Group's declaration on corporate governance

pursuant to section 289f (2) HGB and section 315d HGB with integrated corporate governance report

1. Principles of corporate governance

Francotyp-Postalia Holding AG's corporate governance serves to ensure responsible and sustainable corporate governance. It is based on applicable statutory provisions, the German Corporate Governance Code and internal policies. Implementation by the Management Board and Supervisory Board intends to make this declaration on corporate governance clear and transparent, thereby promoting the confidence of stakeholders – investors, customers, employees and the general public – in the FP Group's management and monitoring. Implementing and complying with the principles stated is considered a key management task.

1.1. General information on the company and its governing bodies

Francotyp-Postalia Holding AG was founded in Berlin in 1923 and is now an international technology group. The company is entered at the Berlin-Charlottenburg registry court under HRB 169096. Its address is Prenzlauer Promenade 28, 13089 Berlin.

The purpose of the company in accordance with the Articles of Association is to manage companies that operate primarily in the areas of franking machines, related peripherals and supplementary OEM products, the electronic processing of letters and the management of logistics systems, as well as to hold and manage equity investments in companies with the same or similar business purpose.

As a German stock corporation, Francotyp-Postalia Holding AG's corporate governance is determined chiefly by the German Stock Corporation Act and additional statutory provisions under commercial and corporate law and the German Corporate Governance Code. The rights and obligations of the governing bodies (Management Board, Supervisory Board and Annual General Meeting) are derived from the law and the Articles of Association.

The Management Board and the Supervisory Board form the company's dual management system. The law and the Articles of Association draw a clear distinction between "management" and "monitoring" functions. The Management Board and Supervisory Board are obliged to protect the interests of shareholders and act in the best interests of the company, and the two bodies collaborate closely with the aim of increasing enterprise value in the long term.

The Management Board comprises one or more than one person. If only one Management Board member is appointed, he/she represents the company alone. If multiple Management Board members are appointed, the company is jointly represented by two Management Board members or by one Management Board member together with an authorised signatory. The

Supervisory Board can grant individual members of the Management Board the right of sole representation.

The company is not subject to the co-determination regulations of the *Drittelbeteiligungsgesetz* (One-Third Employee Participation Act - DrittelbG).

Francotyp-Postalia Holding AG has been listed on the Frankfurt Stock Exchange since 2006 and meets the transparency requirements of the Prime Standard segment of Deutsche Börse AG (SCN: FPH900 I ISIN: DE000FPH9000 I FPH).

1.2. Company/Group structure

Francotyp-Postalia Holding AG is a holding company. It performs central tasks for its subsidiaries that are responsible for operating activities, e.g. related to taxes and finances. The subsidiaries operate in four business areas: Franking and Office Solutions, Software, IoT and freesort. Some of these are connected to Francotyp-Postalia Holding AG via control and profit and loss transfer agreements and are subject to the instructions of the Francotyp-Postalia Holding AG Management Board.

1.3. Declaration on the German Corporate Governance Code

The Management Board and Supervisory Board of Francotyp-Postalia Holding AG consider responsible and transparent corporate governance the basis for long-term economic success. This is guided by the latest version of the German Corporate Governance Code (GCGC).

The Government Commission on the German Corporate Governance Code approved a revised version of the Code on 16 December 2019. Under the new GCGC, companies report on their corporate governance in the “Declaration on corporate governance”. From now on, the Management Board and the Supervisory Board will submit this declaration jointly, although each body is responsible only for the sections of the report that concern it explicitly. The new GCGC was published in the Federal Gazette on 20 March 2020, and hence came into force.

After proper examination, the Management Board and Supervisory Board of Francotyp-Postalia Holding AG submitted the following declaration on corporate governance in accordance with section 161 of the *Aktiengesetz* (AktG – German Stock Corporation Act) on 17 January 2021:

The Francotyp-Postalia Holding AG Management Board and Supervisory Board declare in accordance with section 161 AktG that, since submitting the last declaration on corporate governance on 17 January 2020, the company complied with the recommendations of the German Corporate Governance Code (GCGC) in the version dated 7 February 2017 (“2017 GCGC”) until the 2020 GCGC came into force on 20 March 2020, with the exception of the following deviations described under item 1 below, and that – with the exception of the following deviations described under item 2 below – it has complied with the recommendations of the GCGC in the version dated 16 December 2019 (“2020 GCGC”) since it came into force on 20 March 2020 and will also comply with these in future.

1. The following recommendations of the 2017 GCGC were not followed in the period between submitting the last declaration on corporate governance on 17 January 2020 and when the 2020 GCGC came into effect on 20 March 2020:

- Pursuant to section 3.8 (3) of the 2017 GCGC, a deductible is to be agreed in a D&O insurance policy for the Supervisory Board.

A D&O insurance policy was taken out for the Supervisory Board. This insurance policy does not contain any deductible for the members of the Supervisory Board.

- In accordance with section 5.3.1, 5.3.2 and 5.3.3 of the 2017 GCGC, the Supervisory Board is to form various committees.

No committees are formed while the Supervisory Board comprises three persons, as the composition of the committees would be the same as that of the Supervisory Board itself. This is particularly true for the responsibilities of an Audit or Nomination Committee. The Supervisory Board as a whole also performs their responsibilities.

- Pursuant to section 5.4.1 (2) of the 2017 GCGC, the Supervisory Board is to set an age limit for its members and a regular limit to Supervisory Board members' term of office.

No limit has been imposed on Supervisory Board members' term of office as standard. Given the knowledge, skills, and professional expertise required under section 5.4.1 sentence 1 of the Code, setting a limit on the term of office is not currently considered appropriate.

The Supervisory Board's Rules of Procedure establishes an age limit when proposing nominees to be elected as members of the Supervisory Board. In line with this, membership on the Supervisory Board is to end no later than the end of the Annual General Meeting after the member turns 70. In light of the requirements for the composition of the Supervisory Board and for reasons of continuity, this recommendation is not observed for the time being.

- Pursuant to section 7.1.2. of the 2017 GCGC, the consolidated financial statements and the group management report are to be made publicly accessible within 90 days from the end of the fiscal year, while mandatory interim financial information are to be made publicly accessible within 45 days from the end of the reporting period.

The consolidated financial statements were made publicly accessible within five months from the end of the fiscal year due to the disruption caused by the COVID-19 pandemic. For the same reason, the interim financial report was published within three months from the end of the reporting period.

2. The company did not observe the following recommendations of the 2020 GCGC in the period between the 2020 GCGC coming into effect on 20 March 2020 and the date of this declaration, and will not observe these in future either:

A.1: Consideration of diversity when making appointments to executive positions

Internal company policies ensure that executive positions are appointed without discrimination. However, consideration is not explicitly given to diversity when making appointments to executive positions.

B.1: Consideration of diversity regarding the composition of the Management Board

The Supervisory Board would welcome a female or diverse Management Board member and would appoint them over an equally qualified male candidate. However, the Supervisory Board does not define gender and diversity as dominant selection criteria for members of the Management Board. FP therefore has a target of 0 %.

B.2: Together with the Management Board, the Supervisory Board shall ensure that there is long-term succession planning.

There is currently no long-term succession planning in place. This is not considered necessary given the age structure of Management Board members.

B.3: The first-time appointment of Management Board members shall be for a period of not more than three years.

The Supervisory Board appointed Mr Carsten Lind as a new member of the Management Board and the new Chairman of the Management Board in the 2020 fiscal year.

FP aims to appoint new Management Board members for not more than three years initially. However, when conducting negotiations with a favoured candidate who would be giving up a permanent position for FP, the Supervisory Board places higher value on not exceeding an appropriate level of remuneration than on appointing the member for only three years – especially if the candidate may remain at the company for an extended period of time.

D.2: Supervisory Board committees

The Supervisory Board has three members. These are shareholder representatives. No committees have been formed under this structure. Accordingly, the recommendations under D.3 (establishment of an Audit Committee), D.4 (requirements for the Chair of the Audit Committee), D.5 (Nomination Committee) and D.11 (evaluation of the quality of the audit by the Audit Committee), which require committees to be formed, were not met. Nevertheless, the requirements imposed on committees under these recommendations are observed by the Supervisory Board as a whole.

F.2: The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period.

The consolidated financial statements are prepared within four months from the end of the fiscal year on account of the substantial amount of consolidation work involved. The interim financial report is published no later than two months after the end of the reporting period, also on account of the significant amount of consolidation work involved in accordance with stock exchange regulations and the *Wertpapierhandelsgesetz* (German Securities Trading Act - WpHG).

G.1: Management Board remuneration

Section G.I. of the 2020 GCGC contains new recommendations on Management Board remuneration. The current Management Board remuneration system does not comply with the following of these recommendations in full: G.1 (establishment of the remuneration system), G.3 (peer group of other companies), G.6 (ratio of short-term and long-term targets), G.10 (investing components of remuneration in shares), G.11 (possibility to retain or reclaim variable remuneration), and G13 (establishment of a severance cap and taking account of severance payments in the calculation of any compensation payments). The Supervisory Board and Management Board will therefore propose revising and amending the remuneration system, taking account of the new recommendations set out in the 2020 GCGC, to the Annual General Meeting that decides on the 2020 fiscal year.

2. Management Board

2.1. Composition of the Management Board

Francotyp-Postalia Holding AG is managed by two Management Board members at the time of reporting.

Carsten Lind is the Chairman of the Management Board (CEO). The Supervisory Board appointed him to the Management Board for a period of four years effective 1 June 2020. Carsten Lind was born in 1965 and has a Master of Science (M.Sc.) and an EMBA from Kellogg-WHU. Lind was born in Denmark and has many years of experience at technology companies. Most recently, he was a managing partner at Bavaria Industries Group AG, an investment company based in Munich, where he worked as the active chairman for portfolio companies and was responsible for areas including M&A.

Martin Geisel is the Chief Financial Officer (CFO) of Francotyp-Postalia Holding AG. The Supervisory Board appointed him on 8 January 2021 until 31 December 2022. Martin Geisel was born in 1960 and is a business graduate. Most recently, he was the CFO of ISS Facility Services Holding GmbH for over ten years. Martin Geisel has many years of experience in treasury, M&A and investment banking.

The CVs of Management Board members can be found on the company's website. They do not hold any Supervisory Board positions or perform any sideline activities.

In accordance with the GCGC, members of the Management Board are to be appointed for an initial period not exceeding three years. They can be reappointed prior to one year before the end of an appointment period at the same time as termination of the current appointment only under special circumstances. Francotyp-Postalia Holding AG has complied with this in the past. However, when conducting negotiations with a favoured candidate who would be giving up a permanent position for FP, the Supervisory Board places higher value on not exceeding an appropriate level of remuneration than on appointing the member for only three years – especially if the candidate may remain at the company for an extended period of time, and so it deviated from this rule on a one-time basis in 2020.

On the basis of the recommendations of the GCGC and in accordance with statutory regulations, the Supervisory Board introduced a requirements profile for Management Board members that also takes into account diversity requirements on this board. Key selection criteria when choosing candidates for long-term succession planning are thus whether the candidate is qualified to take over the department, leadership skills, previous achievements and industry expertise. In addition to relevant professional qualifications, the Supervisory Board also takes diversity into account regarding the composition of the Management Board. The Supervisory Board would welcome a female or diverse Management Board member and would appoint them over an equally qualified male candidate. However, the Supervisory Board does not define gender and diversity as dominant selection criteria for members of the Management Board. FP therefore has a target of 0 %, in line with the current status quo. In line with the German Corporate Governance Code, the Supervisory Board has set an age limit for Management Board members.

The company Management Board has stipulated a target value for the share of women in the two management levels below the Management Board in accordance with section 76 (4) AktG. The first management level below the Management Board is defined as the managing directors of the domestic and foreign companies and the divisional heads in Germany/equivalent staff functions at the company. There is no second management level below the Management Board at the FP Group. In a resolution dated 3 June 2019, the Management Board stated that the target for the share of women in the first management level at the FP Group must now be at least 10 %. This 10 % target was achieved as at 31 December 2020, with a share of 10.52 %. When making appointments to executive positions, the Management Board gives consideration to ensuring that diversity requirements are met again.

There are no additional specifications such as a diversity concept.

Long-term succession planning for Management Board members essentially takes the form of regular talks between the Chairs of the Management Board and the Supervisory Board and frequent discussions of the issue on the Supervisory Board. These discussions address the contract terms and renewal options for current members of the Management Board and possible successors.

2.2. Management Board procedures

At the time of this declaration, the Management Board had two members. If multiple Management Board members are appointed, they are jointly accountable for managing the business. They jointly lead the company independently and in the best interests of the company, i.e. taking account of the interests of the shareholders, the workforce and other groups related to the company, with the goal of sustainable value creation. The Management Board's Rules of Procedure approved by the Supervisory Board set out the responsibilities of individual Management Board members, how resolutions are to be approved and what majorities are required for resolutions in individual cases. The schedule of responsibilities outlines the departmental responsibilities of individual Management Board members.

2.3. Corporate governance instruments

Sustainable thinking and taking responsibility for employees, customers, partners, the company and the environment have long since been fundamental to how we act. For over 15 years, the integrated management system has guaranteed that our services in these areas have continued to improve. Thanks to its focus on sustainability, Francotyp-Postalia Holding AG is a pioneer and is the only supplier of franking systems and mail solutions in the world that meets and is certified under all key standards.

The integrated management systems at German locations have been certified and developed further in recent years, covering aspects including occupational health and safety, the environment, energy, quality and information security. Their key factors include regulated, recurring work flows, defined responsibilities, organised flows of information to internal and external interfaces and constant controlling to safeguard the quality of work stages. The certified integrated management system (ISO9001:2015, ISO 14001:2015, ISO 45001:2018, ISO50001:2018, ISO/IEC 27001:2013) is subordinate to the Management Board. It is maintained by the department “Management systems, building technology and work preparation” responsible for quality, the environment, energy and health and safety at work and information security. The integrated management system (IMB) officer is responsible for the associated tasks and is also appointed as Francotyp-Postalia Holding AG’s energy management officer for the German locations. This officer is responsible for monitoring first, second and third party audits, results reports and findings in accordance with qualitative, energy, environmental, occupational and information security requirements.

When acting on behalf of the company, all FP employees – taking into account the codetermination rights of the employee representatives – are required to observe the guidelines defined by the Management Board and the Supervisory Board regarding compliance and the code of conduct, which apply worldwide. The compliance guidelines set out the requirement to observe legal and internal regulations in order to promote the company’s success and avert damage to the company. In this context, whistleblowers are also given the opportunity to report potential transgressions to FP.

As a listed company, Francotyp-Postalia Holding AG is obliged to report on sustainability in the form of a sustainability report. This report is separate to and independent of the annual report. It is updated on an annual basis and describes how the company operates with regard to environmental, employee and social issues, as well as how it handles respect for human rights and anti-corruption guidelines, which are also set out in the code of conduct.

Francotyp-Postalia Holding AG and its subsidiaries are exposed to an array of risks as part of their business activities. These are inextricably linked to entrepreneurial activity. These may negatively affect assets, liabilities, financial position and profit or loss. A conscientious approach to handling risk is thus an integral aspect of responsible corporate governance. Consequently, ensuring the success of the company in both the long term and in the short term requires strong risk awareness, an open risk culture and an effective risk management system.

FP's risk management system is closely intertwined with compliance management and is an integrated aspect of corporate governance. The Management Board's risk management system is used to regularly analyse the risk and compliance situation and assess, manage and control the risks identified. The system incorporates all companies, locations and business areas. The Supervisory Board is regularly informed of the company's risk situation by way of a structured process, allowing it to monitor the effectiveness of risk management. This way, it helps not only effectively identify and manage business risks, it also plays a role in implementing and complying with the ethical principles of corporate governance (code of conduct) and the statutory provisions that guide the Group's actions.

2.4. Collaboration with the Supervisory Board

The Management Board and the Supervisory Board collaborate closely to the benefit of the company. The Management Board develops the company's strategic direction, coordinates it with the Supervisory Board, ensures its implementation and regularly discusses the status of implementation with the Supervisory Board. The Supervisory Board is informed without delay of any important incidents that may have a considerable impact on the company. The Management Board generally passes resolutions at meetings convened and headed by the Chairman by a simple majority of votes cast, unless the law requires a larger majority. Management Board meetings are held at regular intervals, where possible every two weeks.

Furthermore, the Management Board is also responsible for the company's annual and multi-year planning and for preparing the annual and consolidated financial statements and the combined management report of Francotyp-Postalia Holding AG and the Group, the interim annual financial statements and the quarterly reports. The Management Board informs the Supervisory Board regularly, promptly and at length of all relevant issues relating to strategy, company planning, business performance, financial position and performance, the risk situation, risk and quality management and compliance with statutory provisions and internal company guidelines, and works to ensure that the Group companies adhere to with these. In accordance with the further conditions of the Rules of Procedure, key measures require the Supervisory Board's approval.

2.5. Management Board remuneration and securities transactions

Once the Annual General Meeting on 16 June 2021 has been convened, the updated remuneration system for the Management Board will be available to view in the relevant documents published on the company's website.

The remuneration report is part of the group management report, which is available as part of the annual report on the company's website. The remuneration report for the last fiscal year, the auditor's report in accordance with section 162 AktG, the valid remuneration system pursuant to section 87a (1) and (2) sentence 1 AktG and the last remuneration resolution in accordance with section 113 (3) AktG are publicly accessible there.

No loans or advances were granted to members of the Management Board. No contingent liabilities were entered into for the benefit of members of the Management Board.

Transactions with the company's securities are published on the website under Directors' dealings. At the time of reporting, the Management Board held shares in Francotyp-Postalia Holding AG as follows:

Carsten Lind	30,000
Martin Geisel	20,000
Patricius de Gruyter	13,500

3. Supervisory Board

3.1. Composition of the Supervisory Board

In accordance with the Articles of Association, Francotyp-Postalia Holding AG's Supervisory Board has three members, who are appointed at the Annual General Meeting as shareholder representatives. A Chair and a Deputy Chair are appointed from among the members of the Supervisory Board. Regulations for the Supervisory Board's procedures are set out in its Rules of Procedure, which the Supervisory Board sets itself.

Chairman:

Dr Alexander Granderath, profession: corporate consultant, Willich; age: 55, first appointed in 2020, appointed until 2021, no other Supervisory Board memberships or senior management positions.

Deputy chairman:

Lars Wittan, profession: Chief Investment Officer at Obotritia Capital KGaA, Potsdam; age: 43, first appointed in 2020, appointed until 2021, member of the Supervisory Board at Quarterback Immobilien AG and member of the Advisory Board at the Kelber Group

Member of the Supervisory Board:

Klaus Röhrig, profession: managing director of Mercury Capital Unternehmensberatung, Vienna; age: 43, first appointed in 2013, appointed until 2021, no other Supervisory Board memberships or senior management positions

The Francotyp-Postalia Holding AG Supervisory Board has created a skills and requirements profile. Taking into account the specific company situation, the specific business activity, the size of the company, the regional spread of activities and the shareholder structure, the composition of the Supervisory Board must take into consideration the following aspects:

- Supervisory Board members should be below the age of 70 at the time of their appointment (age limit) and should not have been a Supervisory Board member for more than 10 years.

- At least one shareholder representative should be independent within the meaning of section C.9 of the 2020 GCGC.

- At least one Supervisory Board position should be filled by a person who particularly embodies the internationality criterion.

Furthermore, the Supervisory Board as a whole has determined that its members must have the following expertise and skills in order to perform their supervisory function and to assess and monitor the company's operations:

- Business experience/management experience

- Was not previously a Management Board or Supervisory Board member at a competitor

- Knowledge or experience in digital communication

- Knowledge of the target market mail, knowledge of B2B and business development

- Knowledge of research and development

- Knowledge of finance and accounting, controlling and auditing

- Knowledge corporate governance/risk management/compliance

- Knowledge of M&A

The above criteria for the composition of the Supervisory Board were and still are met. Collectively, the Supervisory Board members thus possess all material knowledge, skills and experience needed to properly perform their tasks.

To ensure independent consulting and monitoring of the Management Board by the Supervisory Board, the Supervisory Board's Rules of Procedure stipulate that more than half of Supervisory Board members should be independent within the meaning of the German Corporate Governance Code. In the opinion of the Supervisory Board, there are not currently any specific indications of relevant circumstances or relationships – in particular with companies, members of the Management Board or other Supervisory Board members – for any Supervisory Board member that could indicate a material, permanent conflict of interest and that would therefore imply a lack of independence.

All three Supervisory Board members are experts in accounting. Lars Wittan is a certified public accountant and has expertise in auditing.

No diversity concept for the composition of the Supervisory Board, for example taking account of characteristics such as age, gender, nationality, educational or professional background, has been drawn up or put in place. The German Stock Corporation Act and the German

Corporate Governance Code state that the supervisory boards of listed companies must set targets for the share of women. There are still no women on the company's Supervisory Board. For the time being, therefore, a resolution from 20 June 2019 set a target of 0 % for the period until no later than 30 June 2021.

3.2 Supervisory Board procedures

The Supervisory Board monitors and advises the Management Board on business management matters. The Supervisory Board discusses business development and planning, as well as the strategy and how it is put into practice, at regular intervals. It reviews the annual and the consolidated financial statements, the combined management report of Francotyp-Postalia Holding AG and the Group and the proposal for the appropriation of net profit. It prepares the annual financial statements of Francotyp-Postalia Holding AG and approves the consolidated financial statements, taking account of the results of the auditor's audit reports. The Supervisory Board decides on the Management Board's proposal for the appropriation of net profit and the Supervisory Board's report to the Annual General Meeting. In addition, the Supervisory Board is responsible for monitoring the company's compliance with legal provisions, official regulations and internal company policies.

The Supervisory Board is also responsible for appointing members of the Management Board and determining their departments. The Supervisory Board also passes resolutions on the system for Management Board remuneration and sets the specific remuneration in accordance with the system. It sets the targets for variable remuneration and total remuneration for the individual Management Board members and reviews the suitability of total remuneration and, on a regular basis, the remuneration system for the Management Board. Major Management Board decisions require the approval of the Supervisory Board.

The Supervisory Board meets at least once per calendar quarter. The Chairman of the Supervisory Board coordinates the board's work. Supervisory Board meetings are convened and led by him or, in his absence, by his deputy in accordance with the further conditions of the Articles of Association and the Rules of Procedure. The Rules of Procedure are available on the company's website. Extraordinary meetings are also convened by the Chairman of the Supervisory Board as necessary, at his discretion. Supervisory Board resolutions are normally passed at meetings and can also be passed outside of meetings in accordance with the further conditions of the Rules of Procedure. The Supervisory Board is quorate when all members participate in the passing of a resolution. It passes resolutions by a simple majority of votes cast unless the law prescribes otherwise.

The Chairman is obliged to keep a written record of resolutions. Outside regular meetings, he maintains ongoing dialogue with the Chairman of the Management Board, in particular regarding strategy, planning, business performance, the risk situation, risk management and compliance. The Chairman of the Supervisory Board is also available – within reasonable limits – to discuss Supervisory Board-related issues with investors. The Management Board and the Supervisory Board have developed guidelines for this dialogue. The decision on entering into a specific discussion is made by the Chairman of the Supervisory Board. He can bring in additional Supervisory Board or Management Board members to the discussion. He subsequently informs the members of the Supervisory Board and the company about these talks.

The Supervisory Board also frequently meets without the Management Board. On a regular basis, it assesses how effectively it is performing its tasks. The last comprehensive self-assessment was in the 2019 fiscal year. The Supervisory Board issued a catalogue of transactions that require approval. The Management Board presents transactions that require approval to the Supervisory Board for deliberation and approval in the form of a draft resolution.

New members of the Supervisory Board can meet with members of the Management Board and line managers to discuss key and topical issues and to gain an overview of relevant topics for the company (“onboarding”).

There are no consultancy or other service or work contracts in place between Supervisory Board members and the company.

3.3. Supervisory Board activities in the reporting year

The Supervisory Board reports on its activities in the reporting year to the Annual General Meeting in detail. The Supervisory Board report forms part of the annual report for the fiscal year in question. It contains information on the content of Supervisory Board meetings and attendance at meetings, including key resolutions. It will be available to view and download on the company’s website no later than when an Annual General Meeting is convened.

The members of the Management Board attend Supervisory Board meetings. At times, the Supervisory Board also regularly meets without the Management Board. Topics of discussion at these meetings relate either to the Management Board itself or to internal Supervisory Board matters. There were no conflicts of interest involving Management Board or Supervisory Board members in the past fiscal year that would have had to have been disclosed to the Supervisory Board without delay.

The Supervisory Board has determined a catalogue of non-audit services of the auditor that are eligible for approval and sets the budget for non-audit services for the respective fiscal year. No conflicts of interest were reported by the members of the board in the 2020 fiscal year.

3.4. Committees and their procedures

No committees were formed because the Articles of Association prescribe that the Supervisory Board must consist of three members. Accordingly, the members of the Supervisory Board perform its work together at all times.

3.5. Supervisory Board remuneration and securities transactions

Remuneration for members of the Supervisory Board is decided by the Annual General Meeting and fixed in the Articles of Association. Under this system, members receive EUR 30,000 per annum for each full year in which they are members. This remuneration increases to 150 % of standard member remuneration for the Chairman of the Supervisory

Board and to 125 % for the Deputy Chairman. The company provides the members of the Supervisory Board with insurance coverage suitable for carrying out their Supervisory Board responsibilities. Premiums for this are paid by the company. The company reimburses all Supervisory Board members for all reasonable, documented costs incurred as part of performing their duties and for any VAT charged on the remuneration.

Disclosures on remuneration (sections 289f (2) no. 1a, 315d HGB), the remuneration report for the last fiscal year, the auditor's report in accordance with section 162 AktG and the latest remuneration resolution in accordance with section 113 (3) AktG are published in the annual report and on the website.

Transactions by members of the Supervisory Board with the company's securities are published on the website under Directors' dealings. At the time of reporting, members held shares in the company as follows:

Dr Alexander Granderath: 0

Lars Wittan: 0

Klaus Röhrig: 1,680,000 (through Active Ownership Fund SICAV-FIS SCS)

4. Company reporting and audit of the financial statements

4.1. Company reporting

Francotyp-Postalia Holding AG not only complies with the legally required disclosure obligations, but also meets the high transparency requirements of the Prime Standard stock market segment. The company regularly reports on financial and operating business performance and on events and developments at the company and the Group. It takes a pro-active approach to communication and deals constructively with questions and suggestions from third parties. All interested parties can also register for an IR mailing list on the website to keep up to date with the latest Group news at all times.

The annual financial statements, consolidated financial statements and the combined management report for the Group and the company for each fiscal year are prepared within the first four months of the following year. They are audited by the auditor appointed by the Annual General Meeting and approved and adopted by the Supervisory Board. They are then published in German and English in the form of an annual report.

Francotyp-Postalia Holding AG prepares and publishes an interim financial report on the first six months of each fiscal year no later than two months after the end of the half-year. In addition, FP publishes a quarterly report at the end of the first and third quarters, in which the company provides an account of the business performance in the first or third quarter. The third quarter report also includes an overview of performance in the first nine months of the fiscal year.

Recurring dates such as the Annual General Meeting or the dates for publishing interim reports can be found in a financial calendar, which is published in the annual report, in the interim reports and on the company's website.

4.2. Audit of the financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed as auditor of the financial statements by the Annual General Meeting on 10 November 2020 and was thus commissioned by the Supervisory Board to audit the annual and consolidated financial statements. The Supervisory Board requested the statement of independence from the auditor and received this on 10 November 2020. KPMG Berlin has been the auditor of the financial statements of Francotyp-Postalia Holding AG and the Group since fiscal year 2009. Patrick Waubke and Sascha Klein have signed as auditors and Patrick Waubke has been the auditor responsible for the audit since fiscal year 2017.

The audit covers the Group (IFRS) and the annual financial statements (HGB) of Francotyp-Postalia Holding AG. The focal points of the audit are determined on a risk-oriented basis.

Information on fees can be found in the notes of the annual report.

5. Shareholders/Annual General Meeting

5.1. Information on shareholdings and changes in these

The company's share capital is EUR 16,301,456.00 and is divided into 16,301,456 no-par value bearer shares with a calculated interest in the share capital of EUR 1.00 per share. All shares confer the same rights. As indicated in the voting rights notification dated 9 March 2020, Rolf Elgeti now holds 28.01 % of shares in Francotyp-Postalia Holding AG through his investment company Obotritia Capital KGaA. No capital measures were taken in the 2020 fiscal year.

5.2. Disclosures required under takeover law in accordance with sections 289a, 315a HGB

- Restrictions relating to voting rights or the transfer of shares

Each share entitles the holder to cast one vote at the Annual General Meeting. There are no restrictions relating to voting rights or the transfer of shares.

- Direct or indirect investments in capital exceeding 10 % of the voting rights

As at 31 December 2020, the following direct and indirect shareholdings in the capital existed, which exceeded 10 % of the voting rights:

Name/company	Direct/indirect holding of more than 10 % of the voting rights
Mr Klaus Röhrig, Austria	Indirect
Mr Rolf Elgeti, Germany	Indirect
Obotritia Capital KGaA, Potsdam, Germany	Direct

- Shares with special rights

Francotyp-Postalia Holding AG has issued no shares with special rights. In particular, it has not issued any that grant control.

- Control of voting rights of employee shareholders

There are no controls over voting rights.

- Statutory provisions and regulation in the Articles of Association on appointing and dismissing Management Board members and amending the Articles of Association

In accordance with article 6(2) of the Articles of Association of Francotyp-Postalia Holding AG, the Supervisory Board is responsible for determining the number of Management Board members, appointing them, and revoking their appointment. In accordance with article 6(3) of the Articles of Association, the Supervisory Board can appoint a Supervisory Board committee to sign, amend and terminate employment contracts of Management Board members.

The Articles of Association stipulate in article 23(1) that the Annual General Meeting passes resolutions by a simple majority of the votes cast, and, where the statute requires a majority of capital in addition to a majority of votes, by a simple majority of capital represented at the time the resolution is passed, insofar as the law or the Articles of Association do not require a larger majority.

Furthermore, in accordance with article 15(2) of the Articles of Association, the Supervisory Board can make amendments to the Articles which relate only to wording.

- Powers of the Management Board with regard to the possibility to issue or buy back shares, Authorisations for authorised and contingent capital

The Management Board is authorised, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10 % of the share capital at the time of the resolution. If the share capital is lower at the time this authorisation takes effect, this applies instead. The shares acquired under this authorisation, together with other treasury shares held by the company or attributable to it in accordance with the sections 71d and 71e of the German Stock Corporation Act, (AktG) must not account for more than 10 % of the share capital at any time. The authorisation can be exercised in full or in part, and on one or more occasions in pursuit of one or more objectives, by the company or by its Group companies or by third parties on behalf of the company or the Group companies. The authorisation remains in effect until 9 November 2025. Shares are acquired at the discretion of the Management Board by way of (aa) a purchase through the stock market, (bb) a public purchase offer to all company shareholders, or (cc) an invitation to all shareholders to submit offers for sale (invitation to sell). Further details regarding the approval can be found in the invitation to the Annual General Meeting dated 10 November 2020.

The Management Board is authorised to increase the company’s share capital, with the approval of the Supervisory Board, by issuing new bearer shares against cash or non-cash contributions on one or more occasions by up to a total EUR 8,150,000 by 9 November 2025 (inclusive) (Authorised Capital 2020 / I). The Management Board is authorised, with the approval of the Supervisory Board, to disapply shareholder's subscription rights on one or more occasions, (a) for fractional amounts arising as a result of the subscription ratio; (b) where this is necessary to grant subscription rights to holders of bonds already issued with option or conversion rights or option or conversion obligations, to the extent to which these holders would be entitled after exercising the option or conversion rights or after fulfilling the option or conversion obligations; (c) if the new shares are to be issued against non-cash contributions to acquire companies, parts of companies or interests in companies, and provided the company acquisition or the investment is in the company's best interest.

The pro rata amount of share capital attributable to shares issued under this authorisation with subscription rights being disapplied must not exceed a total of 10 % of the company's share capital at the time of the Annual General Meeting's resolution. This limit covers the share capital attributable to shares issued during the term of this authorisation from Authorised Capital with subscription rights being disapplied (but excluding issues for fractional amounts with subscription rights disapplied) or that are to be issued to satisfy option or conversion rights or option or conversion obligations from bonds and/or profit participation certificates, provided the bonds or profit participation certificates were issued during the term of this authorisation with shareholders' subscription rights being disapplied; (d) if the new shares are to be issued against cash contributions and the total pro rata amount of share capital attributable to the new shares to be issued does not exceed 5 % of share capital and the exercise price of the new shares to be issued is not significantly lower than the market price of company shares that are already listed at the time the exercise price is definitively determined. The 5 % of share capital limit is calculated by taking the amount of share capital at the time the authorisation comes into effect or – if this value is lower – at the time of exercising the above authorisation. This maximum amount includes the pro rata amount of share capital attributable to new or previously acquired treasury shares that are issued or sold during the term of this authorisation with subscription rights being disapplied in direct, mutatis mutandis or corresponding application of section 186 (3) sentence 4 AktG, and the pro rata amount of the share capital attributable to shares issued or to be issued to satisfy option or conversion rights or option or conversion obligations from bonds, provided the bonds are issued during the term of this authorisation with subscription rights being disapplied in mutatis mutandis application of section 186 (3) sentence 4 AktG; (e) for a share of Authorised Capital up to EUR 400,000 to issue new shares to company employees or employees at one of its direct or indirect Group companies as defined by section 18 AktG (employee shares may also be issued at a preferential price). With the Supervisory Board's approval, the Management Board decides on the content of the respective share rights and the other conditions of issuing shares. The Supervisory Board is authorised to amend the wording of the Articles of Association to reflect the extent of the capital increase from Authorised Capital.

The company's share capital is contingently increased by up to EUR 6,464,000 by issuing up to 6,464,000 new bearer shares (Contingent Capital 2020/I). The contingent capital increase is implemented only insomuch as the holders or creditors of warrant or convertible bonds, profit participation certificates or participating bonds (or combinations of these instruments with option or conversion rights or obligations) that were issued or guaranteed by Francotyp-Postalia Holding AG or a direct or indirect Group company of Francotyp-Postalia Holding AG as defined in section 18 AktG by 9 November 2025 on the basis of the Management Board authorisation granted by the Annual General Meeting on 10 November 2020, agenda item 12, exercise their option or conversion rights or, if required to do so, satisfy their option or conversion obligations or if the Group company issuing the bond exercises its right to vote to grant new no-par-value shares in the company, in whole or in part, instead of the amount due on maturity, and to the extent that other means of settling the obligation are not employed. New shares are issued at the option or conversion price to be determined based on the above approval resolution. The new shares from Contingent Capital are entitled to participate in profits from the beginning of the fiscal year in which they arise as a result of options or conversion rights or conversion obligations. The Management Board is authorised, with the approval of the Supervisory Board, to determine the further details for the implementation of the contingent capital increase. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the implementation of the contingent capital increase.

The company's share capital is contingently increased by up to EUR 656,500.00 by issuing up to 656,500 new bearer shares. The contingent capital increase will be only implemented to the extent that subscription rights have been issued under the 2010 stock option plan in accordance with the Annual General Meeting resolution from 1 July 2010, the bearers of the subscription rights exert their exercise rights and the company does not grant any treasury shares to serve subscription rights. The new bearer shares participate in profits from the beginning of the fiscal year for which no resolution has yet been passed on the appropriation of net profit at the time of exercising the subscription rights.

The company's share capital is contingently increased (Contingent Capital 2015/II) by up to EUR 959,500 by issuing up to 959,500 new bearer shares. The contingent capital increase will be only implemented to the extent that subscription rights have been issued under the 2015 stock option plan in accordance with the Annual General Meeting resolution from 11 June 2015, the bearers of the subscription rights exert their exercise rights and the company does not grant any treasury shares to serve subscription rights. The new bearer shares participate in profits from the beginning of the fiscal year in which they are issued. The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the implementation of the contingent capital increase.

- Significant agreements of the company subject to a change of control following a takeover offer and resulting indemnification agreements of the company in the event of a takeover offer entered into with members of the Management Board or with employees

A key agreement of the parent company Francotyp-Postalia Holding AG, which falls under the condition of a change of control following a takeover offer, is the current syndicated loan agreement, which includes a right of termination in the event of a change of control. No further agreements have been entered into with either third parties or subsidiaries.

Departing from the recommendation in section G.14 of the German Corporate Governance Code in the 2020 version, there are agreements with the members of the Management Board in the event of a change of control. These take effect if a new majority shareholder revokes their appointment as a member of the Board of Management.

5.3. Shareholder rights at the Annual General Meeting

Francotyp-Postalia Holding AG shareholders assert their rights at the company's Annual General Meeting. The Chairman of the Supervisory Board acts as Chairman of the Annual General Meeting. If he is unable to attend, he appoints another Supervisory Board member to perform the role. If the Chairman is unable to attend and has not appointed a representative, the Annual General Meeting is headed by a Supervisory Board member selected by the Annual General Meeting.

The Annual General Meeting is held once per annum in the first eight months of the year. Each share grants one vote. Shareholders can either exercise their voting rights themselves at the Annual General Meeting or have an authorised representative of their choice or a company proxy who is bound to act on their instructions exercise these on their behalf. The Management Board is also authorised to allow shareholders to submit their vote in writing or by means of electronic communication without attending the Annual General Meeting (postal vote). The shareholders can access all documents and information relating to the Annual General Meeting on the company's website at an early stage. They can also ask employees from Investor Relations questions about these documents.

In connection with the COVID-19 pandemic, the German Act to Mitigate the Consequences of the COVID-19 Pandemic allowed annual general meetings in 2020 to be held without the physical presence of shareholders or their authorised representatives (virtual Annual General Meeting). The Articles of Association were amended accordingly to ensure a flexible response to certain scenarios in the future and to maintain the company's ability to take action.

The remuneration system for Management Board compensation is presented to shareholders for approval for the first time at the Annual General Meeting deciding on the financial statements for the 2020 fiscal year. The corresponding remuneration report is subsequently to be submitted to the 2022 Annual General Meeting for approval.

5.3. Related parties

No agreements were entered into between members of the Supervisory Board and Francotyp-Postalia Holding AG in the 2020 fiscal year. Management Board and Supervisory Board members who hold positions on boards at other companies, as well as transactions with related parties, are disclosed in the latest annual report.

Berlin, April 29, 2021

For the Supervisory Board

For the Management Board