

Group Corporate Governance Report

The Management Board and the Supervisory Board submit an annual corporate governance report on the corporate governance of the company. As with the declaration of compliance, this is also a component of the Group’s declaration on corporate governance in accordance with section 315d of the *Handels-gesetzbuch* (HGB – German Commercial Code) in conjunction with section 289f HGB. The purpose of the German Corporate Governance Code is to make the rules for the management and supervision of companies that apply in Germany as transparent as possible for both domestic and international investors. The Code’s provisions and rules cover the fields of shareholder interests, the Management Board and the Supervisory Board, the transparency of corporate governance and the duties of the auditor. The Management Board and the Supervisory Board of Francotyp-Postalia Holding AG are committed to the interests of shareholders and thus to the implementation of the recommendations and proposals of the German Corporate Governance Code (the Code). In line with the principles of the social market economy, the Management Board and the Supervisory Board also safeguard the company’s continued existence and ensure sustainable added value. These principles require not only legality, but also ethically sound conduct on one’s own responsibility (the model of the honourable merchant). The Management Board and the Supervisory Board report on potential departures from the recommendations of the Code in both the declaration of compliance and the following extensive disclosures, based on the version of the Code dated 7 February 2017.

Declaration of Compliance with the German Corporate Governance Code

In accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act), the Management Board and the Supervisory Board of Francotyp-Postalia Holding AG hereby declare in the declaration of compliance which recommendations of the version of the German Corporate Governance Code dated 7 February 2017, as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette, it has complied with and will comply with, and which recommendations have not been or are not applied.

2.3.3 Given the high level of administration involved, the company did not enable shareholders to watch the Annual General Meeting using modern communication media, e.g. the Internet, in the 2018 fiscal year. An Internet broadcast of the Annual General Meeting will be offered in the 2019 fiscal year.

3.8 D&O insurance was taken out for the Supervisory Board. This policy does not currently include a deductible for the Supervisory Board. A deductible for the Supervisory Board will be included when the policy is renegotiated.

4.1.3 The Management Board is responsible for compliance with the law and internal policies, and ensures compliance with these throughout the Group companies. A compliance management system has been set up for this purpose and has been unveiled and introduced at the Group. Employees and third parties have the opportunity to report misconduct at the company. Owing to the organisational effort involved, the Group has not introduced a system that allows users to give information under protection (whistleblower system).

5.3.1 – 5.3.3 While the Supervisory Board continues to consist of three persons, no committees will be formed in which the Supervisory Board Chairman or any other Supervisory Board member could occupy an additional chairmanship role, as the composition of the committees would be identical to that of the Supervisory Board. This applies in particular to the duties of an audit or nomination committee. Such duties are also performed by the Supervisory Board as a whole.

5.4.1 The Supervisory Board of Francotyp-Postalia Holding AG is not subject to co-determination, which means that the rules of the law on co-determination cannot be observed for employee representatives.

A time limit for membership of the Supervisory Board has not been set. Given the knowledge, skills and technical experience required by item 5.4.1 sentence 1 of the Code, it does not currently seem reasonable to limit membership in this way.

The Rules of Procedure for the Supervisory Board stipulate an age limit when proposing nominees as members of the Supervisory Board. A Supervisory Board mandate should therefore end no later than the Annual General Meeting following the member’s 70th birthday. Here, too, given the requirements for the composition of the Supervisory Board stipulated by item 5.4.1 sentence 1 of the Code and in the interests of continuity, this recommendation will not be applied for the time being.

7.1.2 Given the large amount of consolidation work involved, the quarterly and half-yearly reports are published, at the latest, within two months of the end of the reporting period, in compliance with the Stock Exchange Rules and the *Wertpapierhandels-gesetz* (WpHG – German Securities Trading Act).

Berlin, 28 March 2019

For the Supervisory Board



Klaus Röhrig,
Chairman of the Supervisory Board

Management Board



Rüdiger Andreas Günther,
Management Board, CEO



Patricius de Gruyter,
Management Board



Sven Meise,
Management Board