

ACT SUSTAINABLY – Visions and values in accordance.



Welcome
to the second sustainability report

by Francotyp-Postalia
Holding AG,
issued 31 December 2018

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1. Introduction

Dear Reader,

We are loving the challenges of the digital age! Whether it be Artificial Intelligence (AI), the Internet of Things (IoT) or data security and secure digital communications processes: **FP** makes full use of the innovative prowess that the company has carried in its DNA since 1923 and which is successfully helping it to achieve not only its own digital transformation but also that of its customers. We are actively leveraging the opportunities that this development brings, creating a future with clear analysis and targeted improvement, with joyous determination and focused activity.

After all, the future begins with self-belief – and belief in your goals.

The future also comes to those who think and, most importantly *act, sustainably*.

Yet “sustainability” means more than purely economic success. Sustainability means taking responsibility for our economic, ecological and social actions. Decisions and actions that aim to bear the quality of being sustainable need to be able to answer questions about their consequences in relation to an inheritable future, taking account of these three aspects. That is not always easy, and the journey is a long one. But, that is the journey that we are going to continue taking – with responsibility and respect both within our organisation and to the outside world. We are aware of this responsibility to our many stakeholders, and we accept this responsibility for the preservation of our company, our environment and our society.

Many of our colleagues take social responsibility very personally, for example, by dedicating their time to other people – people who are perhaps not as fortunate as we are. We are happy to support them in this, since this dedication to others illustrates what two of our core values – namely passion and team spirit – can achieve: they can move mountains and make the seemingly impossible possible. Passion and team spirit, driven by an idea, a vision, can change the world. We would like to thank all of our colleagues who are committed to good causes for their exemplary and invaluable efforts.

Over the following pages, we will be reporting on what we have achieved sustainably over recent months and how we acted.

Sustainable growth – in harmony with our vision and our values – is part of our responsibility as a small to medium-sized company. Everything we do reflects our responsibility for people and the environment. At **FP**, we believe we have a duty to make an active contribution to protecting and preserving nature and to strengthening the common good. Join us on our journey and over the following pages.

We look forward to hearing your comments, suggestions and critique:
after all, doing something *well* is just a step. Doing it better, *constantly*, is the journey we are on.

Yours sincerely,
Rüdiger Andreas Günther (GRI 102-14)



1.1 Sustainability – vision and values in harmony
ACT SUSTAINABLY

FP: We have been building the future for 96 years. The future lies ahead of us, where nobody else has ever been. Of course, we cannot know what the future holds – but we can say what we want to achieve, and what ideas and missions we want to employ to find and safeguard our long-term position on the world’s markets.

This is called a vision – a vision that is an achievable goal. It is only with a goal that motivation can be successful – and successful motivation provides the strength needed to grow and act sustainably.

Sustainability anchored in our vision

We make life easier for our customers with our innovative and efficient products and services, giving them time for – and delight in – their everyday business. By 2023, we will be the first brand worldwide that customers will think of and rely on when it comes to secure mail business and secure digital communications processes.

We are FP.

Based on the challenges that we face and the goals we are pursuing through **ACT**, we have repositioned ourselves over the last year in terms of our vision, our values and our globally binding and standardised brand claim. To help us do this, we evaluated 134 market research studies and more than 1,000 employees in ten countries took part in our *Stärkenkompass* to provide us – in six languages – with helpful information and insights. Through numerous discussions and coordination meetings, we were able to condense the gathered input, experience and findings about our new claim and promise of benefits. This claim is: “German Mailgeneering”

This is how we see ourselves, our promise to the market and our promise to our stakeholders. The claim epitomises the rapid development we are currently experiencing:

“GENEERING” is the development and modification of DNA, including that of a company, in order to give it a new character. ENGINEERING is our specialist field.

GERMAN MAILGENEERING implies the recognition of German engineering skill: reliability, sustainability, confidence and security. This is quality with the “made in Germany” tag that the whole world values. The “Mail” in the

term “Mailgeneering” testifies to our many years of experience in our core industry of the secure mail business, providing the foundations for our specialist and unique technical expertise as well as our outstanding digital know-how in secure communication. In other words: “Future through heritage” or “Turning old into new”!

To live up to this pledge, we are constantly reinventing ourselves and becoming a key service provider in the digital world of communication. Our values provide us with a direction for our everyday business and our goal of sustainable growth:

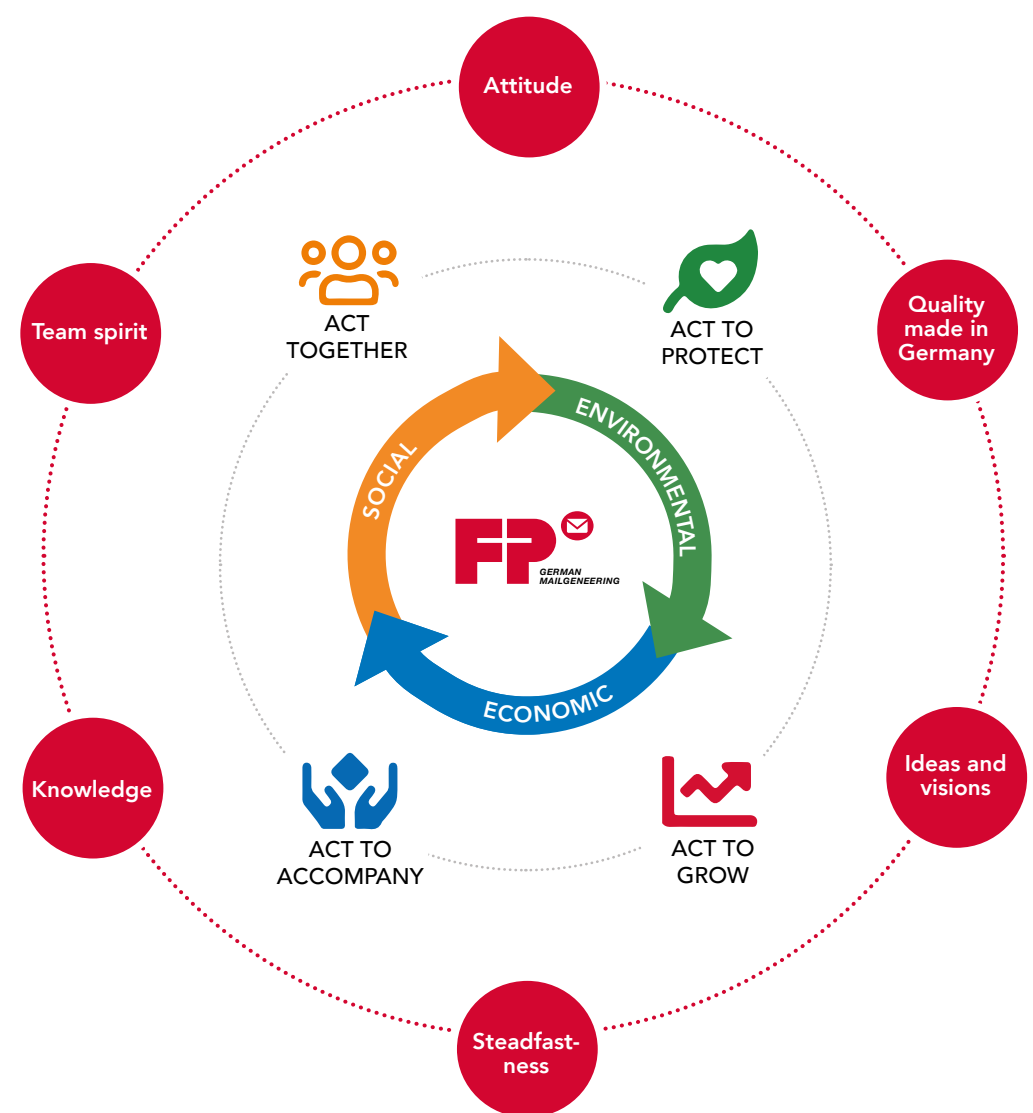
a secure mail business and secure digital communication processes. And we are experts in these fields. With our high quality we create trust among our customers and the basis for more intensive cooperation. We are also building on this as part of our **ACT** growth strategy: We are acquiring new market shares in our core business. We are providing support to our customers as they change from the analogue to the digital world. And, we are currently transforming ourselves into a company that is undergoing dynamic growth.

For change and our vision, we need values. Values that serve as our maxims in our everyday business and which support us on our journey.

We are **steadfast**, since we stand for our ideas, our goals, for **ACT**. Our attitude shapes how we think and act. With **ACT**, we have given **FP** a highly regarded strategy that makes our company fit – fit for a future that holds many possibilities. It is clear that the road ahead will not be an easy one. Our **spirit** drives us forward. We are reorientating our organisation, becoming faster, more efficient and more effective.

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

Our vision and our values in the context of sustainability form the basis of our sustainable actions and the strategy behind them: **ACT SUSTAINABLY**.



1.2 ACT SUSTAINABLY – sustainability strategy and its management
Organising rationality
(GRI 103-1, GRI 103-2, GRI 103-3)

Despite the exemplary structures we already have in place, we have undertaken as part of the ACT concept to take our company’s sustainability even further. The key question is this: can we combine our ambitious economic growth goals with this pledge? We have given the matter a lot of thought, and with ACT SUSTAINABLY created a sustainability strategy that provides an answer to this question. Look out – things are going to get a little strategic:

for us, sustainable business is both an ethical and economic duty. Wasted resources annoy accountants just as much as environmentalists. So, in order to achieve economic success in harmony with humankind and nature, we have created a new structure for ourselves within which we are able to define our milestones and review and publish what we have achieved.

The target as the signpost

At the heart of it is our vision: for FP to be a company of sustainable growth in 2023. Moving forward and making good progress in the three dimensions that constitute sustainability for us: economics, ecology and social matters. These form the inner circle. To achieve this progress, we have defined four guiding objectives that are grouped together within the middle circle. They are each based on our six core values, located in the outer circle. The guiding objectives give structure to our endeavours and make the systematic documentation of our milestone achievements easier.

ACT TO GROW

Our first guiding objective, ACT TO GROW, comprises the partial goals and measures that are anchored in the economic sector: profitable, sustainable growth through increases in market share, improvement of the digital strategy through the accompaniment of our customers from the analogue into the digital world, and the implementation and vitalisation of the brand strategy and brand values. Added to this were specific changes in management, enabled through the restructuring of each division. We ensure integrative and compliant behaviour towards our partners on the market through a compliance management system. Extended data protection management, for example, ensures compliance with legal data protection regulations such as the General Data Protection Regulation (GDPR). We review the consequences of our actions with active, efficient risk and opportunities

management. And, last but not least, we keep all relevant groups up to date with our achievements through regular stakeholder dialogue.

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

ACT TOGETHER

Our second guiding objective, ACT TOGETHER, combines all of the measures we are taking to sustainably strengthen our corporate culture. We want to increase our employees’ satisfaction and keep them loyal to us long-term. We will encourage our new employees even more than before, ensure diversity and equal opportunities, and generally develop our staff in every respect, including through active support for the common good and shared commitment to society. Internal communication will be stepped up further and added to with ideas management as a platform for employees to have their say in the company’s development. In particular, we will work together to ensure safety and health in the workplace.

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

ACT TO ACCOMPANY

Our third guiding objective, ACT TO ACCOMPANY, puts the focus on customers, products and service. We are setting ourselves the goal of sustainably improving product quality and efficiency, and incorporating this goal as early as the research and development stage. The aim is to achieve an innovative, future-ready portfolio of products that is always – wherever possible – one step ahead of any specifications imposed by laws and standards. When it comes to procurement and supplier evaluation, our first and foremost priority is sustainability.

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

ACT TO PROTECT

Our fourth guiding objective, ACT TO PROTECT, comprises everything to do with protecting resources and increasing resource efficiency. We are improving the energy efficiency of our plants and offices, from the choice of power we buy to the coordination of lighting. We are establishing a global recycling and waste management system as part of this, and we are optimising our management systems in Germany from an ecological perspective.

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

An open system

ACT SUSTAINABLY is not a master plan that must be followed to the letter in order to achieve our goal. Our sustainability strategy is actually designed to be open and interactive: we welcome suggestions from within and outside the company at all times, integrating them and adjusting our course as we progress on our journey. Just like FP as a whole, ACT SUSTAINABLY is constantly in motion.

Sustainability – leadership and structure

Sustainable thinking and the assumption of responsibility for employees, customers and partners, as well as for society and the environment, have long since been the cornerstones of our commercial activity. Our integrated management system has been delivering a continuous improvement in these services for 14 years now.

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

In the 14-year period from 2004 to 2018, we certified and developed the integrated management systems at our German locations, covering aspects such as occupational health and safety as well as the environment, energy, quality and information security.

The key factors include:

- Regulated, recurring work processes.
- Defined responsibilities.
- Organised flows of information to internal and external interfaces.
- Continuous controlling in order to ensure the quality of the working steps

Our certified integrated management system (ISO 9001:2015, ISO 14001:2015, BS OHSAS 18001:2007, ISO 50001:2011, ISO/IEC 27001:2013) is the responsibility of Sven Meise, who is a Member of our Board of Management. It is managed by the “Integrated Management System Controlling” department, which is 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 Francotyp-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 relating to quality, energy, environmental, occupational safety and information security.

FP Green News

FP is the **only** franking machine manufacturer to have had its integrated management system certified to **5 current ISO standards**. Its emphasis lies on the concepts of quality, information security, environmental protection, energy and industrial safety.

The findings of process documentation controlling, regular plant inspections, meetings of the Occupational Safety and Environmental Protection Committee, relevant information security reports, customer, production facility 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 proofs of completion and effectiveness. The integrated management system also supports efficient communication and promotes an open information policy towards our employees, our customers and our suppliers.

Control from within and outside

The integrated management system is monitored centrally with the identified and relevant 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. On-going 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.

Employee commitment

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

A small award for our first sustainability report – we are among the TOP 40

Last year, we submitted our first sustainability report, entitled “Responsible actions – Sustainable growth”, to the nationwide rankings of sustainability reports for small and medium-sized companies¹ (SME). Since 1994, the Institute for Ecological Economy Research (IÖW) and future e.V. have carried out rankings of sustainability reports for major companies and SMEs. There are a total of 120 reports from small and medium-sized companies, with around 70 reports being submitted last year for the sus-

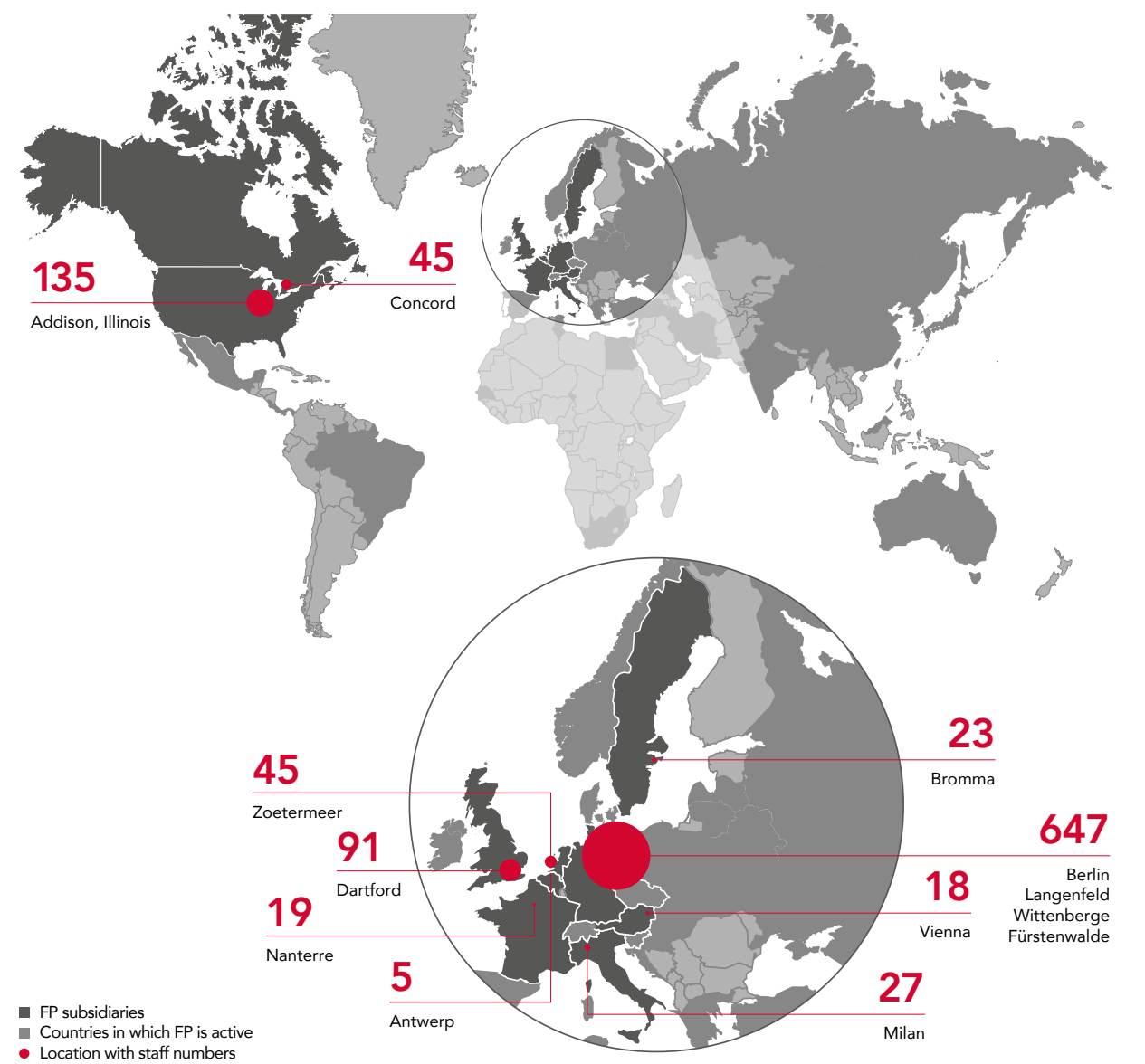
tainability report rankings. Due to the number of reports submitted, a restriction was put in place on the companies taking part during the screening process. In August of last year, we received feedback that we were one of the forty selected sustainability reports that had been subjected to a detailed evaluation procedure.

The three best sustainability reports of German SMEs were crowned in February of 2019, with the top 10 reports being published along with their scores. Beyond the top 10 reports, no differentiated statements are made regarding the quality assessment.

1.3 Francotyp-Postalia
A company in motion

As an internationally operating corporate group, which has its headquarters in Berlin and which is listed on the stock exchange, we – Francotyp-Postalia Holding AG (hereinafter referred to as **FP**) – can look back on more than 96 years of history and look forward to new ways of digital communication (GRI 102-1, 102-3, GRI 102-5). More than 1,000 employees are committed worldwide to our customers (GRI 102-7, GRI 102-8).

OUR OFFICES WORLDWIDE



¹ <https://www.ranking-nachhaltigkeitsberichte.de>

Secure mail business – secure digital communication processes

Our business activities focus on products and services for efficient mail processing (**franking and enveloping systems**), the consolidation of business mail (**hybrid mail services**) and digital solutions (**hardware and software solutions**) for companies and public authorities (GRI 102-2).

In Germany we have a total of 19 offices (last year: 22). We handle the global distribution of our franking and enveloping systems via subsidiaries in the United Kingdom, France, the Netherlands, Belgium, Austria, Italy, Sweden, Canada and the USA, and through a dense network of dealers in around 40 countries worldwide (GRI 102-4, GRI 102-6).

We manufacture our franking systems in Germany in a modern, flexible production facility in Wittenberge (Brandenburg), which has since January 2018 been extended with a central workshop for Germany and our service parts centre for the shipping of consumables and spare parts, designed to make their rapid delivery even more effective.

Franking and enveloping systems – Made in Germany

FP develops and produces systems for the automatic franking of surface mail. We sell and rent these, just like our enveloping systems, which automatically insert printed letters into envelopes. One key revenue driver is our after-sales business: this comprises the sale of consumable materials such as ribbon and ink cartridges, as well as services, software solutions for cost centre management and Teleporto.

Mail services

We take care of the franking and delivery in the standard postal manner of large volumes of letters for many customers. The **FP** subsidiary **freesort** offers a franking service for customers, as well as the pick-up of un-franked outgoing mail and the consolidation of business mail. This includes sorting according to post code and delivery to a sorting centre operated by Deutsche Post AG or alternative postal delivery services. 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 in Leipzig, Munich, Hamburg, Frankfurt, Hanover, Stuttgart and Berlin.

Software solutions

Our **hybrid mail services** convert data into ready-to-send letters and vice-versa: With **FP Input**, we take care of the structured processing of all incoming mail, including the digital storage of scanned documents; with **FP Output**, we take data streams from our customers and take care of the entire production process from the preparation of data and printing to enveloping, franking and handover of the mail to the surface mail or digital delivery service. We have our own printing and scanning centre in Berlin for our **hybrid mail services** business.

To facilitate secure, fully digital communication, we offer products for the long-term storage and back-up of electronic documents through encryption and signature software. The pioneering product in this sector is **FP Sign**, a cloud-based solution for the legally secure digital signing and exchange of contracts and documents which has been launched onto the market for SME-sector companies, but also through sales partners with providers of corporate software. For SME customers especially, we are offering new digital products and services worldwide through the customer portal **discoverFP**. These include an online solution for parcel shipping, i.e. multi-carrier selection, franking, tracking (**FP Parcel Shipping**, available from mid-2019, starting in the USA and Germany), web shop services or the option to use our **hybrid mail services**.

Internet of Things

Not many people know this, but **FP** is one of Germany's IoT pioneers. In fact, we developed highly secure hardware security modules (HSM) and public key infrastructures (PKIs), both of which are key components of today's Internet of Things, for our franking machines very early on. By acquiring the Berlin IoT specialist Tixi.com, we expanded this expertise and established a joint sales company. Customers use the gateways to securely transfer data from their distributed devices and machines to their own or cloud servers for central analysis and management.



Attack in core business

Keep winning additional customers and market shares in core business

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Customer potential leveraging

Accompany our customers on their journey into the digital age

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Transformation through technology

Penetrate IoT mega markets



1.4 Our ACT strategy
Three exclamation marks

To understand where **FP** gets its present-day dynamism from, let us offer you a few words of introduction about **ACT**. **ACT** is the strategy that will take us to 2023, the year that marks 100 years since the company was founded. The term **ACT** stands for **A**ttack, **C**ustomer Journey and **T**ransformation. The goal: growth – in terms of turnover and profit. **ACT** comprises measures to increase efficiency in all areas and, in particular, finance, human resources, sales and digitalisation.

Attack: We take purposeful action on the markets and achieve higher penetration than previously.

In the age of digital communication, is the franking machine a relic from the past? Not a chance! However, more and more business customers are turning to systems for smaller volumes of mail. With the innovative **PostBase family**, **FP** is seizing its opportunity in this sector. Thanks to a comprehensive market development strategy, we are increasing our share of the core business and we are planning to further expand our customer base. In 2018, as part of our **ACT** project **JUMP**, we started to transform our international sales, which in future will be grouped together into three major sales territories under single management.

We are developing innovative products and services such as the new **PostBase Vision**, which is being launched on the market from the middle of the 2019 financial year.

Customer Journey: The customer is at the forefront of everything we do; we are their companion on their journey into digitalisation, offering new solutions and services.

FP is evolving to become a companion in the digitalisation of processes relating to incoming and outgoing business communication. For our SME customers especially, we are offering new digital products and services worldwide through the customer portal **discoverFP**. These include an online solution for parcel shipping, i.e. multi-carrier selection, franking, tracking (**FP Parcel Shipping**, available from mid-2019, starting in the USA and Germany), web shop services or the option to use our **hybrid mail services** and our signature solution (**FP Sign**).

With **FP Sign**, we are conquering the terrain of legally secure digital signatures. With this new solution for the secure, confidential and legally binding digital signing and exchange of contracts and documents, **FP** is addressing

the growth market for electronic signatures (global e-signature market), which is set to grow by 30-35 % per year by 2023 (PS Market Research).

What is more, there are more innovations in the pipeline!

Transformation: We are also on our journey towards digital transformation: FP is itself changing into a digital service provider of the very highest quality.

FP is currently changing almost on a daily basis – especially through the development and marketing of new digital business models beyond the traditional customer base. We have built up the skills to do this over decades by developing highly secure processes for the digital billing of postage. Almost 200,000 franking machines are networked via **FP** servers in Berlin. From here, not only can data be read out in a highly secure way, but bidirectional communication based on the highest security standards is also possible. This makes us one of the pioneers of the much-vaunted Internet of Things (IoT), and we operate one of the most modern and secure IoT networks. The tried-and-tested, certified technology stack from the franking sector is also especially ideal for IoT gateways with local data processing and its functions. Over the course of the 2018 financial year, **FP** has therefore started to market IoT gateways for the highly secure transfer of data. This means we are moving into completely new sales markets and customer groups.

1.5 Clear goals for dynamic growth
JUMP – the leap into the future

With the **ACT** strategy, we are pursuing ambitious goals: By 2023, we want to double our turnover to around Euro 400 million and achieve an EBITDA margin of around 20 %. By the 2020 financial year alone, **FP** is planning to achieve a turnover of around Euro 250 million with an EBITDA margin of at least 17 %. In order to realise these ambitions, **FP** is currently evolving through its **JUMP** project into a more agile, dynamic growth company, fusing the advantages of well-established companies and start-ups.

We are focusing on our strengths: everything we have done successfully so far – and everything that will make us successful in the future. To help us do this, we are simplifying our administration systems and making them more streamlined. We are also stepping up our strategic forward-thinking and our digital positioning. All this is intended to ensure even better service for our customers and another 100 years of success!

We are ready to JUMP into action and are already on the way up. Our growth levers:

- Efficiency, speed and quality.
- Specialisation of our head office in Berlin.
- Concentration of regional organisations on marketing, sales and service.
- Shared service centre for administrative / transactional operations.
- New standardised processes, systems and responsibilities.

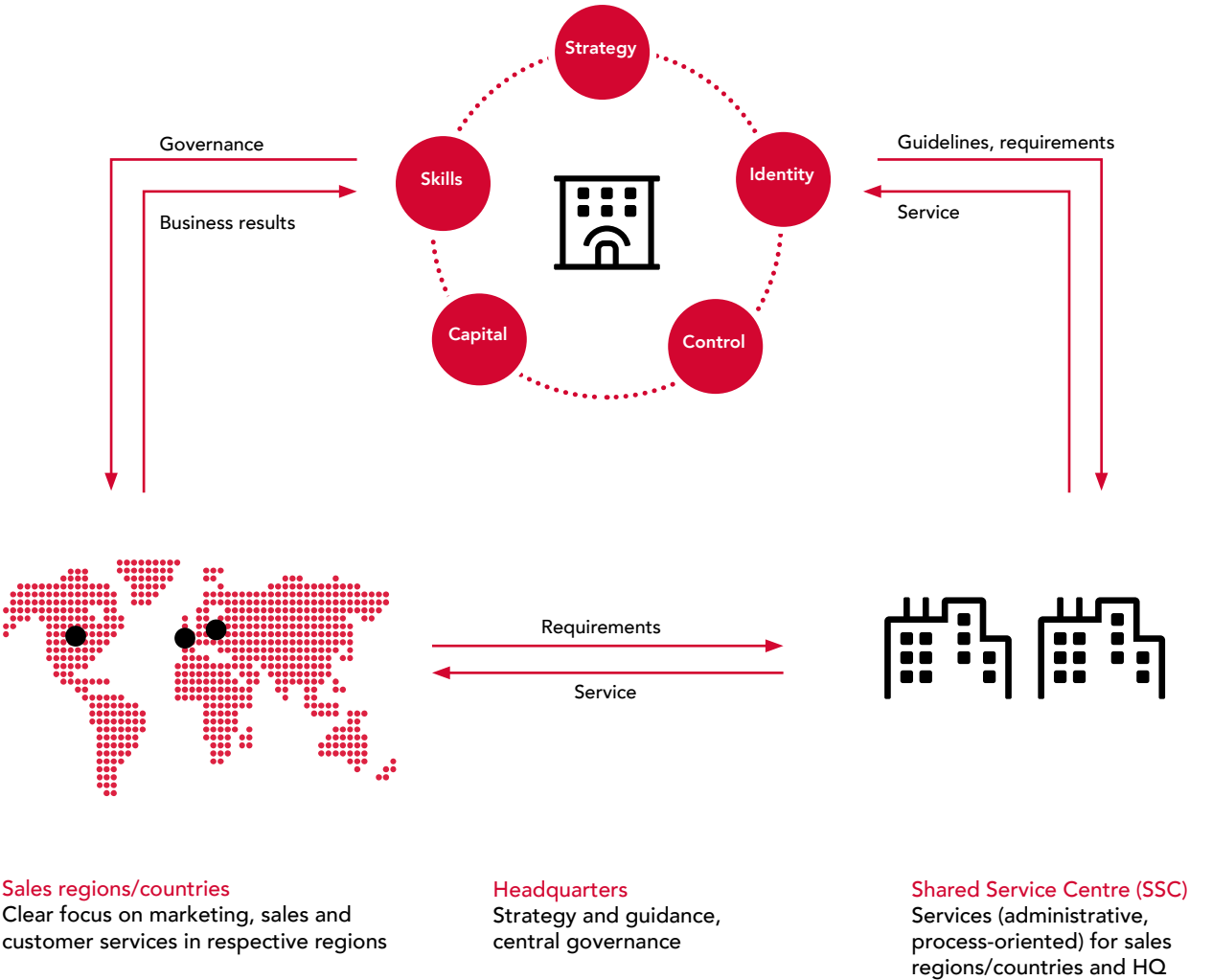
In order to boost the **FP** Group’s global impact, we are optimising our structure and organisation according to a

newly defined target operating model, which serves us as a bridge between strategy and implementation.

Its key measures are:

- The introduction of globally standardised end-to-end processes, including a standardised **ERP/CRM system** throughout the company;
- The setup of competence centres, including in the finance, strategy, marketing and service sectors;
- The setup of two **shared service centres**, one for North America and one for Europe, where repetitive tasks that can be automated will be processed in a standardised way.

OUR BRIDGE BETWEEN STRATEGY AND IMPLEMENTATION



The international sales management team will be streamlined, and the previously local organisation of sales companies will be replaced with three large sales territories: North America, Central Region (Germany, Austria and Switzerland), Middle Europe (rest of Europe and international dealers). The expansion of key strategic and support functions will strengthen **Francotyp-Postalia Holding AG**, while synergies will be leveraged and efficiency advantages achieved across the group.

The specifications of the **ACT** strategy are based on the assumption that the goals for the 2020 financial year will essentially be achievable without acquisitions. At the same time, however, we are carefully weighing opportunities to expand the business through acquisitions or shareholdings. Against this background, the **FP** Group took over the business operations of the Berlin IoT specialist Tixi.com and of an online dealer for franking machine accessories in the USA in the 2018 financial year. Since January 2019, we have acquired a 15 % share in Juconn GmbH, enabling us to offer customers the full IoT added value chain.

1.6 Group structure and company management – Well positioned

FP, as a German public limited company, is subject to German stock corporation law. We therefore operate with the governing bodies of Board of Management, Supervisory Board and Annual General Meeting. The management of the company is based on the close and trusting cooperation between all governing bodies and a lively and continuous flow of information between them. Shareholders can, in particular, submit questions to the management and exercise their voting rights at the Annual General Meeting.

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

Supervisory Board and Board of Management
The Supervisory Board has set up its own rules of procedure. These rules stipulate how the highest supervisory body operates under a sustainable focus – with standardised plans and guidelines. Potential conflicts of interest are queried before the nomination of an individual for election to the Supervisory Board (GRI 102-25). For a detailed list of the remunerations paid to the Members of the Supervisory Board and the Board of Management, please see the annual report (GRI 102-35, GRI 102-36, GRI 102-37, GRI 102-38, GRI 102-39).

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

With effect from 1 June 2018, Patricius de Gruyter was appointed to the Board of Management of **Francotyp-Postalia Holding AG**. Since this time, Patricius de Gruyter has been responsible for all national and international sales and marketing activities at **FP** and took over from Thomas Grethe. After over five years of working successfully as Director of Sales and Marketing, Thomas Grethe decided not to extend his contract, which was due to expire at the end of June 2018, and focus on new projects instead.

As part of the implementation of the **ACT** project **JUMP**, the Supervisory Board decided on 10 April 2018 to re-define the Board of Management’s distribution of business plan (GRI 102-18).

OUR FUTURE ORGANISATION OF AREAS OF RESPONSIBILITY



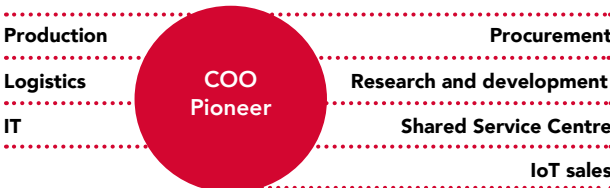
Rüdiger Andreas Günther
CEO and CFO
with FP since January 2016



Patricius de Gruyter
CSO
with FP since June 2018



Sven Meise
CDO, COO
with FP since February 2015



The strategist
Rüdiger Andreas Günther, CEO and Chief Financial Officer (CFO) of **FP**, is responsible for the areas of group-wide strategic business development, corporate communications, investor relations, public relations, finance, accounting, controlling, tax, treasury, human resources, legal, compliance, internal audit and mergers & acquisitions.

The marketing specialist
Patricius de Gruyter is CSO in charge of the franking and enveloping division, as well as the division for digital (with the exception of IoT) and hybrid products in the new sales regions, product and business development, global marketing / brand management and the competence centres.

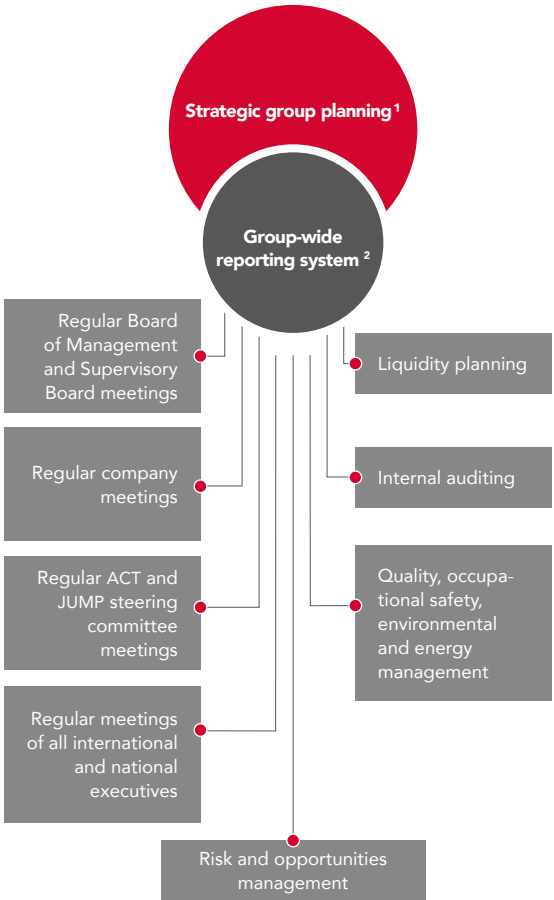
The pioneer
Sven Meise is the Director (CDO and COO) responsible for the information technology, research and development, quality, production, logistics, procurement, shared service centre and facility management divisions, as well as IoT sales. He is also the board sponsor for the **JUMP** project.

The Executive Committee
The directors work closely with a team of national and international managers from **FP**. This cooperation will be made more efficient over the course of the 2019 financial year through the establishment of a permanent Executive Committee, which will meet at regular intervals and which will involve the Board of Management.

Task and responsibilities
The Board of Management ensures strict compliance with the legal regulations and internal company guidelines – not only at Group level, but also in the respective Group companies. It has set up an opportunities and risks management system which is monitored through ongoing controlling in order to identify any potential threats, but also opportunities, in advance. As a result, it is able to take measures if necessary to exploit opportunities and counteract risks.

Assuming responsibility in the areas of sustainability – economic, ecological and social aspects – is part of our Group-wide conviction and forms the basis of 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 are maintaining an open approach and are in a continuous dialogue with our stakeholders.

MANAGEMENT SYSTEM



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

Sustainability goals for the Board of Management

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

Key figures

FP generated a Group turnover of *Euro 204.2 million* with an EBITDA of *Euro 17.1 million* in the past fiscal year (GRI 201-1).

Detailed explanations of the company’s key financial data, as well as the important changes during the reporting period with regard to the size of all entities named in the financial statements (GRI 102-45), the organisational and ownership structure of the company, including possible

changes to the location or changes with respect to the business activities and the opening or closing of production facilities and expansions, can be found every year in the respective business reports and during the year in the quarterly notifications and semi-annual financial reports (GRI 102-10).

1.7 Stakeholder management
Fulfilling the demands of stakeholder groups

With our ACT growth strategy, we have placed our focus on the needs and expectations of our 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 global group. This is why we seek and maintain the dialogue with our stakeholders at the group level as well as locally in the regions in which we operate.

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

FP maintains a constant dialogue with these stakeholder groups in order to establish and build upon good and close partnerships. Group divisions and subsidiaries, wherever there are common themes, also network with each other – and the ACT project JUMP is helping us to do this.

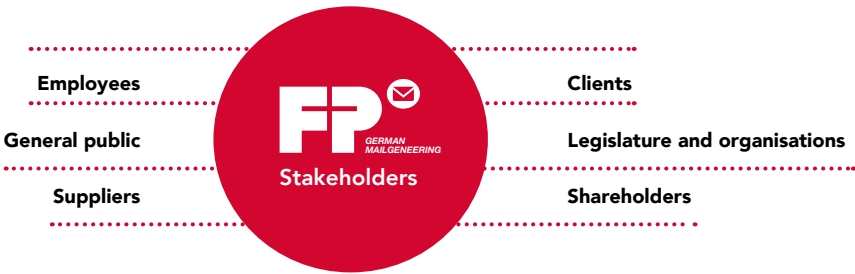
Our employees

Our employees are the driving force behind the growth and profitability of our company. We therefore attach great importance to nurturing them. This includes a series of measures to which our company has committed itself, especially with the ACT growth strategy: regular staff surveys, pleasant working conditions and [active, open and trusting communication](#).

Our customers

With our ACT growth strategy, the focus on our customers has increased even more than before. Our declared goal is to not only accompany them on their customer journey, but also to give them proactive advice. To this end, we make use of the regular exchange with our customers either in [agile development processes](#) or through the classic medium of carrying out [customer surveys and market analyses](#).

OUR STAKEHOLDER GROUPS



Our shareholders

As a company listed on the stock exchange, we stay in close contact with our shareholders and the capital market, engaging in a transparent dialogue with both. At the Annual General Meeting, which is called by the Board of Management, the shareholders of FP exercise their voting and control rights. At the Annual General Meeting, they are given the definitive group and annual reports and the relevant management reports and vote where appropriate on the use of the retained profit and on the discharge of the Members of the Supervisory Board and Board of Management. The attendees of the ordinary Annual General Meeting also appoint the auditor of the annual accounts each year. Our shareholders have the ability to exercise their voting rights themselves or to have them exercised by a proxy of their choice - including through a shareholders’ association. It is also made easier for shareholders to exercise their rights personally by the fact that the company provides a voting rights representative who can also be reached during the Annual General Meeting. We publish the documents required for the Annual General Meeting together with the agenda on our website, where it is easy for shareholders to access. At the same time, the shareholders’ documents are transferred directly through their banks, with the articles of incorporation not allowing for postal voting.

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

The market in which we operate is still strictly regulated, and we have to comply with these regulations. We regularly engage in a dialogue with the relevant authorities and institutions in relation to this. We also maintain relationships with industrial associations and other social organisations. Through BITKOM e.V., the Bundesverband Briefdienste e.V. and the Competence Center für die Elektronische Signatur im Gesundheitswesen e.V., we support important topics that are of relevance to our business activities. By supporting the Stifterverband für die Deutsche

Wissenschaft, we are shouldering our responsibility for education and science. At the regional level, we are committed to the Allgemeiner Verband der Wirtschaft für Berlin und Brandenburg e.V. and Berlin Partner.

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

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

Our suppliers

We maintain long-term relationships with our suppliers, treating them as partners and according them a high level of importance in our everyday procurement activities. This is the only way in which we can ensure that our production is supplied sustainably with the [necessary materials](#).

General public

As a company listed on the stock exchange, we maintain close relationships with our investors and the general public. Through our transparency, we also go far beyond the requirements imposed on us by law or stock exchange regulations.

Dialogue and reporting

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

1.8 About our second sustainability report
Our business continues to gather pace

In 2017, we founded a sustainability team as part of ACT that has since been focusing intently and reporting regularly on this subject area. The findings and questions that have arisen as a result are discussed by committees set up for this purpose and in Board of Management and Supervisory Board meetings (GRI 102-20, GRI 102-21, GRI 102-27, GRI 102-32, GRI 102-33).

1.8.1 Reporting standards and reporting principles
Everything is strictly compliant with GRI – and now also with Sustainability Reporting Standards

To make sustainability reporting comparable on all levels and to make it reliable for years to come, we decided to create our first sustainability report, published on 31 December 2017 (GRI 102-51), in accordance with the G4 guidelines of the Global Reporting Initiative (GRI). From 2018, for the reporting period from 1 January 2018 to 31 Decem-

ber 2018, we will be using the applicable Sustainability Reporting Standards (SRS) from the GRI. Our reports will be issued annually (GRI 102-50, GRI 102-52).

The GRI has drafted a comprehensive framework for comparable sustainability reporting which is used worldwide². The comments in brackets indicate this.

We are reporting in accordance with the “Core” compliance option (GRI 102-54). No external audit of the report by an auditing company or any other institution has been carried out (GRI 102-56). In accordance with Section 171 of the German Stock Corporation Act, the sustainability report (including the non-financial declaration pursuant to Section 289b-e, Sections 315b, c of the German Commercial Code (HGB)) has been audited by the Supervisory Board. The contact for sustainability matters is Anna Lehmann, Advisor on Sustainability and Investor Relations (GRI 102-53).

No important changes to the scope and limits of aspects occurred compared to the earlier reporting period, despite the acquisition of the IoT specialist Tixi.com and the 15 % shareholding in Juconn GmbH (GRI 102-48).

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

1.8.2 Importance of aspects and agreement of report contents – What does really count?

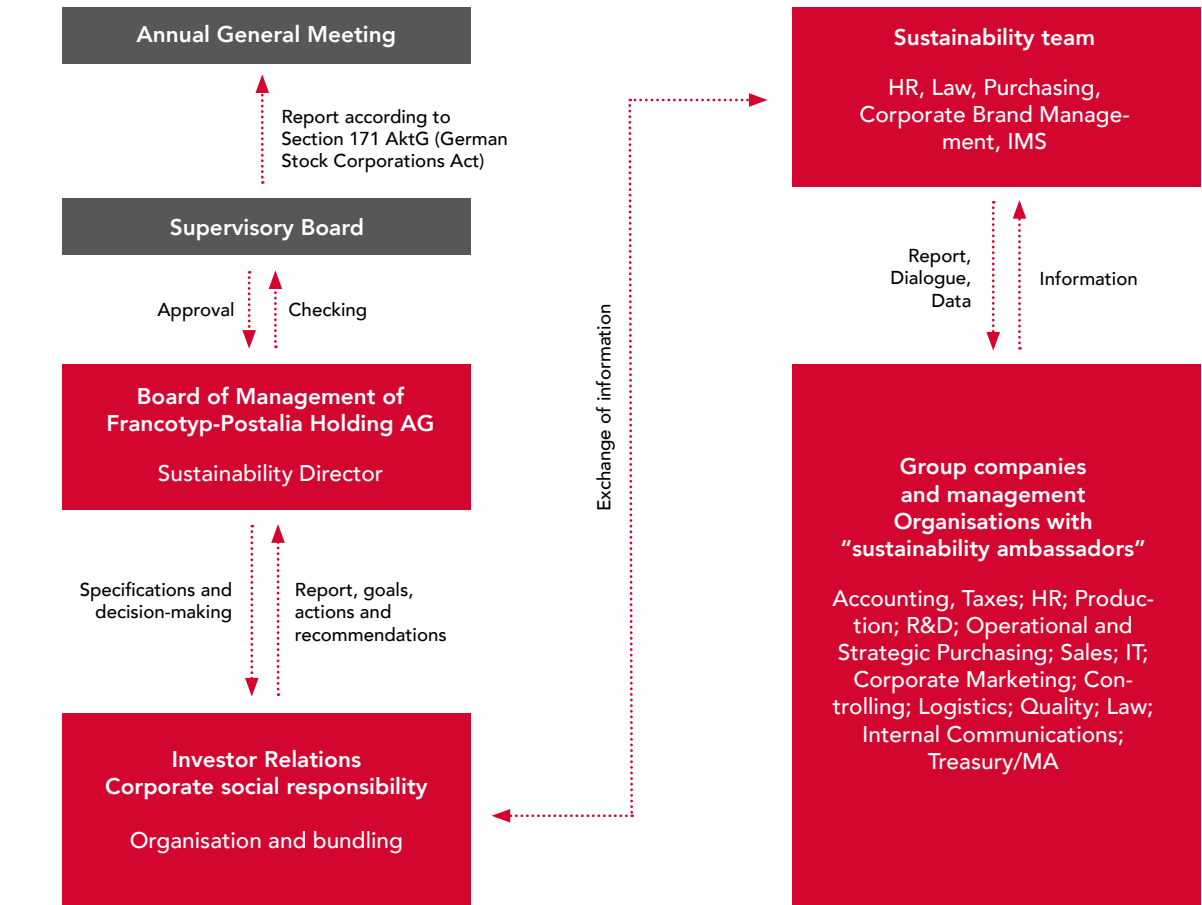
After the foundation of our sustainability team in 2017, various rounds of in-depth discussions were held in 2018 to define the aspect boundaries and contents of the reports. Taking account of the interests of our stakeholders and our responsibility to society, we analysed 62 different aspects in 2018 (previous year: 54 aspects) from the areas of the company, customers, employees, products, environment and society (GRI 102-46, GRI 102-47).

In particular, we looked at the aspects of our own business activities that have a significant impact on sustainability. The economic, ecological and social impacts of our company on the various aspects were discussed in detail and classified. There have been no significant changes in our key areas and in the aspect boundaries compared to last year (102-49).

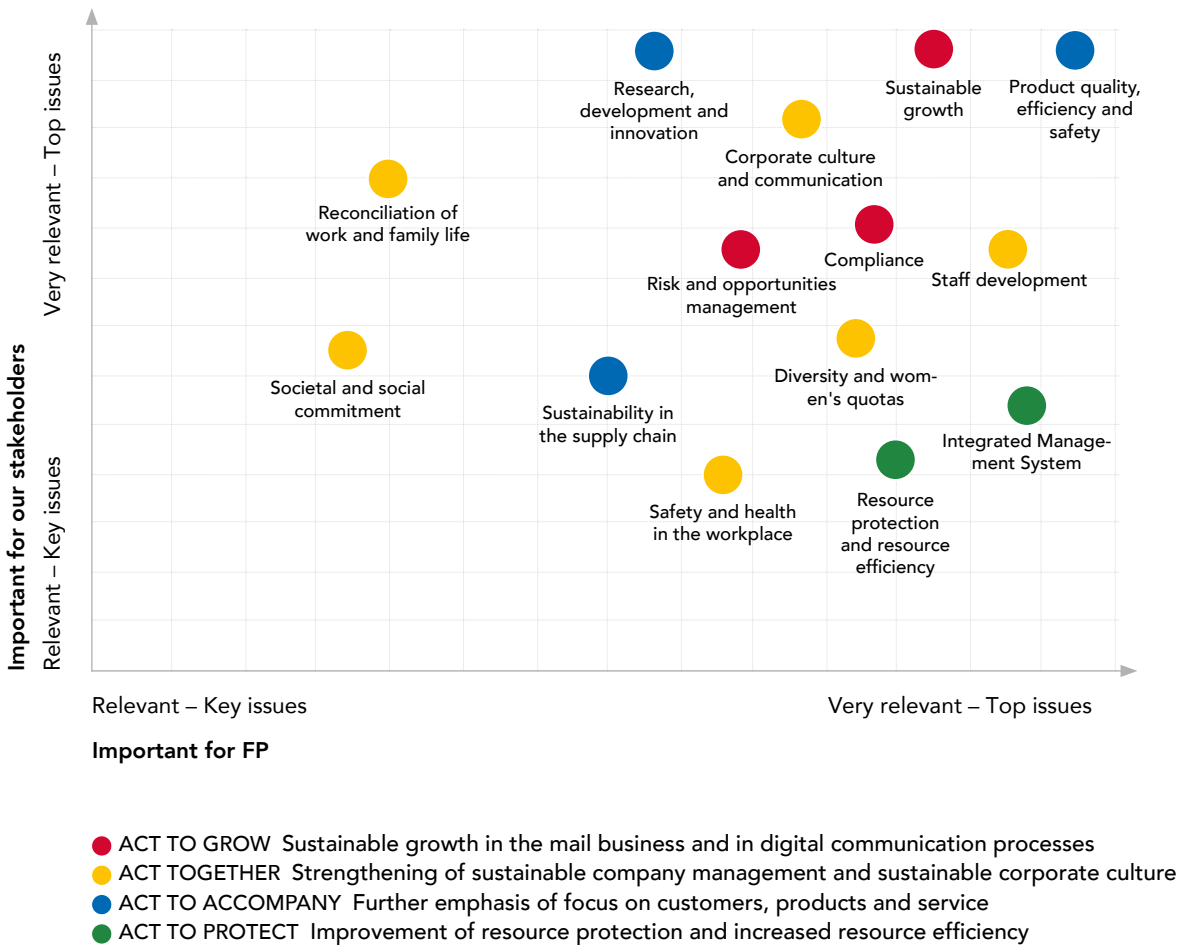
We classified 14 of the aspects included as significant and assigned them to the four guiding objectives of our ACT SUSTAINABLY growth strategy. Our matrix shows the key aspects sorted by relevance for our stakeholder groups and for us, as FP. It is on these topics that we will be reporting in detail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

The derivation of aspect boundaries and the use of such aspects are also a requirement of FP’s integrated management system (GRI 102-48). In a further step, we plan to con-

STRUCTURAL ORDER IN THE REPORTING CHAIN



FP MATERIALITY MATRIX



² https://www.globalreporting.org

duct a survey among selected stakeholder groups in order to compare the sustainability reporting and give our dialogue with them an even more detailed structure (GRI 102-43).

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

The separate and summarised non-financial declaration, incorporating all relevant information from **Francotyp-Postalia Holding AG** and its subsidiaries, pursuant to the CSR Directive Implementation Act (CSR-RUG) and Section 289b, Sections 315b, c of the German Commercial Code, is integrated into our sustainability report for the 2018 financial year. We do not distinguish between the key information and figures of our subsidiaries and those of the Group company. In accordance with the CSR Directive Implementation Act, our sustainability report contains all key information in relation to environmental, employer and social issues. We also report on the respect of human rights and the prevention of corruption and bribery. The corresponding index with the relevant section references and information can be found in the [appendix](#).

As a result of the definition of aspect boundaries in the CSR Directive Implementation Act differing from the frameworks of sustainability reporting, **Francotyp-Postalia Holding AG** has not used any framework in the creation of its non-financial declaration. **Francotyp-Postalia Holding AG** reports any sustainability information that goes beyond the scope of the non-financial declaration in accordance with the applicable Sustainability Reporting Standards (SRS) of the [Global Reporting Initiative \(GRI\)](#).

2. ACT TO GROW

2.1 Sustainable growth in the secure mail business and in secure digital communication processes (GRI 103-1, GRI 103-2, GRI 103-3)

Our future comes from our past. The past of a company that is now 96 years old, the evolution of which is firmly anchored in the quality promise Made in Germany, and in which the curiosity and will of our engineers are harnessed to constantly come up with new products and services for our customers.

Over all these years, we have made customer-focused progress, which has been expressed through successful services and products. It is in this immensely expanded engineering expertise in the development and production of sensor systems, actuating elements, cryptography and connectivity that our potential lies – the potential for new customers on new markets. We are also ready for the Internet of Things, that significant market of the global future: after all, our brand core of security will have a major role to play.

2.1.1 Sustainably increasing company value From the investors' perspective

For our shareholders, the emphasis is on unilateral company success, which is supposed to be reflected in the share price and the dividend policy. They expect their investment to pay off through an increase in the market valuation of their share certificates and, at the same time, through the distribution of shares in the company's profits (dividends).

The entire company is primarily and deeply committed to its shareholders. We track the development of the market valuation every day. However, this is also dependent on external factors, such as the general capital market environment, which are beyond the company's control.

Review of the share price and progress in 2018
Our shares started the 2018 stock market year at a price of Euro 4.74 and – two days later – reached their year high of Euro 4.94. Over the ensuing months, the price fell. It spent a few months moving sideways following the submission of the half-yearly figures, before experiencing further pressure as a result of the generally difficult market situation in the autumn. On 27 December, the **FP** share reached its nadir for the year of Euro 2.97. It closed 2018 at a year-end price of Euro 3.00. At the start of the year, the share's development returned to a positive trajectory. The share price rose in January 2019 by just under 20 %, standing at Euro 3.56 at the end of the month.

A watch-and-wait approach by some investors in relation to the positive evaluation of the likelihood of success of our fundamental transformation project **JUMP** (while business was “still ongoing” and within a very short period of time), as well as the expectations of some investors that successes would be achieved faster, led to some shareholders selling their shares over the course of the year. The share price was also beleaguered by general capital market uncertainties towards the end of 2018. We are not satisfied with the development of the share price.

Not all analysts share the scepticism of some investors, however, believing that the **FP** share has potential and is worth buying. The **ACT** strategy has convinced numerous anchor shareholders, and the company was able to bring on board substantial major investors in 2018. This is a good shareholder base on which the Group will continue to build. Numerous discussions have already been held in 2018 with value investors, who are expressing more interest in the company's shares. This heralds a change in the shareholder structure. The continuation and further acceleration of the commenced **JUMP** transformation and substantial successes in the new digital areas of business will form the basis for further investors coming on board. **FP** will continue to actively signpost to market players that the **ACT** strategy is opening up new perspectives.

Stepped-up investor relations activities, the consistent continuation of the **ACT** strategy and initial successes in the new digital businesses led to more active stock exchange trading with **FP** shares in 2018 than in the year before. On average, almost 36,000 **FP** shares were traded each day on the Xetra platform. This corresponds to an increase of almost 50 % compared to the previous year; the highest figure was achieved shortly before the announcement of the half-yearly figures on 20 August 2018, with more than 270,000 shares being traded on a single day of trading.

In 2018, we reached our goals for turnover and EBITDA, exceeded them for the adjusted free cashflow, and we are resolutely continuing our course. The **ACT** growth strategy and far-reaching measures to increase profitability, which we will be implementing on a consistent basis, are also being used to achieve a sustainable increase in the company's value. We are developing an increasing dynamism. **ACT** represents the gateway to the route towards transformation. And with the fundamental reorganisation taking place as part of **JUMP**, we are laying the foundations for sustainable, profitable growth.

Close cooperation between the Board of Management and the Supervisory Board

The shared goal of the cooperation between the Board of Management and the Supervisory Board is to sustainably increase the company’s value. These boards regularly discuss the status of the company’s agreed strategic direction. The Board of Management regularly updates the Supervisory Board on all matters relating to planning, business development, risk, risk management, internal accounting and compliance that are of relevance to the company. The Board of Management reports on any deviations in the trajectory of the business from the established plans and objectives, explains them and suggests countermeasures.

Our ACT strategy and corresponding operational structures are important factors in fulfilling 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 FP’s successful control systems and in all of the areas identified in this report.

2.1.2 Market share
No growth without sustainability

ACT means that we will be sustainably increasing our market share. We will significantly strengthen our activities in the most attractive markets worldwide, namely the USA and France. We offer a large number of innovative

products that are of equal interest to companies and public authorities. Our product portfolio comprehensively covers the needs of our customers.

With a total of around 218,000 franking systems installed, our global market share has improved since the start of 2016 from 10 % to more than 11.5 %, again making FP the third-largest supplier worldwide. In Germany and Austria, we are the market leader with a market share of around 42 % and 47 %, respectively.

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

As part of the ACT project JUMP, our sales structure is currently being reconfigured. In future, global sales will take place in three regions: North America, Central Region (Germany, Austria and Switzerland), and Middle Europe (other European countries and dealer network).

The trend remains on our side

On many markets, FP profited in the 2018 reporting year from the persisting trend towards smaller franking systems. With the market launch of our new product generation of PostBase Vision from the middle of the 2019 financial year, we will be able to further consolidate our

technology leadership for small and medium-sized franking systems.

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, the expansion of the customer base also has positive effects on other important factors such as customer satisfaction and job security at FP.

2.2 Compliance – We play by the rules
(GRI 103-1, GRI 103-2, GRI 103-3)

The specifications defined by the Board of Management and the Supervisory Board regarding compliance and our code of conduct must be observed by all employees of FP – taking account of the participation rights of the responsible bodies of employee representation – in everything they do for the company and apply globally. Our compliance guidelines define our expectations in terms of compliance with legal as well as internal specifications in order to further the company’s success and to prevent damage to the company.

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

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

A specific training programme is designed to highlight the benefits of compliance and of acting appropriately in the interests of FP and – at the same time – according to the specifications. Participation in the training courses is mandatory for our employees.

Our principles at a glance

- 1. We operate globally, respecting recognised standards. Laws and regulations that are relevant to us – in Germany and at our overseas offices – are followed to the letter.

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

The Board of Management of Francotyp-Postalia Holding AG has commissioned the Compliance Officers with the role of encouraging and monitoring global compliance with this code of conduct. All FP employees are obliged to provide them with detailed information about all such instances.

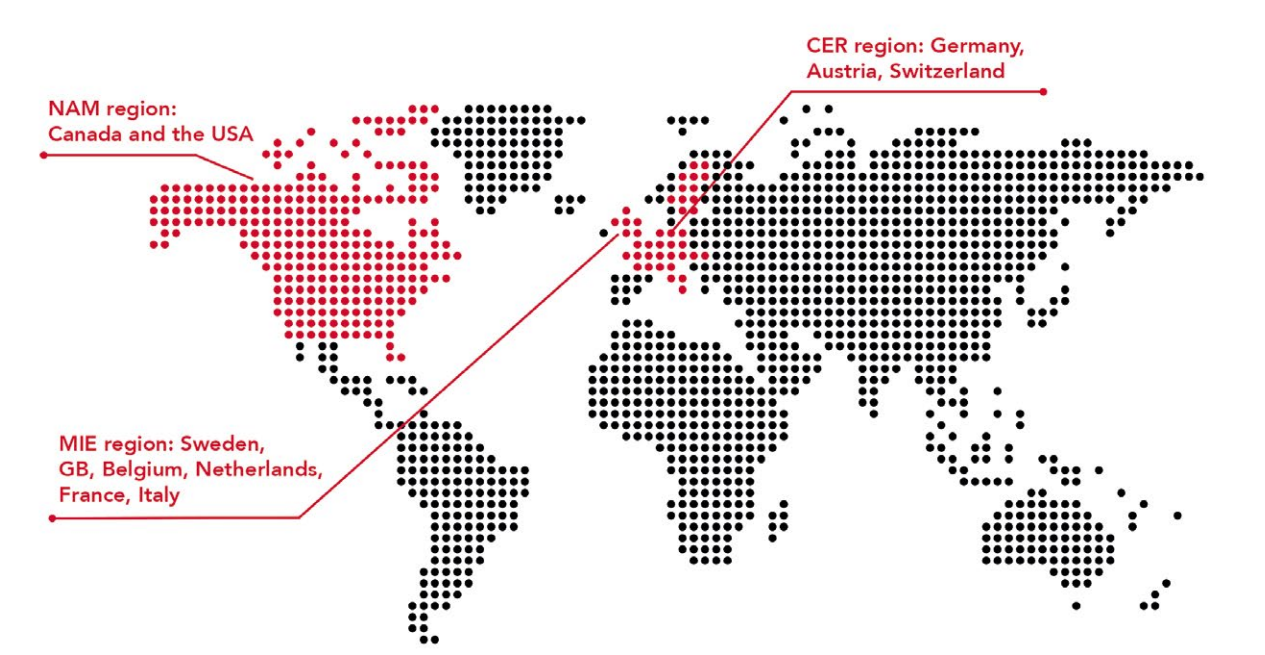
Records are kept as proof that the specifications are being observed. Non-compliance with or deliberate violation of our compliance guidelines, as well as any secondary documentation (processes, guidelines, instructions), can lead to disciplinary procedures, including criminal or civil law procedures.

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

Unfairness? We reject ...

- ... the acceptance or offer of direct or indirect advantages, especially “kick-backs” or personal gifts and invitations that may be construed as influencing commercial decisions or transactions.
- ... any business dealings that are designed to create direct or indirect advantages of any kind for business partners or authorities and their employees, officials and other public sector workers or other third parties, for example through the offering or granting of financial sums or personal benefits (this is especially true if the nature and scope of these advantages are capable of unfairly influencing the recipient’s actions or decisions).

TEN COUNTRIES BECOME THREE REGIONS



- ... the engagement of third parties (e.g. consultants, brokers, sponsors, representatives or other intermediaries) to circumvent the above regulations.
- ... the granting of direct or indirect donations to political organisations, parties and individual politicians without prior approval (2018: no direct or indirect donations, GRI 415-1).

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 on such misconduct. Compliance with legal and ethical rules and principles is of key importance. The rules and principles, as well as the responsible handling of insider information, are laid down in the Compliance Guidelines (GRI 205-2).

FP, along with all of its subsidiaries and processes, is subject to regular risk assessments, including all compliance risks, as part of our risk management system. These regular reviews cover the risk of corruption (GRI 205-1). During the reporting period, there were no known cases of corruption at **FP** (GRI 205-3).

Yes to competition

We are committed to fair and open competition on the world's markets, and we therefore distance ourselves completely from:

- practices that contravene anti-competition or anti-trust legislation between competitors, suppliers and other companies, such as illegal bid rigging which excludes, restricts or distorts the competition
- the exchange of information on competition
- the misuse of a market-dominating position
- infringements of the regulations of anti-trust merger control
- During the reporting period there were no known legal processes arising from anti-competitive behaviour or cartel or monopoly formation at **FP** (GRI 206-1).

Criteria for suppliers and customers

With regard to suppliers and customers, we are committed to making buying and selling decisions based on the following criteria in particular: costs, delivery time, quality, technology, reaction, compliance with delivery deadlines, financial stability of the supplier/customer, environmental and information security aspects, compli-

ance with anti-terrorism laws and respect for human and employee rights.

We provide our services and sell our products as a globally operational company and we are committed to complying with national and international agreements (especially export control regulations, embargo and trade control regulations). We comply with relevant national and international restrictions on trade (embargoes), especially the provisions of the Foreign Trade and Payments Law and the EU directive on dealing with products with a dual purpose and combating terrorism.

Defending human and employee rights

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

There were no significant investment agreements or contracts that contained human rights clauses or which were inspected for human rights aspects, nor do we operate or invest in at-risk countries (GRI 412-3).

Against terrorism and money laundering

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

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

Ongoing review

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. The risk of individual infringements is minimised through ongoing information and training measures. Any misconduct that is uncovered is followed up on immediately and consistently. The company's internal Compliance Guidelines serve as a yardstick for all employees across all locations to behave with integrity in their business dealings (GRI 205-1). Executives and employees receive regular, mandatory training on the Compliance Guidelines (GRI 205-2).

Together with external service providers, audits are carried out to ensure compliance with further legal requirements. To our knowledge, there was not a single case of corruption in 2018 (GRI 205-3).

2.2.1 Information security and its management Protected against cyberattacks

For more than 96 years, we have known that data security is indispensable for our business, and have acted accordingly. Our integrated management system is certified appropriately in relation to information security for the relevant parts of our company. All of the company and compliance guidelines relating to data protection apply worldwide.

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

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

Existing certificates

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 2016 in accordance with ISO/IEC 27001. Our information management system is networked across Germany and will be continuously developed further over the next few years in line with our stakeholder groups.

The **FP** subsidiary **Mentana-Claimsoft** also holds the TR-RESISCAN IT security certificate from the German Federal Office for Information Security (BSI) for the operation of its De-Mail infrastructure.

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

We take extensive precautions to protect personal customer and employee data. To this end, we have defined processes and regulations in harmony with our Compliance Guideline in order to ensure that the handling of this data meets the requirements of the General Data Protection Regulation (GDPR) and the Federal Data Protection Act (BDSG). We document this in our integrated management system. All employees are regularly trained in and instructed on the subject by data protection officers.

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. Its experts then check the facts and impacts without delay, deriving measures where appropriate. The ISO team groups security incidents into three categories: low, normal and critical. Any incidents are listed in the quarterly IMS report. The categories are weighted accordingly, creating a reference value of 15 for the current years. In 2018, the actual value was 11.0, somewhat higher than the previous year (7.2).

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

Not a single data leak was discovered in 2018. 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. We provided immediate assistance in relation to this complaint. In 2018 there was no known infringement of privacy resulting from unauthorised use or backup of data (GRI 418-1).

2.3 Risk and opportunities management
Growth in every respect

Identifying and evaluating opportunities and risks early helps us to safeguard our company’s long-term existence and to continuously improve our competitiveness. Risk and opportunities management is therefore an integral element of our structures. The more detailed report on this subject can be found in the annual report.

Organisation of early identification

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 Stock Corporation Act (AktG). This system serves in particular 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 Board of Management within the framework of appropriate reporting lines and in a secondary step to the

Supervisory Board (GRI 102-33). The early identification system for risks and opportunities is evaluated within the framework of the annual accounts 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 102-29).

Optimisation of risk assessment

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 Stock Corporations Act (AktG), the risk groups have been re-defined. Overall responsibility for the risk and opportunity management system lies with the Board of Management. The Board of Management is informed about FP’s current risk situation by the Risk Coordinator and orders further measures as necessary. After the Board of Management has approved the Group Risk Report, it is submitted to the Supervisory Board. On behalf of the Board of Management, 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 102-30).

Report Managers from the following group have been appointed to monitor, evaluate and report opportunities and risks: Executives from companies both in Germany and abroad, division managers and representatives of 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 102-48). 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 Board of Management.

2.3.1 Risks to FP

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

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 may be significant, all risks are divided into five different classes (1 to 5) according to their probability of occurrence and the level of the potential loss or damage.

In total, nine individual risks (A) (previous year: eleven) were identified on the day of reporting for the FP Group. These include seven key risks (A1) (previous year: seven), the occurrence of which would be expected to endanger the company’s existence (GRI 102-15, GRI 102-34). No financial consequences arising from climate change, or any further risks and opportunities, were identified (GRI 201-2).

Taking account of the potential extent of damage and the likelihood of probability, there are currently no identifiable risks that would lead to a permanent, significant impairment of FP’s assets, financial or revenue situation. Overall, the risks are manageable; the continued existence of the Group is not in danger from the present-day per-

RISK MANAGEMENT AT FP



SUMMARY OF RISKS FOR THE FP GROUP

	Extent of damage	Probability of occurrence	Risk group	Development ¹
Market-related risks				
Changes in customer needs as a result of the digital transformation	5	3	A1	→
Operational risks				
Successful implementation of strategic and operational projects and measures	5	4	A1	→
Employee adjustment risk	5	4	A1	↗
Employee shortage risk	4	4	A1	↗
Employee loyalty risk	3	5	A1	↗
Cross-border IT risks	4	3	A	→
Financial risks				
Devaluation risks for goodwill and other assets	4	4	A1	→
Potential impact of Brexit on future assets, financial and profit situation	5	3	A1	↗
Currency risk	4	3	A	↘

1) Development of risk quotient year on year.

- ↗ Increased / new risk
- Unchanged risk
- ↘ Lower risk

spective. No fundamental changes to the risk situation are anticipated currently, since **FP** has put in place all the requirements to be informed in good time regarding possible new risk situations and to be able to respond quickly. There are currently no further potential risks that could arise from our business activities, products and services, or from our cooperation with business partners and suppliers in relation to sustainability (GRI 102-11). Our 14 key subject areas (Link) also do not hold any economic, social or sustainability risks that would endanger **FP**'s continued existence or be regarded as significant in our risk management system. A detailed description of **FP**'s individual risks can be found in the [annual report](#).

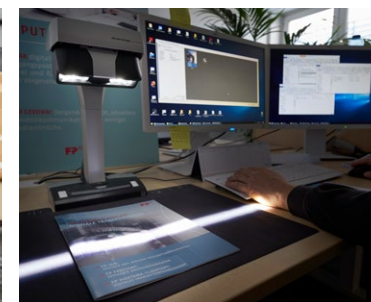
2.3.2 Opportunities for FP Growth as a digital companion

We have determined the qualities of our opportunities for the 2018 financial year; they have not been quantified for management purposes, as was the case in the previous year, or documented in an opportunities matrix. With its **ACT** strategy, the **FP** Group has – once again – subjected its opportunities on a changing market to a thorough [review and re-evaluation](#).

FP will expand its present customer base of around 200,000 primarily small and medium-sized companies as part of **ACT**. With each existing customer and new customer, there is also the opportunity to accompany them on their path towards digitalisation and to offer them products relating to secure digital communication that go beyond the classical transmission processing.

Overall, this results in stronger customer loyalty and higher, sustainably profitable growth per customer. The **ACT** strategy takes account of these opportunities with all three elements: **Attack**, **Customer Journey** and **Transformation**. The **FP** Group's transformation includes the thorough modernisation and redesign of the organisational structure and workflows in order to increase efficiency, quality and speed. Following careful planning and preparation in the 2018 financial year, it is currently being implemented in the **ACT project JUMP**. In accordance with the development of this and other ongoing **ACT** projects, these opportunities have been integrated into the strategic Group planning, the forecast for 2019 and for the medium-term goals for 2020. The **FP** Group has also set itself long-term goals to reach by 2023 in the form of the **ACT** project.

In order to meet the expectations of **FP**'s stakeholders, we want to continue driving the company's sustainable growth forward and to implement the changes associated with **ACT** even more quickly by spotting and successfully leveraging new opportunities early on. A detailed description of **FP**'s individual opportunities can be found in the [annual report](#).



Vision, mission and values –

(GRI 102-16)

1. Market and competition

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

2. Customers

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

3. Profitability

The average is not something we want to measure ourselves against or, indeed, set out to be. We want to set the benchmarks and, as a brand, be the No. 1 in the relevant set of our customers in the secure mail business and secure digital communication processes, as well as grow with sustainable profitability on our market.

4. Secure jobs

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

5. Employees

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

our management principles at FP

6. Innovation and processes

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

7. Transparency

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

8. Conduct

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

9. Business partners

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

10. Society and the environment

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

3. ACT TO ACCOMPANY
Focus on the customer

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

Our second guiding objective, **ACT TO ACCOMPANY**, specifies that we must strive to achieve long-term and successful business development while, at the same time, making a positive contribution to sustainable development. More than 200,000 supported companies represent a large number of tasks and challenges that we face every day within the context of corporate sustainability. This is where **ACT TO ACCOMPANY** comes in: we are placing our customers even more at the centre of everything we do. We are developing new solutions and services along the Customer Journey for them.

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

Every day we work to inspire existing customers and convince new customers to join us. We are evolving into the companion for the gradual digitalisation of processes relating to incoming and outgoing business communications in companies and in authorities, in IoT and in Industry 4.0, as well as – for example – the acquisition, consolidation, transmission, encryption, management, monitoring and evaluation of digital data and processes. After all, with our products and services, we are ideally positioned to actively co-define the digitalisation process.

An example from the mail business: 81 % of companies continue to use business letters for confidential and important communications since many companies are uncertain about the confidentiality, security and binding nature of digital solutions. There is an enormous gap in the market here: 53 % of companies are not yet using the potential of digital alternatives, although 66 % of companies realise that the potential for optimisation lies in the digitalisation of incoming mail. This opportunity must be seized (www.fp-francotyp.com/Effizienzreport).

Portfolio at a glance

The most important product in the secure mail business sector is our **PostBase family**: the range extends from small systems for beginners, our PostBase Mini, to the PostBase Classic and PostBase 100 and onwards to the professional franking system, our PostBase One. From the middle of the year: our **PostBase Vision**. With this portfolio, we have the right solution for every requirement.

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

Especially for our customers from the SME sector, we offer new digital products and solutions worldwide through our **discoverFP** customer portal. These include, for example, a solution that customers can use from their desktop to send parcels – with services such as multi-carrier selection, franking, tracking (**FP Parcel Shipping**, available from mid-2019 and starting in the USA and Germany), webshop services or the option to print digital documents on paper, frank and send them via our **hybrid mail services** such as **WebBrief24**.

Through our **FP** Secure Gateways, we also offer our customers a tailored solution for the security requirements of the IoT sector.

All of these initiatives are based on **FP**’s own DNA (cryptography, sensor systems, actuating elements, connectivity). They open up further strategic options for the transformation and accompanying of our customers on their path towards secure digital communication processes.

3.1 Research, development, innovation
Managing our own future

FP GERMAN MAILGENEERING: Our claim represents technical development and innovation, all things digital, inventive spirit and the strength of our engineers, with enthusiasm and passion being the watchwords of our everyday activities.

Our DNA:

From our corporate history spanning more than 95 years, we have developed a unique corporate DNA in the fields of cryptography, actuating elements, sensor systems and connectivity. On this basis, we are penetrating deep into the subjects of Industry 4.0 and the **Internet of Things (IoT)** and researching new solutions that meet the needs of our customers.

Cryptography ...

Cryptographic processes encrypt and decrypt data during transmission in order to protect information systems from manipulation and espionage from outside. For more than 15 years, we have been using these processes and constantly developing them, since mastering these technologies is essential for our franking systems: cryptogra-

phy ensures the highly secure transfer of financially valuable data. We transfer over Euro 1.2 billion in postage costs from the **FP** infrastructure to our franking machines’ security modules every year. Based on this experience, we are able, in our business of secure digital communication processes, to safeguard IoT data transmissions of all kinds.

... Actuating elements, sensor systems ...

The sensors used in franking systems detect external and internal operating states and document temperature, speed or brightness. This information is translated into the control of drive elements, known as actuators, through special programs. This ensures that the systems are transported, printed and protected to a high standard of quality.

With the acquired **FP-Tixi** interface technology, data can also be obtained from virtually all sources of data such as industrial control units, energy meters or analogue and digital sensors of all kinds and provided for analysis and use in digital services. The applications we created in 2018 with **FP-Tixi** gateways range from buildings management, the control of photovoltaic systems and virtual power plants and energy management in airports to industrial installations such as oil filters in injection moulding machinery, ships or heat treatment plants.

... and connectivity

Every product and service from **FP** is closely interconnected with other systems. We have a growing installed base of more than 150,000 PostBase, PostBase One and **PostBase Mini systems**, all of which are connected to the **FP** Repository. This monitors the status of the franking systems and allows a range of services to be offered or executed from here.

Software of crucial importance

We are increasingly consolidating software development in competence centres, which ensure that we always stay up to date. Our most important subject areas are traditionally machine control and cryptography.

In 2018, we created two new areas of expertise: application development – focusing on PC and server software and the development of mobile applications running on Android and iOS – and embedded software focusing on industrial IoT and the development of products in the core franking and enveloping business. Nowadays, software development is much more than just “simple” machine control and ranges from PC and web applications via embedded software to servers for performing cryptography.

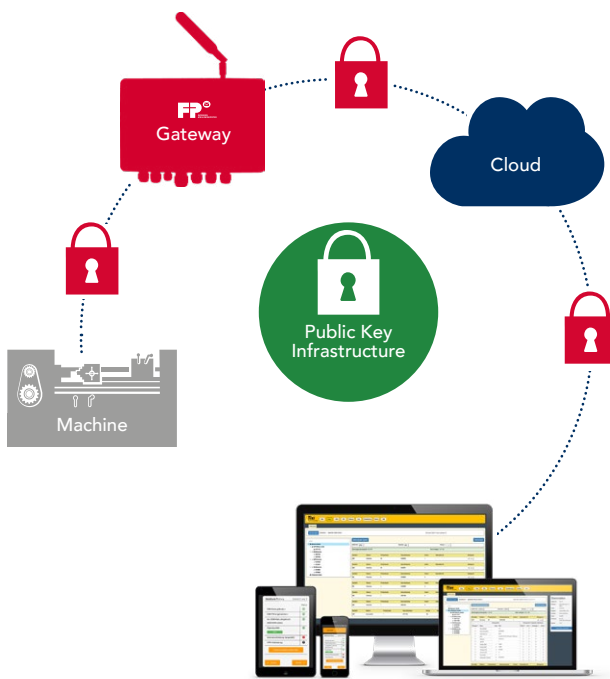
Optimised use of resources and skills

Through the use of agile development methods, **FP** has 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. In addition to the agile implementation of projects, **FP** is also increasingly using agile methods in the product definition phase. These “design sprints”, as they are known, lead to rapid market feedback even during the product idea’s development stage. Meanwhile, **FP** has come to use agile processes and methods on all projects in which they conducive to reaching the desired outcome.

Employees in Research & Development

At the end of 2018, the Research & Development division of the **FP** Group (including our subsidiaries) had 78 permanent employees (previous year: 69); this corresponds to 7.4 % (previous year: 7.1 %) of the Group’s workforce. For certain projects, we also employ additional external staff as required. At the end of 2018, they accounted for around 11 % of the permanent employees in the Research & Development division.

SECURE DATA TRANSFER WITH THE FP-TIXI GATEWAYS
USING THE EXAMPLE OF MACHINE



Cooperation with universities

The **FP** Group has long since engaged in an active exchange with universities and academic institutions. **FP** offers Bachelor's and Master's students the opportunity to work with experienced **FP** developers and to use our laboratories and workshops for their own research. **FP** also offers interested students the opportunity to spend a semester at our foreign branches.

3.1.1 R&D in the secure mail business From a good idea to good business

What makes an idea successful? How can it be evaluated in terms of quantity and quality? This question is what motivates the Research & Development team across all departments and divisions. After all, when they are good, ideas can become products and partnerships on the market.

It all starts with an idea. In this context, the faster and more sophisticated the evaluation, the more quickly and with less risk it can be launched on the market. Ideas go through a multi-stage process as follows: from an initial pitch before a panel of experts, through a prototyping and testing process to an evaluation matrix that examines in detail the relevance for customers, strategy, market and technology. 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.

Protecting ideas

Our transformation process requires a future-oriented, active strategy with respect to industrial property rights. The core element is the systematic analysis of new, relevant fields of business in relation to the existing framework conditions around intellectual property (IP): What protective rights are already in place? Which strategic areas are still available to populate? How can our innovative products be given the best and most efficient protection? As well as classical "freedom to operate" research and the protection of new products that accompanies their development, the targeted creation of strategic property rights is assuming a very important role. 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.

Over 2,500 patents

FP has been a company driven by engineers, their experience, their knowledge and their expertise for 96 years – 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 phase of idea generation and concept development, functions which are relevant to intellectual property rights are identified and registered by means of a systematic analysis, thereby resulting in competitive advantages in monetary terms during the subsequent marketing process. The aim is to significantly strengthen our market position by the targeted occupation of relevant fields of intellectual property rights.

The next steps

We set ourselves the following goals in the Research & Development division of the secure mail business:

- We support the key strategic measures of the **ACT** strategy with the development of new, innovative products and the revision of existing products in light of market and technology evaluations.
- We increase our efficiency and innovative skill through the implementation of new, agile innovation methods.
- We increase our efficiency in terms of property rights and brands and reorganise this area.

The no-sooner-said-than-done secure mail business.

Our innovations and successes in research and development in the secure mail business from last year speak for themselves:

- We are developing a successor to PostBase in the segment for small and medium-sized volumes of franking machine mail with innovative product features to the latest technological standards and in record time.
- Implementation of the IMI-PC (Intelligent Mail Indicia Performance Criteria) security standard from USPS for US franking systems and integration into our PostBase Vision.
- Finalisation of the use of alternative printing technology for franking products and the use of web technologies (embedded software) in conjunction with the **FP** portal solution **discoverFP**.



- Creation of eleven further country variants for the international roll-out of our **FP** PostBase family, such as Taiwan, the Philippines and South Africa.

3.1.1.1 PostBase product family

The basis of our success

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

The range extends from a small system for beginners, our PostBase Mini, to the professional franking system, our PostBase One. With the PostBase Classic and PostBase 100 models, as well as PostBase One, the product family provides the ideal solutions for medium and high volumes of mail in everyday business contexts, perfectly tailored to the volume of mail generated.

3.1.1.2 “An addition to the family” – PostBase Vision Fully networked and intuitive

The PostBase Vision is the logical development of the PostBase Classic franking system, introduced in 2012. The PostBase Vision combines the excellent quality and functionality of its predecessor system with increased connectivity and user-friendliness. More than 55 employees have played a part in its development over the last year. Our PostBase family is growing!

With a 40 % bigger, colour and automatically swivelling touch display which adapts automatically to the user, functions can now be made simpler and more user-friendly with swipe gestures, and text and QR codes can be entered directly into the PostBase Vision. The intuitive graphical user interface has been made even more user-friendly and

OUR POSTBASE FAMILY



PostBase Mini
Perfect for beginners



PostBase
Quick, stylish, whisper-quiet



PostBase 100
The franking machine with a modular approach



PostBase One
The right choice for mailrooms

OUR POSTBASE VISION



connectivity made much more convenient with new interfaces such as WLAN and Bluetooth. The franking system continues to be based on the tried-and-tested one-button concept. It supports users with new optical orientation aids such as LEDs in the letter inlet and for cartridge handling, with only a single 1-inch printing head being used. Particular advantage: this makes handling ink cartridges much simpler for our customers and users. There are no more complicated calibration processes, either. There are also LEDs to accentuate the scales and audible support during operation.

discoverFP, the portal to the digital **FP** world, is also integrated – a new feature. It provides a rapid summary of the status of all of the user’s machines and offers assistance through our self-service functions with smaller problems, reducing service call-outs and therefore also protecting the environment. **discoverFP** displays the cartridge fill levels of all devices, the remaining postage credit in customers’ postage accounts, as well as video material on how to set up the machine.

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

The PostBase Vision is currently available in five modern colour designs to suit our customers’ existing office designs.

3.1.1.3 Environmentally-friendly and energy-efficient products (GRI 301-2, GRI 301-3)

Protecting the environment and conserving resources with our energy sources is one of **FP**’s guiding principles. 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** for 24 years.

A recycling system for our consumable materials was established for the first time in 1995 and has been undergoing continuous development since then. Ten years ago, in 2009, we launched the first franking system with GO-GREEN functionality onto the market and have supported Deutsche Post AG’s climate protection programme ever since. In this 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.

FP Green News

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

Lighter, more recyclable, reduced waste

Our PostBase and PostBase Mini franking systems satisfy the requirements for sustainable franking in many respects. Noteworthy features include the 8 % lower weight compared to previous and competitor models, the option to reuse components or the labelling of plastics used in order to make returning them to the recycling system easier and to reduce subsequent sorting efforts in relation to recycling. We also use new, environmentally friendly packaging and inserts made from 100 % recycled materials for our PostBase family.



Figure 1: Our environmentally friendly packaging

Engineering skill and sustainability combine in our Post-Base Vision:

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

PostBase Vision – energy-efficient Unchanged current consumption with improved performance (GRI 302-5)

PostBase and PostBase Mini already meet the more stringent requirements of Energy Star Version 2.0³, especially in the area of energy consumption.

Energy Star is an American environmental symbol for energy-saving devices that meet the particular criteria of the American environmental authority the EPA and the American Department of Energy.

Certification is currently still being finalised for our PostBase Vision. However, the first power consumptions and comparative measurements provided pleasing confirmation that – despite additional components such as the LEDs in the logo and shaft lighting, the LEDs in the system area, the larger display and the new WLAN/Bluetooth PCB – we are on a par in terms of power consumption and energy efficiency with our PostBase Classic.

For the consumables, we have developed a new recycling concept that allows used ink cartridges to be disposed of in an environmentally friendly manner. With our new PostBase Vision, we have reduced waste from ink cartridges by 50 %, since we are only using one 1-inch printing head.

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 technological art under economic conditions, both for new products, product modifications and product improvements, as well as for maintenance and repairs. In doing so, we pay attention to four key factors at all times:

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

Second key factor: The priority use of recyclable waste or secondary raw materials during the manufacture of products.

FP Green News

FP is the **1st manufacturer**, to successfully certify its franking machines as compliant with the new, stricter ENERGY STAR 2.0 specification.

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

Fourth key factor: The taking back of products and the waste remaining after their use and their subsequent environmentally sound recycling or disposal.

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

1. The use of low-waste technology and less hazardous substances.
2. Promotion of the recovery and recycling of the substances produced and used in the individual processes and – where applicable – the waste.
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 Commission of the European Community or by international organisations on the integrated avoidance and reduction of environmental pollution.

3.1.2 R&D in the field of secure digital communication processes Our “old new” world

The Internet of Things (IoT) is currently the number one topic: scarcely any market is growing as fast as the IoT sector. In just two years, 28 billion things will be networked and communicating with each other. It starts with toasters or smart cars and extends to entire production lines or power plants.

In principle, every form of digital communication is vulnerable. Everything that can be networked can also be the target of manipulations and attacks. This thought may seem unpleasant and perhaps even worrying when it relates to a refrigerator in your own “smart” home, for example, but when it comes to the supply of power or a self-driving car, the consequences can be life-threatening. From an economic perspective, the greatest risks often yield the biggest opportunities. Market players are also increasingly becoming aware of the need to protect themselves and their customers from unauthorised access. The IoT security market is therefore growing faster than the sales of IoT devices. Security sells well.

The core business of cryptography

When our franking business started out almost 100 years ago, one thing was particularly important both for the postal authorities and our founders: the franking machine that would be used to create and invoice postage imprints with a monetary value needed to be a secure element in the relationship between the sender, the manufacturer and the postal authority. Since then, we have always had to ensure that this relationship remains protected from theft or attempted fraud.

Franking machine and secure digital communication? Protecting the Internet of Things against external manipulation? What is missing here? Where is the link to FP?

FP and its franking machines are synonymous with almost a century of secure communication. A franking machine prints postage: a franking machine prints money. Each franking machine has a digital heart – a hardware security module. This is world-class security. Just like in a human body, the “digital heart” – our hardware security module – ensures that the entire process of data collection, data management, data encryption and data transfer remains alive and safe.

Today, over 1,000 **FP** employees and executives work together day in and day out to make business communications more convenient and more secure for our customers. Thanks to the hardware security module we have de-

veloped, more than Euro 1.2 billion are securely managed and invoiced via our franking machines every year. And to date, these data streams, which have a real monetary value, have never been hacked. This makes our technology interesting for very different industries, thereby opening up entirely new areas of business for us.

With the **ACT** strategy, we are using the opportunity to rethink our core areas of expertise and to invest in research and development in the field of secure digital communication processes – through the development of innovative and revision of existing products in line with market and technology evaluations.

Our goals

We set ourselves the following goals in the research and development of secure communications processes:

- Development of new products based on **FP**'s own DNA, especially on the market for signature products and in the field of industrial IoT (Internet of Things).
- A strong establishment and expansion of the IoT sector by focusing internal teams and bringing in and on-boarding technology expertise.
- Development and FIPS approval (Federal Information Processing Standard) of a new generation of hardware security modules for franking systems and products in the IoT sector.

No-sooner-said-than-done secure digital communication processes.

Our progress in research and development in the field of secure digital communication processes last year is listed below:

- IoT value chain: Development of the **FP** Secure Gateway and marketing of IoT solutions
- May 2018: Acquisition of the business operations of the IoT specialist Tixi.com, providing access to technology for reading out any IoT data sources.
- January 2019: 15 % shareholding in Juconn GmbH – objective: to gain access to the innovative cloud platform for IoT business models and expansion of the incubator role
- Further development of the cloud-based **FP Sign** digital signature solution and internationalisation in important countries
- Development of **FP Sign** mobile apps for Android and iOS and roll-out via app stores
- Development and roll-out support for the international **FP** customer portal **discoverFP**
- **FP Parcel Shipping** for the shipping of packages and parcels, also as part of **discoverFP**

Secure digital communication is therefore nothing new to us. We have been developing and using it for almost 100 years. Recognising the additional potential beyond the secure mail business was one of the key triggers behind our strategy and is one of the drivers behind our transformation. Our key service promise remains constant and is as important today as it was 100 years ago: we make your communication simpler, more secure and more convenient.

The way we do this, however, will change considerably. **FP** is on the threshold of a new era. We are currently undergoing a radical transformation process – a transformation that will help us to win new customers and strengthen our cooperation with existing customers. A transformation that will encourage sustainable growth in our turnover and profit. To help us achieve this transformation, we are building on our new products in the secure digital communication sector that will have a significant impact on our sustainability goals.

3.1.2.1 FP Secure Gateway
Interface for a highly secure IoT

The IoT, the Internet of Things, is set to fundamentally change the way we all live. With IoT, a device connected to the Internet can communicate with other devices, a group of devices or a device control centre. This ranges from the transmission of simple status messages, such as the current temperature, to complex control commands for industrial equipment. No matter how varied the applications might be, the demand for security is huge.

FP offers engineering expertise and exceptionally reliable technology

The new **FP** Secure Gateway is the perfect-fit solution for these demands. It has a scalable number of sensor inputs. The information documented by the sensors is transferred via our Gateway to a data centre and backed up according to the required security level. The communication channels are designed according to the area of use. The volume of data and network connection available are the key influencing factors here.

Its flexible and robust structure allows it to be used in industrial environments. This generates interest among solution providers in the field of Industry 4.0. As a result, this product and its security features stand out against competitor products.

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

The standard is divided into four security levels:

- Level 1 Only software security – no physical security mechanisms.
- Level 2 Software security and a physical security mechanism that makes manipulation of the device visible, for example breaking of a seal to open the device.

- Level 3 Software security and strong physical security, including the deletion of critical security parameters such as private keys in the hardware security module in the event of device manipulation, for example if the encapsulation of the PCB is broken.
- Level 4 Highest level of security which includes additional physical hazard and manipulation protection measures such as protection against environmental influences (high voltage, extreme temperatures, chemicals or X-ray radiation).

In summary, this means that, with our technology, we are providing a hardware security module that meets one of the highest security standards in existence. Alongside our security module, we also manage our own PKI (Link) and our **FP**-specific configuration management platform to administer our installed base of over 150,000 IoT devices.

This gives rise to the following unique selling points:

1. We offer scalable, modular solutions that address our customers’ needs.
2. In addition, **FP** can integrate flexible billing and reporting systems from its legacy portfolio.
3. **FP** is able to network data sources of any kind.
4. **FP** is flexible in the networking of downstream solutions and relevant IoT cloud platforms such as Juconn, AWS, cumulocity and other platforms.
5. **FP** is able to provide its customers with proofs of concept within less than two weeks. This will enable us to gain trust and security on the part of our customers.

The secure infrastructure allows data with a monetary value worth billions to be transferred each year and demonstrates that we have been offering outstanding data security for many years now. Based on our DNA and our

core areas of expertise, as well the basic technologies of legacy **FP** products, we are developing a new area of application – “Pay as you go” – on the IoT. To put it succinctly, **FP** and its technology provides a hardware security module with one of the highest security standards in existence. Alongside our security module, we also manage our own PKI and our **FP**-specific configuration management platform to administer our installed base of over 150,000 IoT devices.

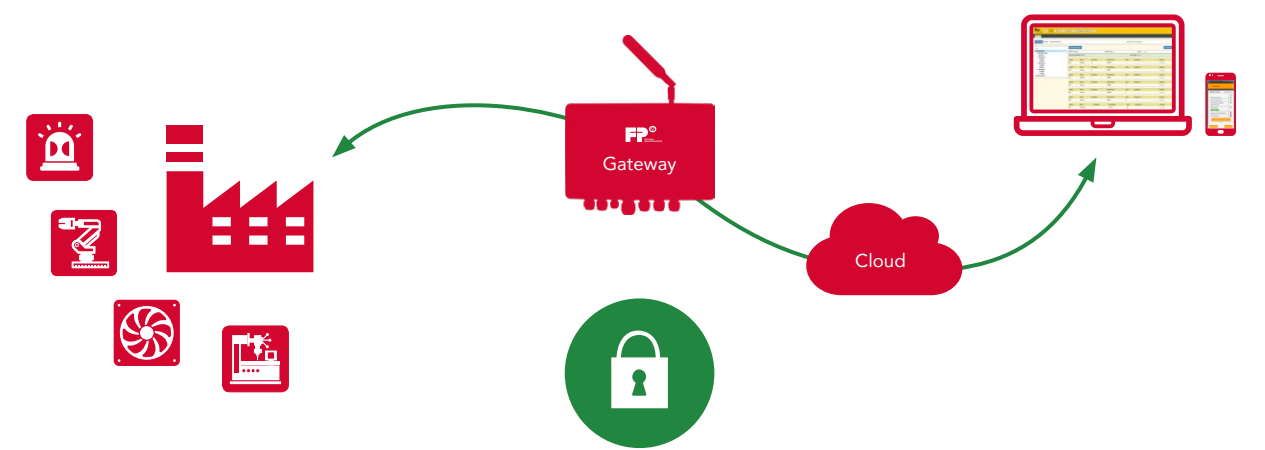
Looking back over our IoT added value chain, we have in-depth expertise in the fields of the Secure Gateway and connectivity. But this only covers part of the overall added value chain.

We have customers who do not know how data streams from sensors or control units can be analysed and read. Other customers do not know how data can be visualised and how this produces commensurate added value.

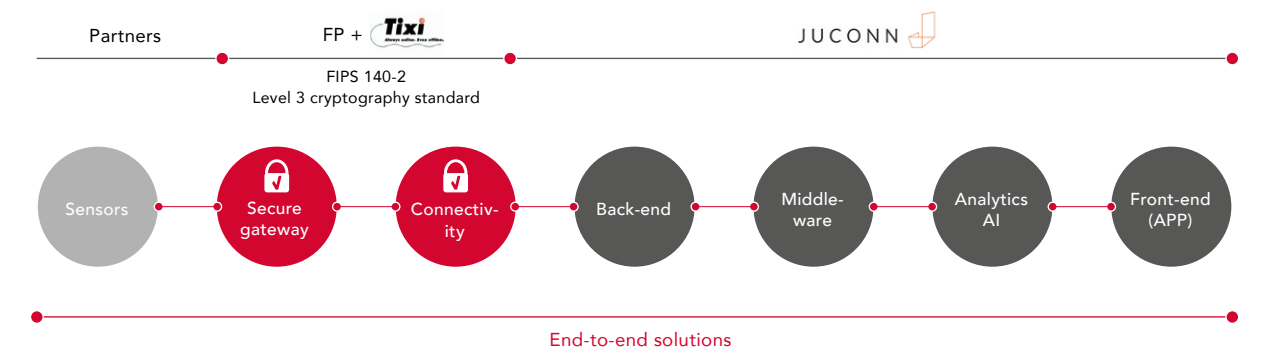
By taking over Tixi.com, we have closed a gap in the upstream area of the added value chain, providing easy access to sensors and control units. If we look at the dashboarding, monitoring and use of analytics and blockchain functionality sector, we have been able – through our shareholding in Juconn GmbH, which was finalised in January 2019 – to close a further gap in order to be able to offer our customers true end-to-end solutions.

Juconn develops bespoke IoT solutions for its business clients and supports them as they enter the age of Industry 4.0. The start-up is also offering new founders access to its flexible cloud platform. In return, Juconn takes a share in the young company, thereby constantly expanding its network and acquiring extensive expertise from all kinds of sectors.

INDUSTRY 4.0 – MONITORING, ALERTING, DATA LOGGING, REMOTE OPERATION. VIA CLOUD AND IOT.



FP IOT VALUE CHAIN



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

According to a study by PriceWaterhouse Coopers, electricity at 38 % and transport at 32 % account for the highest proportion of global CO₂ emissions. Smart meters, i.e. intelligent electricity meters such as our **FP** Secure Gateway, are intended to help reduce greenhouse gases by improving energy efficiency. The idea behind it: to integrate and network many electricity generators and consumers. This will allow the electricity network to be controlled in a more efficient and stable manner. The Internet of Things is an important driver in this⁴: “It allows us to use electricity more efficiently and optimise the use of resources, and it helps us use more renewable energies”, says Red-Monk analyst Tom Raftery⁵.

Another example from our everyday business: the Internet of Things blocks off roads or opens up new lanes, depending on requirements. Sensors in cars or road systems provide the data for this. As a result, jams can be avoided, and the search for a parking space in town can be sped up. Worldwide, through networking and more intelligent route planning for aircraft, cars and in logistics alone, 1.9 gigatonnes of CO₂ can be saved annually⁶.

Remote maintenance generates cost savings and improved resource efficiency. There is tremendous potential here that deserves to be leveraged.



Figure 2: FP Sign

3.1.2.2 FP Sign
Signing as an advantage in the competition

We equipped our **FP** Sign signature solution with further new functions in 2018, especially in the domain of workflow management and document handling. National and international identity services were integrated as part of this, too.

FP Sign creates a competitive advantage for companies since documents can be legally signed online and exchanged within minutes – either in the office or while out and about. **FP Sign** can be used in any sector or industry, but increased demand is being seen from recruitment agencies, tax consultants, lawyers, insurance companies and banks.

With **FP Sign**, companies digitally sign documents such as contracts, quotes, forms or certificates quickly and securely and have them countersigned by their customers, suppliers or employees. Different signature levels ensure the documents’ legal security.

FP Sign was developed in Germany and uses certified data centres based in Germany which have been certified by the Federal Office for Information Security (BSI). The security features and its excellent scalability make **FP Sign** an innovative solution for digital signatures. In recognition of this, **FP Sign** was awarded the IT Innovation Prize in the category of cloud computing and was therefore one of the “Best of 2017”. **FP Sign** is a certified provider of the qualified trust service “delivery of electronic mail” in accordance with the eIDAS European signature directive.

Other core features of **FP Sign** include:

- Complete control and traceability of the digital business process.
- Seamless integration into business applications based on state-of-the-art APIs.
- Mobile app for work on the move.

FP Sign also offers the following advantages in terms of sustainability:

- Less paper consumption, more protection of resources.
- Less printer use and savings of ink, toner and maintenance call-outs as well as less toner dust development.
- Digitalisation is driven forward.
- Lean processes with significantly shorter throughput times and faster results.
- Cost savings thanks to faster processes.
- Elimination of logistics cost and saving of resources thanks to less transport (mail).

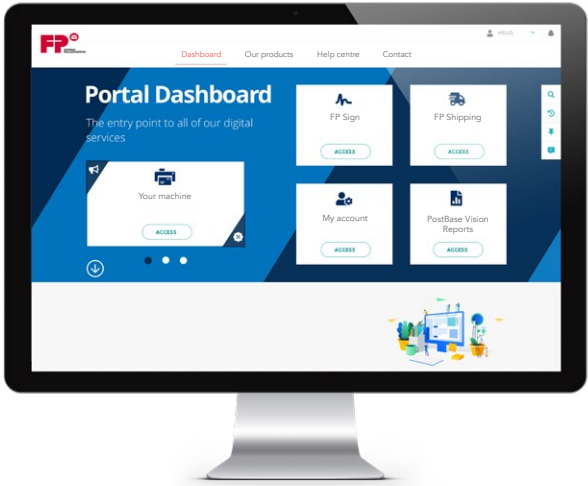


Figure 3: discoverFP

3.1.2.3 discoverFP – The companion of change

Hybrid technologies that connect the analogue world with the digital world are very much on trend in the global economy. We accompany our customers on this growth market with our **discoverFP** portal, which works like a shop window for our portfolio and provides access to virtually all **FP** products.

With **discoverFP**, customers gain a summary of their relevant franking system data and, with the integrated help centre, the ability to view invoices, orders, contracts and service enquiries. Customers with the new PostBase Vision can also set up user accounts and cost centres in the portal, as well as obtain detailed analysis of how their entire installation base is being used.

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

FP will also be gradually aligning the solutions and services needed for this in accordance with the **ACT** strategy with our new customer target groups. An agile project method ensures that customer feedback can be quickly integrated into the development of further portal functions, ensuring our service undergoes a continuous improvement process in the interests of our customers.

In the first quarter of 2018, the **discoverFP** customer portal went live in the United Kingdom, the Netherlands and Belgium. The global roll-out with access to added value-creating portal functions was carried out over the course of 2018 and completed in Europe with Germany in February 2019. **discoverFP** is currently being introduced in all EU countries with **FP** subsidiaries. **discoverFP** will be established in the USA and Canada in 2019.

3.1.2.4 WebBrief24 – Sending paper mail online

Our digital **WebBrief24** online mail portal offers our customers a convenient, simple and flexible solution for processing and sending their business mail. **WebBrief24** acts as a digital post office, where customers are able to create or upload their business correspondence online and the recipient receives it as usual as paper mail. Whether it be invoices or promotional mail, customers can create and send mail through the browser-based solution whenever and wherever they want.



Figure 4: WebBrief24

The mail created by the customer is uploaded in encrypted form and forwarded to the **WebBrief24** printing and franking centre. The product we deliver for our customers is reliable, fast, high-quality and environmentally friendly. The business mail is printed onto high-quality paper, folded, enveloped, franked appropriately and delivered by Deutsche Post the following working day. With **WebBrief24**, our customers are making a contribution to more sustainability since the processing of business mail – up to the point where it is sent can be conducted on an entirely digital basis, which saves a lot of paper. Companies also avoid the risks of investments in large machine parks. Stocks of paper, envelopes, stamps or toner are also no longer required. Our customers are able to use **WebBrief24** without any contractual obligations or minimum volume requirements.

⁴ <https://reset.org/knowledge/das-internet-der-dinge-11162015>

⁵ <https://news.sap.com/germany/2015/08/internet-der-dinge-energieeffizienz>

⁶ <https://www.wiwo.de/technologie/green/internet-der-dinge-wie-plaudernde-maschinen-das-klima-retten/13545436.html>

Your mail in safe hands

Our secured servers in German data centres offer maximum security and the shortest possible response times for resolving emerging weak spots. They are operated by highly skilled staff and monitored by independent centres. Annual external monitoring audits check the implementation and further development of IT security measures. The solution is currently certified to the new ISO/IEC 27001:2013 standard.

3.2 Product quality, product efficiency and product security
Quality – more than just a promise
(GRI 103-1, GRI 103-2, GRI 103-3)

The quality and safety of our products are the basis of our company’s economic success. Guaranteeing these aspects at all times is therefore the subject of extensive internal regulations, which are continuously reviewed and updated, and compliance with them is monitored in defined processes.

This means that we satisfy the requirements of key stakeholders:

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

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 as well as rapid implementation in production and commissioning by the end customer with as few problems as possible.

During the development of the successful PostBase product family 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 development process. In an extensive custo-

mer satisfaction survey, these requirements were gradually explored in more detail and integrated in an agile manner into the development process.

On our new PostBase Vision, we have enlarged the user interface to 5 inches and taken account of further customer requests. One example is the implementation of a QWERTZ keyboard for easier and faster use. Last autumn, we jointly tested the new user interface with 15 customers as part of a further agile sprint, and also factored the results into the development process.

In the ongoing process of continuous improvement, the development teams accept 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 security of supplied parts, which is our responsibility, but verified nonetheless by the approval authorities. A further aim of the procedure is the granting of the CB (Certification Body) certificate by the notified body and therefore the issuing of the declaration of conformity according to CE by **FP** for the respective device.

Specifically, only the following guidelines and standards shall be mentioned here and may also include several individual technical standards in each case:

- European certificates
- Product Safety for ITE products
- Low-voltage directive
- EMC Directive (Electromagnetic compatibility of electrical and electronic products)

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

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 health or safety specifications even when subjected to different environmental conditions (GRI 416-1). During the reporting year, there were no infringements in relation to the health or safety impacts of products and services (GRI 416-2). There were also no processes or infringements in relation to product and service information or labelling (GRI 417-1, GRI 417-2). There were further no infringements in relation to marketing and communication (GRI 417-3).

Quality assurance in the area of software development is carried out continuously in the development process. The development teams interpret the results and, if necessary, initiate measures to eliminate potential quality problems. To this end, **FP** uses a Release Management System (RMS) in which all data, information, measures and results are stored, so that all statuses and processes can be restored as required. Each approval of a product or release is preceded by a defined routine: The test team defines acceptance criteria and formulates test cases. These test cases are processed by the test team. During the course of processing, defined test logs are kept in order to guarantee the documented verifiability of the test process at all times (GRI 416-2).

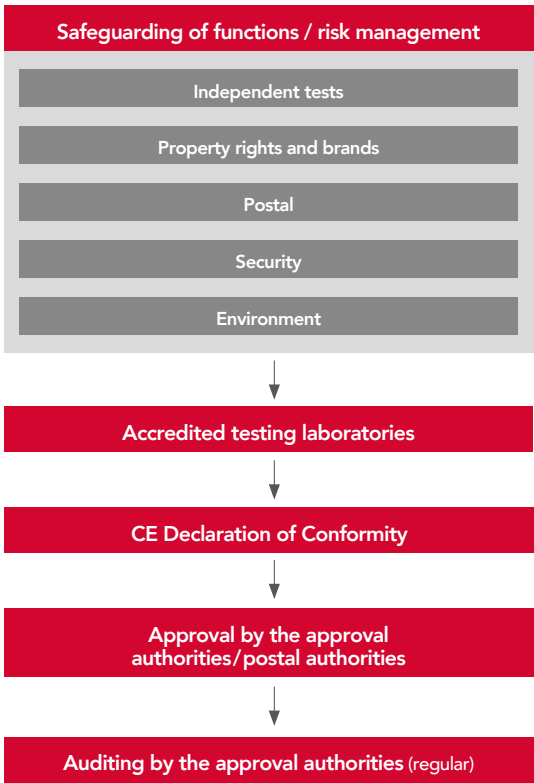
Quality assurance in the area of hardware is carried out during the project by numerous internal methods. Intensive function and endurance tests on devices are carried out in our own electromechanical laboratory throughout a device’s development period. The transfer of a development to production is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

Product safety

Most products and services from **FP** require an operating licence from a regulatory institution. For the franking systems, these institutions are – to name only the most important among them – the respective postal companies in all sales territories and the BSI (Federal Office for Information Security), which is frequently in charge of software products.

The high licensing requirements of the individual regulatory institutions make it abundantly clear that, for **FP**

TYPICAL APPROVAL SEQUENCE



products, the important aspects are not just smooth and safe operation for consumers. 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 testing laboratories are used to carry out these tests.

In addition to the initial approval, the postal companies concerned carry out a regular check to determine if the security requirements are also reliably met over the lifetime of the product. Not only the security level is checked during these audits. Additional important components include the test and evaluation themselves. Security at this high level can only be guaranteed by well-defined processes that are put into practice over the long term. Consistency and quality over many years in particular is one of the core areas of **FP**’s expertise, and

explains the high market entry barriers for other companies. This is also where the interfaces with potential synergy with modern products, such as **FP Sign**, are located. Confidentiality, security and compliance with legislation are essential requirements in this context for the success of products and services.

3.2.1 Quality management system

Claim and practised reality

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

We ensure the quality and security of our products right from the development stage. We see it as our obligation to keep our focus on the quality of our products and services throughout their entire life cycle. Under the responsibility of the Board of Management, the integrated management system representatives (IMR) and quality management representatives at the various locations evaluate current and future requirements as well as the results of previous activities and events, initiating follow-on measures as appropriate. This occurs on the basis of the “Plan, Do, Check, Act” method.

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

Quality and improvement: the non-financial performance indicators pursuant to Section 315 of the German Commercial Code (HGB)

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

Continuous improvement in quality

The quality indicator measures the product quality based on the annual service call-outs in relation to the average weighted machine park. Ongoing changes such as the introduction of new or the optimisation of existing products are also taken into account. The data to determine this indicator is collected in Germany, since the local organisational structure allows the best capture and evaluation of service call-outs, and it is applied on a comparative basis to the international subsidiaries, where it can be used, for example, for cost calculations for sales partners.

As a result of the new development of our PostBase franking systems, we have been able to significantly improve quality in recent years. The value improved by 10 % from a PQI of 16.35 in 2017 to a PQI of 14.62 in 2018. The reason for this is the improved quality situation of the product series that are currently being marketed. It also outweighs the deterioration in the quality of the older products My-Mail and CentorMail, the proportion of which among all machines is continuing to diminish.

For 2019, we anticipate a further slight improvement in the value since the two products MyMail and CentorMail, which are no longer sold, will be excluded from the analysis, and sales are also launching of the successor to Post-Base, PostBase Vision.

The improvement indicator also measures the quality of **FP**’s products, and in this case 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. The improvement indicator (nf IQ) was communicated incorrectly in 2017. The nf IQ in 2017 was 0.14 (updated). In 2018, the nf IQ fell slightly to 0.13. This means we have improved slightly.

For the 2019 financial year, there are plans to improve the non-financial performance indicators in order to increase the informative value for managing the quality of products. As a result, the database for service call-outs will be extended in the case of the quality indicator. For the improvement indicator, only products that are currently still being manufactured will be taken into consideration.

The improvement of both indicators helps increase customer satisfaction and therefore the company’s economic success. At the same time, the more sparing use of material and personnel resources will also be achieved in this way. Both of the figures modified the following year are being adjusted in terms of their target parameters, and ongoing improvements are anticipated.

3.2.2 Customer service at FP

Focus on SME

In terms of our service promise, our customers appreciate us for three things:

the security, simplicity and convenience of our solutions. This applies not just to our products, but very particularly to the delivery of our services – an important delimiting characteristic over the competition, which we offer to our customers.

Let us take a look at the two main areas of business in which we operate. On the one hand is our core market of franking, our secure mail business. On the other is our new future market of secure digital communication processes. The important group of e-signature solutions is represented first and foremost on this market.

Customer structure

In terms of the strategic course of its customer segments, **FP** focuses on the group of small and medium-sized companies. Around 85 % of our customers come from this sector, which is made up of companies with up to 250 employees. Around 13 % of our customer base is represented by the mean market segment of companies with up to 2,000 employees, and, in the corporate segment with over 2,000 employees, the proportion is one to two per cent.

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

Sales structure

FP currently has sales teams in the areas of

- Telesales
- Direct sales for major customers
- Indirect sales channels via dealers.

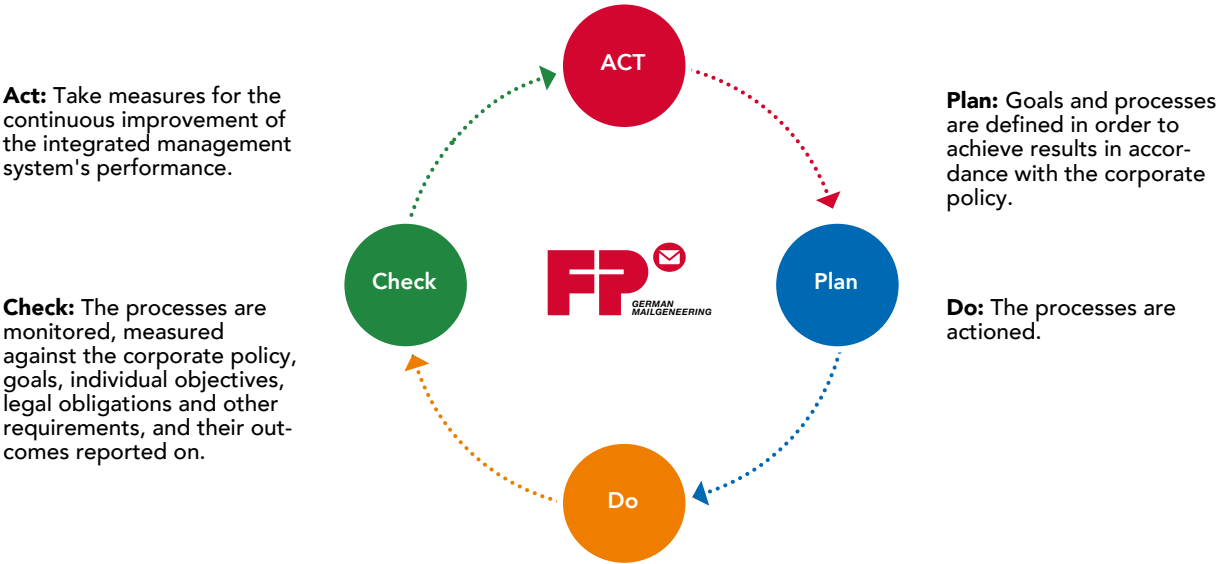
While the emphasis is on the dealer channel in North America, we serve the majority of customers directly in Europe.

Service hotline

Not only in Germany, but also abroad, every customer has the option to contact our service hotline (First Level Support). In Germany, we have a total of more than 10 employees who 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. The creation of service documents and service bulletins is also the responsibility of Third Level Support.

Service bulletins contain technical details as well as organisational and country-specific information that help na-

FP'S PDCA METHOD



tional support with the provision of daily support to customers. They are used primarily for the transfer of knowledge among service colleagues in order to keep them up to date at all times.

On-site assistance

In order to offer smooth customer service, we maintain a dense network of technicians in Germany, with a total of 40 technicians supporting customers in the event of technical faults that cannot be rectified by our service hotline or on-site maintenance. Our retail partners also use our own sales and after-sales services.

If a technical specialist is required, they will be on site within a few hours in order to rectify any defect as quickly as possible. In 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 and enveloping machines if this cannot be carried out by a technical specialist on site.

Repair and disposal

On average, we repaired, maintained or appropriately scrapped and recycled due to their age a total of 1,300 franking and enveloping machines in 2018.



Figure 5: Insight in the main garage

As a result of the new development of our PostBase franking systems, we have been able to significantly improve the quality in recent years (Link). The improved quality of our franking and enveloping machines is now being reflected, with a drop of almost 20 per cent, in the number of franking and enveloping machines that we need to repair and maintain. In recent years, we have sold virtually only new PostBase systems and replaced older systems with new PostBase models.

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

Spare parts

The German Service Parts Centre stocks more than 1,100 different spare parts and consumable items, and many more are available to order. The entire global market is supplied from here – with ink cartridges, ink ribbons, envelopes, spare parts and labels. In order to satisfy the highest possible standards of service, these spare parts and consumables are available at short notice and can, if required, be delivered by express courier to the customer within one working day.

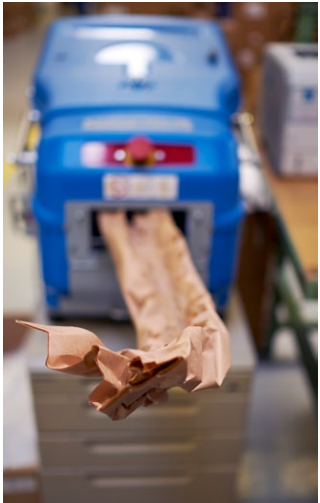
International support

We are well positioned in the service sector at the national and international level to deal with the large number of companies and all of the various franking and enveloping systems we support. All in all, our international support team covers more than 40 countries.

Training

With the introduction of our international collaboration platform, we have optimised the transfer of knowledge between our technical specialists in order to save resources in the pursuit of sustainability and in particular to avoid repeated business trips. These specific training courses on our products and services form a solid basis for the reliable and secure care of our customers. The sales, service and support teams, as well as our trading partners and franchisees, are trained internationally by **FP**'s own training units.

Every year there are an average of 15 individual training courses on franking and an average of six on the subject of enveloping. Through our train-the-trainer concept we are able to design the training courses on site in a highly customized way, thus ensuring their sustained success.



VIEW OF THE SPARE PARTS WAREHOUSE AND ORDER PICKING IN WITTENBERGE

Customer satisfaction analyses

We regularly carry out customer satisfaction analyses 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.

Complaints and service management

Complaints are expressions of dissatisfaction made by customers to **FP**, and with which our customers draw our attention to conduct that they perceive to be disadvantageous. They would like redress for impairments suffered and/or changes made to the behaviour they criticised.

We do not differentiate between claims and complaints as defined by German law if these do not have any legal relevance and always 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 made fulfil the role of being the first point of contact and coordinator for their department. It is their task to promptly select complaints which have been submitted locally, forward them internally to the employees responsible and track their processing.

At present, we have our own points of contact in our different areas for the acceptance of complaints and their processing. We manage and control all customer comp-

laint data ourselves – from its collection and processing to the concluding, effective solution. The complaints recorded are evaluated and form the basis for an analysis of causes in order to uncover and evaluate the main problem areas, develop measures for their prevention, and continuously improve the complaint handling process.

3.3 Sustainability in the supply chain
The policy of short reporting lines
(GRI 102-9, GRI 204-1)

Sustainable thinking and action – in combination with respect for human rights, as well as compliance with fundamental environmental protection, climate protection and occupational health and safety – are essential parts of our added value chain and the procurement of the materials and services we need. The constant optimisation of our supply chains therefore pursues several goals: optimisation of prices, delivery quality and adherence to deadlines, but also the avoidance of environmental burdens caused by overseas transport. For this purpose, we have changed over to procurement very close to our production site.

The sole production site for franking systems and therefore the destination of the supply chains is **FP Produktionsgesellschaft mbH & Co. KG** based in Wittenberge in the Federal State of Brandenburg. Essentially, individual parts and assemblies are used there which we group together into the areas of mechanical contract production, plastic components, electronic components and assemblies, as well as drive technology. In 2018, we worked with around 240 suppliers (previous year: around 200).

Procurement close to home

For more than five years we have made use of optimised procurement in terms of economic and ecological benefits from suppliers who are based in Europe. Direct cooperation with suppliers in Asia has been all but ended, and only five of our suppliers are based in Asia and the USA. The proportion of direct procurement in Europe is now 98 %. The share of the procurement volume awarded in Germany remains at 50 %, the same as last year.

Our goal is to establish and maintain long-term relationships with our suppliers that are based on strong partnerships. This is the only way in which we can ensure a sustainable supply of the necessary materials for our production. Looking at our A and B suppliers (in the reporting year: 100), we have worked successfully with 58 of them for more than 15 years, with 13 for more than 10 years and a further 20 for more than 5 years.

Ongoing review

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

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



Abbildung 6: Die FP Produktionsgesellschaft mbH & Co. KG in Wittenberge

and renewed supplier assessments, we enquire about a number of ecological and social components in the form of a supplier self-assessment. In 2018, we reassessed 20 existing suppliers, none of whom reported any negative environmental or social aspects (GRI 414-1, GRI 414-2).

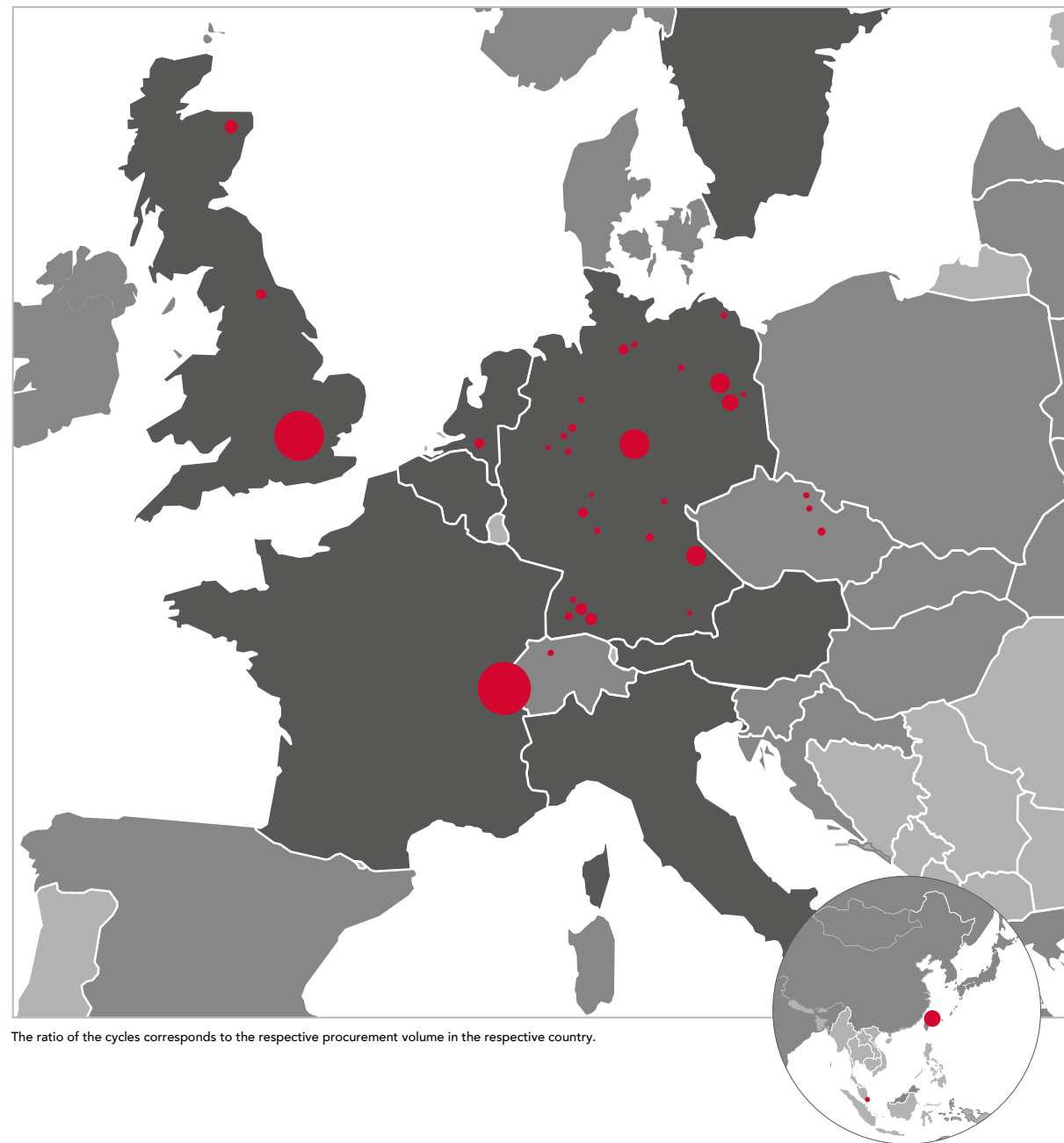
We do not maintain relationships with suppliers that are suspected of negative ecological or human rights impacts, negative labour practices or negative impacts on society (GRI 308-2). Since our suppliers are almost exclusively based in Europe and we do not work directly with any suppliers in developing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

Sustainable packaging

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

As part of the “Best Material Purchase” project, further suppliers in the local area have been trained in order to strengthen the Berlin-Brandenburg region economically and reduce the environmental impact of transport. The aim of implementing a constant improvement and optimisation process was achieved in the 2018 reporting year.

OUR 35 TOP SUPPLIERS IN 2018 AT A GLANCE



4. ACT TOGETHER
Strong together
(GRI 103-1, GRI 103-2, GRI 103-3)

ACT TO WIN and ACT TOGETHER – we are on our way. Change is advancing, and our new corporate culture is taking form. In accordance with our core values of team spirit, attitude and ideas and visions, we make life easier for our customers with our innovative and efficient products and services, giving them time for – and delight in – their everyday business. Each and every one of us bears responsibility for our success – through the consistent implementation of our shared projects.

Our employees represent a wealth of skills, experience and interests. Promoting and demanding, seeking common ground and making differences productive, developing and maintaining sustainable values – this is part of our responsibility as a company and as an employer. With our **ACT** growth strategy, we are pursuing a path to growth – and making that growth happen depends on successful and motivated employees. Successful and motivated employees are those who strive for customer satisfaction, conquer market share, drive innovations and generate dividends.

Our employees therefore create important perspectives for all of our stakeholders. Strengthening this awareness and anchoring the goals and principles of our Group as a yardstick for decisions represents the basis for sustainable action on our own responsibility. Through **JUMP**, we want to be able to work faster, more efficiently and more easily in the future.

Fit4Change (GRI 404-2)
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 launched the **Fit4Change** initiative in 2016. The aim was to provide all employees with the opportunity to attend at least one one-day training event. Over the last 18 months, around 1,000 employees in ten countries have successfully participated in the programme with support from our partner Stärkenkompass GmbH. The strengths compass (Stärkenkompass) is the world’s first and only digital tool for collecting and visualising strength feedback. It draws on anonymous feedback regarding the participant’s existing resources and creates a unique “fingerprint” of the current strengths 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.

In strengths compass workshops, our employees receive feedback from people whom they accompany in various roles and who perceive their impact as a result.

Award of a very special kind
Stärkenkompass and **FP** were awarded the Silver European Prize for Training, Guidance and Coaching by the Federal Association of Training, Guidance and Coaching (BDVT) in recognition of its **Fit4Change** programme. Founded in 1964, the BDVT is the oldest and today the most active professional association for training, guidance and coaching in the German-speaking region.

Our Head of HR Development, Ms Dana Müller, accepted the prize along with Hanka Schrader and Torben Schacht from Stärkenkompass. Both have successfully accompanied **FP** for a long time and, together with the HR department, organise in-house training courses and workshops. Not only were the prize winners celebrated, but all **FP** staff – without such dedicated and open participants, the programme would never have been able to achieve the success it has.



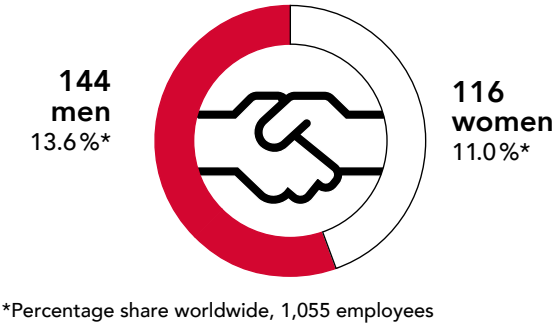
Figure 7: The winners of the BDVT European Silver Award for Training, Consulting and Coaching

Key figures about our employees
At present, the same statistical data is not collected consistently in the different areas of the company. Therefore, the validity of the statements made here may vary in places. However, for the reporting year we have successfully managed to significantly expand our focus on our HR figures.

FP: Dynamics in figures 2018



New appointments worldwide



Average age in Germany*



*Employees included: 537

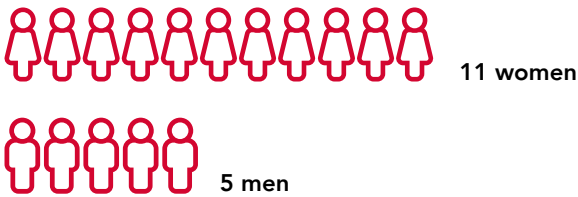
Average age worldwide*

45%* of our employees are between 30–50 years old
41%* are over 50 years old
14%* are under 30 years old

*Employees included: 920

42 employees worldwide are involved with works council activities.

Parental leave
16 employees



Duration of employment worldwide

23% of our employees have worked at FP for more than 15 years
13% have worked at FP for more than 10 years
19% have worked at FP for more than 5 years

Less than one year: 88 men and 72 women
Less than five years: 184 men and 138 women
Less than ten years: 138 men and 64 women
Less than fifteen years: 78 men and 54 women
Over fifteen years: 155 men and 84 women

Type of employment



Our worldwide sickness rate* is on average 4.1 %.

*without long-term patients

160 employees are involved in Germany with labour, environmental, energy and health management.

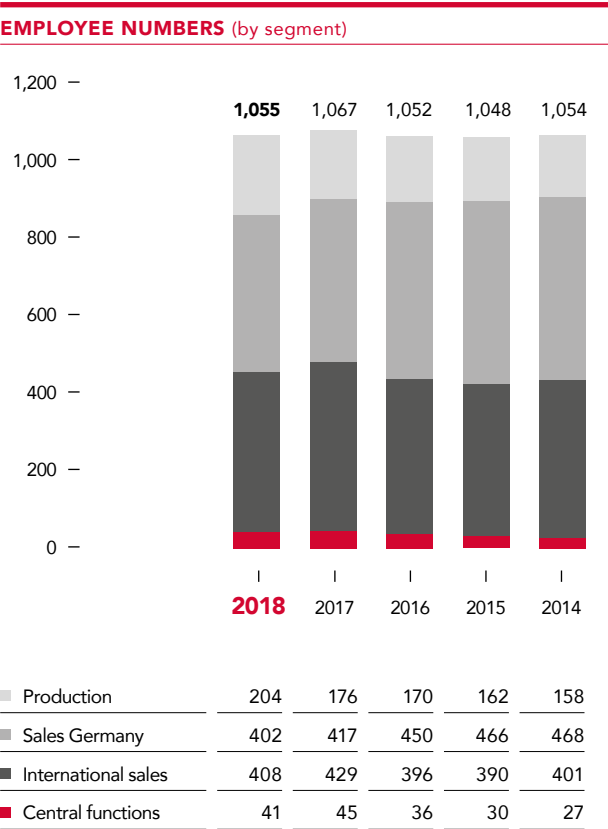


For the sake of simplicity, we use the terms “employees”, “investors”, “customers”, “suppliers”, etc. throughout. In the context of a gender-neutral and non-discriminatory approach, these groups naturally include all genders, including LGBTQIA+ (lesbian, gay, bisexual, trans-sexual, transgender, queer,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

4.1 Strengthening of sustainable company management and sustainable corporate culture –Turning claims into reality (GRI 103-1, GRI 103-2, GRI 103-3)

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.

As part of ACT TOGETHER, we are aiming to achieve sustainable strengthening of our corporate culture. 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.



Well positioned globally

In 2018, 1,055 employees (previous year: 1,067) worked at our subsidiaries worldwide – in ten countries and at 19 German locations (GRI 102-8). 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.

As a medium-sized corporate group, 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 that our cooperation closely resembles a family, making it seem completely natural to respond to each other’s needs, support each other and work out solutions together.

Number of Employees	2018	2017
Employees in Germany	647	638
Employees in Europe	228	247
Employees in North America	180	182
Employees worldwide	1.055	1.067

Table 1: Employees as of 31.12.2018

Executives with responsibility for HR	2018 ¹	Ratio	2017 ²	Ratio
Number of executives	111	10 %	87	10 %

¹ Employees included: 1,055 (worldwide)
² Employees included: 902 (Germany, Austria, Italy, France, USA, Canada)

Table 2: Number of executives as of 31.12.2018

JUMP helps to strengthen sustainable company management and a sustainable corporate culture

FP is developing into a more agile, more dynamic growth company. To this end, the ACT project JUMP is changing the structure and organisation of the global FP Group and optimising it towards a target operating model. We will be establishing centres of excellence for accounting, tax, controlling, human resources, sales, service and other departments in order to standardise workflows and to implement clear global governance. We will also be changing our sales and service structure from ten countries to three regions. At the same time, the administrative roles that are maintained locally will be grouped together into cross-departmental shared service centres. One of these will be in the USA for our North American business, and one will be in Europe for this continent and the rest of the world.

The shared service centres incorporate:

- a service desk for handling all incoming enquiries, including internal and external complaints and improvement management and
- the execution of processes
 - from the order to the receipt of payment,
 - from procurement to payment and
 - from the recording to the report

and, in a later phase, also the process from the appointment to retirement for all supported sales regions, as well as the Group’s headquarters in Berlin.

JUMP represents a fundamental and complete redesign of FP. We want to motivate our employees to cooperate effectively to achieve project goals, adopt a hive thinking approach and be open to changes. Even if those changes lead to their position changing significantly or even disappearing altogether. The corporate culture is changing, and our global teams are working in a well-coordinated and highly motivated manner towards achieving the same goals. More than 7 % of our global workforce is involved directly with implementing the project in order to ensure that all local and regional requirements are taken into consideration and implemented.

4.2 Staff development Finding and keeping (GRI 103-1, GRI 103-2, GRI 103-3)

Finding, inspiring and developing talent both internally and externally is an important aspect of our human resources work – especially in light of the goals created through ACT and JUMP. The increase in the number of employees by 14 % during the 2018 financial year in the production sector can essentially be attributed to the integration of the IoT specialist Tixi.com in June 2018, as well as the concentration of production-related activities at the Wittenberge location, which was initiated in the previous year (in the reporting year: 201 employees; previous year: 176).

	Less than 1 year		Less than 5 years		Less than 10 years		Less than 15 years		Over 15 years	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Employees	88	72	184	138	138	64	78	54	155	84

Table 3: Duration of employment

Our world of work in figures

In the Sales Germany sector, the reduction in employee numbers during the reporting year was mainly due to a continuation of the realignment of sales and customer service in the franking and enveloping product sector. In 2017, the sales sector in Germany employed a staff of 417, while in 2018 this number was 402 (a reduction of 3.6 %).

In the software product sector, increased efficiency measures had been introduced in the previous year, which led to lower employee numbers compared to last year.

The reduction in employees in the international sales sector during the 2018 financial year resulted primarily from the adjustments made to sales in the United Kingdom.

The number of new appointments in 2018 stood at 260 employees worldwide, with 144 male and 116 female staff (previous year: 146 employees in Germany, Austria, Italy, France, the USA and Canada).

The resignation quota worldwide stood at 13.3 % and involved a total of 141 resignations from staff. In Germany, the resignation quota was 7.7 % (previous year: 7.5 %).

The contract termination quota by FP worldwide stood at 7.9 % and involved a total of 84 staff (GRI 401-1). In Germany, the contract termination quota by FP was 4.6 % (previous year: 4.9 %).

The average length of service at the German locations (539 employees included) is 11 years. 77 of our employees have been with FP for more than a quarter of a century, and some of our colleagues will be celebrating their 40th year with us next year.

Here is a global summary of our employees’ lengths of service:

A look at our **FP** world:

160 employees have been with us for less than 1 year (15 %). 322 staff have been with us for less than 5 years (31 %). 202 employees have been with us for more than 5 years (19 %). 132 employees have been with us for between 10 and 15 years (13 %).

23 per cent of our employees have been with us for more than 15 years, amounting to a total of 239 staff.



Figure 8: A look inside the museum

Management maxims

Our international management acts in accordance with our management policy. By establishing principles, we give employees a framework that leaves room for freedom, does not inhibit innovations and creates the ability to take decisions (GRI 102-16). 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.

Internal communication

Joint dialogue is very important to **FP**, and we work on it every day. Without constant dialogue we cannot achieve the effectiveness or efficiency that we need for a sustainable orientation of the company. Every week, we send out our global Corporate News, containing information about “What’s happened”, and “What’s happening”, and we also welcome new colleagues with team updates. We are also committed to active change communication in the context of **JUMP**.

Co-determination

Works councils represent the interests of the employees at the Berlin-Pankow location, at the nationwide locations of our sales and service field staff, at our production site in Wittenberge and at our Group companies in Austria and the Netherlands. Trustful cooperation with them is also an essential part of this open and joint dialogue. Worldwide, we have a total of 42 employees (totalling 4 %) who are actively involved with the works council and who carry out works council activities.

Commemorative culture

All colleagues are invited to visit the company-owned and lovingly assembled museum, made up mostly of private exhibits, at the Berlin-Pankow location and to immerse themselves in over 95 years of **FP**’s history of inventions. Since last year, a visit has been mandatory for new employees. There are now 34 franking machines on display, some of which are still working. Our 100,000th PostBase model, produced in January 2018, has also found its way into the museum. Every single museum piece contributes to presenting our history in a lively and understandable way. A history that fills us with pride.

Training

At **FP**, our trainees find a wide variety of opportunities that are designed to encourage long-term cooperation. We also promote interrelationships between academic training and the requirements of business.

Through cooperation agreements and contacts with 30 German universities in total, we support students in the preparation of their final theses on the one hand and

maintain contact with research and teaching for our experienced employees on the other. Our dual training syllabus allows young people to craft their own entry into the world of work through strong performance.

At our German locations we are currently training eight young people in four professions, and worldwide we had 21 trainees at the end of the reporting period. On 1 September 2018, we welcomed four new trainees into the **FP** family. We are endeavouring to give our trainees broad insights into the **FP** Group and to also help them see the bigger picture. Deployments beyond the scope of their training will broaden their horizons.

Young people ought to also be able to complete their training worldwide at our locations. In the United Kingdom, consideration is being given for the forthcoming year as to how and in what context training can be provided. In the USA, we are already working with local universities and offering various internships to recruit talented new people to **FP**. We welcome our trainees at Welcome Days and support them through regular appraisal meetings and group-wide trainee meetings.



Figure 9: A brief retrospective of 2018

FP News

Our training professions at a glance:

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

We also endeavour to inspire stakeholders within the Group on the subject by letting them know that the trainees provide invaluable support even during their training period, and once they have completed it will be the best-trained new talent for **FP**. The more departments find this out for themselves, the higher the demand will be for providing training themselves in an effort to instil inspiration and willingness.

In February 2018, we had a trainee meeting at the Group headquarters in Berlin. The trainees focused on finding areas in need of optimisation across all companies and across all levels of training and on coming up with suggested solutions. They put their heads together, engaged in brisk debate and worked hard to produce plans. They came up with some great ideas and results, which were then reviewed together with the trainers in the relevant companies. In their free time, they then explored Berlin together.

In April, we took part in the training fair for drop-outs organised by the Chamber of Industry and Commerce, and in May there was a training day in Berlin-Pankow. In September, we went along to the “vocatium” training trade fair. We were also hosts of the regional training network.

For 2019, we are aiming to achieve a training quota of 2.5 % of all employees in Germany – with the goal of achieving a training quota of four per cent by 2020. By teaching specialist skills, methods, social skills and self-competence, the acquisition of professional capacity will be ensured both for people who are undergoing their first training and for those who have taken time out of their studies and decided to take a different path into work (25 % of our trainees have previously interrupted their studies, while in the previous year this figure was 22 %). In addition to the teaching of professional skills, knowledge and abilities, they can independently apply what they have learned.

Equal opportunities

In Germany, educational success and opportunities to progress still often remain dependent on social backgrounds for young people these days. Since this is a subject that is very close to our heart, we last year supported a project that aims to increase training opportunities in Germany: “Netzwerk Chancen” operates across Germany with regular networking events, jobs forums and workshops for children, young people and young adults from financially disadvantaged families or backgrounds with limited access to education. The charitable platform also encourages communication between its participants and people who have made their own social progress. 180 up-and-coming young people are currently being supported.

What is more, we are also pleased to share our experience and knowledge with young people in person. In recent years, three of our executives have served in various teaching roles and as guest lecturers at universities.

Ideas and the power of vision change the world. Our ideas management

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 input and participation of all employees. For this purpose, an improvement system – our Ideas Management System – was introduced within the framework of the first certifications. Its task is to encourage all employees to contribute their ideas and to check – or have checked – their potential for implementation. This commitment, which often goes beyond the employee’s areas of responsibility, is then acknowledged and rewarded.

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.

Investments were planned for the following year in order to restructure the process with a crowd-based solution.

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

Diversity forms an important basis for ACT TOGETHER and non-discriminatory cooperation. Supported by the explicit mention of the principle of equal treatment in our mission statements and the appointment of corresponding equality representatives and the establishment of

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

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

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 own training programme supports the natural increase in the percentage of the group of over-50s in Germany.

Employees	2018 ¹	Ratio	2017 ²	Ratio
under 30 years of age	130	14 %	39	7 %
30 to 50 years old	412	44 %	220	41 %
over 50 years of age	399	42 %	272	51 %

¹ Employees included: 940
² Employees included: 531

Table 4: Average age of FP employees

The inclusion of severely disabled people is also of major importance to us. At our nationwide sorting and printing centres run by FP’s subsidiaries freesort and IAB, we employ many severely disabled people, including many who have a hearing impairment. 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 Germany we continued to meet the legal quotas across all companies in 2018.

Employees	2018 ¹	2017 ²
Proportion from minority backgrounds	94	97
Proportion with disabilities	77	84

¹ Employees included: 1.055 (worldwide)
² Employees included: 902 (Germany, Austria, Italy, France, USA, Canada)

Table 5: Employees from minority backgrounds and with disabilities

At the FP Manufacturing Company, a pilot project entitled “Ways into Work” has been in place since July 2018, organised in cooperation with Lebenshilfe Prignitz. The aim of this is to employ people with a disability. There are two workstations available in the production hall for them.

Diversity at the management level

The Supervisory Board, guided by the German Stock Corporations Act and Code of Corporate Governance, is aware of the need to ensure diversity in its composition and the relevant voting proposals at the Annual General Meeting. Not just gender, but also the experience of the individual members, measured against their age, professional and international experience, are relevant when it comes to assessing candidates. The Supervisory Board – following a suitably conducted application or proposal process – proposes the most suitable people based on these criteria. At present, there are still no women on the company’s Supervisory Board.

The planned age limit for voting proposals of members of the Supervisory Board also needs to be considered in light of this. The mandate must end by no later than the end of the Annual General Meeting that takes place in the individual’s 70th year. The Supervisory Board is currently suspending this requirement in order to ensure as broad a spectrum of experience as possible and to safeguard continuity. Furthermore, at least one member of the Supervisory Board should fulfil the criterion of internationality. At least one member already has the required characteristics for this (GRI 102-24).

The German Stock Corporation Act and the Code also stipulate that the Supervisory Board of companies listed on the stock exchange must define target figures for the proportion of women. Given the fact that the last Supervisory Board elections took place in 2016 and the Supervisory Board is constitutionally made up of three members, it is only with the decision of 6 June 2017 for the period up until 30 June 2019 that a proportion of women of zero per cent was defined as a target figure.

The new regulation regarding the filling of Board of Management positions must be considered under the same requirements. In the same way as it does or the Supervisory Board, the regulation stipulates that the interests of the company represent a key guideline for the appointment of executive positions. In the case of Board of Management positions, the continuity of the company’s forthcoming strategic development also needs to be ensured. 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 of zero per cent for the proportion of women on the Board of Management for the period up to 30 June 2019. Nevertheless, the Supervisory Board will consider the topic of diversity in its search for suitably qualified candidates for new Board of Management 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 Board of Management is obliged to set a target figure for the proportion of women on the first and – where applicable – the second management level below the Board of Management. The first management level below the Board of Management has been defined by the Board of Management 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 management level below the Board of Management. With effect from 26 June 2017, the Board of Management has again stipulated that the proportion of women on the first management level below the Board of Management should be at least nine per cent. This target figure is temporarily not met. When filling management positions, the Board of Management will be mindful of the need to re-attain the diversity specifications (GRI 405-1).

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

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.

Through suitable information and training courses, we are improving and maintaining safety awareness among our employees as they carry out their duties. In addition, we offer our employees well-balanced offers for health protection schemes. Within the framework of the tasks and powers assigned to us, we assume major responsibility for ensuring and consistently improving the environmental protection and occupational safety measures, as well as the safety and health at work of all employees.

To help us do this, we use an SGA management system that is certified at our German locations according to BS OHSAS 18001 and already satisfies the requirements of ISO 45001. Appropriate certification will be provided in the coming year. Subject and specialism-specific representatives support our executives locally in ensuring that we fulfil the requirements of our stakeholder groups as well as those of the legislator. Key tasks are performed by the

Screening investigations / first aid training	2013	2014	2015	2016	2017	2018
Legally required examinations (not necessary)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Driving, control and monitoring activities ¹⁾	6	2	2	1	2	1
Computer screen workstations ²⁾	39	16	32	72	33	40
Noise ³⁾	6	2	4	–	8	–
Musculoskeletal system, stress ⁴⁾	–	–	–	–	–	1
Medical consultations (company physician)	52	33	25	51	38	113
Influenza vaccinations (supplementary service)	43	47	46	20	18	51
First aid courses (first aiders)	23	14	25	10	19	24

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

Table 6: Health screenings over time

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).

People in positions of responsibility

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 Board of Management, depending on the locations’ risk assessments.

In total, at all 19 German locations, 25 % (previous year: 27 %) of all employees (corresponding to 160 people, previous year: 172 people) are involved in the domain of workplace, environment, energy and health management (GRI 403-1). Our company physicians (CP) also support all employees with treatment and screening programmes that go beyond the level of basic care, such as the influenza vaccination programme. Visitors, guests and individuals from outside the company must be instructed in our house rules – which also apply to our employees – 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 perform welding work.

Across all locations, a total of 45 employees (previous year: 37 employees) are represented on the Occupational Safety and Environmental Protection Committee (OSEPC). At its regular meetings, the topics of basic support and company-specific support according to German Social Accident Insurance (DGUV) Regulation 2, as well as supplementary topics on environmental and energy management, are discussed and potential measures agreed upon with the employer representative. Appointments for the screening programmes offered are agreed annually and all employees informed.

Ergonomic workstations

Our workstations 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.

At the locations in Berlin, Wittenberge and Langenfeld there were three reportable workplace accidents in 2018 and four reportable accidents on the way to / from the workplace. In the previous year there was one reportable accident in the workplace and one on the way to / from the workplace (GRI 403-2). 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. We are also actively working on suitable preventative measures to counteract accidents in and on the way to / from the workplace.

Accidents in and on the way to / from the workplace	2013	2014	2015	2016	2017	2018
Total over the year	9	0	7	5	2	7
Reportable accidents at work (AAW)	4	0	6	2	1	3
Notifiable accidents on the way to/from the workplace (CA)	5	0	1	3	1	4

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

Table 7: Accidents in and on the way to / from the workplace 2018

Health Weeks

Nutrition and fitness especially are crucial for our health. We know only too well that these two factors are often neglected in our everyday lives. But, how can be break the vicious circle of our weak willpower and come back out of our comfort zone? It is precisely this question that we focused on in our Health Weeks, held for the first time in Germany between the 17th of September and 14th of October 2018. We concentrated on the subjects of nutrition, fitness and health and offered our employees programme highlights such as Balance and Body Check, the active mini-break, fascia training, a smokers’ comedy, a smoothie stand, healthy fruit baskets and the opportunity to try meditation. We were also able to set up a running group, our **FP** Road Runners, and offer an organic breakfast every day from the Breakfast Company.

The first programme item in the Health Weeks was the nationwide Corporate Health Challenge 2018. We worked together as a team for four weeks in a walking competition against other companies from all over Germany. Whether big or small – all of the companies have the same chance of winning. The best team was crowned, and one Euro was donated directly for each employee entering to the KinderHerz Foundation to support children with heart conditions. We also still offer regular massage appointments at our head office in Berlin-Pankow.

In association with health insurance companies, we have offered our employees at our headquarters further programmes in order to in future offer a selection of these at our other locations, too.

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.

Company integration management

Over the last year, we have been actively working on introducing company integration management and, in agreement with the Works Council, drawn up and approved a company agreement on company health management (CHM) at the head office in Berlin (GRI 403-4).

The target group is employees who have been unable to work for a period of more than six weeks within one year or have been repeatedly unfit for work. In consultation with the individuals affected, meetings are held and measures agreed. The emphasis is on helping the individual to overcome their inability to work, and on determining what services or assistance can be used to prevent further sickness and allow them to keep their job. All employees were informed of the goals and opportunities of company integration management. So far, we have invited 21 employees to participate and, since the summer of 2018 to date, have conducted 25 positive meetings.

🍏 Health Week in figures

We have:

- walked around **6,000 steps** each day on average – the FP Road Runners have given their all.
- Slurped smoothies with **130 colleagues** and talked about the deeper meaning of life.
- Eaten no less than **180 kilos of fruit** and topped up our vitamin stores.
- Spent around **30 minutes meditating**, and we’re almost at enlightenment – so watch out Buddha.
- Recruited a total of **70 donors** for the DKMS registration campaign!



4.5 Reconciliation of work and family life
Working from anywhere

Our employees support us in our sustainable growth. In return, we meet them wherever we can: in all areas where the tasks permit it, they have the flexibility to perform tasks in the form of mobile work. Last year, we reached a milestone: the “mobile workplace (MW)” was introduced at our Berlin location. On 1 September 2018, the three-month pilot phase began, and we then moved into the implementation phase.

With this model, we are looking to improve the reconciliation of working activities and personal lives and facilitate the flexible design of working hours and working locations to serve personal as well as company interests. Following this test phase and if the requirements are met, our employees are also able to carry out the work they normally do within the company outside the company on a day-by-day basis through the “MW”. As part of our **ACT** strategy, the MW project represents a further step in our company’s cultural change process. We are disrupting traditional ways of thinking and creating a culture of trust in which colleagues as well as supervisors are able to deliver the same standard of work wherever they may be. And with this, we are choosing a self-organised method of working for employees and the ability for the executives involved to manage their work remotely.

Flexible working times and locations

At **FP**, fixed working hours are only used where they are essential. At our German locations (with the exception of **FP Produktionsgesellschaft**), a total of 60 % of our employees can arrange their working hours in a flexible form. In total we have the ability to provide a flexible workplace to 191 employees at our German locations, where they are also able to carry out tasks away from their regular place of work. Working hours can also be arranged with flexibility at our companies in Austria, France and the United Kingdom. In the Netherlands, 100 % of the workforce are able to choose a flexible approach to their working hours.

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. There are no company benefits, which are granted only to full-time employees, but not to temporary or part-time employees (GRI 401-2).

90 % with permanent contracts

Employees	2018 ¹	Ratio	2017 ²	Ratio
Permanent	850	88 %	460	87 %
Fixed-term	72	7 %	55	10 %
Training contract	22	2 %	9	2 %
Working students	18	2 %	7	1 %

¹ Employees included: 962
² Employees included: 531

Table 8: Type of employment

20 employees use the opportunity to take parental leave. Our young parents also return to work after taking parental leave, which confirms the success of our efforts (GRI 401-3).

	Men	Women
Employees on parental leave	5	11
Return quota from parental leave	100 %	N/A

Employees included: 407
Table 9: Parental leave and return quota

It is not possible currently to determine the entire return quota of our female employees since parental leave was taken across years. Four staff have already returned from parental leave.

FP also participates financially in various ways by providing, for instance, 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 201-3).

4.6 Societal and social commitment Of mountain climbers and bone marrow donors

ACT TOGETHER states team spirit and attitude as our core values. Turning these values into a charitable campaign was our declared goal in 2018 – and we did it successfully: thanks to the combined dedication of employees and the company’s managers, we were able to carry out a significant number of good deeds over the course of the year. In our digital age, “good deeds” may sound a little retro, but given the fact that retro is cool again – just think of the resurgence of vinyl LPs, for example – we thought that we would go with it. We are delighted to be able to showcase a few examples that confirm the quote by Henry Ford in a truly impressive way: “The two most important things in any company do not appear in its balance sheet: its reputation and its people.”



Help for the children’s hospice

We started the year with a Euro 1,444.35 donation to the Kinderhospiz Sonnenhof in Berlin-Pankow, which is a place where families can gather strength for difficult times and, sadly, also say goodbye. Our first good deed supported the hospice’s ongoing everyday work, the grief work and the mourning room. In recognition of and as a thank-you for our commitment, the hospice presented us with a certificate. In the summer, some colleagues went

even further: the three winners of our Football World Cup sweepstake decided to donate their prizes, amounting to Euro 120, to the Sonnenhof hospice.

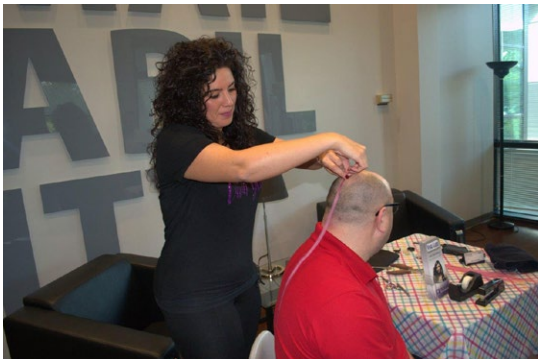
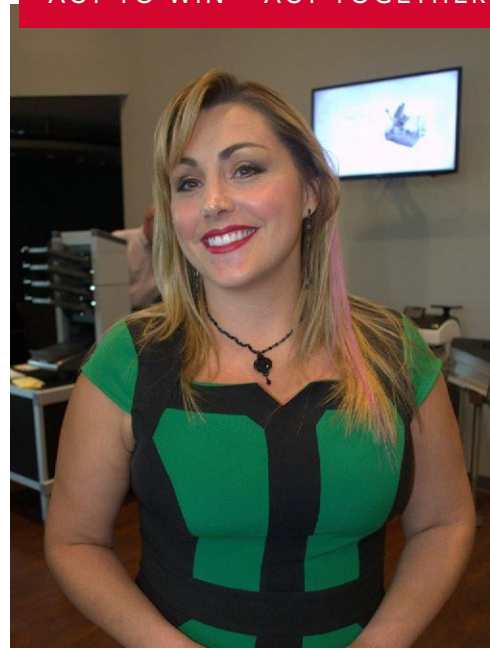
Health first

In the autumn of 2018, the **FP** Health Weeks (Link) launched for the first time at our headquarters in Berlin and we took part in the Corporate Health Challenge. With a colourful programme of events, the dedicated team took an original approach to highlighting various ways to achieve long-term health and fitness.



Conquering three new peaks

Ten colleagues in the United Kingdom came up with a sporty version of the good deed. They set up the “**FP** Mailing 3 Peak Challenge” to support the “charity of the year” project in their country: Coppafeel, which aims to encourage the early detection of breast cancer. The amateur athletes spent six months preparing to climb the highest mountains in Wales, England and Scotland and asked for donations on social media along the way. The three peaks – Ben Nevis, Scafell Pike and Snowdon – are by no means near each other. Len Fletcher, Managing Director in the UK, and Adam Branch, supported the project and drove the mountaineers from peak to peak by car, travelling some 2,000 kilometres along the way. All in all, they collected more than £10,000 in donations.



ON BEHALF OF COPPAFEEL



Joining the DKMS

Every 15 minutes, someone in Germany is given the devastating diagnosis of leukaemia. Their greatest hope is then the DKMS, the German bone marrow donor register. The organisation behind it wants to beat leukaemia: for every patient with leukaemia, they attempt to find a suitable donor – anywhere in the world. To date, some 29 million people worldwide have registered to be potential life-savers. However, one in ten patients still fails to find a donor. This is reason enough to increase the number of potential life-savers: our official registration day on 9 October 2018 helped the DKMS to recruit a total of 70 new people, with many colleagues already being proud owners of the DKMS donor card.



Figure 10: DKMS registration day

Across the Pond

In the last year, our colleagues in the USA have devoted time and energy to fighting breast cancer. Many of them took part in the “Living Well Cancer Research Center Bridge Walk”, helping the recovery of two people with breast cancer with the donations they received. Carl Amacker, Managing Director of FP Mailing Solutions, was also one of 25 candidates to sign up to the “Real Men Wear Pink” campaign run by the American Cancer Society. Carl pledged to wear pink every day in October to raise awareness for the campaign against breast cancer. Together with his OneFP committee and our team in the USA, he collected US\$ 5,183 for the “Real Men Wear Pink” campaign and US\$ 876 for the “Making Strides Against Breast Cancer Walk”.



Opportunities for all

Another area of our social commitment is equal opportunities in education. FP not only ensures fairness when appointing its own trainees, but also supported an independent project. The Netzwerk-Chancen Association operates across Germany to promote educational success and development opportunities for young people from financially disadvantaged backgrounds and families with little access to education. With regular networking events, jobs forums and workshops, it brings together people who are keen to make progress with those who have already done so successfully.

Practising tolerance and a happier Christmas

Our catalogue of good deeds last year was completed with a yes to diversity in our society. With the Hockey is Diversity e.V. association, we supported an organisation that encourages a new level of cohesion. The association draws attention to the ethnic and cultural diversity in society and encourages people with a migration background to see themselves as part of our society. The diversity that has long since enriched sport in Germany is held up as an example for the whole of society. In ice hockey, it is not the player’s origins that matter, but rather their performance. And a match can only be won as a team.

At the end of the year, the circle closed and we once again pledged to support children with cancer. One project in particular, irrespective of our colleagues’ commitment, and especially before Christmas, really touched our hearts: since 2004, Hockey is Diversity e.V. has been visiting and taking gifts to children with cancer on Christmas Eve at the Helios Hospital in Krefeld. Today, the initiative has become a fine tradition and we are delighted to be able to play our part on Christmas Eve. We launched a special and original photographic campaign worldwide involving the two Father Christmases Santa and Claus. The aim was to encourage all of our employees to get ACTive – and even win something in the process. We gave away an autographed “Pink in the Rink” jersey from the Berlin Polar Bears as a prize. All of the players on the team signed it, making it a truly unique weapon in the fight against cancer!

Christmas elves help Santa and Claus

On the days around Christmas, there was a lot going on at the location in Berlin – many colleagues were busy with their own project aimed at creating a wonderful occasion that made everyone tingle with excitement. Three pallets of toys had made their way to the company’s headquarters following a spontaneous, cloak-and-dagger campaign, and when they were unpacked, everyone was amazed. With tremendous delight, we were able to give these special presents to the children’s hospice in Pankow and – as part

of our Christmas campaign – to the children’s oncology ward in Krefeld. For very special children who were fighting with such courage and bravery!

As part of our FP Christmas campaign, we were able to bring joy to the children on the oncology ward at the Helios Hospital in Krefeld on Christmas Eve. We boosted the annual Christmas donations from Hockey is Diversity e.V. with Euro 250 and, thanks to our photographic campaign with “Santa and Claus on Tour”, we were able to increase this sum by a further Euro 110.50.

We have since named a winner from the December 2018 photo campaign, who wins our autographed “Pink in the Rink” jersey from the Berlin Polar Bears. Sven “Felle” Felski, also known as the “Mayor of Hohenschönhausen”, drew our lucky winners at the HiD Winter Classic in Hof in front of the audience and press. “Felle” has played 1,000 matches in the German Ice Hockey League and was crowned German Champion six times with the Berlin Polar Bears. Also present at the draw was former ice hockey pro Dr Martin Hyun, the head of sports technology in the field of ice hockey and sledge ice hockey at the

Olympic and Paralympic Winter Games in 2018. The draw was also accompanied by the guitar player from the Sons of Mannheim group, guest of honour Andras Bayless. Our thanks go to everyone who gave freely of their time and money to our many charity campaigns. In 2019, we will continue to inject life into ACT TOGETHER and our pledge to make our society a little bit better.



Figure 11 & 12: Pictures from the Christmas Campaign at the Krefeld Children’s Hospital 2018
Photos: Andreas Drabben



FP France



FP Italy



FP Canada



FP Germany



FP USA



FP Canada

5. ACT TO PROTECT
Responsibility for people and
the environment

Protecting the environment and conserving resources with our energy sources is one of our main principles. This is why our production takes place exclusively in Germany and primarily uses suppliers from Germany and Europe. We also ensure that waste and emissions are minimised and, where possible, avoided.

In addition to our efforts to protect our environment, we ensure the safety and health of our employees in the workplace. We regard environmental protection, energy efficiency, safety in the workplace and health protection as important management duties, and we integrate them into our company policy and strategy (Link). You can also read all about it: since 2010, our Report on Environmental Protection, Energy Efficiency and Occupational Safety has been published every year alongside the Sustainability Report.

Sustainability first

For each newly designed product and each new process used, we check the environmental sustainability and the efficient use of energy and open up opportunities to further improve both. (GRI 103-1). We train our employees in order to raise their environmental and safety awareness and empower them to work and act accordingly. We want to implement ongoing improvements, ideally ones that go beyond mere compliance with statutory requirements. We therefore maintain an open dialogue with employees, public authorities, customers and suppliers, as well as the public, on all questions of environmental and energy management.

5.1 Integrated management system –
energy and the environment
Standards-compliant environmental
protection

The requirements of the ISO 14001, ISO 50001 and ISO 45001 (currently still BH OHSAS 18001) standards provide the framework for introducing an environmental, energy and occupational health and safety management system and therefore for breaking new ground towards personal responsibility and self-commitment. With this in mind, the topics of occupational health and safety are directly linked to the topics of environmental protection at FP, which also brings advantages with regard to sustainability, reporting, risk and process management.

Environment and energy management system
compliant with ISO 14001 and ISO 50001 ...

As already described in the section on the quality management system, all standard requirements are based on the “Plan, Do, Check, Act” method (Plan, Implement, Check, Act and Improve).

We are committed to responsible energy management. Wherever it is cost-effective to do so, 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. It is in this vein that we are implementing ongoing improvements.

... as well as ISO 50003 and ISO 31000

We adapted our environment and energy management system to the certification requirements of ISO 50003 early on and had it re-certified. Approaches referred to in ISO 31000 (Risk Management) are also used and implemented in order to support risk-based thinking. The legally required OSC (Occupational Safety Committee) was transferred promptly into an Occupational Safety and Environmental Protection Committee (OSEPC). In addition to the topics of safety and health in the workplace, the committee also assesses subjects such as compliance, waste, hazardous substances, energies and resources, and defines measures for improvement. In detail, these include:

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

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

5.2 Protecting resources and increasing resource efficiency
The progress continues

Derived from our company policy and the dialogue with our stakeholders, we revised and redefined the integrated management system’s strategic goals in 2018. The energy management at all of our German locations has been successfully re-certified early. 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.

No-sooner-said-than-done resource protection

The following measures were successfully implemented in this respect:

- Keeping the efficiency of electricity and heat consumption at the German locations above the energy baseline and increasing their efficiency
- Sustainably keeping the costs of our waste volumes at the German core locations (Berlin-Pankow, Berlin-Adlershof, Wittenberge and Langenfeld) below Euro 60,000 (in the 2018 reporting year: Euro 48,890.16)
- Maintaining the efficiency of water consumption at the locations above the energy baseline
- Keeping the emissions consumption of the FP vehicle fleet below 65,000 kg CO2 p.m.
- 2018: 57,691 kg CO2 p.m.)
- Evaluate hazard assessments for all workplace groups according to Section 10 of the Maternity Protection Act (MuttSchG)
- Checking and updating German Social Accident Insurance (DGUV) V3 tests for all appliances
- Updating the energy baseline in the event of changes
- In addition, we continued, initiated and implemented the following measures in 2018:
- Maintenance of our hazardous substance, waste, energy and legal source registers
- Continuous review of the integrated system aspects
- Guidelines, process and directive supplements in the employee handbook
- Information and training courses
- Updating of the hazard assessments at all locations
- Regular plant inspections at our locations in Berlin-Pankow, Berlin-Adlershof, Langenfeld and Wittenberge, as well as the FP freesort locations, focusing on safety in the workplace and fire safety
- Measurements and detailed analyses of the energy consumption at the German locations

Expenditures on Environmental Protection

In 2018, investment calculations were obtained at the German locations with the emphasis on LED conversions, and new measuring systems were obtained in order to carry out further measuring series of defined consumer groups (SEUs). As part of the investment calculations, preparations were made for the systematic conversion of measuring systems to the IoT (Internet of Things) so that more influence can be exerted over energy consumption in future.

As a result, in addition to staffing costs and smaller expenditures for the procured measuring systems (approx. Euro 5,000), costs were essentially only incurred for the re-certification of the integrated management system (approx. Euro 35,000). The re-certification of the energy management system was brought forward by one year. We therefore also meet the updated requirements of the ISO 50003 certification audit. Disposal costs in 2018 amounted to almost Euro 42,000 at all German locations (previous year: almost Euro 60,000).

5.2.1 Energy and consumption data

A falling trend (GRI 103-1, GRI 103-2, GRI 103-3)

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

Our calculations were based on an energy baseline for the year 2015 for all 19 German locations. This baseline is reviewed annually and adjusted for each location according to defined criteria. Since we also operate a sizeable fleet of cars, fuel 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.

At all German locations, a total of 1,250 MWh of electricity were used in 2018 (previous year, updated: 1,273 MWh), 1,970 MWh of heat (heating oil, natural gas, district heating) (previous year, updated: 2,590 MWh) and 2,221 MWh of fuel (previous year, updated: 2,587 MWh).

The total energy consumption for all 19 locations, including the vehicle fleet, was 5,441 MWh (previous year, updated: 6,441 MWh). The entire scope of reporting currently relates to the German locations, as the foreign companies are not yet included (GRI 302-1).

5.2.2 Energy intensity – LED lights up the future (GRI 103-1, GRI 103-2, GRI 103-3)

The core objective of our energy policy is to constantly increase the efficiency of our consumption. The absolute consumption values are therefore not insignificant, but have to be supplemented by consideration of the dynamics of corporate development – including new or expanded locations, new employees or changed framework conditions.

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 for the electricity values is mainly calculated on the basis of the times they are actually used by the employees, whereas in production facilities we take the production volume as the basis. For the heat values, the floor spaces are the benefit. Which measured variables are used in each case was determined for each location by means of suitable correlations. The heat consumption per unit area is also compared and optimised with the building energy specifications (energy certificates). Since we did not yet have all the energy performance certificates of the landlords, we were only able to compare the specific heat consumption per area unit in 2018 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. In 2018, investment calculations were therefore carried out for conversions to LED lighting at our locations.

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

5.2.3 Reducing energy consumption

Expenditure for savings (GRI 103-1, GRI 103-2, GRI 103-3)

To save energy, we have invested at many of our locations. A large proportion of this involved the switchover to LED lighting, but also the optimisation of heating efficiency in Wittenberge.

At the FP IAB production site, we invested a further Euro 20,000 in 2017 for the switchover to LED lighting as part of the expansion of the hall and production facilities. In 2018, the power consumption increase caused by the expansion was reduced by around 40 % (700 kWh). The re-

duction in CO2 emissions achieved as a result amounted to just under 5,000 kg p.a.

These and other minor measures have already made it possible to reduce the electricity consumption at the German locations by around 70,000 kWh. The LED conversion planned for 2019 and the coming years will lead to savings of at least 100,000 kWh and therefore an improvement in the climate footprint of around 60,000 kg CO2 p.a. (GRI 302-4, GRI 302-5, GRI 305-5).

Same output, less gas

In the area of heating we have optimised the switching cycles of the natural gas supply and insulated leaks better in the production of franking systems at the Wittenberge location. This has increased the efficiency levels (benefit divided by consumption) from 168/W to 257/W, which corresponds to 53 % (GRI 302-3). Compared to the building’s primary energy consumption (208.7 kWh/m2a), this value was also maintained significantly below the EnEV requirement value (169.5 kWh/m2) at 73 kWh/m2a.

5.2.4 CO2 emissions

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

We generate CO2 emissions in many areas, and that will remain the case. We are, however, investing energy to reduce them – with measurable results, be it in the vehicle fleet, heating energy, service or when we hold the Annual General Meeting.

In 2018 our delivery vans in Germany carried over 193 million letters (previous year 196 million) and our passenger cars were in service for 175,845 hours (previous year 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 exchanged for existing models), they must always have lower energy consumption levels.

Fleet on the right course

Although just a few years ago the target figures for the entire vehicle fleet were 75,000 kg CO2 per month, they had already been reduced to 56,691 kg CO2 per month by 2018. In the reporting year, 692,290 kg of CO2 were generated (previous year: 803,688 kg); grouped according to vehicle type into 103 cars at 498,890 kg, and 22 delivery vans at 193,400 kg. This means we were able to reduce CO2 emissions by 16 %.

Savings on Scope 1 and 2

The use of a total of 1,970 MWh of heat from heating oil, natural gas and district heating (previous year: 2,590 MWh) generated 1,276 t CO2, which fall under Scope 1 (“direct emissions”), which refers to direct emissions from

static and mobile sources of energy. Therefore, the use of heat and the CO₂ fleet register (692 t CO₂) results in a total value of 1,968 t CO₂ (previous year, updated: 3,049 t CO₂). This corresponds to a reduction of 35 % (GRI 305-1). Based on the use of 1,250 MWh of electricity (previous year, updated: 1,273 MWh), which falls under Scope 2 (indirect emissions), a total of 750 t CO₂ were generated (previous year, updated:

764 t CO₂); in this case, only emissions from electricity generation were included (GRI 305-2).

For the 2018 reporting year, we were able to identify in more detail the CO₂ emissions that are generated in the upstream and downstream added value chain and which occur indirectly through our company’s activities as belonging to the road transport of a logistics provider.

CO₂ emissions as a result of road transport
A total of 55,970 kg CO₂ were generated by our land transport, which we use for the goods inwards of our materials and for the delivery of our franking machines.

Shipments	10,835
Gross Weight (Ton)	885.23
Transport Production (Gross Ton km)	738,423.45
Transport Production (Tax Ton km)	924,427.50
Fuel Consumption (l)	22,773.86
Tank to Wheel CO ₂ (kg)	55,970.36
Well to Wheel	
CO ₂ (kg)	68,893.56
CO _{2e} (kg)	71,931.32
HC (kg)	31.7
NO _x (kg)	226.91
PM (kg)	8.09
SO ₂ (kg)	81.26

Table 10: Statistics of our CO₂ emissions for our road transport that can be analysed

It is not currently possible to separate the road traffic into the upstream and downstream added value chain, and the total amount of CO₂ emissions from the upstream added value chain cannot currently be determined in detail either (GRI 305-3).

Deliveries of spare parts and consumables
In the last year, the Service Part Centre at our production facility in Wittenberge sent out 31,623 parcels of consumables and 5,771 parcels containing spare parts. The shipping of all 37,394 parcels was carried out on a clima-

te-neutral basis. In other words, all CO₂ emissions generated were offset by the logistics service provider’s climate protection projects in the context of the “Total Zero” scheme.

Good for the climate, Kenya and Peru
Last year, our Annual General Meeting was held in a climate-friendly way. Every gram of the around 20,000 kg of CO₂ that we generated at the Annual General Meeting due to arrivals and departures, as well as the use of electricity, was offset through a forestry protection project in Kenya. We also secured 350 jobs there, supported the construction of schools and ensured sustainable development in the country where the project was being carried out.

We also acted responsibly around our company summer fair in Berlin and ensured that it was held in an environmentally friendly way in accordance with our sustainability goals. Here too, all CO₂ emissions generated by our arrival, overnight stays and our shared evening meal – totalling 11,000 kg CO₂ – were compensated for by a climate project in Peru. In one of the country’s poorest regions, we helped to fight malnutrition and assisted with the creation of community gardens, providing a sustainable supply of fresh and healthy food.

Being ACTIVE – our tree seeds
At our Annual General Meeting and at our summer fair, we gave away over 500 paper bags containing robinia and fir tree seeds to our investors and colleagues with the call to join **FP** in its efforts to promote sustainable growth. The robinia in particular is a tree of the future, since it grows quickly and is one of the hardwoods that are used to make our children’s play areas.

Summary
All in all, in 2018, our use of heat and electricity, our vehicle fleet and the road traffic we have been able to evaluate so far generated 3,362 t of CO₂ (previous year: 3,808 t CO₂). This corresponds to 16.5 t CO₂ per million Euro of turnover or 3.19 t CO₂ per employee (previous year, corrected: 3.57 t CO₂ per employee) (GRI 305-4). This represents an improvement of 10.7 % in 2018 compared to the previous year (GRI 305-5).

It is not currently possible to provide full details of ozone-destroying substances such as nitric or sulphuric oxides; only the nitric and sulphuric oxides generated through our road traffic is documented (GRI 305-6, GRI 305-7).

The next steps
In 2019, new energy contracts were put out to tender for our German locations, which include the headquarters in Berlin, our production site in Wittenberge and the loca-

tions of the **FP** subsidiary **freesort** in Hamburg, Frankfurt, Weinstadt, Pattensen, Leipzig, Langenfeld and Munich. In the interests of sustainability, we have decided to obtain all of our energy from green energy, which will significantly improve our climate footprint. Measured against consumption from the previous year, we will save around 550,000 kg of CO₂ by using green energy, which corresponds to around 75 % of our CO₂ emissions in the power sector.

What is more, we use the recommendations of the German Federal Environment Agency to calculate the CO₂ emissions and round up the specified number of grams (www.umweltbundesamt.de).

5.2.5 Waste balance and waste types – Avoid wherever possible (GRI 103-1, GRI 103-2, GRI 103-3)
We adopt a sustainable and responsible approach to waste – our overriding principle is therefore one of avoidance, closely followed by preparation for reuse, actual recycling or another form of repurposing, especially in energy terms. Only if none of these options are available do we choose landfill and proper 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 with waste balances and determine the ratios of the different waste types.

In this case, the reduction (– 3.7 %) of our waste to 230.2 t (previous year: 238.7 t) is significant. In 2018 we were able to maintain the existing cost increases for waste well below the target value of Euro 60,000 (Euro 48,890.16). At our German locations, 230.2 t of waste (of which 1.0 t were hazardous) were produced (GRI 301-1). The proportion of hazardous waste rose slightly by 0.48 % compared to the previous year (GRI 306-2). There were no exports of waste in accordance with the Basel Convention (GRI 306-4).

Storage location	Without haz. characteristics	With haz. characteristics	Totals
Berlin-Pankow location	43	13	56
Berlin-Adlershof location	10	21	31
Wittenberge location	15	15	30
Langenfeld location	3	1	4
Service location	5	1	6
No longer in use	15	7	22

Table 11: Overview of hazardous substances

5.2.6 Hazardous substances
Use significantly reduced
127 hazardous substances are currently used at our locations, 76 of which have no hazardous characteristics, equating to 60 %. Six hazardous substances are used at two or all locations. Compared to the previous year, we are no longer using 7 hazardous substances with hazardous characteristics.

The highest proportion of the 56 substances used at the Berlin-Pankow location are only stored in small amounts or used in development. The production sites in Berlin-Adlershof and Wittenberge each use 30 or 31 substances. All substances for which safety data sheets are required have been listed. These also 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 of the risks it represents to the health and safety of our employees and our customers, as well as the environmental impacts, are assessed and tested (GRI 306-3).

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

The total water consumption at the locations of Langenfeld and the six other consolidation centres (1,171 m³), Wittenberge (467 m³) and Adlershof (311 m³), as well as at the main location in Berlin (1,715 m³), is 3,664 m³. Measu-

red in terms of hours of use, the water consumption level is 4.22 litres per hour (previous year: 4.66 litres per hour of use). The aim is to continue maintaining water consumption at this low level.

Low water hazard

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

We only work with a small proportion of water-endangering substances of hazard classes 2 and 3, such as adhesives and cleaning agents in small quantities. The inks we use correspond only to water hazard class 1.

WHC ¹⁾	0	1	2	3	Total
Number of substances ²⁾	8	85	29	2	124

¹⁾WHC = Water hazard class according to WHG (Water Resources Act)
²⁾central hazardous substances register

Table 12: Overview of substances hazardous to water

Secure storage of hazardous substances

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

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

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Glossary

A

ACT

ACT is the Group strategy announced in 2016 comprising the elements ATTACK, CUSTOMER and TRANSFORMATION with the aim of sustainable growth and increasing profitability.

Agile methods

Agile methods are principle-based approaches for higher efficiency in software development.

Actuation

Actuation describes the signal-controlled response of drive components to certain operating conditions.

API

Application programming interface.

App

Program for smartphones and tablet computers.

A segment

The franking machine segment for customers with low mail volume (up to 200 letters per day).

ATTACK (ACT strategy)

Expanding the customer base, revenue growth and increasing the market share in the core business.

B

Bluetooth

Standard for the wireless transfer of data between different electronic devices over a distance of around ten metres. Bluetooth has superseded infra-red technology in this segment.

B segment

The franking machine segment for customers with medium mail volume (200-2,000 letters per day).

BSI

German Federal Office for Information Security.

C

Slogan

A slogan is a short but crucial statement and a company’s value proposition regarding itself. See German Mailgeneering.

Cloud services

Provision of IT infrastructure such as processing power, memory space or application software as a service over the internet.

Concept of operation

A concept that describes the features of a system from the perspective of a user.

CRM

Customer relationship management system. Software solution for the systematic configuration of customer relationship processes.

Cross-selling

Efforts to sell customers complementary products or services.

C segment

The franking machine segment for customers with high mail volume (more than 2,000 letters per day).

CUSTOMER (ACT strategy)

Developing new solutions and services for existing and new customers.

Cyberattack

Targeted, external attack on major computer networks that are important for specific infrastructure.

D

Dashboard

Method to clearly present information on a monitor using small programs that are designed to look like traditional dashboard gauges.

Design sprint

A time-limited, five-step process of design thinking with the aim of reducing the risk for the market launch of a new product or service.

Currency swap

In a currency swap, two contracting parties swap two currencies at the current exchange rate and then swap them back at the same rate at a later date.

discoverFP

Our FP portal that acts as a shop window for our portfolio and provides access to nearly all FP products. discoverFP gives customers an overview of their relevant franking system data and the integrated help centre enables them to view invoices, orders, contracts and service requests. Similar to an app store.

DNA

Scientific definition: deoxyribonucleic acid, carrier of unique genetic information, i.e. the material basis for genes. The “DNA” of a company means the particular characteristics of a company that give it a competitive edge or bundle unique selling propositions. FP’s DNA is defined by actuation, sensor technology, connectivity and cryptography.

E

Edge computing

Decentralised data processing at the edge of the network via intelligent devices. Model for IoT.

eIDAS

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

Electronic signature (e-signature)

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

Embedded software

Software that takes on certain control, monitoring and corrective functions within technical apparatus, e.g. in a car.

EMC

Electromagnetic compatibility. Ability of an electronic device not to interfere with others through electromagnetism.

End-to-end solution

End-to-end solution means that FP as a provider of an application program, software and a system meets all of the customer’s software and hardware requirements, so no other provider is involved in meeting the requirements. Everything from a single source, covering the entire value chain.

ERP

Enterprise resource planning. ERP systems support the planning of enterprise resources such as finance, human resources, merchandise, etc. ERP combines various back-office systems such as production, finance, HR, sales and materials management systems.

ESD

Electrostatic discharge.

F

Finance lease

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

Financial covenants

Blanket term for additional contractual clauses or side agreements in loan and bond agreements with enterprises.

Forfeiting

The purchase of receivables – usually without recourse to the seller in the event of default.

FP Fit4Change

Human resources initiative in which around 1,000 employees took part in six languages and more than 40 workshops.

FP Input

FP Input takes on structured incoming mail processing of all incoming mail including digital storage of scanned documents.

FP Output

FP Output takes over the customer’s data flows. FP takes care of the entire production process from the preparation of data, printing, inserting, franking and handing over the letters to the delivery service or alternatively digital delivery.

FP Parcel Shipping

A new FP solution for parcel shipment with multi-carrier selection, franking and tracking of parcels.

Part-performance discount

A part-performance discount is granted under part-performance contracts with Deutsche Post when letters are delivered, processed and consolidated at a sorting office.

FP Portal

See discoverFP.

FP Product Roadmap

An ACT project to develop new products and services in the field of franking systems.

FP secure gateway

The latest FP product “FP Secure Gateway” is the perfect solution for security requirements in the IoT environment and has a scalable number of input sensors.

FP Sign

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

FP WebBrief24

Online letter service for private customers. Users transmit their text via a browser-based app to FP, which prints, inserts and sends the letter. The service is available starting with a single letter.

Freedom to operate analysis

Analysis of whether third parties already have property rights with respect to the development, manufacture and market launch of a new product.

G

Gateway

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

German Mailgeneering

Slogan. MAIL: Our core business, derivation (origin) and expertise. GENEERING is the development and modification of DNA, even that of a company, in order to give it a new character (future). ENGINEERING = the know-how required for the development/change).

Going concern

Positive forecast of continuation for the coming fiscal year.

H

Hardware security module

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

Hybrid mail services

Hybrid mail services transform data into mailable letters and vice versa..

I

Industry 4.0

Term from the German federal government’s High-Tech Strategy 2020, which postulates the fourth industrial revolution. Following mechanisation (Industry 1.0), mass production (2.0) and automation (3.0), production in Industry 4.0 is governed by the Internet of Things.

Infrastructure discount

Since 1 January 2018, the infrastructure discount has replaced Deutsche Post AG’s volume discount. This requires specific conditions to be met, including with regard to machine-readable postage paid impressions.

Inserter release

A new option to combine inserting and franking.

Intellectual property

A category of property that includes intangible creations of the human intellect.

IoT

Internet of Things. The Internet of Things in industrial application, synonymous with Industry 4.0.

Iteration

The process of repeating the same or similar actions multiple times to approximate a solution or a certain target.

J

Juconn GmbH

Since January 2019, FP has held a 15 % interest in Juconn GmbH in order to offer customers the entire IoT value chain.

JUMP

ACT project supporting FP in its transformation into a more agile, more dynamically growing company.

M

Mail Services

The Mail Services segment comprises the franking service – collecting unfranked outbound post and providing the franking – and the consolidation service – sorting the post by post-code and delivering it in batches to a sorting office of Deutsche Post AG or an alternative postal distributor (Secure mail business).

O

Operating lease

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

P

PKI

In cryptology, public key infrastructure is a system that can issue, distribute and check digital certificates.

PostBase One

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

PostBase Vision

PostBase Vision is the consistent further development of the PostBase “Classic” franking system, which was introduced in 2012. The colour touch display that adapts to the user automatically has increased in size by 40 % and swivels automatically. It now allows users to control functions with swiping gestures and enter text and QR codes on the PostBase Vision directly.

PostBase100

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

Proof of concept

Demonstration of feasibility.

S

Sale and lease back

Sale of assets that are then used by way of rental or leasing.

Sensor technology

With sensor technology, external and internal operating conditions are recorded by sensors, which are used to control drive components via special software programs.

Shared service centre (SSC)

Pooling of an organisation’s internal services with the aim of achieving greater efficiency through synergies.

Secure digital communication processes

FP’s second business area, which deals exclusively with digital products, solutions and services (IoT, Secure Gateways, cloud

solutions, software and much more). First business area: secure mail business (core business dealing with mail communication, including franking, inserting, consolidation, postage optimisation, services).

Secure mail business

FP’s first business area: secure mail business, i.e. core business dealing with all mail communication, including franking, inserting, consolidation, postage optimisation, services. Stands alongside FP’s second business area (secure digital communication processes, dealing with digital products, solutions and services, such as IoT, Secure Gateways, cloud solutions, software and much more).

Signature

Legally binding signature. An electronic signature, or e-signature, can replace a handwritten signature. FP Sign is a service for signing digital documents in conformity with the law.

Signature (digital, electronic)

See e-signature, FP Sign.

Social media

Blanket term for online services such as Facebook or Twitter, which allow users to communicate with each other in groups and to share content.

Stärkenkompass

Stärkenkompass is the world’s first and only digital tool for collecting and visualising feedback on strengths. More than 1,000 FP employees around the world attended the Stärkenkompass workshops.

Start-up

Newly founded company.

Strategic controller

Strategic control is used to describe the process companies use to control the preparation and execution of strategic plans.

T

Time to PoC

Time to proof of concept (PoC). Important milestone in project development. Basis for further work, as it validates the project concept. It thus services as decision basis for the further course of the project and allows the identification and minimisation of risks.

Tixi.com

The operations of the IoT specialist were acquired in May 2018.

TRANSFORMATION (ACT strategy)

Developing new, digital business areas.

Triggering event

Event that triggers an impairment test.

U

Upselling

Efforts to offer customers higher-value products and services as a next step.

V

Vision

With our innovative, efficient products and services, we make our customers’ lives easier, leaving them more time and thus greater enjoyment in their everyday work.

W

White spot

Market segments that are not yet served or are served only by a few current offers (also “unused market potential” or “identification of opportunities for innovation”).

WIFI (WLAN)

Wireless local area network. Short-range local data transmission network using radio waves. Internationally mostly referred to as WiFi.

Imprint

Imprint and Appendix

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

It is available as a separate document at

www.fp-francotyp.com/nachhaltigkeitsbericht

to download.

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

**"The two most important
things in any company do not
appear in its balance sheet:
its reputation and its people."**

Henry Ford