieved. The nF IQ was 0.12 in 2017, a slight deterioration compared to the previous year (0.09). This was essentially the result of proactive quality measures during the course of new product launches.

As with the PQI, we expect further improvements in the nF IQ in the coming years and will be adjusting our targets accordingly.

4.4 Environmentally-friendly and Energy-efficient Products (SA 12 and SA 13)

Protecting the environment and conserving resources with our energy sources is one of the guiding principles of **FP**. We know that companies can only be successful if they act in harmony with the global environment.

Product Management has been responsible for sustainability at **FP** since 1995. For this purpose, a recycling system for our consumable materials was established for the first time in 1995 and has been undergoing continuous development since then.

In 2009 we launched the first franking system with GO-GREEN functionality on the market and have supported Deutsche Post AG's climate protection program ever since. In the programme, the CO₂ emissions generated during the transport of a GO-GREEN consignment are recorded for each individual customer and offset by means of a climate protection project.

Our PostBase and PostBase Mini franking systems satisfy the very latest requirements for environmentally conscious franking in many respects. These include an 8% reduction in weight compared to predecessor and competitor models, the possibility of re-using components or the labelling of the plastics used. PostBase and PostBase Mini already meet the more stringent requirements of Energy Star version 2.0, especially in the area of energy consumption. Eventually, a new recycling concept has been developed with respect to consumables, so that customers can dispose of used ink cartridges in an environmentally-friendly manner.

Within the framework of the product conception, product development and the manufacture and procurement of materials and part-products, **FP**'s Product Management, Development, Production, Purchasing and Service Departments are responsible in their respective field 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, for new products, product modifications and product improvements, as well as for maintenance and repairs.

In doing so, we pay attention to the following factors at all times:

1. The development, manufacture and market launch of products which can be re-used many times, which have a long technical service life and are suitable for proper, safe and high-quality recovery and environmentally sound disposal after their useful life comes to an end
2. The priority use of recyclable waste or secondary raw materials during the manufacture of products
3. The labelling of products containing harmful substances in order to ensure that the waste remaining after use is recycled or disposed of in an environmentally sound manner, the reference to options or obligations for returning, re-using and recovering specific materials and deposit regulations by labelling the products
4. The taking back of the products and the waste remaining after their use and their subsequent environmentally sound recovery 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 plants of a certain type (GRI G4-EN27, GRI G4-EN28):

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

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

4.5 Environmental Protection, Climate Protection and Occupational Health and Safety in the Supply Chain (SA 14)

Sustainable thinking and action – in combination with respect for environmental protection, climate protection and occupational health and safety – are essential parts of our value-creation chain and the procurement of materials and services required by us.

Our aim here is to establish a long-term relationship with our suppliers which is based on aspects of partnership. This is the only way in which we can ensure that our production is supplied sustainably with the necessary materials.

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.

The optimisation of our supply chains pursues several goals: The optimisation of prices, delivery quality and adherence to delivery dates, as well as the avoidance of environmental pollution caused by overseas transport. For this purpose, we have changed over to procurement close to the delivery location.

Sustainability in Daily Procurement

Essentially, individual parts and subassemblies are used for the production of franking systems. In 2017 we worked together with around 200 suppliers at our production site in Wittenberge. We summarise these in the categories of mechanical contract manufacturing, plastic parts, electronic components and subassemblies, as well as drive technology.

As further sustainability services, we have also introduced individual returnable packagings for high-quality electrical components and work with local suppliers within the

framework of groupage transport with corresponding reusable containers. This avoids the need for disposable packagings and reduces the environmental impact of corresponding additional transport journeys to the minimum possible.

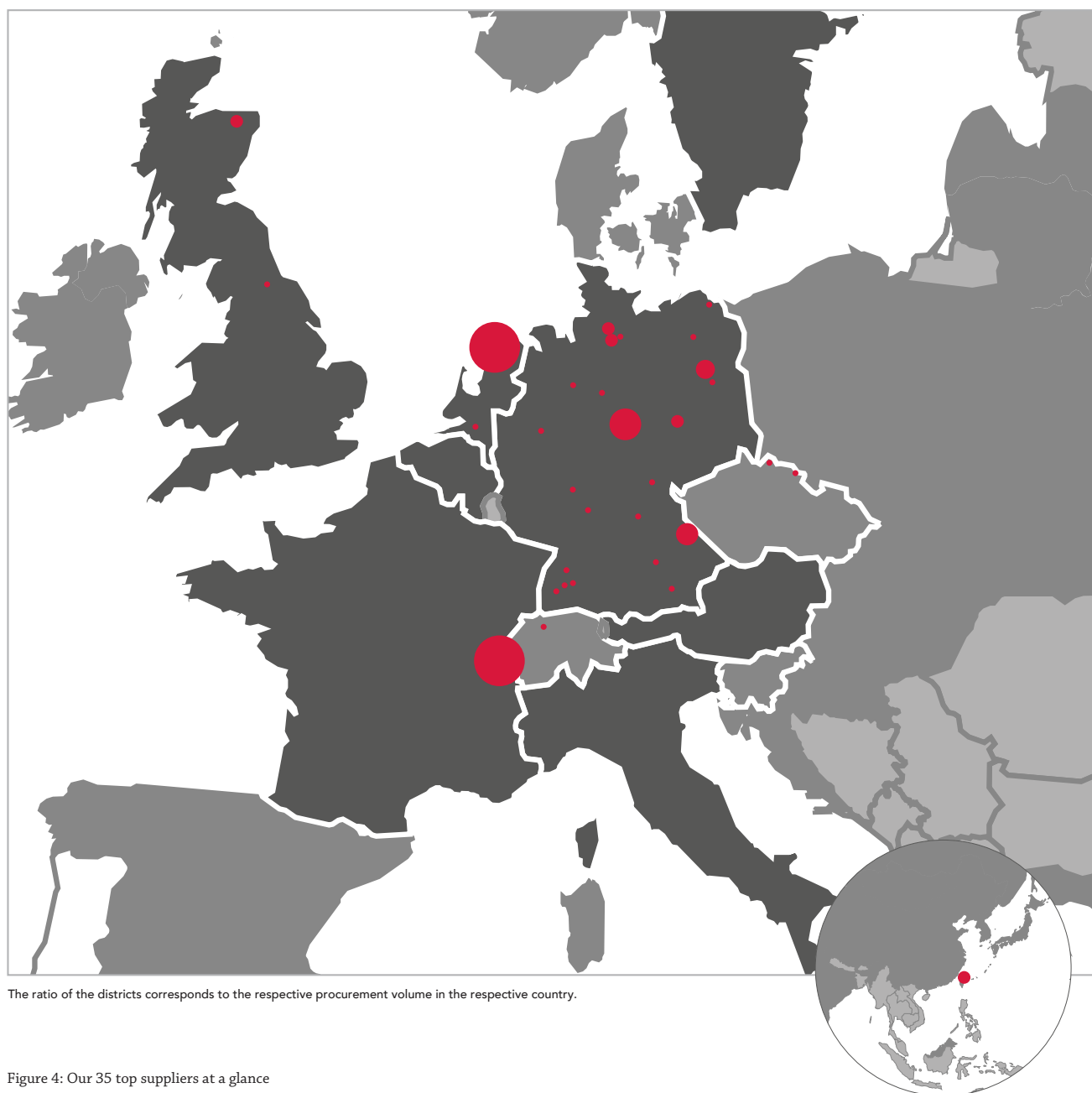
98% of our suppliers come from Europe

Since 2014 we have made use of optimised procurement from suppliers based in Europe due to the economic and ecological benefits. As a result, the direct cooperation with suppliers located in Asia was almost completely terminated. The direct procurement share in Europe is now 98% (GRI G4-12). The share of the procurement volume awarded in Germany is 50% (GRI G4-EC9).

50% of our production materials are procured in Germany

High Demands in Terms of Sustainability

New suppliers are reviewed for supplier approval as part of a standard process. Among other things, this includes information on environmental, energy, occupational health and safety management systems that have been introduced or alternative measures. Suppliers which take such measures that go beyond the legal regulations are given preference during qualification. This information is collected during the annual supplier evaluation and is included in the evaluation.



If a supplier receives poor assessments in these areas, it may be removed from the list if it is 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 (GRI G4-EN32).

We do not maintain relationships with suppliers that are suspected of negative ecological or human rights impacts, negative labour practices or negative impacts on society (GRI G4-EN33, GRI G4-LA14, GRI G4-LA15, GRI G4-SO9, GRI G4-SO10).

Since our suppliers are almost exclusively based in Europe and we do not work directly together 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 (GRI G4-HR5, GRI G4-HR6, GRI G4-HR10, GRI G4-HR11, GRI G4-LA16).

All 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 (GRI G4-SO4).

One of the important measures in connection with **FP FIT** was the establishment of the “Best Material Purchase” project launched during the 2017 fiscal year. The aim of this project is to implement a continuous improvement and optimisation process.

As a future goal we would like to qualify further suppliers in the local area in order to strengthen the Berlin-Brandenburg region economically and reduce the environmental impact of transport.

No significant changes in the supply chain occurred during the 2017 fiscal year (GRI G4-13).

5. Responsibility as an Employer – Everybody Needs Somebody to ACT

The basis for our success lies in each and every one of us – and in the consistent pursuit of our joint projects. Our workforce is known around the world for its variety of skills and experience, interests and energies. 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 goals as defined by ACT can only be achieved jointly by our employees.

Commitment and Courage Are Rewarded

We are pursuing a course of growth with our ACT growth strategy – achieving this is a success of employees for employees. Successful and motivated employees are

those who strive for customer satisfaction, conquer market shares, drive innovations and generate dividends. In this way, our employees create important perspectives for all 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.

Our Employees as multipliers ACT is FP. We are FP.

Creating and implementing framework conditions that strengthen the workforce and the 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 and that all requirements and abilities are in harmony with one another.

Our Employees Are and Remain Our Most Important Asset

Essential aspects for achieving our goals are training and further education, continuous learning, the training and development of the next generation of employees and an individually structured work-life balance.

ACT as Our New Way of Thinking and Working

In order to achieve ACT’s common goals, we demand a high level of performance while at the same time encouraging our employees so that they are able to achieve them. Top performance pays off and it is fun to work for us. Executives exemplify our vision, our mission and our values.

5.1 Corporate Culture and Identification with FP (SA 15 and SA 16)

More than 1,000 employees work at our subsidiaries worldwide – in ten countries and at 22 German locations (GRI G4-10). Together we pursue the aim of organising our processes in an optimum manner so that we can support our customers efficiently and cost-effectively as experts for secure mailing business and secure digital communication processes and accompany them on their way to digitalisation.

	Number of Employees
Total number of employees in Germany	638
Employees in Europe	247
Employees in the USA and Canada	182
Employees worldwide	1.067

Figure 5: Employees worldwide as of 31 December 2017



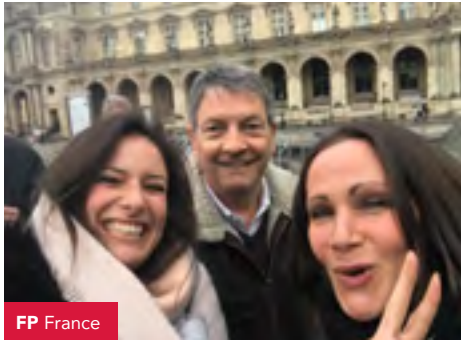
FP Canada



FP USA



FP Italy



FP France



FP Germany



FP Germany



FP Canada

	Number of Employees	Ratio
Number of executives ¹	87	10 %

¹ Employees considered: 902 (Germany, Austria, Italy, France, USA, Canada)

Figure 6: Number of executives as of 31 December 2017

We offer our customers individual, tailor-made solutions. And it is precisely such tailor-made solutions that we also look for when designing the framework conditions for our employees.

Shaping a Culture of Innovation and Change

As a medium-sized corporate group in particular, we benefit from shorter communication channels and the closer personal and direct exchange of ideas. Within the individual parts of the company, we are proud of the almost family character that makes it seem completely natural to respond to each other's needs, support each other and work out solutions together.

Corporate Success is a Joint Success

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.

Finding, inspiring and developing talent both internally and externally is an important aspect of our human resources work. The total number of new employees in 2017 was 146 in Germany, Austria, Italy, France, the USA and Canada.

The rate of employees serving notice of their own accord in Germany was 7.5 %, with the level of employment contracts terminated by **FP** at the German locations amounting to 4.9% (GRI 4-LA1).

	Newly Hired Employees	Ratio
Employees in Germany ¹	99	15,5 %
Employees in Europe ²	8	11,4 %
Employees in the USA and Canada ³	39	21,4 %

¹ Employees considered: 638, ² Employees considered: 70 in the following countries: Austria, Italy, France, ³ Employees considered: 182

Figure 7: Newly hired employees as of 31 December 2017 (GRI G4-LA1)

	Employees	Ratio
Notice served by the employer ¹	26	4,9 %
Notice served by the employee in Germany ²	44	7,5 %

¹ Employees considered: 53, ² Employees considered: 586

Figure 8: Notices as of 31 December 2017

Responsibility, Principles and Standards of Conduct

An important building block in our success and the basis for acting on our own responsibility is our jointly defined world of values. Our worldwide core topics are personal responsibility for our actions, a focus on strengths, communication and an appreciative culture of feedback and learning.

A Long-term Approach as the Basis for Sustainability

The average length of employment at the German locations is twelve years. Many years of trustful cooperation ensure a high level of experience and know-how for our daily tasks.

Irrespective of which part of the company or which continent an employee works in, every one of them is familiar with our corporate policy and our Compliance Management System.

Our international management acts in accordance with our Management Policy. By establishing principles, we set a framework that leaves room for freedom, does not inhibit innovations and creates the ability to take decisions (GRI G4-56). These core values are an integral part of our processes for the introduction of new employees, just as they are in our annual training courses.

Joint Dialogue

Joint dialogue is very important for **FP** and we work on it every day. Without the ongoing exchanges we cannot achieve the effectiveness or efficiency that we need for a sustainable orientation of the company.

At the end of 2016 we conducted a worldwide employee survey. The participation rate in the survey was 57%. International teams developed measures in the form of stakeholder dialogues and supervise their implementation with the support of the Management Board.

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. The company wage agreement concluded at the Berlin-Pankow location in 2016 also deals with the topic of "job security", which is important for the future planning of employees. This agreement was instrumental in creating a new, improved culture of togetherness, on which we continue to work.

In order to promote short communication channels we have introduced the new collaboration platform **FP Connect**. This supports all employees with the rapid

exchange of information and ideas through various forums and groups, as well as through the possibility of holding video conferences. The worldwide teams can communicate with each other without having to travel long distances or restrict themselves to using the telephone.

Shared Time – Shared Memories

Colleagues at **FP** have always come together to take part in joint activities. Common features are cultivated in different ways at the locations and the national companies. Excursions, parties, joint sporting activities or social commitment strengthen the sense of togetherness as defined by **One FP**. One of many examples is participation in the Berlin Company Run. For the last ten years, around 50 colleagues have been taking part in the IKK BB Berlin Company Run every year in order to support ACT with their personal fitness – 5.5 kilometres of skating, running or intensive walking together.

All colleagues are invited to visit the company-owned and lovingly assembled museum (mostly made up of private exhibits) at the Berlin-Pankow location and to immerse themselves in 95 years of **FP**'s history of inventions. Today, a total of 33 franking machines, some of which are still in working order, decorate the premises. Every single museum piece contributes to presenting our history in a lively and understandable way. A history that fills us with pride.

5.2 Human Resources Development, Training and Further Education (SA 17 and SA 18)

We are a company with a rich tradition. We make use of our experience and our strengths in particular during times of transformation. We consciously use them in order to be the best partner for our customers even during the digitalisation process and in times of rapidly changing markets.

The Future is a Blank Page – We Will Be Writing the Future Pages of **FP**

Success also depends to a large extent on personal impact. Anyone who wants to strengthen this requires credible feedback in the first place.

Against this background, we have launched the Fit4Change initiative. The aim is to provide all employees with the opportunity to attend at least one one-day training event. For this purpose we set up a globally standardised program for the first time in 2016 – and in 2017 a total of 661 employees in ten different countries speaking six different languages took part in almost 40 different workshops. Overall, 62% of our employees were involved in the **Fit4Change** measures in 2017.

In workshops, which we organise in cooperation with our partner Stärkenkompass GmbH (strength compass), our employees and executives receive strength-based feedback from people who accompany them in the various roles and perceive their impact in doing so. The strength compass is the world's first and only digital tool for collecting and visualising strength feedback. It is the only tool that is fed exclusively from anonymous feedback on the resources available to the participant. The strength compass represents a unique "fingerprint" of the current strength profile that is only valid for the moment, without assigning participants to specific types or immutable categories. Strengths are expressly presented as the result of a current effect and the basis for personal growth.

Whoever wants to attract or retain employees today must offer self-realisation, fun, team spirit and meaning. People want activities in which they can make optimum use of their strengths in order to become more of what they are or could become every day. The strength compass is therefore well suited to our times, as it uses appreciative, detailed feedback to show exactly what form the personal profile of strengths and potentials takes.

In this way we support our employees in updating their self-image on the basis of the actual effect as confirmed by others.

In addition to the face-to-face events, all employees have access to the online academy of Stärkenkompass. With this, we have made a platform available to our employees, by means of which food for thought, learning content and exchanges with colleagues can be made available in the form that is appropriate for the respective work assignment, working environment and phase of life.

In this way we have managed to provide the global **FP** team with an important basis for all upcoming tasks and changes.

Transform **FP** into an enlarged Business – on the Basis of our DNA

Our Corporate Policy gives our management team the core task of creating an environment that enables growth. This is supported by our **Leadership4Change** initiative. In 2017 all executives with personnel responsibility and in decision-relevant administrative departments in the German and international companies were reached with this programme. At Managing Director level and above, all Executives and the Joint Management Board participated in the programme.

5.3 Continuous Learning and Improvement (SA 19)

Vocational training is particularly important in Germany for our preparation for future challenges and targeted succession planning.

We are currently training nine young people in Germany in four recognised occupations requiring formal training (GRI G4-LA9). We are aiming for a trainee ratio of 4% of all employees by 2020 in Germany.

The acquisition of the professional ability to act is ensured by imparting technical, methodological, social and personal competence. Young people are thereby provided with the ability to carry out qualified professional work. This applies both to people who are undergoing initial training and those who have dropped out of their university studies and decided to start a different career (22% of our apprentices have previously discontinued their university studies). In addition to the teaching of professional skills, knowledge and abilities, they can independently apply what they have learned.

By providing vocational training, we assume social responsibility and contribute to the achievement of socio-political goals. Specifically reducing the unemployment rate among young people is an important issue in Europe. In the SERFA project (Services for Apprenticeships), a European cooperation programme, we are committed to helping to create methods, services and tools for companies, apprentices and training institutions and thereby contribute to the development of permanent employment relationships.

At the same time, the system of dual vocational training is an opportunity for young people to secure their own career entry through good performance and achieve individual goals such as social independence, better security as well as advancement and self-realisation on their own responsibility. After completing their training at **FP**, dedicated apprentices have a wide range of opportunities that are designed for long-term cooperation.

Furthermore, we promote the important interrelationship 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.

We are also pleased to share our experience and knowledge with young people. Two of our executives have held teaching positions at universities, while another executive at **FP** is currently a guest lecturer at the Hochschule für

Technik und Wirtschaft in Berlin (University of Applied Sciences) in the field of Digital Transformation.

Further information can be found in the section on [Social and Societal Commitment](#).

A further important pillar of our success is the maintenance of the professional qualification during the course of our employees' individual career paths. The technical training courses on our products and services form a solid basis for the provision of reliable and secure support to our customers. The sales, service and support teams – including those of our trading partners and franchisees – are trained internationally by **FP**'s own training units. Through our [train-the-trainer concept](#) we are able to design the training courses on site very individually and therefore ensure their sustained success.

Flexible options for work structuring make it possible to use the resulting freedom for self-study, an exchange of experience and cooperation in associations as important stimuli and sources for continuous personal development.

Satisfaction as the basis of our growth – with this underlying attitude we also ensure that our employees know not only the aims, but also their individual contribution towards achieving them. In this way we strive to ensure that the entire international management team always takes decisions according to a uniform guideline and with common Group objectives. Within the individual organisational units, various review systems which are suitable for the respective task and organisational form are in use, which in Germany apply to a total of 170 employees (GRI G4-LA11).

5.4 Ideas Management (SA 20)

In order to secure and strengthen our own competitiveness and for the success of ACT as a new way of thinking and working, we need the active thoughts and participation of all employees. For this purpose, an improvement system – our Ideas Management System – was introduced within the framework of the first certifications.

The task of Ideas Management is to encourage all employees to contribute their ideas and to check – or have checked – their implementation potential. This commitment, which often goes beyond the employee's areas of responsibility, is then acknowledged and rewarded. Sustainable Ideas Management helps to take a closer look at economic aspects, improve products, increase occupational safety and environmental awareness and promote joint interaction. It is also part of the philosophy of all management tasks to encourage employees to generate ideas and involve them in Ideas Management.

Ideas and the Power of Vision Change the World. The New 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.

5.5 Diversity and Equal Opportunities (SA 21)

Diversity is the most important basis for success and non-discriminatory cooperation. Supported by the explicit mention of the principle of equal treatment in our mission statements and the appointment of corresponding representatives and the establishment of confidential hotlines, this principle is incorporated into all of our processes (GRI G4-58).

The remuneration systems in use also place great emphasis on equal treatment in particular. Our remuneration systems are based on the requirements of the work performed and the responsibility assumed with respect to the basic remuneration and not on the holder of the position. In some of the German Group companies we ensure this together with the employee representatives (GRI G4-11) by means of a remuneration system defined in our company collective agreement (GRI G4-LA13).

In order to be able to preserve and use the experience of our workforce in the best possible way for the organisation of customer relationships or the implementation of joint projects, we specifically focus on the formation of mixed-age teams. Our training programme supports the natural increase in the percentage of the group of over-50s in Germany (GRI G4-LA12).

	Employees	Ratio
under 30 years of age	39	7 %
30 to 50 years old	220	41 %
over 50 years of age	272	51 %

¹ Employees considered: 531

Figure 9: Average age in Germany¹ as of 31 December 2017

The inclusion of severely disabled people is also of major importance to us. At our nationwide sorting centres at the **FP** subsidiaries **freesort** and **IAB** we employ many severely disabled people, many of whom are hearing impaired. In cooperation with the communities and specialist integration services, we have been able to ensure that the supervisors and colleagues are trained and that these special teams can easily communicate with one another. In Ger-

many we continued to meet the legal quotas across all companies in 2017. We are also training a young refugee from Pakistan at the **FP** subsidiary **freesort** and have offered various work placements in Research & Development (GRI G4-LA12).

	Number of Employees	Ratio
Proportion of employees from minorities ¹	97	11 %
Percentage of employees with disabilities ¹	84	9 %

¹ Employees considered: 902 (Germany, Austria, Italy, France, USA, Canada)

Figure 10: Employees from minorities and with disabilities as of 31 December 2017

Diversity at Management Level

The Supervisory Board has to consider its composition in terms of the number of male and female members recommended by the Corporate Governance Code. At present, there is still no woman on the Supervisory Board of the company. The German Stock Corporation Act and the Code stipulate that the Supervisory Board of companies listed on the stock exchange must define target figures for the proportion of women. In view of the fact that there are three male members of the Supervisory Board, a target figure of 0% was set for the proportion of women. When proposing candidates to the Annual General Meeting, the Supervisory Board naturally takes diversity into account. The company's interests remain the overriding factor in the candidate proposal, so that the Supervisory Board will propose the most suitable candidates for the election. Furthermore, at least one member of the Supervisory Board should fulfil the criterion of internationality. At least one member already has the required characteristics today (GRI G4-40).

In accordance with the new provisions of the German Stock Corporation Act and the German Corporate Governance Code, the Supervisory Board has adopted a target figure for the proportion of women on the Management Board for the period up to June 30, 2019. The target figure has been set at 0%. Nevertheless, the Supervisory Board will consider the topic of diversity in its search for suitably qualified candidates for new Management Board positions. However, the interests of the Group remain the decisive factor, so that the Supervisory Board will propose the most suitable candidates.

In addition, the Management Board is obliged to set a target figure for the proportion of women on the first and – if it exists – the second management level below the Management Board. The first management level below the Management Board has been defined by the Management Board as the Managing Directors of the domestic and foreign companies and the Divisional Managers in Germany or those with equivalent managerial functions within the company. We do not have a second manage-

ment level below the Management Board. The Management Board has stipulated that the proportion of women on the first management level below the Management Board should be at least 9%. Since that time, this target figure has been continuously reached or exceeded (GRI G4-LA12).

5.6 Occupational Safety and Health Management (SA 22)

The safety and health of our workforce are assets that are worth protecting. For us, they are our primary entrepreneurial goals, which give rise to important management tasks. Appropriate information and training is promoted. This increases and maintains the safety awareness of our employees in their work. In addition, we offer our employees well-balanced offers for health protection programs.

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 protection of all employees.

For this, we make use of the Occupational Health and Safety Management System, which is certified according to BS OHSAS 18001 at our German locations. This system already meets the requirements of ISO 45001:2018, according to which we will have it certified in 2018.

Subject-specific and specialist representatives support our executives at the respective locations in order to ensure that we meet the requirements of our stakeholders and those of the legislator on occupational health and safety. Key tasks are performed by the Representative for the Integrated Management System (IMR), the Occupational Safety Specialist (OSS), the Waste and Hazardous Materials Specialist (WHMS) and our Company Medical Officers (CMO).

A Fire Protection Officer (FPO) has also been appointed for the Berlin locations and Wittenberge. At our locations we also have local Safety Representatives (SR) with supplementary tasks for information security, First Aiders (FA), Evacuation Assistants (EvaA) and Fire Protection Assistants (FPA). In addition there are further representatives – such as a Laser Safety Officer (LaserSO) at the Wittenberge location – who report to the Fire Protection Officer or directly to the Management Board, depending on the risk assessment of the locations.

In total, 27% of all employees (equivalent to 172 individuals) at all 22 German locations are involved in the field of work **environmental** and health management (GRI G4-LA5). Furthermore, our Company Medical Officers (CMO) support all employees with consultation hours and offers for examinations that go beyond basic care. The influenza vaccination is also an important aspect of our range of services for our employees.

Visitors, guests and individuals from outside the company must be instructed in our house rules in order to minimise possible risks. 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 welding work.

A total of 37 employees at all locations are represented on the Occupational Safety and Environmental Protection Committee (OSEPC). At its regular meetings, the topics of basic support and company-specific support according to the German Social Accident Insurance (DGUV), Regulation 2, as well as supplementary topics on environmental and energy management are discussed and potential measures agreed with the employer representative. Appointments for the examinations offered are agreed annually and all employees informed.

Preventive medical check-ups	2013	2014	2015	2016	2017
Legally required examinations (not necessary)	not applicable	not applicable	not applicable	not applicable	not applicable
Driving, control and monitoring activities ¹⁾	6	2	2	1	2
Computer workstations ²⁾	39	16	32	72	33
Noise ³⁾	6	2	4	–	8
Medical consultations (Company Medical Officer)	52	33	25	51	38
Influenza vaccinations (supplementary offer)	43	47	46	20	18
First aid courses (first aiders)	23	14	25	10	–

¹⁾ according to DGUV 250-427 (G25), ²⁾ according to DGUV 250-438 (G37), ³⁾ according to DGUV 250-418 (G20)
Locations: Birkenwerder/Berlin-Pankow, Berlin-Adlershof, Wittenberge, Achim, Langenfeld

Figure 11: Preventive medical check-ups compared

In addition, we attach particular importance to the analysis of accidents in the company and to providing advice on measures and devices in order to counter accident and health risks and to promote the joint exchange of experience on implemented measures and the development of an occupational safety or campaign programme.

Workplaces are planned and set up in accordance with ergonomic aspects. We are increasingly using height-adjustable desks in our offices to enable our employees to change their working posture.

Work and commuting accidents	2013	2014	2015	2016	2017
Total over the year	9	0	7	5	2
reportable accidents at work (AAW)	4	0	6	2	1
notifiable commuting accidents (CA)	5	0	1	3	1

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

Figure 12: Comparison of work and commuting accidents

At the locations in Berlin, Wittenberge, Achim and Langenfeld, there was one notifiable accident at work and one notifiable commuting accident (GRI G4-LA6) in 2017.

Within the framework of our health promotion activities, for example, we offer regular massage appointments in Berlin, make fruit baskets and drinks available at individual locations and offer various opportunities for sporting activities. In cooperation with the health insurance companies, we are planning further offers for our employees.

In order to be able to react appropriately to emergency situations, regular emergency exercises are carried out at all locations as a preventive measure. The appointments are made by the Occupational Safety and Environmental Protection Committee (OSEPC) and are prepared and accompanied for emergency exercises by the Occupational Health and Safety Specialist and – in the case of evacuation exercises – 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, whereby measures for improvements are derived from any findings.

In 2018 a strategy for Occupational Health Management will be developed (GRI G4-LA8).

5.7 Reconciliation of Work and Family Life (SA 23)

Our employees are experts who are aware of their responsibility, which is why the result of their work is what counts. In all areas where the tasks permit it, employees also have the flexibility to perform tasks in the form of mobile work.

At our German locations (with the exception of the **FP Manufacturing Company**), a total of 60% of our employees can arrange their working hours in a flexible form. In total we have the possibility of providing a flexible workplace for 191 employees at our German locations (with the exception of the **FP Manufacturing Company**) where they are also able to carry out tasks away from their regular place of work.

We also enable and promote the voluntary commitments of our employees through uncomplicated leave of absence – 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 (GRI G4-10). There are no company benefits which are granted only to full-time employees, but not to temporary or part-time employees (GRI G4-LA2).

	Employees	Ratio
permanent	460	87 %
fixed-term	55	10 %
Training contract	9	2 %
Working students	7	1 %

¹ Employees considered: 531

Figure 13: Type of Employment of the Employees in Germany*

Our young parents also return to work after taking parental leave, which confirms the success of our efforts (GRI G4-LA3). **FP** also participates financially in various ways, such as allowances for childcare costs, paid leave for the care of sick children or additional leave for family events.

For the period after they retire from professional life, we participate in providing security for our employees. We pay allowances for private retirement provision and raise awareness for the importance of this topic through regular employee events (GRI G4-EC3).

6. Energy and Environmental Management and the Protection of Resources

Protecting the environment and conserving resources with our energy sources is one of our main principles. This also includes the fact that we carry out our flexible production exclusively in Germany and mainly use suppliers in Germany and Europe. The effectiveness with which these internal principles are implemented is regularly monitored. **FP** permanently ensures that wastes and emissions are minimised and, if possible, avoided. In addition to our efforts to protect our environment, we ensure the safety and health of our employees in the workplace. Environmental protection, occupational health and safety are important management tasks and are part of our corporate policy and strategy.

6.1 Environmental and Energy Management in Daily Business Operations (SA 24)

Since 2010 an annual Environmental Protection and Occupational Safety Report has been published, which was expanded in 2015 to include the topic of energy management and will be integrated into the Sustainability Report as a supplement.

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. Committed and convinced employees are a central prerequisite for the success of this strategy.

We train our employees in order to raise their environmental and safety awareness and place them under an obligation to work and act accordingly. We want to achieve continuous improvements over and above compliance with legal requirements. We therefore maintain an open and trusting dialogue with employees, public authorities, customers and suppliers, as well as the public, on all questions of energy and environmental management and the protection of our resources.

Our Energy and Environmental Management System

The ISO 14001, ISO 50001 and ISO 45001 series of standards provide the framework for introducing an integrated environmental, energy and occupational health and safety management system and therefore for breaking new ground towards personal responsibility and self-commitment. In this sense, the topics of occupational health and safety are directly linked to the topics of environmen-

tal protection at **FP**, which also brings advantages with regard to sustainability, reporting, risk and process management.

Environmental and Energy Management System ISO 14001 and ISO 50001

As already described in the section on the Quality Management System (Quality Management System Reference), all technical standard requirements are based on the “Plan Do Check Act” method (planning, execution, review, improvement).

We are committed to responsible energy management. Wherever it is also cost-effective, we implement energy efficiency measures at our locations. We manage our energy consumption in order to improve the cost-effectiveness, productivity and working conditions, protect the environment and extend the availability of fossil fuels for useful purposes. Within this context, we implement continuous improvements in the field of energy management.

To this end, we have already adapted our environmental and energy management system in the field of energy management to the certification requirements of ISO 50003:2016 (for example the appointment of energy-efficient personnel). Approaches referred to in ISO 31000 (Risk Management) are also used and implemented in order to support risk-based thinking.

In order to meet the requirements of environmental protection and energy management, the legally required OSC (Occupational Safety Committee) was converted at an early stage into Occupational Safety and Environmental Protection Committee (OSEPC). Besides the topics of occupational health and safety, issues relating to environmental and energy management (compliance, waste, hazardous substances, energies, resources, etc.) are assessed there and measures for improvement defined. 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
- Environmental 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 have been imposed (GRI G4-EN29). Furthermore, there were no complaints whatsoever in the year under review regarding ecological aspects that would have had to be submitted, processed or resolved in a complaint procedure (GRI G4-EN34).

6.2 Resource Efficiency and Resource Protection (SA 25)

Derived from the strategic targets and the dialogue with our stakeholders, we revised and redefined the operational targets of the Integrated Management System in 2017. The energy management at all of our German locations has been successfully certified. Within this context, the certification area for the Langenfeld location was expanded to include the environmental protection and occupational safety management system. We were able to further improve the efficiency of electricity and heat consumption at the German locations compared with the previous year's level.

The following measures were successfully implemented in this respect:

- Keeping the efficiency of electricity and heat consumption at the German locations above the energy baseline and increasing their efficiency
- Sustainably keeping the costs of our waste volumes at the five German core locations (Berlin-Pankow, Berlin-Adlershof, Wittenberge, Achim, Langenfeld) below 60,000 euros (2017: 56,232.31 euros)
- Maintaining the efficiency of water consumption at the locations above the energy baseline
- Keeping the emissions consumption of the **FP** car fleet below 72,500 kg CO₂ p.m. (2017: 66,974 kg CO₂ p.m.)
- Updating risk assessments and operating instructions within the framework of the GHS-VO at the Langenfeld location
- Updating or renewing German Social Accident Insurance (DGUV) V3 tests for all devices
- Updating the energy baseline in the event of changes

In addition, we continued, initiated and implemented the following measures in 2017:

- Maintenance of our hazardous substance, waste, energy and legal source registers
- Continuous review of the integrated system aspects
- Process and guideline supplements in the employee handbook
- Information and trainings
- Updating of the hazard assessments at all locations
- Regular plant inspections at our locations in Berlin-Pankow, Berlin-Adlershof, Langenfeld, Wittenberge and Achim with a focus on occupational safety

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

Expenditures on Environmental Protection

In 2017, the investment costs for our environmental and energy management systems at our German locations amounted to approximately 50,000 euros (the investments include conversion, re-equipment and refurbishment costs). In addition to personnel costs, a sum of almost 150,000 euros was invested in supplementary projects and certifications. The disposal costs amounted to almost 60,000 euros at all German locations (GRI G4-EN31).

Energy and Consumption Data

As a matter of principle, we use the resources of electricity, heat (heating oil, natural gas, district heating, diesel) and water as energy sources at our German locations. The data is recorded and analysed every quarter 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 a more environmentally-friendly manner. Our calculations were based on an energy baseline for the year 2015 for all 22 German locations. Our energy baseline is reviewed annually and adjusted for each location according to defined criteria. Since we also operate a sizeable fleet of cars, diesel consumption is considered separately from heat consumption. Our energy baseline, which is reviewed annually, is also the key figure for the respective location for the current year.

A total of 1,317 MWh of electricity, 2,516 MWh of heat (heating oil, natural gas, district heating) and 2,578 MWh of diesel were consumed at all German locations in 2017. The total energy consumption for all 22 locations (excluding the car fleet) was 3,833 MWh (GRI G4-EN3). The entire scope of the reporting currently relates to the German locations, as the foreign companies are not yet included.

The core objective of our energy policy is to continuously increase the efficiency of all energy consumption. The absolute consumption values are therefore not insignificant, but have to be supplemented by consideration of the dynamics of corporate development (new and expanded locations, new employees, changed framework conditions, etc.).

For each German location, separate energy indicators (EnPIs for electricity and heat) are planned and monitored annually in relation to the benefit/expenditure. In buildings where office work is carried out, the benefit is mainly calculated on the basis of the times they are used by the employees, whereas in production facilities we take the production volume as the basis. 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 cer-

tificates). 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 2017 with standardised building specifications.

Within the framework of the initial analyses of the electricity consumption, it was found that approximately 26% of the consumption was caused by the lighting elements used by us up to now. Servers (20%), production equipment (17%) and computer workstations (11%) followed before compressors and air conditioners. It was therefore decided in 2017 to gradually switch over the lighting at our company locations to LED lighting.

At the **IAB** production site we invested around 15,000 euros in the conversion of 200 lighting elements in 2016. In 2017 the electricity consumption of the lighting elements was reduced by more than 60% compared to the previous year. Almost 50% of the investment was recovered. The resulting reduction in CO₂ emissions by approx. 17,000 kg CO₂ p.a. is also not insignificant. At the company headquarters in Berlin-Pankow we invested around 2,500 euros in the conversion to LEDs. As a result, the power consumption of the corridor lighting was reduced by over 60% and the investment had already paid for itself in full in 2017. CO₂ emissions there were reduced by 5,000 kg of CO₂ p.a.

These and other minor measures have already made it possible to reduce the electricity consumption at the German locations by around 40,000 kWh. The LED conversion planned for 2018 and the coming years will lead to savings of around 130,000 kWh and therefore an improvement in the climate footprint of around 120,000 kg CO₂ p.a. (GRI G4-EN19). The 70,000 euros that are still to be invested for this purpose have an ROI of 40% and therefore pay for itself after just 2.5 years (GRI G4-EN6).

These investments are also resulting in a shift in the distribution of the electricity consumption. The share of the lighting in the electricity mix has fallen considerably. In the production at **IAB** in Berlin-Adlershof, the share of the "Hall Lighting" group of power-consuming devices has fallen from 22.8% to 10.8%, which it is therefore making a significant contribution to the improvement in energy efficiency. The printing output (in units and per kilowatt hour consumed) improved at IAB from 395 units/kWh in 2016 to 428 units/kWh in 2017 (which corresponds to 8%).

In the area of heating we have optimised the switching cycles of the natural gas supply in the production of franking systems at the Wittenberge location. This has increased the efficiency levels (benefit divided by consumption) from 149/W to 168/W (corresponding to 13%) (GRI G4-EN5).

CO₂ Emissions

In 2017 our delivery vans in Germany carried over 196 million letters and our passenger cars were in service for 186,818 hours. 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 in exchange for existing models), they must always have lower energy consumption levels. Although just a few years ago the target figures for the entire vehicle fleet were 80,000 kg CO₂ per month, they had been reduced by 2017 to 72,500 kg CO₂ per month. The mean values achieved in 2017 were below the target figure of 66,974 kg CO₂ per month. In 2017 as a whole, 803,688 kg of CO₂ were emitted by an average of 137 vehicles (109 cars and 28 vans).

The use of a total of 2,516 MWh of heat (heating oil, natural gas, district heating) produced 2,214 t CO₂, which fall under scope 1 ("direct emissions"), which describes direct emissions from both stationary and mobile energy sources. Therefore, the use of heat and the CO₂ fleet register (804 t CO₂) results in a total value of 3,018 t CO₂ (GRI G4-EN15).

As a result of the use of 1,317 MWh of electricity (scope 2, "indirect emissions"), a total of 790 tonnes of CO₂ was emitted; only the emissions from the generation of electricity are considered here (GRI G4-EN16).

CO₂ emissions that arise in the downstream value-creation chain and which are indirectly related to our company's activities cannot currently be derived in detail (GRI G4-EN17). It is not possible to report on ozone-depleting substances or nitrogen and sulphur oxides (GRI G4-EN20, GRI 4-EN21).

Overall, through our use of heat and electricity and our fleet of vehicles we produce 3,808 t CO₂, which corresponds to 18.46 t CO₂ per million euros of revenue or 0.28 t CO₂ per employee per year (GRI G4-EN18).

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).

Waste Balance and Waste Types

We handle the topic of waste in a sustainable and responsible manner – so that the overriding principles are:

- Avoidance
- Preparation for re-use
- Recycling
- Other forms of recovery, in particular energy recovery and backfilling
- Correct disposal

We want to conserve natural resources and ensure the protection of people and the environment in the production 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 of our waste with waste balances and determine the ratios of the different waste types. The reduction in the waste of hazardous substances, which accounted for a share of just 0.11% in 2017, is relevant here. In 2017 we were again able to maintain the existing cost increases for waste below the target value of 60,000 euros (56,232.31 euros in 2016). At our German locations, 265.2 t of wastes (of which 0.3 t were hazardous) were produced (GRI G4-EN1). It was possible to reduce the share of hazardous wastes by 0.1 t compared to the previous year (GRI G4-EN23).

Water

Water does not play a significant role in our production process. Fresh water is used at the German locations (GRI G4-EN8). There is no impairment of the water sources used (GRI G4-EN9). Therefore, there is no return via production circuits or separate systems (GRI G4-EN10). We make reprocessing possible through standard waste water disposal.

The total water consumption at the locations Achim (287 m³), Langenfeld and the five other consolidation centres (1,158 m³), Wittenberge (651 m³) and Adlershof (360 m³), as well as at the main location in Berlin (1,665 m³) is 4,121 m³. Measured in terms of hours of use, the water consumption level is 4.66 litres per hour. The aim should be to continue maintaining water consumption at this low level.

We work only to a small extent with water-hazardous substances of hazard classes 2 and 3 (for example individual adhesives and cleaning agents in very small quantities). The inks that we use only correspond to water hazard class 1.

With regard to water-hazardous substances, special emphasis is placed on the corresponding labelling. These substances are always stored in special containers. Special precautions are taken to prevent them from entering the waste water, while filling stations are designed in such a way that these substances do not enter the waste water. All supply lines, pipes or containers are leak- and drip-proof, appropriate binding agents are available at all times and disposal is carried out without exception using the respective waste codes in accordance with the legal requirements.

Water Hazard Class (WGK) ¹⁾	0	1	2	3	Total
Number of substances ²⁾	12	80	28	1	121

¹⁾ WGK: Water hazard class according to WHG (Water Resources Act)

²⁾ central hazardous substances register

Figure 14: Overview of substances hazardous to water

In our hazardous substances register, all substances used are broken down according to water hazard classes. According to the current German Water Resources Act (Section 62 Para 4 Sentence 1 WHG), a distinction is only made between three classes of potentially water-polluting substances. Substances that do not represent water hazards are assigned to class 0 by us.

Hazardous Substances

At our locations, currently 134 hazardous substances are used (86 of which have no hazardous characteristics, corresponding to 64%), six of which are in use at two or all locations. Compared to the previous year, a further 28 hazardous substances with hazardous characteristics are no longer used.

Storage location	without hazardous properties	with hazardous properties
Berlin-Pankow site	45	13
Berlin-Adlershof site	14	12
Wittenberge site	15	11
Achim site	9	11
Langenfeld site	3	1
disposed of	0	28
Totals at year-end	86	48

Figure 15: Overview of hazardous substances

The majority of the substances used (58 substances) at the Berlin-Pankow location are stored or used in development only in very small quantities. The production sites in Berlin-Adlershof and Wittenberge each use 26 substances.

All substances for which safety data sheets are required have been listed. These include, for example, our inks, since they are assigned to water hazard class 1, but they do not require any hazard (GHS H) or safety information (GHS P). Contact sprays, Caramba or Raster Clean are substances for which there are corresponding hazard and safety instructions that have to be observed – even if they are only used in very small quantities.

Before a potentially hazardous substance is used by us or a further application for it is found, all risks it represents to the health and safety of our employees and our customers, as well as the environmental impacts, are assessed and tested under certain aspects (GRI G4-EN24).

7. Social and Societal Commitment (SA 26 and SA 27)

The management and employees at **FP** are aware of their social responsibility and act with this in mind.

Among other things, we support people with disabilities. The **FP** subsidiary **freesort** has paid close attention to accessibility and disability friendliness since its foundation. The company employs numerous deaf-mute and deaf people and has received numerous awards for this. The **FP Manufacturing Company** in Wittenberge in Brandenburg also works proactively with respect to people with disabilities. In particular, the company supports Lebenshilfe Prignitz e.V.. The association provides support to people with disabilities and their families in the region of Wittenberge.

Local and Regional

Our foreign subsidiaries are also committed to such ideals beyond the company's boundaries. The British subsidiary regularly makes donations for charitable purposes. Every quarter, our employees themselves determine which projects or associations are to be funded. Among other things, our British colleagues recently supported the non-profit organisation CancerHasNoColours and collected – with a Halloween costume competition for people suffering from Parkinson's disease.

In the USA we have been supporting the National Breast Cancer Foundation (NBCF) for several years. The NBCF focuses on breast cancer education and screening.

In Italy, too, we are committed to the fight against cancer and have entered into a partnership with the "Lega Italiana Lotta ai Tumori" (LILT, Italian Association Against Cancer). For every LILT PostBase sold, **FP** donates a certain amount to LILT.

In Austria, some employees have committed themselves working on behalf of the Bundesinstitut für Gehörlosenbildung (Federal Institute for Deaf Education) in order to make new handicraft materials available to hearing-impaired, deaf and hearing pupils at a school centre.

The Swedish subsidiary supports the association "Doctors Without Borders". Customers can specify, for example, that a portion of the rental costs for franking systems is to be donated to this organisation.

The subsidiary in the Netherlands donates money to the international children's aid organisation "Plan". In addition, it is supporting a wind power project in India in cooperation with the Dutch Post Office. This compensates for the CO₂ emissions generated by the volumes of letters (GRI G4-SO₁, G4-SO₂).

Helping is easy!

In 2017 we launched a special worldwide campaign: All employees were called upon to participate in the design of our **One FP** Christmas Card.

A total of 31 creative minds from France, Austria, the USA and Germany submitted 24 different suggestions. Our winner Max Schultz decided not to keep the prize of 500.00 euros for himself, but instead to donate it in full to the Berliner Obdachlosenhilfe e.V..

Driving Force for social dialogue

With ACT we are driving forward the transformation of **FP**. This transformation has internal and external dimensions. Here we take advantage of agile innovation and working methods, which at the same time provide impetus for social dialogue in the field of digital transformation.



Figure 16: The PostBase Pink Special Edition in favor of the National Breast Cancer Foundation



Figure 17: Halloween costume competition of the organization Parkinson's UK



Figure 18: Helping is easy!



Figure 19: Members of the project "Internationalization Strategy for FP Sign"

Thinking about Tomorrow Today – Shaping the Future: Our Cooperations with Scientific Institutions

Two divisions of the company work together here: Research & Development and Business Development. The main task of the Business Development Division is to validate new ideas with the needs of our customers in mind in order to tap new revenue potentials in the digital markets. Market and competition analyses as well as trend reporting are of major importance in this.

Examples of this which are worth mentioning are some of the university projects with which we promote the transfer of knowledge between science and companies. In addition to the content alignment, all university projects also include a focus on promoting young talent.

There have already been two projects with the Pforzheim University which are also providing impetus for further social dialogue.

The first project concerned the digitalisation of incoming mail for small and medium-sized enterprises. Within the framework of the project, customer requirements were determined using design-thinking approaches, with solutions also being developed up to the level of a prototype (Minimum Viable Product). This enabled us to evaluate potential solutions and business models. One of the participating students then started writing her Master's thesis on the subject of **FP Sign** and digital archiving – and continues to support us as a working student.

In the second project with the Pforzheim University, three students taking part in the "International Management" Master's study programme have developed an analysis on the subject of an "Internationalisation Strategy for **FP Sign**". This provided them with the opportunity to apply their newly acquired knowledge directly and test it in practice. Prof. Frauke Sander, who supervised the scientific aspects of the project, confirmed: "Thanks to the focus on digitalisation, innovative solutions and exciting markets, the cooperation with **FP** is a genuine enrichment for our university."

The internationalisation of selected digital solutions of the **FP** Group has been investigated in a project with the Berlin School of Economics and Law (HWR Berlin) within the framework of the "International Strategic Management" Master's study programme. In addition to a market and competition analysis, market entry options and sales strategies were also analysed.

Our Business Development Team has actively participated in a study by the Alexander von Humboldt Institute for Internet and Society (HIIG) in cooperation with Spielfeld Digital Hubs: The study investigated opportunities for cooperations between start-ups and established companies.

Imprint and Appendix

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The sustainability index of Francotyp-Postalia Holding AG
is attached to the report (GRI G4-32).

**"As for the future,
your task is not to foresee it,
but to enable it."**

Antoine de Saint-Exupéry