

Declaration on Corporate Governance pursuant to Sections 289f and 315d HGB

The declaration on corporate governance pursuant to Sections 289 f and 315d of the German Commercial Code (HGB) is an integral part of the combined Group management report. Pursuant to Section 317 (2) Sentence 6 of the German Commercial Code, the audit by the auditors is limited to determining whether the disclosures were made.

Corporate Governance

The Management Board and Supervisory Board report annually on the company's corporate governance. This report - as well as the declaration of compliance - is part of the corporate governance declaration of the Company and the Group pursuant to 315d HGB in conjunction with Section 289f HGB of the German Commercial Code.

The German Corporate Governance Code (the Code) clarifies the duty of the Management Board and the Supervisory Board to safeguard the company's continued existence and ensure sustainable added value (interests of the company) in line with the principles of the social market economy, while taking into account the interest of its shareholders, workforce and other groups affiliated with the company (stakeholders). 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 of Francotyp-Postalia Holding AG are committed to implementing the Code's recommendations and proposals.

The Management Board and the Supervisory Board report on potential departures from the recommendations of the Code in the annual declaration of compliance. The Management Board and the Supervisory Board of Francotyp-Postalia Holding AG last issued a declaration of compliance in accordance with Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on 17 January 2020. The declaration below relates to the German Corporate Governance Code valid at that time, i.e. the version dated 7 February 2017, which was published in the German Federal Gazette on 24 April 2017 and 19 May 2017 (corrected version).

- Item 3.8(3) of the Code requires D&O insurance policies for supervisory boards to include a deductible.

D&O insurance was taken out for the Supervisory Board. This insurance does not include a deductible for members of the Supervisory Board.

- Item 4.1.3 requires the Management Board to be responsible for complying with the law and internal policies and to ensure compliance with these throughout the Group companies. It shall institute appropriate measures reflecting the company's risk situation (compliance management system) and disclose the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should

also be given this opportunity.

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 and disclosed for this purpose. Employees and third parties have the opportunity to report misconduct at the company. Owing to the organisational effort involved, the Group has so far not introduced a system that allows users to give information under protection (whistle blower system). The idea of setting up an anonymous whistle blower system is currently being revisited, and there are plans to introduce one.

- Items 5.3.1, 5.3.2 and 5.3.3 of the Code require supervisory boards to establish various committees.

No committees will be formed while the Supervisory Board continues to consist of three persons, 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.

- Item 5.4.1(2) of the Code requires supervisory boards to set an age limit for their members and a time limit for membership.

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. Given the requirements for the composition of the Supervisory Board and in the interests of continuity, this recommendation has so far not been applied.

- Item 7.1.2 requires the consolidated financial statements and the group management report to be made publicly accessible within 90 days of the end of the fiscal year, while mandatory interim financial information shall be made publicly accessible within 45 days of the end of the reporting period.

Owing to the considerable amount of consolidation work involved, the consolidated financial statements are prepared within four months of the end of the fiscal year. The half-year report is also published within two months of the end of the reporting period at the latest in compliance with the Stock Exchange Rules and the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), again on account of the large amount of consolidation work involved.

Berlin, 17 January 2020

For the Supervisory Board

Klaus Röhrig

Chairman of the Supervisory Board

Management Board

Rüdiger Andreas Günther
CEO

Patricius de Gruyter

Sven Meise

This declaration of compliance in accordance with Section 161 AktG, which was prepared jointly by the Management Board and the Supervisory Board, will subsequently also be published in the Investor Relations, Corporate Governance Section of the company's website for at least five years.

Basic information on the structure of corporate governance and the underlying rules

Francotyp-Postalia Holding AG, Berlin, is subject to German stock corporation law, and is governed by the executive bodies that are the Management Board, the Supervisory Board and the Annual General Meeting. The Management Board and the Supervisory Board constitute the company's dual management system, with the roles of "leadership" and "monitoring" clearly separated by law and the Articles of Association. The Management Board and the Supervisory Board are committed to upholding the interests of shareholders and the good of the company and work closely together to achieve a sustainable increase in the enterprise value.

The Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of Francotyp-Postalia Holding AG comprises three members elected by the Annual General Meeting. They receive remuneration for their activities, which is determined by the Annual General Meeting. The Chairman and Deputy Chairman are elected from among the Supervisory Board's members. The Supervisory Board's Rules of Procedure, which it created itself, govern its working methods.

The Supervisory Board monitors and advises the Management Board on the governance of the company. The Supervisory Board regularly discusses business development and planning as well as strategy and its implementation. It reviews the annual and consolidated financial statements and the combined management report of Francotyp-Postalia Holding AG and the Group. It adopts the annual financial statements of Francotyp-Postalia Holding AG and approves the consolidated financial statements, taking account of the findings in the auditor's audit reports. The Supervisory Board passes a resolution on the Management Board's proposal for the appropriation of the unappropriated surplus and on the Supervisory Board's report to the Annual General Meeting. The Supervisory Board also monitors the company's adherence to the law, official regulations and internal company policies (compliance).

In accordance with the Articles of Association, the Supervisory Board of Francotyp-Postalia Holding AG holds four meetings each calendar year, two of which are to take place every six calendar months. Extraordinary meetings are convened by the Chairman of the Supervisory Board as required and at his due discretion.

The Supervisory Board is also responsible for appointing members of the Management Board and determining their remits. When appointing members of the Management Board, the Supervisory Board considers their professional suitability, international experience and leadership qualities and, where appropriate, the age limit to be set for members of the Management Board, long-term succession planning and diversity. In line with the German Corporate Governance Code, the Supervisory Board has stipulated an age limit for members of the Management Board in their service contracts.

In addition, the Supervisory Board decides on the remuneration system for members of the Management Board and specifies the basic and variable remuneration components, the latter being contingent on agreed targets being met. The Supervisory Board also

reviews the appropriateness of the resulting total remuneration for individual members of the Management Board retrospectively and makes any necessary changes to the remuneration system.

The Management Board

The Management Board of Francotyp-Postalia Holding AG comprises three members.

Together, they manage the company independently in the interests of the company, with the aim of creating sustainable added value, i.e. taking into account the interests of its shareholders, employees and other groups affiliated with the company. In accordance with the Rules of Procedure for the Management Board issued by the Supervisory Board, the Management Board manages the company's business in line with uniform plans and policies. As part of the overall responsibility for the governance of the company, the three members of the Management Board work within the remit of their assigned duties in accordance with the schedule of responsibilities. The Management Board devises the company strategy, agrees it with the Supervisory Board, ensures that it is implemented and regularly discusses the progress of its implementation with the Supervisory Board. The Supervisory Board is notified without delay of any significant events that could have a major impact on the company. In addition to complying with statutory provisions and internal company policies, the Management Board also ensures appropriate risk management and monitoring within the company and the Group companies. More information can be found in the report on risks and opportunities in the combined Group management report.

The Management Board generally votes at meetings convened and led by the Chairman. Votes are passed by simple majority unless a larger majority is required by law. Management Board meetings are held at regular intervals, every two weeks if possible.

Cooperation between the Management Board and the Supervisory Board

The common goal of the cooperation between the Management Board and the Supervisory Board is achieving sustained increases in enterprise value. The Management Board and the Supervisory Board meet at regular intervals to jointly coordinate the strategic direction of the company. The Management Board also reports regularly, promptly and comprehensively to the Supervisory Board on all issues relating to planning, business development, financial position, net assets, risk, risk management, internal accounting and compliance. The Management Board reports on and explains any discrepancies between actual business performance and the plans and goals prepared. The Supervisory Board has stipulated in the Rules of Procedure for the Management Board how the Management Board must provide information and reports. Decisions or measures that will materially affect the company's net assets, financial position and results of operations as well as transactions of major importance require the approval of the Supervisory Board in accordance with the Management Board's Rules of Procedure.

Francotyp-Postalia Holding AG has taken out D&O insurance for the members of the

Management Board in accordance with the provisions of the German Corporate Governance Code. The policy is subject to a deductible of at least 10% of the loss up to one and a half times the annual fixed remuneration of the member of the Management Board in accordance with Section 93(2) AktG. D&O insurance has also been taken out for the Supervisory Board. This policy does not currently include a deductible. A deductible for the Supervisory Board is to be included when the policy is renegotiated, if appropriate.

Composition of the Supervisory Board

In accordance with the German Corporate Governance Code, the Supervisory Board has set specific targets for its composition.

This includes not only the composition of the Supervisory Board recommended in accordance with the German Stock Corporation Act and the German Corporate Governance Code, with female and male members, but also consideration of the experience of individual members based on age, professional experience and internationality (diversity). The key factor for nomination is the company's interests, together with the requirements stipulated in Item 5.4.1 Sentence 1 of Code for the knowledge, skills and technical experience a member of the Supervisory Board must possess. For its composition, the Supervisory Board must include what it considers to be an appropriate number of independent Supervisory Board members according to Item 5.4.2 of the Code. This allows the Supervisory Board – following an appropriately conducted application and nomination process and taking into account a balanced composition for the Supervisory Board in terms of knowledge, skills, experience and independence – to put forward the most suitable candidates.

The intended age limit for Supervisory Board nominees stipulated in the Supervisory Board's Rules of Procedure must also be viewed in this context. A Supervisory Board mandate should end no later than the Annual General Meeting following the member's 70th birthday. The Supervisory Board is currently deviating from this regulation, in order to be able to cover the broadest possible range of experience and to ensure continuity in the Supervisory Board.

Furthermore, at least one member of the Supervisory Board must satisfy the criterion of internationality. At least one member already has the required traits.

In order to ensure that the Supervisory Board's advice to and monitoring of the Management Board are independent, the Supervisory Board's Rules of Procedure stipulate that more than half of the members of the Supervisory Board are to be independent in accordance with the German Corporate Governance Code. The Supervisory Board estimates that there are currently no concrete indications that any Supervisory Board member has relevant circumstances or relationships, especially with companies, with members of the Management Board or with other Supervisory Board members, that could cause a substantial and not merely temporary conflict of interest and therefore count against independence. No member of the Supervisory Board performs board functions or consulting activities at significant competitors. With regard to the Supervisory Board member Klaus Röhrig, the Supervisory Board believes that his function as founding partner of Active Ownership Capital S.à.r.l. does not impair his independence according to the German Corporate Governance Code. The Code does not contain an exhaustive definition of independence, but merely names examples of

circumstances that count against the independence of a Supervisory Board member. Accordingly, Supervisory Board members are not to be considered independent if they have a personal or business relationship with the company, its governing bodies, a controlling shareholder or a company affiliated with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest. The Supervisory Board is tasked with assessing the independence of individual Supervisory Board members on the basis of these indicators. Active Ownership Capital S.à.r.l is not a controlling shareholder with an effective majority at the Annual General Meeting. There are no other discernible circumstances that would count against Klaus Röhrig's independence.

Diversity concept as per Section 289f(2) no. 6 HGB

The subject of diversity is of major importance to the entire FP Group. Aspects such as age, gender, education or professional background are also taken into account when filling management positions and nominating candidates for election to the Supervisory Board. Given the size of the bodies, however, no specific diversity concept has been adopted.

Disclosures on Sections 76(4) and 111(5) AktG and on the achievement of targets

The German Stock Corporation Act and the German Corporate Governance Code stipulate that the supervisory boards of listed companies must define targets for the share of women. At present, there are still no women on the company's Supervisory Board. In view of the fact that the Supervisory Board was last elected in 2016 and the Supervisory Board is composed of three members in accordance with the Articles of Association, a target of 0% for the share of women has been set for the time being in accordance with a resolution of 20 June 2019 for the period until 30 June 2021 at the latest.

New regulations on the filling of Management Board positions must be viewed under the same conditions. As with the Supervisory Board, the company's interests are the key factor when filling management positions. In the case of Management Board positions, it is also important to ensure continuity in the company's forthcoming strategic development. In accordance with the regulations in the German Stock Corporation Act and the German Corporate Governance Code, the Supervisory Board has therefore resolved a target of 0% for the share of women in the Management Board for the period until 30 June 2021. Nevertheless, the Supervisory Board will take the issue of diversity into account when seeking suitably qualified candidates for Management Board positions that need to be filled.

In addition, the Management Board is required to set a target for the share of women in the first and, if appropriate, second levels of management below the Management Board. The Management Board defined the first level of management below the Management Board as the managing directors of the domestic and foreign companies and

German divisional heads or equivalent staff functions in the company. The FP Group does not have a second level of management below the Management Board. The Management Board stipulated on 26 June 2017 that the share of women in the first level of management below the Management Board of the FP Group should be at least 9%. This was achieved once again in August 2019. In a resolution of 3 June 2019, it was decided that the target for the share of women in the first level of management would be increased and would be at least 10% from that point onwards. As at 31 December 2019, this 10% target was temporarily not being met (9.5%). The Management Board is adhering to diversity stipulations in order to achieve this target again in its efforts to fill management vacancies.

Remuneration of the Management Board and the Supervisory Board

Francotyp-Postalia Holding AG complies with the recommendations of the Code concerning disclosure of the remuneration of individual members of the Management Board and Supervisory Board. The basic features of the remuneration systems and remuneration are presented in the remuneration report, which can be found in the combined management report. The remuneration report in accordance with GAS 17 forms part of the notes to the consolidated financial statements (V. Other disclosures). No Annual General Meeting of the company has passed a resolution on the remuneration system since the Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II – German Act on the Implementation of the Second Shareholders' Directive) came into force.

Conflicts of interest

When making decisions and performing their duties, the Management Board and the Supervisory Board are required to act in the company's interest, and they must not pursue personal interests or confer advantages on other persons, or make personal use of business opportunities of the company. All members of the Management Board must disclose any conflicts of interest to both the Supervisory Board and other members of the Management Board. Likewise, all members of the Supervisory Board must disclose any conflicts of interest to the Supervisory Board. In its report, the Supervisory Board must notify the Annual General Meeting of any conflicts of interest and how they were dealt with. No conflicts of interest requiring disclosure arose in fiscal year 2019.

Shareholders and Annual General Meeting

The Management Board convenes an Annual General Meeting at least once a year. Shareholders exercise their voting rights at the Annual General Meeting. This includes, in particular, electing the shareholders' representatives on the Supervisory Board, giving official approval to the actions of the Management Board and the Supervisory Board, amending the Articles of Association, approving the proposal for the appropriation of the unappropriated surplus, and deciding on capital measures. Each Francotyp-Postalia Holding AG share grants one vote. Those present at the Annual General Meeting also elect the auditor each fiscal year.

At the Annual General Meeting, shareholders of Francotyp-Postalia Holding AG exercise their rights of control and their voting rights. They have the option of exercising their voting rights themselves or having them exercised through an authorised representative of their choice, including a shareholder association. The company also makes it easier for shareholders to exercise their rights in person by providing a proxy who can also be reached during the Annual General Meeting. The company publishes the documents required for the Annual General Meeting and the agenda on its website, where they can be accessed easily by shareholders. The documents are also sent directly to shareholders by their banks. The Articles of Association do not allow postal votes.

Naturally, it is in the interests of the company and of the shareholders to ensure that the Annual General Meeting is conducted quickly. In accordance with the Articles of Association, the chairman of the meeting has the option to impose appropriate limits on the time for which shareholders are permitted to ask questions and to speak.

Transparency

For Francotyp-Postalia Holding AG, corporate governance means responsible and transparent management and control of the company. In particular, this includes equal treatment of shareholders when passing on information. The Supervisory Board Chairman is prepared, within reason, to discuss issues specific to the Supervisory Board with investors. These are issues for which the Supervisory Board alone is responsible and on which it alone can make decisions. For matters that must be decided jointly by the Management Board and the Supervisory Board, discussions will be held either by the Management Board alone or by the Supervisory Board Chairman together with the Management Board.

We disclose all new facts and circumstances to shareholders, financial analysts and the like without delay. This involves disseminating the information in German and English both on the Francotyp-Postalia Holding AG website and through the use of systems that ensure the simultaneous publication of information both in Germany and abroad.

All important regular publications and dates are published well in advance in the financial calendar. In accordance with legal guidelines, Francotyp-Postalia Holding AG publishes the relevant information on its website if members of the Management and Supervisory Boards or related parties have purchased or sold FP shares. In accordance with Article 19 of the Market Abuse Regulation (MAR), these persons are required to disclose transactions if their value reaches or exceeds EUR 5,000 per calendar year

(fiscal year 2019) or if the cumulative value of all transactions exceeds EUR 20,000 per calendar year (fiscal year 2020).

In addition to the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members must be reported if these directly or indirectly exceed 1% of the shares issued by the company. As the total ownership of all Management Board and Supervisory Board members exceeds 1% of the shares issued by the company, total ownership figures for the Management Board and the Supervisory Board are listed here separately:

SHAREHOLDER (DIRECT)	Number of shares	in percent
Botho Oppermann (Supervisory Board member)	300,000	1.84
Rüdiger Andreas Günther	34,877	0.21
Sven Meise	14,416	0.09
Patricius de Gruyter	10,000	0.06

SHAREHOLDER (INDIRECT)	Number of shares	in percent
Klaus Röhrig (Chairman of the Supervisory Board) via Active Ownership Fund SICAV-FIS SCS and Active Ownership Corporation S.á.r.l.	1,550,000	9.51
Klaus Röhrig (Chairman of the Supervisory Board) via Active Ownership Fund SICAV-FIS SCS	130,000	0.80

Accounting

The principal sources of information for shareholders and third parties are the company's consolidated financial statements and, during the fiscal year, the quarterly and half-year reports.

The consolidated financial statements and half-year report are prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU. The separate financial statements required by law for tax and dividend payment purposes are prepared in compliance with the HGB. The consolidated and annual financial statements are prepared by the Management Board and audited by the auditor. The annual financial statements are adopted by being approved by the Supervisory Board. The Supervisory Board is also responsible for approving the consolidated financial statements. An internal control system and uniform accounting principles ensure a true and fair view of the net assets, financial position and results of operations and the cash flows of all Group companies. The Management Board also ensures appropriate risk management and monitoring within the company.

The Management Board reports to the Supervisory Board on all existing risks and their development regularly and in good time. The Supervisory Board advises on risk management and is explicitly involved in the monitoring of the effectiveness of the risk management system, the internal control and audit systems, the accounting process and the audit, in particular their independence, in accordance with Section 107(3) AktG as amended by the Bilanzrechtsmodernisierungsgesetz (BilMoG – German Accounting Law Modernisation Act). A list of relationships with shareholders qualifying as related parties, as defined by IAS 24, is published by the company in its consolidated financial statements.

Audit of the financial statements

In accordance with the resolution by the 2019 Annual General Meeting, the Supervisory Board engaged KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, to conduct the audit of the 2019 annual financial statements and consolidated financial statements. In compliance with the recommendations of the Code, it was agreed with the auditor that it will inform the Chairman of the Supervisory Board immediately of any grounds for exclusion or bias which might arise during the audit, unless said grounds are eliminated without undue delay. The auditor is also required to immediately report any material findings or occurrences arising during the execution of the audit, which may be relevant to the Supervisory Board's performance of its duties. The auditor is further required either to notify the Supervisory Board or make a corresponding note in its audit report should it discover circumstances indicating inaccuracies in the declaration of compliance with the Code given by the Management Board and the Supervisory Board, in accordance with Section 161 AktG.

Compliance

The Management Board is responsible for compliance with the law and internal policies, and ensures compliance with these throughout the Group companies. Questions of compliance are regularly discussed between the Supervisory Board or the Chairman of the Supervisory Board and the Management Board.

The corporate culture of the FP Group is characterised by trust and mutual respect. It is also underpinned by the will to strictly comply with the law and fulfil internal regulations. Nevertheless, legal infringements due to individual misconduct can never be completely ruled out.

Employees and third parties have the opportunity to report misconduct at the company. Owing to the organisational effort involved, the Group has not yet introduced a system that allows users to give information under protection (whistle blower system). The idea of setting up an anonymous whistle blower system is currently being revisited. The company does its utmost to minimise this risk as far as possible, to uncover misconduct and to deal with it systematically. Compliance with legal and ethical regulations and principles is of central importance. Regulations and principles are set out, together with the responsible handling of insider information, in the compliance policy. They provide all employees with guidance regarding corporate integrity in business. Managers and employees are also trained and instructed on the compliance guidelines.

Note: the declaration on corporate governance was published on the Internet on 18 May 2020; it will not be updated during the year.