

Declaration on Corporate Governance and Corporate Governance Report

The Management Board and Supervisory Board submit an annual corporate governance report on the corporate governance of the Company. As with the Declaration of Compliance, this is also one component of the Company's Declaration on Corporate Governance pursuant to Section 289a (1) of the German Commercial Code (Handelsgesetzbuch – HGB).

The purpose of the German Corporate Governance Code is to make the rules for the management and supervision of companies prevailing 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 Supervisory Board, the transparency of Company management, and the duties of the independent auditor. The Management Board and 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 Supervisory Board also safeguard the company's continued existence and ensure sustainable added value. The Management Board and Supervisory Board report on potential deviations from the recommendations of the Code in both the Declaration of Compliance and the following extensive disclosures with reference to the version of the Code dated 24 June 2014.

DECLARATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG), the Management Board and Supervisory Board of Francotyp-Postalia Holding AG hereby present its Declaration of Compliance, setting out which recommendations of the version of the German Corporate Governance Code dated 24 June 2014, as published by the Federal Ministry of Justice in the official section of the electronic version of the Federal Gazette, it has been and is complying with, and which recommendations have not been or are not being applied.

- 2.3.1 The invitation to the Annual General Meeting and the reports and documents required by law, including the annual report, are published on the Company's website together with the agenda, where they can be accessed easily by shareholders. The Articles of Association of Francotyp-Postalia Holding AG do not allow for the possibility of postal voting. The Company will also not offer postal votes at its next Annual General Meeting.
- 2.3.3 Due to the great amount of administration involved, the Company will not be able to offer shareholders the option of viewing the Annual General Meeting via state-of-the-art communication media, for example over the Internet.
- 3.8 The Company has taken out a D&O policy for the Management Board. The policy is subject to an excess of at least 10% of the loss up to at least one and a half times the annual fixed remuneration of the member of the Management Board pursuant to Section 93 (2) of the German Stock Corporation Act (Aktiengesetz – AktG). A D&O policy was also taken out for the Supervisory Board. An excess for the Supervisory Board will be included when the policy is renegotiated.
- 5.3.1 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.
- 5.3.2 As long as the Supervisory Board continues to be limited to three persons, the Board as a whole assumes the duties of an Audit Committee.

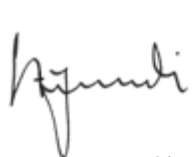
- 5.3.3 With regard to the formation of a nomination committee, the same conditions apply as to the other committees.
- 5.6 Every three years, the Supervisory Board performs an efficiency audit of its activities with the aid of an external consultant. Efficiency is examined each year through internal means.
- 7.1.2 As a consequence of the extensive consolidation work involved, the consolidated financial statements are drawn up within four months of the end of the financial year. Due to the large amount of consolidation work involved, the quarterly and half-yearly reports are also published, at the latest, within two months of the end of the reporting period, in compliance with the Stock Exchange Rules (Börsenordnung) and the Transparency Guidelines Implementation Act (Transparenzrichtlinien-Umsetzungsgesetz).

Berlin, 26 March 2015
For the Supervisory Board

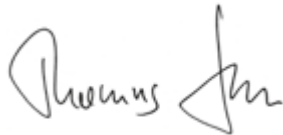


Klaus Röhrig
Chairman of the Supervisory Board

The Management Board



Hans Szymanski
CEO & CFO



Thomas Grethe
CSO



Sven Meise
CDO

BASIC INFORMATION ON THE STRUCTURE OF COMPANY MANAGEMENT AND THE UNDERLYING RULES

Francotyp-Postalia Holding AG currently still has its registered office in Birkenwerder and will suggest the transfer of the registration to Berlin at the next general meeting. The business address has already been transferred to Berlin. The Company is subject to German stock corporation law, and is governed by executive bodies including the Management Board, the Supervisory Board and the Annual General Meeting. Corporate governance is based on the close and trustful cooperation of all executive bodies as well as an active and continuous flow of information between them. At the Annual General Meeting in particular, shareholders can put questions to the management and exercise their voting rights.

Assuming responsibility is a matter of course for the FP Group. The Company assumes responsibility for products and processes, employees, customers and partners, as well as for the environment and society. In this regard, the Company maintains an open approach and holds ongoing dialogues with its stakeholders.

German stock corporations are required by law to have a dual management system composed of a management board and a 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. The Chairman and Deputy Chairman are elected from among the Supervisory Board's members. The Supervisory Board's Rules of Procedure, which the committee drew up for itself, govern its working method.

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 Supervisory Board Chairman if required and after due assessment of the circumstances.

Pursuant to the Articles of Association, the Supervisory Board may appoint one or more persons to the Management Board of the Company. Since February 2015, the Management Board of Francotyp-Postalia Holding AG

has comprised three members. Previously, the Company was managed by two Board members. The Management Board manages the Company independently in line with the Company's best interests with the aim of creating sustainable added value while taking into account the concerns of shareholders, its 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 businesses in line with uniform plans and guidelines. The Management Board therefore bears joint responsibility for the management of the entire Company. As part of the overall responsibility for managing the Company, the three members of the Management Board are required within the remit of tasks allocated to them to cooperate in a loyal and trustful manner for the benefit of the Company.

The Management Board develops the strategic direction of the Company and coordinates this with the Supervisory Board. In addition to complying with statutory provisions and internal Company guidelines, the Management Board also ensures appropriate risk management and monitoring within the Company and the Group companies. More detail is given in the risk and opportunity report in the Group management report. Management Board meetings are held at regular intervals, every two weeks if possible.

COMMITTEES OF THE SUPERVISORY BOARD

Due to the size of the Company and the number of members of the Supervisory Board prescribed by the Articles of Association, as a rule no other committees are formed. For this reason, the Supervisory Board as a whole decides on and monitors issues relating to the Management Board remuneration system, including the principal elements of contracts. Likewise, the Supervisory Board as a whole assumes the duties of an Audit Committee, with the Supervisory Board Chairman acting as chairman of said committee. One member of the Supervisory Board possesses the requisite specialist knowledge in the area of accounting.

COOPERATION BETWEEN THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Achieving sustained increases in Company value is the common goal of the collaboration between the Management Board and the Supervisory Board. The Management and Supervisory Boards meet at regular intervals to jointly coordinate the strategic direction of the Company. The Management Board also provides the Supervisory Board with regular information on all issues relating to planning, business trends, risk, risk management, internal accounting, and compliance. The Management Board reports any discrepancies between actual business performance and the plans and goals drawn up, and provides justification for these. The Supervisory Board has stipulated in the Rules of Procedure for the Management Board how the Management Board must provide information and reports. These Management Board Rules of Procedure also stipulate that the Supervisory Board has the right of veto with respect to decisions or measures that could materially affect the Company's net assets, financial position or results of operation, and also concerning transactions of major importance.

Francotyp-Postalia Holding AG has taken out D&O insurance for the members of the Supervisory and Management Boards in accordance with the provisions of the German Corporate Governance Code. The policy is subject to an excess of at least 10% of the loss up to at least one and a half times the annual fixed remuneration of the member of the Management Board pursuant to Section 93 (2) of the German Stock Corporation Act (Aktiengesetz – AktG). A D&O policy was also taken out for the Supervisory Board. An excess for the Supervisory Board will be included when the policy is renegotiated.

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Francotyp-Postalia Holding AG adheres to the recommendations of the Code concerning disclosure of the remuneration of individual Management Board and Supervisory Board members. The basic features of the remuneration system and remuneration are presented in the remuneration report contained in the consolidated financial statements and the individual financial statements.

CONFLICTS OF INTEREST

When taking decisions and performing their duties, the Management Board and Supervisory Board are required to act in the Company's best interests and may neither pursue personal interests nor confer advantages on other persons or make personal use of business opportunities, which are the purview of the Company itself. 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 2014.

DIVERSITY

With regard to its future composition, the Supervisory Board must bear in mind the composition of the Supervisory Board recommended by the Corporate Governance Code, with male and female members. At present, there are still no women on the Company's Supervisory Board. For a Supervisory Board consisting of three members in total, it is considered to be adequate to have one female Supervisory Board member. In the Supervisory Board elections held at the 2013 Annual General Meeting, no female candidates were put forward for election by the Supervisory Board. The Supervisory Board, of course, takes diversity into account in the case of nominations at the Annual General Meeting. The decisive guideline for nomination remains the Company's interests, which means that the Supervisory Board will propose the most suitable candidate. The Supervisory Board will also take the issue of diversity into account when seeking suitably qualified candidates for Management Board positions that need to be filled.

Furthermore, at least one member of the Supervisory Board is to fulfil criteria with regard to internationality. At least one member already meets this criterion.

EFFICIENCY AUDIT

Every three years, the Supervisory Board performs an efficiency audit of its activities with the aid of an external consultant. Efficiency is examined each year through internal means. As it was not possible to carry out the efficiency audit in 2012 because of the new membership, the efficiency audit was accordingly carried out in the second half of 2013 and for 2014.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The Management Board convenes an Annual General Meeting at least once a year. At the Annual General Meeting, the shareholders receive the consolidated and annual financial statements and the related management reports and resolve, when necessary, on the use of the unappropriated surplus and on the approval of the actions of the members of the Supervisory and Management Boards. Those present at the Annual General Meeting also select an auditor each financial year.

At the Annual General Meeting, shareholders in Francotyp-Postalia Holding AG exercise their rights of control and their rights to have a say in the running of the Company. They have the option of exercising their voting rights themselves or having them exercised through an authorised representative of their choice, including a shareholders' 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 for the possibility of postal voting. Naturally, it is in the interests of the Company and of the shareholders to ensure that the Annual General Meeting is concluded 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. Owing to the high degree of organisational effort involved, an Internet broadcast of the entire Annual General Meeting is still not planned.

TRANSPARENCY

For Francotyp-Postalia Holding AG, corporate governance means responsible and transparent leadership and control of the Company. In particular, this includes equal treatment of shareholders when passing on information. 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, which ensure the simultaneous publication of information both in Germany and abroad. All important regular publications and dates are published well in advance on 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 or related derivatives. Pursuant to Section 15a of the Securities Trading Act, these persons are obliged to disclose transactions with a value that reaches or exceeds EUR 5,000 in one calendar year.

Above and beyond the legal obligation for prompt communication and disclosure of transactions in shares of the Company, the ownership of Company shares or financial instruments relating thereto must be reported by the Board and Supervisory Board members if directly or indirectly more than 1% of the shares issued by the Company are involved. As the total ownership of all Board and Supervisory Board members exceeds 1% of the shares issued by the Company, we are listing the total ownership separately according to Management Board and Supervisory Board:

SHAREHOLDER (DIRECT)	Number of shares	in %
Hans Szymanski (Management Board)	120,000	0.7
Botho Oppermann (Supervisory Board)	261,948	1.6
SHAREHOLDER (INDIRECT)	Number of shares	in %
Klaus Röhrig (Chairman of the Supervisory Board) through 3R Investment	1,660,000	10.3

ACCOUNTING

The principal sources of information for shareholders and third parties are the Company's consolidated financial statements as well as, during the financial year, the quarterly and half-yearly reports. Contrary to the recommendations of the Code and due to the extensive consolidation work involved, the consolidated financial statements of Francotyp-Postalia Holding AG are drawn up within four months of the end of the financial year. Due to the large amount of consolidation work involved, the quarterly and half-yearly reports are also published, at the latest, within two months of the end of the reporting period, in compliance with the Stock Exchange Rules (Börsenordnung) and the Transparency Guidelines Implementation Act (Transparenzrichtlinien-Umsetzungsgesetz).

The consolidated financial statements and interim reports are drawn up in accordance with International Financial Reporting Standards (IFRSs). The individual financial statements required by law for tax and dividend payment purposes are drawn up in compliance with the German Commercial Code (HGB).

An internal control system and uniform accounting principles ensure that appropriate reflection is given of the net assets, financial position and results of operation and cash flows of all Group companies. The Management Board also ensures appropriate risk management and monitoring within the Company. It 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 concerned with monitoring the effectiveness of the risk management system, the internal control and audit systems, the accounting process and the audit, in particular its independence, in view of Section 107 (3) AktG as amended by the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

A list of relationships with shareholders qualifying as Related Parties, within the meaning of IAS 24, is published by the Company in its consolidated financial statements.

AUDIT

In accordance with the 2014 Annual General Meeting resolution on the matter, the Supervisory Board has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, to conduct the audit of the 2014 annual financial statements and consolidated financial statements. In compliance with the recommendations of the Code, it was agreed with the auditor that he 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 Supervisory Board, pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG).

COMPLIANCE

The Management Board is responsible for compliance with the law and internal guidelines, and ensures compliance with these throughout the Group companies. Questions of compliance are regular issues in the discussions between the Supervisory Board or Chairman of the Supervisory Board and Management Board. The corporate culture of the FP Group is marked by trust and mutual respect, as well as the motivation to adhere strictly to laws and internal regulations.

Nonetheless, statutory violations due to individual misconduct can never be completely ruled out. The Company does its utmost to minimise this risk as far as possible by uncovering misconduct and dealing systematically with it. Observing legal and ethical regulations and principles is of central importance. These are set out, together with the responsible handling of insider information, in the compliance guidelines. They provide all employees with standards of corporate integrity in business transactions.