

DELUXE CORP

Form DEF 14A

March 19, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

Deluxe Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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3) Filing Party:

4) Date Filed:

PROXY STATEMENT
and notice of annual meeting of shareholders
Wednesday, May 1, 2019 at 2:00 p.m. Central Daylight Savings Time

ANNUAL MEETING INFORMATION

Date: Wednesday, May 1, 2019

Place: Deluxe Corporation, 3680 Victoria Street North, Shoreview, MN 55126

Time: 2:00 p.m. CDT

Record Date: March 5, 2019

AGENDA

1. Election of ten directors to hold office until the 2020 annual meeting of shareholders.

Important notice regarding the availability of proxy materials for the Deluxe annual meeting of shareholders to be held on Wednesday, May 1, 2019.

2. Advisory vote (non-binding) on compensation of Named Executive Officers.

3. Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

The proxy statement, proxy card and 2018 annual report of Deluxe are available for review at: www.proxyvote.com

4. Take action on any other business that may properly come before the meeting and any adjournment thereof.

Shareholders of record at the close of business on March 5, 2019, are entitled to vote at the meeting and at any adjournment thereof. In this Proxy Statement, we may also refer to Deluxe Corporation as "Deluxe," "we," "our," or "us."

Your vote is important

Once again, we are furnishing proxy materials to our shareholders over the Internet. This process expedites the delivery of proxy materials, reduces paper waste and saves expense. In addition, these materials remain easily accessible, and shareholders receive clear instructions for voting and requesting paper copies of the materials if they so desire.

Please vote as soon as possible

You can help Deluxe reduce expenses by voting your shares by telephone or Internet; your proxy card or voting instruction card contains the instructions. Or complete, sign and date your proxy card or voting instruction card and return it as soon as possible in the enclosed postage paid envelope.

We are mailing the Notice of Internet Availability of Proxy Materials (Internet Notice) to shareholders of record beginning on or about March 19, 2019. The Internet Notice contains instructions on how to access our Proxy Statement and Annual Report, and how to vote online. In addition, the Internet Notice contains instructions on how to (i) request a paper copy of the Proxy Statement and Annual Report if you received only an Internet Notice this year, or (ii) elect to receive your Proxy Statement and Annual Report only over the Internet, if you received them by mail this year.

It is important that your shares be represented at the annual meeting. Regardless of whether you plan to attend the annual meeting in person, please vote as soon as possible to ensure the presence of a quorum and save Deluxe further solicitation expense. You may vote your shares by telephone or the Internet, or if you received a paper proxy card, you may sign, date and mail the proxy card in the envelope provided. Instructions regarding the methods of voting are contained in the Internet Notice and in the Proxy Statement. Voting by telephone, the Internet or mail will not limit your right to vote in person or to attend the annual meeting.

Deluxe Corporation
3680 Victoria Street North
Shoreview, MN 55126

P.O. Box 64235
St. Paul, MN 55164
www.deluxe.com

BY ORDER OF THE BOARD OF DIRECTORS

Jeffrey L. Cotter
Chief Administrative Officer, Senior Vice President and General Counsel
March 19, 2019

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PROXY STATEMENT

DELUXE CORPORATION

3680 Victoria Street North
Shoreview, Minnesota 55126

Our Board of Directors solicits your proxy for the 2019 Annual Shareholders' Meeting (and any postponement or adjournment of the meeting) for the purpose of taking action on the following matters:

1. elect the ten directors listed in this Proxy Statement to serve until the 2020 annual meeting of shareholders;
 2. hold an advisory vote (non-binding) on compensation of our Named Executive Officers;
 3. ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019; and
 4. transact any other business as may properly come before the meeting or any adjournment or postponement thereof.
- We mailed this Proxy Statement to shareholders beginning on March 19, 2019.

2019 PROXY SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement and does not contain all the information that you should consider. We encourage you to read the entire Proxy Statement carefully before voting.

What is the purpose of the annual meeting?

At our annual meeting, the Board of Directors asks shareholders to vote on the matters disclosed above and in the Notice of Annual Meeting of Shareholders that preceded this Proxy Statement, which are described in more detail below. We will also consider any other business that may be properly presented at the meeting (although we are not expecting any other matters to be presented).

Who is entitled to vote at the meeting?

The Board has set March 5, 2019, as the record date for the meeting. If you were a shareholder of record at the close of business on March 5, 2019, you are entitled to vote at the meeting. You have one vote for each share of common stock you held on the record date. As of the record date, 43,637,914 shares of our common stock were outstanding.

We do not have any other class of capital stock outstanding.

How many shares must be present to hold the meeting?

A quorum is necessary to hold the meeting and conduct business. The presence of shareholders who can direct the vote of at least a majority of the outstanding shares of common stock as of the record date is considered a quorum. A shareholder is counted present at the meeting if the shareholder (1) is present and votes in person at the meeting, or (2) has properly submitted a proxy or voted by telephone or the Internet. If you vote "WITHHOLD" or "ABSTAIN," your shares will still be counted as present at the meeting for the purposes of determining a quorum.

What is the difference between a shareholder of record and a "street name" holder?

If your shares are registered directly in your name with our transfer agent, EQ Shareowner Services, you are considered the shareholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a bank, trustee

or other nominee, you are still considered the beneficial owner of the shares, but your shares are deemed to be held in "street name."

How many votes are required to approve each item, and how does the Board recommend that I vote?

Proposals	Votes Required	Voting Options	Board Recommendation	Broker Discretionary Voting Allowed ¹	Effect of Withhold Vote / Abstention	Effect of Broker Non-Vote ¹
Item 1. Election of the ten directors listed in this Proxy Statement	Plurality of the votes cast ²	For or withhold	"FOR" each director nominee	No	Directors who receive more "WITHHOLD" votes than "FOR" votes must tender their resignation	None
Item 2. Advisory vote (non-binding) to approve compensation of our Named Executive Officers	Majority of votes present and entitled to vote on this item ³	For, against or abstain	"FOR"	No	Same as an "AGAINST" vote	None
Item 3. Ratification of the appointment of PricewaterhouseCoopers LLP as Deluxe's independent registered public accounting firm for the fiscal year ending December 31, 2019	Majority of votes present and entitled to vote on this item ³	For, against or abstain	"FOR"	Yes	Same as an "AGAINST" vote	Not applicable

(1) If you are a beneficial owner, you generally cannot vote your shares directly and must instead instruct your broker, trustee, bank or nominee how to vote your shares using the voting instruction form provided by that intermediary party. If you do not provide voting instructions, whether your shares can be voted by this party depends on the type of matter being considered. If this party does not have discretion to vote your shares, your shares will not be voted unless you provide instructions. Broker non-votes will generally have no effect in determining whether any proposals to be voted on at the meeting are approved.

(2) A plurality means that the ten nominees receiving the most votes will be elected. In an uncontested election of directors, our Corporate Governance Guidelines require that if an incumbent director receives more "WITHHOLD" votes than "FOR" votes in this type of an election, that director nominee must tender his or her resignation to the board following the certification of the shareholder vote. The Corporate Governance Committee must then make recommendations to the board as to whether to accept the letter of resignation, and the board must take action with respect to this recommendation and disclose its decision-making process.

(3) This amount must be at least a majority of the minimum number of shares entitled to vote that would constitute a quorum. "Shares present" includes shares represented in person or by proxy at the annual meeting.

How do I vote my shares?

We are mailing the Internet Notice to shareholders of record on or about March 19, 2019. If your shares are held in street name, your broker or other agent is responsible for sending you an Internet Notice. You will not receive a printed copy of these proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Internet Notice. Instead, the Internet Notice will instruct you how to access and review all the important information contained in these proxy materials, and how to vote. If you received an Internet Notice by mail and would like to receive a printed copy of these proxy materials, you should follow the instructions for requesting such materials included in the Internet Notice.

Voting Methods		Voting Deadline
	Step-by-Step Instructions	
	Instructions can be found on the Internet Notice. The Internet procedures are designed to (1) verify your identity, (2) provide voting instructions, and (3) confirm those voting instructions have been properly recorded	
Internet	<ul style="list-style-type: none"> Go to www.proxyvote.com Vote on the proposals 	<ul style="list-style-type: none"> 11:59 p.m. Eastern Time on April 30, 2019 Internet voting is available 24 hours a day
Telephone	<p>The telephone procedures are designed to (1) verify your identity, (2) provide voting instructions, and (3) confirm those voting instructions have been properly recorded</p> <ul style="list-style-type: none"> Call 800-690-6903 (toll-free) 	<ul style="list-style-type: none"> 11:59 p.m. Eastern Time on April 30, 2019 Telephone voting is available 24 hours a day
	You own your shares directly:	
	<ul style="list-style-type: none"> Complete, sign, and date the proxy card Mail it in the pre-addressed envelope that accompanies the proxy card 	<ul style="list-style-type: none"> Directly-Held Shares: Proxy cards must be received before May 1, 2019 (date of the annual meeting) in order for the shares to be timely voted
Mail ¹	<p>You own your shares in street name:</p> <ul style="list-style-type: none"> Request a voting instruction card according to the instructions on the Internet Notice provided to you by your broker or other agent Complete, sign, and date the voting instruction card provided by the broker or other agent Mail the voting instruction card in the pre-addressed envelope provided 	<ul style="list-style-type: none"> Shares Held in Street Name: Voting instruction cards must be received before the date specified on the voting instruction card in order for the shares to be timely voted
	You own your shares directly:	
	<ul style="list-style-type: none"> Complete a ballot at the meeting 	
In-person ²	<p>You own your shares in street name:</p> <ul style="list-style-type: none"> Obtain a signed proxy from your broker, trustee, bank or nominee giving you the right to vote on the shares Provide the signed proxy (above) at the meeting Complete a ballot at the meeting 	<ul style="list-style-type: none"> May 1, 2019

(1) This option is only available to shareholders who receive a paper proxy card or receive a voting instruction card.

(2) Shareholders of record may vote in-person at the meeting; however, even if you currently plan to attend the meeting, we recommend that you submit your proxy ahead of time so that your vote will be counted if, for whatever reason, you later decide not to attend or are otherwise unable to attend the meeting.

What does it mean if I receive more than one Notice of Internet Availability of Proxy Materials?

It means you hold shares registered in more than one account. To ensure that all of your shares are voted, if you vote by telephone or the Internet, vote once for each Internet Notice you receive. If you wish to consolidate your accounts, please contact our stock transfer agent, EQ Shareowner Services at P.O. Box 64854, St. Paul, MN 55164 or by toll-free telephone at 800-468-9716.

You also may receive a "voting instruction" card, which looks very similar to a proxy card. Voting instructions are prepared by brokers, trustees, banks or nominees for shareholders who hold shares in street name.

Can I vote my shares in person at the meeting?

If you are a shareholder of record, you may vote your shares at the meeting by completing a ballot at the meeting.

However, even if you currently plan to attend the meeting, we recommend that you submit your proxy ahead of time so that your vote will be counted if, for whatever reason, you do not attend the meeting.

If you hold your shares in street name, you may vote your shares in person at the meeting only if you provide a signed proxy from your broker, trustee, bank or nominee giving you the right to vote such shares at the meeting.

What if I submit by proxy but do not specify how I want my shares voted?

If you vote your shares directly (as opposed to voting through a broker or other intermediary) and do not specify on your proxy card (or when giving your proxy by telephone or the Internet) how you want to vote your shares, we will vote them as the board recommends as outlined above.

Can I change my vote?

Yes. If you are a shareholder of record, you can change your vote and revoke your proxy at any time before it is voted at the meeting in any of the following ways:

- by sending a written notice of revocation to our Corporate Secretary;
- by submitting another properly signed proxy card at a later date to our Corporate Secretary;
- by submitting another proxy by telephone or the Internet at a later date; or
- by delivering a written notice of revocation to our Corporate Secretary and voting in person at the meeting.

If you hold your shares in street name, you should follow the voting instructions provided to you by your broker, trustee, bank or nominee.

Who pays the cost of proxy preparation and solicitation?

We pay for the cost of proxy preparation and solicitation, including the charges and expenses of brokerage firms or other nominees for forwarding proxy materials to beneficial owners. We are soliciting proxies primarily by use of the Internet. In addition, proxies may be solicited by mail, telephone or personally by our directors, officers or employees. These individuals receive no additional compensation for these services.

ITEM 1: ELECTION OF DIRECTORS

Nominees for Election

There are currently ten individuals serving on the board. Each director's term expires as of the date of the annual meeting of shareholders. The board has determined that the size of the board will continue to be ten directors as of the date of the annual meeting of shareholders and recommends that the ten individuals presented on the following pages be elected to serve on the board until the 2020 annual meeting of shareholders. All of the nominees are current directors. In addition, with the exception of Mr. McCarthy, who serves as our President and CEO and therefore by definition cannot be deemed independent, all nominees have been determined by the board to meet the independence standards of the New York Stock Exchange (see the discussion of Director Independence in the "Board Structure and Governance" section of this Proxy Statement).

Each of the ten individuals listed below has consented to being named as a nominee in this Proxy Statement and has indicated a willingness to serve if elected. However, if any nominee becomes unable to serve before the election, the shares represented by proxies may be voted for a substitute designated by the board, unless a contrary instruction is indicated in this Proxy Statement.

Pursuant to our Corporate Governance Guidelines (discussed in the "Corporate Governance Principles" section on page 11), the following policy applies to the election of directors:

At any shareholder meeting at which directors are subject to an uncontested election (i.e., an election where the only nominees are those recommended by the board), any nominee for director who receives a greater number of "WITHHOLD" votes from his or her election than "FOR" votes shall submit to the board, within five (5) business days of certification of the shareholder vote by the Inspector of Elections, a written offer to resign from the board. The Corporate Governance Committee shall promptly consider the resignation offer and recommend to the full board whether to accept it. In considering whether to recommend that the board accept or reject the resignation offer, the Corporate Governance Committee will consider all factors deemed relevant, including, without limitation, (i) the perceived reasons that shareholders withheld votes from the director, (ii) the length of service and qualifications of the director, (iii) the director's contributions to the Company, (iv) compliance with applicable listing standards, (v) the purpose and provisions of the Corporate Governance Guidelines, and (vi) the best interests of the Company and its shareholders.

To the extent that one or more director resignations are accepted by the board, the Corporate Governance Committee will recommend to the board whether to fill such vacancy or vacancies, or to reduce the size of the board.

Any director who tenders his or her offer to resign from the board pursuant to this provision shall not participate in the Corporate Governance Committee or board deliberations regarding whether to accept the offer of resignation.

The board will act on the Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote by the Inspector of Elections, which action may include, without limitation, acceptance of the offer of resignation, adoption of measures intended to address the perceived issues underlying the vote, or rejection of the resignation offer. Thereafter, the board will disclose its decision whether to accept the director's resignation offer and the reasons for rejecting the offer, if applicable, in a Current Report on Form 8-K to be filed with the United States Securities and Exchange Commission (SEC) within four business days after the board's determination.

Recommendation of the Board

The board recommends that you vote "FOR" the election of each of the following nominees:

<p>Ronald C. Baldwin Vice Chairman (Retired), Huntington Bancshares, Inc.</p> <p>Director since: 2007 Age: 72 Independent: Yes</p>	<p>Background</p> <ul style="list-style-type: none"> • Vice Chairman of Huntington Bancshares, Inc., a regional bank holding company (2001-2006), where he was responsible for overseeing Huntington's regional banking line of business, which provided both commercial and retail financial products and services through nearly 400 regional banking offices <p>Qualifications</p> <ul style="list-style-type: none"> • 35 years in the banking and financial services industry • Provides unique insight into challenges faced by financial institutions • Adept in offering counsel on matters related to corporate finance and capital structure, all of which serve our needs as we maintain financial discipline while pursuing growth opportunities • Experienced in creating and implementing strategic direction for large financial services companies <p>Committees: Audit; Compensation</p>
<p>Cheryl E. Mayberry McKissack CEO of Nia Enterprises LLC</p> <p>Director since: 2000 Age: 63 Independent: Yes</p>	<p>Background</p> <ul style="list-style-type: none"> • Chief Executive Officer (2000-present) of Nia Enterprises LLC, a Chicago-based marketing, entrepreneurial business and digital consulting firm • CEO of Ebony Media Operations LLC (May 2016-March 2017), a print and media company • COO of Johnson Publishing Company (JPC) and President of its affiliate, JPC Digital (2013-2016) • Provided project support to JPC under a consulting relationship between Nia Enterprises and JPC prior to her appointment as COO and President of JPC Digital, including launching the ebony.com website and several other transformational digital and business projects • Served as the Worldwide Senior Vice President and General Manager for Open Port Technology and was Vice President for the Americas and a founding member of the Network Systems Division for 3Com (formerly U.S. Robotics) <p>Qualifications</p> <ul style="list-style-type: none"> • Regarded as an expert on entrepreneurship and the art of selling; author of the book, <i>The Entrepreneurial Sell</i>, published in October 2018 • Associate Adjunct Professor of Entrepreneurship at the Kellogg School of Business, Northwestern University, where she lectured for 10 years (2005-2015) • As a successful entrepreneur and digital technology executive, Ms. Mayberry McKissack brings a unique perspective to the board • Given that a key component of our strategy for growing our Small Business Services segment involves Internet-based marketing and new media solutions, her experience in these areas is a valuable complement to the skills she brings to the board as a small business owner and former executive of several technology and new business ventures <p>Committees: Compensation; Finance</p>
<p>Barry C. McCarthy President and CEO of Deluxe Corporation</p> <p>Director since: 2018 Age: 55 Independent: No</p>	<p>Background</p> <ul style="list-style-type: none"> • President and CEO of Deluxe Corporation since November 2018 • Served in various senior executive positions during the previous 14 years, most recently as Executive Vice President and Head of Network and Security Solutions, a \$1.5 billion publicly reported segment of First Data <p>Qualifications</p> <ul style="list-style-type: none"> • Sole member of our management represented on the board • Leads the development and execution of our strategies by drawing on his strong background in product development, sales, marketing and technology innovation

- Accomplished executive and financial technology leader with an extensive track record of developing and building tech-driven solutions for financial institutions and small businesses
Committees: None

Background

- Managing Partner and co-founder of Diamond Bear Partners LLC, an investment company, since 2009
- Chairman and CEO (2005-2009) and President and COO (1998-2004) of BancWest Corporation, a \$75 billion bank holding company serving nearly three million households and businesses

Don J. McGrath
Managing Partner of
Diamond Bear Partners
LLC

- Director of BancWest (1998-2010)
- Served as Chairman of the Board of Bank of the West (a BancWest subsidiary) and as CEO (1996-2007)
- Appointed to the President's Council on Financial Literacy in 2008

Director since: 2007
Age: 70
Independent: Yes

Qualifications

- 40 years of experience in the banking and financial services industry, particularly in the large bank sector, enables Mr. McGrath to provide us with valuable insight into this important portion of our customer base
- Led BancWest through an era of significant growth and therefore is well-suited for our board as we continue to execute our transformational growth strategies

Committees: Audit; Corporate Governance

Background

- Executive Vice President, Integrated Communications of Output Services Group, Inc. (OSG), which provides invoice and statement printing and presentment services, emphasizing their use as marketing tools; from 2011-2019, Mr. Metviner was Chief Marketing Officer of OSG, where he was responsible for all marketing activities, organic growth initiatives and major account management

Neil J. Metviner
Executive Vice President,
Integrated Communication of
Output Services Group, Inc.

- President of Pitney Bowes Direct (2000-2009), having management responsibility for serving the company's U.S. small business customer base, together with various international markets

- Assumed full oversight responsibility for Pitney Bowes European mailstream operations (2007-2009)

Director since: 2007
Age: 60
Independent: Yes

Qualifications

- As the former President of Pitney Bowes Direct and in his current role with OSG, Mr. Metviner has acquired extensive knowledge in marketing to, and otherwise serving, small business customers, which knowledge is particularly relevant to our strategic growth initiatives within our Small Business Services segment
- Over 20 years of experience in senior leadership positions responsible for new product development, management and marketing, all of which are key components of our enterprise-wide growth strategies

Committees: Corporate Governance; Finance (Chair)

Background

- Managing Director and co-founder of Geyser Ventures LLC, an investment and real estate company, since 2012

Stephen P.
Nachtsheim
Managing Director
of Geyser Ventures
LLC

- Served with Intel Corporation, a designer and manufacturer of integrated circuits, microprocessors and other electronic components, from 1981 to 2001, including as Corporate Vice President of Intel (1991-2001) and co-director of Intel Capital (1998-2001)

Qualifications

- Served as Independent Chairman of our board (2005-2012)
- Served as the board's Lead Independent Director, a role he assumed in December 2003, until becoming Chairman in 2005

Director since: 1995
Age: 74
Independent: Yes

- Mr. Nachtsheim's experience in information technology and in overseeing investments in product development initiatives is well-suited to our transformational initiatives, many of which rely on the support of information technology

- As the longest tenured member of the board, as well as having served in a board leadership role for nearly a decade, Mr. Nachtsheim also brings a unique historical perspective to the board's role in guiding strategic discussions, together with a wealth of experience in managing the work of the board and the role it plays in serving the interests of our shareholders
Committees: Audit; Corporate Governance (Chair)

Background

- Principal of Red Dog Ventures LLC, a venture capital and advisory firm for early stage digital companies, which he founded in 2007, and of which he has been the Managing Partner since June 2009
- Served as the Chief Executive Officer (2008-2009) of Richard Petty Motorsports, a multi-car NASCAR team
- Chief Marketing Officer (1999-2000); President and Chief Operating Officer (2000-2005); and Chief Executive Officer (2005-2007) of LendingTree.com, an online lending exchange

Thomas J. Reddin
Managing Partner of
Red Dog Ventures
LLC

Qualifications

- 17 years of experience in the consumer goods industry, including 12 years at Kraft General Foods and five years at Coca-Cola USA, where he managed the Coca-Cola® brand as Vice President of Consumer Marketing
 - Brings a wealth of experience in the development and marketing of digital services and brand management, all of which are central components of our growth strategy
 - Mr. Reddin's extensive leadership experience, including serving on multiple public company boards and audit, compensation, nominating, and governance committees, further qualify him for his role as a member of the board
 - Currently serves on the boards of directors of Tanger Factory Outlet Centers, Inc. (NYSE: SKT) and Asbury Automotive Group, Inc. (NYSE: ABG), and previously served on the boards of Premier Farnell PLC, Valassis Communications, Inc. and R.H. Donnelley Corporation
- Committees: Compensation (Chair); Finance

Director since: 2014
Age: 58
Independent: Yes

Background

- Independent Chairman of Deluxe since 2012
- Managing Partner and CEO of Agate Creek Partners LLC, a professional governance and consulting services company co-founded by Mr. Redgrave in 2014
- Executive Vice President and Chief Administration Officer (2005-2012), Chief Financial Officer (2006-2007), and Senior Advisor (2012-2014) to L Brands, Inc. (formerly known as Limited Brands, Inc.), one of the world's leading personal care, beauty, intimate apparel and specialty apparel retailers

Martyn R. Redgrave
Managing Partner and
CEO of Agate Creek
Partners LLC

Qualifications

- In addition to bringing extensive operations management experience and financial and accounting acumen to the board, Mr. Redgrave's background in overseeing the reporting systems and controls of complex business operations is particularly relevant to the work of our board
- Throughout his career, Mr. Redgrave has had direct involvement with matters similar to those encountered by our company, such as operations management, financial reporting and controls, enterprise risk management, information technology systems, data management and protection, and access to capital markets
- His background also includes mergers and acquisitions and financial analysis, continuing areas of importance for us
- Currently serves on the Board of Directors of Francesca's Holdings Corporation and is chair of its audit committee
- Served on the Board of Directors of Popeye's Louisiana Kitchen, Inc. (2013-2017) until the company was sold

Director since: 2001
Independent Chairman
since: 2012
Age: 66
Independent: Yes

Committees: Compensation; Corporate Governance

Background

John L. Stauch
President and CEO
of Pentair plc

Director since:
2016

Age: 54

Independent: Yes

- Since May 2018, President and Chief Executive Officer of Pentair plc, a leading water treatment company; served as Pentair's Executive Vice President and Chief Financial Officer from 2007-2018
- Chief Financial Officer of the Automation and Control Systems unit (2005-2007) of Honeywell International, Inc.
- Served as Chief Financial Officer and Information Technology Director of PerkinElmer Optoelectronics and various executive, investor relations and managerial finance positions within Honeywell International, Inc. and its predecessor AlliedSignal, Inc. (1994-2005)

Qualifications

- In his role as President and CEO of Pentair plc, and his prior service as CFO of Pentair for 11 years, Mr. Stauch is a financial expert and has extensive direct experience with many aspects of public company strategy and operations

Committees: Audit (Chair); Finance

Background

- Managing Director, as of 2018, of Felicis Ventures, a boutique venture fund
- Served as Chief Revenue Officer (2015-2018) and Chief Marketing Officer (2012-2015) of Kabbage Inc., a financial technology company that provides funding directly to small businesses and powers automated lending for financial institutions around the globe through its technology and data platform

Victoria A. Treyger
Managing Director
of Felicis Ventures

Director since: 2017

Age: 49

Independent: Yes

- Served as Chief Marketing Officer of RingCentral (2010-2012) and Travelocity (2005-2010)
- Worked at American Express and Amazon in various senior marketing, product, and general management roles (1997-2004)

Qualifications

- Brings a wealth of experience in building great brands and scaling revenues through innovative sales and marketing
- Extensive experience with positioning, scaling, and driving growth with small businesses and financial institutions through sales channel strategy, digital and brand marketing, and analytics
- Currently serves as advisor to several high-growth companies, including Health IQ and Betterment

Committees: Compensation; Corporate Governance

Director Skills, Experience, Background and Tenure

We operate in highly competitive markets characterized by rapidly evolving technologies and exposure to business cycles. With our board, our Corporate Governance Committee is responsible for assessing the appropriate skills, experience, and background that we seek in board members in the context of our business and the existing composition of our board. This assessment includes numerous factors, including, but not limited to, the following:

• independence;

• relevant skills and expertise;

• age; and

• diversity.

Our board determines whether a nominee's background, experience, personal characteristics, and skills will advance the goal of creating and sustaining a board that can support and oversee our company's complex activities. Our board is committed to actively seeking superior, diverse director candidates for consideration. As set forth in our Corporate Governance Guidelines, the committee and the board periodically review and assess the effectiveness of the practices used in considering potential director candidates. Following this process has ensured that our board is comprised of experienced leaders with a combination of the skills and business expertise necessary to provide appropriate oversight, critical viewpoints and guidance to a transforming business.

If all of the nominees are elected to the board, after the 2019 annual meeting of shareholders, our directors will have served an average of eleven years on the board. This mix of tenure on the board is intended to support the view that the board as a whole represents a "portfolio" of new perspectives and deep institutional knowledge.

BOARD STRUCTURE AND GOVERNANCE

Corporate Governance at Deluxe

We understand that corporate governance practices change and evolve over time, and we seek to adopt and use practices that we believe will be of value to our shareholders and will positively aid in the governance of our company. Below is a summary of our governance practices.

- | | |
|--|---|
| Independent Board | • Nine of our ten director nominees are independent |
| Board Diversity | • Two of our ten director nominees are female and one is African-American |
| | • Acts as a liaison between management and the board |
| | • Provides independent advice and counsel to the President and CEO |
| Independent Chairman of the Board | • In concert with the President and CEO, develops and sets the agenda for meetings of the board and annual meetings of shareholders |
| | • Calls special meetings of the board where appropriate |
| | • Ensures that the independent directors hold executive sessions |
| Annual Board Leadership Evaluation and Succession Planning | • The board annually evaluates the President and CEO's performance |
| | • The board annually conducts a rigorous review and assessment of the succession planning process for the President and CEO and other executive officers |
| Annual Director Election and Outside Board Service | • Each director is elected on an annual basis |
| | • Currently, no director serves on more than two other public company boards, and our CEO does not serve on any other public company boards |
| Director Stock Ownership | • Within five years after his or her initial appointment or election to the board, each independent director is required to own our common stock with a market value of at least five times his or her annual cash retainer |
| | • Our insider trading policy bars our directors and executive officers from owning financial instruments or participating in investment strategies that hedge the economic risk of owning our stock |
| Stock Hedging and Pledging Policies | • We prohibit executive officers and directors from pledging our securities as collateral for loans (including margin loans) |
| No "Poison Pill" | • We do not have a "poison pill" in place |
| | • We have a rigorous enterprise risk management program targeting controls over operational, financial, legal/regulatory compliance, reputational, technology, privacy, data security, strategic and other risks that could adversely affect our business, which also includes crisis management and business continuity planning |
| Enterprise Risk Management | |
| Board Effectiveness Reviews | • We conduct annual self-assessments of the board and each of its committees, and third-party effectiveness reviews of the board every three years |

Board Oversight and Director Independence

Our businesses, property and affairs are managed under the general direction of our board. In providing this oversight, the board adheres to a set of Corporate Governance Guidelines designed to ensure that the board has access to relevant information, and is structured and operates in a manner allowing it to exercise independent business judgment.

A critical component of our corporate governance philosophy is that a majority of our directors meet strict standards of independence, meaning that they have no relationship with our company, directly or indirectly, that could impair their ability to make objective and informed judgments regarding all matters of significance to us and our shareholders. The listing standards of the New York Stock Exchange (NYSE) require that a majority of our directors be independent, and that our Audit, Compensation, and Corporate Governance Committees be comprised entirely of independent directors. In order to be deemed independent, a director must be determined by the board to have no material relationship with us other than as a director. In accordance with the NYSE listing standards, our board has adopted formal Director Independence Standards setting forth the specific criteria by which the independence of our directors is determined. These standards include restrictions on the nature and extent of any affiliations that directors and their immediate family members may have with us, our independent registered public accounting firm, or any commercial or not-for-profit entity with which we have a relationship, and also require consideration of any other relationship that may impair independence. Consistent with regulations issued by the SEC and NYSE listing

standards, our Director Independence Standards also prohibit Audit and Compensation Committee members from accepting, directly or indirectly, any consulting, advisory or other compensatory fee from us, other than in their capacity as board or committee members. The complete text of our Director Independence Standards is posted on our website at www.deluxe.com under "About Us – Investor Relations – Corporate Governance – Director Independence Standards."

Following its assessment, the board has determined that every director and nominee, with the exception of Mr. McCarthy, satisfies our Director Independence Standards. The board also has determined that each member of its Audit, Compensation, Corporate Governance, and Finance Committees is independent. In making such determination, the board considered the fact that Mr. Metviner is the Executive Vice President, Integrated Communications of OSG, which has two distinct business relationships with us: (1) a subsidiary company of OSG purchases products and services from us in the ordinary course of business, and (2) our subsidiary company sells products and services to OSG in the ordinary course of business. The aggregate amount OSG paid to us for these purchases in 2018 was less than 0.1% of our gross revenues for 2018 and less than 2% of OSG's gross revenues for 2018. Based on the customary nature of these transactions, the fact that Mr. Metviner has no material interest in the transactions, and the limited amounts involved in these transactions, our board concluded that this relationship does not impair Mr. Metviner's independence.

Corporate Governance Principles

As indicated above, our board has adopted a set of Corporate Governance Guidelines to assist it in carrying out its oversight responsibilities. These guidelines address a broad range of topics, including director qualifications, director nomination processes, director retirement policies, board and committee structure and processes, director education, CEO evaluation, management succession planning and conflicts of interest. Investors may find these guidelines on our website at www.deluxe.com under "About Us – Investor Relations – Corporate Governance – Corporate Governance Guidelines."

Board Effectiveness and Evaluations

Each of our board and each of its committees conducts an annual self-evaluation of its performance and processes, all of which are overseen by the board's Corporate Governance Committee. These evaluations are designed to ensure that the board and its committees are functioning effectively and to identify any issues or potential areas for improvement. In addition, every three years the board undergoes an effectiveness evaluation conducted by an independent, third-party governance expert. The most recent third-party evaluation was conducted during late 2017.

Code of Business Ethics

All of our directors and employees, including our President and CEO, Chief Financial Officer (CFO) and other executive officers, are required to comply with our Code of Business Ethics (Code of Ethics) to help ensure that our business is conducted in accordance with applicable legal and ethical standards. Our Code of Ethics requires strict adherence to the letter and spirit of all laws and regulations applicable to our business, and addresses professional conduct, including customer relationships, respect for co-workers, conflicts of interest, insider trading, the integrity of our financial recordkeeping and reporting, and the protection of our intellectual property and confidential information. Employees are required to report any violations or suspected violations of the Code of Ethics to management or our legal department, or by using our confidential, third-party ethics and compliance hotline. The full text of our Code of Ethics is posted on our website at www.deluxe.com under "About Us – Investor Relations – Corporate Governance – The Deluxe Corporation Code of Business Ethics." The Code of Ethics is available in print free of charge to any shareholder who submits a request to our Corporate Secretary at Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126.

Political Contributions Policy

It is not our practice to make political contributions. We have memberships in various trade groups that represent the interests of specified industries. However, as a part of those memberships, we have not provided funds specifically designated for political contributions.

Related-Party Transaction Policy and Procedures

The board maintains written procedures under which the Corporate Governance Committee is responsible for reviewing potential or actual conflicts of interest, including any proposed related-party transactions and interlocking relationships involving executive officers or board members. The committee determines whether any such potential or actual conflicts would require disclosure under securities laws, cause a director to be disqualified from being deemed independent, or cause a transaction being considered by the board to be voidable if the conflict were not disclosed. The committee also considers whether the proposed transaction would result in a violation of any law or would otherwise be inappropriate in light of the nature and magnitude of any interest of the director or executive in the entity or transaction giving rise to the potential conflict. The committee may take those actions it deems necessary, with the

assistance of any advisers it deems

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appropriate, in considering potential conflicts of interest. While it is expected that in most instances the committee can make the necessary determination, where required by law or warranted by the significance of the issue, the matter will be referred to the board for resolution.

Board Composition and Qualifications

Our Corporate Governance Committee oversees the process for identifying, evaluating and recommending the nomination of candidates for the board. While not maintaining a specific policy on board diversity requirements, we do believe that our directors should have diverse backgrounds and possess a variety of qualifications, experience and knowledge that complement the attributes of other board members and enable them to contribute effectively to the board's oversight role. We also believe that a predominance of board members should have a background in business, including experience in markets served by us or in which we are developing product and service offerings, and recognize the benefit of board members having an understanding of the methods by which other boards address issues common to publicly traded companies. We also believe the board should include both actively employed and retired senior corporate officers, and that the board should include directors with a mix of tenures. The board believes that the diverse mix of skills, qualifications and experience represented by the nominees (as addressed more fully above under "Director Skills, Experience, Background and Tenure"), as well as its ongoing evaluation and continuous improvement processes (discussed above under "Board Effectiveness and Evaluations"), enables the board to perform its responsibilities effectively.

The board has established the following specific guidelines for nominees to the board:

A majority of the board must be comprised of independent directors, the current standards for which are discussed above under "Board Oversight and Director Independence."

As a general rule, non-employees should not be nominated for re-election to the board after their 75th birthday, although the board retains the ability to grant exemptions to that age limit where it determines that such an exemption will serve the interests of our company and our shareholders.

A non-employee director who ceases to hold the employment position held at the time of election to the board, or who has a significant change in position, must offer to resign from the board. The Corporate Governance Committee will then consider whether the change of status is likely to impact the director's qualifications and make a recommendation to the board as to whether the resignation should be accepted.

Management directors who terminate employment with our company must offer to resign from the board. The board will then decide whether to accept the director's resignation, provided that no more than one former CEO of the Company should serve on the board at any one time.

Director Selection Process

All board members are elected annually by our shareholders, subject to the board's right to fill vacancies in existing or new director positions on an interim basis. Based on advice from the Corporate Governance Committee, each year the board recommends a slate of nominees to be presented for election at the annual meeting of shareholders.

The Corporate Governance Committee considers candidates recommended by members of the board or recommended by our shareholders, and the committee reviews such candidates in accordance with our bylaws and applicable legal and regulatory requirements. Candidates recommended by our shareholders are evaluated using the same criteria and same procedures as candidates recommended by board members. In order for such shareholder recommendations to be considered, shareholders must provide the Corporate Governance Committee with sufficient written documentation to permit a determination by the board as to whether a candidate meets the required and desired director selection criteria and our Corporate Governance Guidelines applicable to directors, as outlined above. Such documentation and the name of the recommended director candidate must be sent by U.S. mail to our Corporate Secretary at the address indicated on the Notice of Annual Meeting of Shareholders. Our Corporate Secretary will send properly submitted shareholder recommendations to the Chair of the Corporate Governance Committee for consideration.

Our bylaws require any shareholder wishing to formally nominate a candidate at the annual meeting of shareholders to give written notice of the nomination to our President and CEO or Corporate Secretary no later than 90 days prior to the first anniversary of the previous year's annual meeting. The shareholder must attend the meeting with the candidate and propose the candidate's nomination for election to the board at the meeting. In addition to certain information about the shareholder, as described in our bylaws, the shareholder's notice must set forth as to each nominee: 1) the name, age, business address and residence address of the person; 2) the principal occupation or

employment of the person; 3) the number of shares of

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our stock owned by the person; 4) the written and acknowledged statement of the person that such person is willing to serve as a director; and 5) any other information relating to the person that would be required to be disclosed in a solicitation of proxies for election of directors pursuant to Regulation 14A under the Exchange Act if the election of the candidate had been solicited by or on behalf of the board. No shareholders submitted director nominations in connection with this year's meeting. Any shareholders desiring to present a candidate at the 2020 annual meeting of shareholders must furnish the required notice no later than February 3, 2020.

When a vacancy or a new position on the board needs to be filled, the President and CEO, in consultation with the Chair of the Corporate Governance Committee, drafts a profile of the candidate believed to provide the most meaningful contribution to the board as a whole. The profile is submitted to the committee for approval. In order to properly staff its various committees and support its succession planning initiatives, the board currently believes that a board consisting of nine to eleven directors is the optimal size. We have engaged third-party search firms to assist us in identifying suitable candidates for open director positions. The firms selected, as well as the specific terms of the engagement, are based on specifically established search criteria. Members of the board also are given the opportunity to submit names of potential candidates based on the profile developed. Each candidate is subject to an initial screening process after which the selected candidates are interviewed. The Independent Chairman of the Board, the President and CEO and at least a majority of the committee interviews each selected candidate and, concurrently with the interviews, the candidate must confirm his or her availability for regularly scheduled board and committee meetings. The committee also will assess each candidate's potential conflicts of interest and the ways in which the candidate's qualifications, experience and knowledge complement those of existing members of the board. The committee reviews the interviewers' reports and recommendations and makes the final determination as to which candidates are recommended for election to the board. Depending on when suitable candidates are identified, the board may decide to appoint a new director to serve on the board until the next annual meeting of shareholders.

Meetings of the Board of Directors

There were ten meetings of the board in 2018. Each director attended, in person or by telephone, at least 75 percent of the aggregate of all meetings of the Board and its committees on which he or she served during the year. It is our policy that directors attend our annual shareholder meetings. All of our then-current directors attended our annual shareholder meeting in person in 2018.

Board Responsibilities

The board oversees, counsels, and directs management in the long-term interests of our company and our shareholders. The board's responsibilities include:

- overseeing the conduct of our business and the assessment of enterprise risks to evaluate whether the business is being properly managed;
- reviewing and approving our major financial objectives, strategic and operating plans, and other significant actions;
- evaluating the President and CEO's performance, and determining the compensation of the President and CEO and other executive officers;
- planning for President and CEO succession and monitoring succession planning for other executive officers; and
- overseeing our processes for maintaining the integrity of our financial statements and other public disclosures, as well as our compliance with law and our Code of Ethics.

The board and its committees meet throughout the year on a set schedule, hold special meetings, and act by written consent from time to time, as appropriate. At each board meeting, time is reserved for the independent directors to meet without management present. Officers and members of management regularly attend board meetings to present information on our business and strategy.

Committee Membership and Responsibilities

The board assigns responsibilities and delegates authority to its committees, and these committees regularly report on their activities and actions to the board. The board has four standing committees: Audit, Compensation, Corporate Governance, and Finance. Each committee can engage outside experts, advisors, and counsel to assist the committee in its work. Each

committee has a written charter approved by the board. We post each charter on our website at www.deluxe.com under "About Us – Investor Relations – Corporate Governance – Board of Directors Committee Charters." A copy of each charter is available upon request by contacting our Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126. The following table identifies the current committee members.

COMMITTEE MEMBERSHIPS

Name	Audit	Compensation	Corporate Governance	Finance
Ronald C. Baldwin	ü	ü		
Cheryl E. Mayberry McKissack		ü		ü
Barry C. McCarthy				
Don J. McGrath	ü		ü	
Neil J. Metviner			ü	C
Stephen P. Nachtsheim	ü		C	
Thomas J. Reddin		C		ü
Martyn R. Redgrave		ü	ü	
John L. Stauch	C			ü
Victoria A. Treyger		ü	ü	

ü Committee Member C Committee Chair

The following tables provide a summary of each committee's responsibilities, the number of meetings held by each committee during the last fiscal year and the names of the directors currently serving on each committee.

<p>Audit Committee</p> <p>Number of meetings in 2018: 7</p> <p>Directors who serve on the committee:</p> <p>John L. Stauch, Chair</p> <p>Ronald C. Baldwin</p> <p>Don J. McGrath</p> <p>Stephen P. Nachtsheim</p>	<ul style="list-style-type: none"> • Appoints the independent registered public accounting firm, subject to ratification by our shareholders, and oversees the work of the independent registered public accounting firm • Pre-approves all auditing services and permitted non-audit services to be performed by the independent registered public accounting firm, including related fees • Reviews and discusses with management and the independent registered public accounting firm our annual audited financial statements and recommends to the board whether the audited financial statements should be included in our Annual Report on Form 10-K • Reviews and discusses with management and the independent registered public accounting firm our quarterly financial statements • Reviews and discusses with management and the independent registered public accounting firm significant reporting issues and judgments relating to the preparation of our financial statements, including the adequacy of internal controls • Reviews and discusses with the independent registered public accounting firm our critical accounting policies and practices, alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, and other material written communications between the independent registered public accounting firm and management • Reviews and discusses with management our earnings press releases, including the use of any pro forma or adjusted information outside of generally accepted accounting principles, as well as financial information and earnings guidance • Oversees the work of our internal auditors • Reviews the effectiveness of our legal and ethical compliance programs and maintains procedures for receiving, retaining and handling complaints by employees regarding accounting, internal controls and auditing matters • Reviews and discusses, with management and the board, our risk assessment and risk management practices • Receives, reviews, and oversees management responses to certain regulatory and other compliance audits, including Federal Financial Institutions Examination Council examinations
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Compensation Committee
 Number of meetings in 2018: 6
 Directors who serve on the committee:
 Thomas J. Reddin, Chair
 Ronald C. Baldwin
 Cheryl E. Mayberry
 McKissack
 Martyn R. Redgrave
 Victoria A. Treyger

- Develops our executive compensation philosophy
- Evaluates and recommends incentive compensation plans for executive officers and other key managers, and all equity-based compensation plans, and oversees the administration of these and other employee compensation and benefit plans
- Reviews and approves corporate goals and objectives relating to the President and CEO's compensation, leads an annual evaluation of the President and CEO's performance in light of those goals and objectives, and recommends to the board the President and CEO's compensation based on this evaluation
- Reviews and approves other executive officers' compensation
- Establishes and certifies attainment of incentive compensation goals and performance measurements applicable to our executive officers
- Considers shareholder advisory votes related to executive compensation and considers risks created by or related to the design of the our compensation programs
- Retains and, in accordance with SEC requirements, determines the independence of consultants that assist in its activities

Corporate Governance Committee
 Number of meetings in 2018: 4
 Directors who serve on the committee:
 Stephen P. Nachtsheim, Chair
 Don J. McGrath
 Neil J. Metviner
 Martyn R. Redgrave
 Victoria A. Treyger

- Reviews and recommends the size and composition of the board
- Establishes criteria and procedures for identifying and evaluating potential board candidates
- Reviews nominations received from the board or shareholders, and recommends candidates for election to the board
- Establishes policies and procedures to ensure the effectiveness of the board, including policies regarding term limits and retirement, review of qualifications of incumbent directors, and conflicts of interest
- Establishes guidelines for conducting board meetings
- Oversees the annual assessment of the board's performance
- In consultation with the Compensation Committee, reviews and recommends to the board the amount and form of all compensation paid to directors
- Recommends to the board the size, composition and responsibilities of all board committees
- Reviews and makes recommendations to the board regarding candidates for key executive officer positions and monitors management succession plans
- Develops and recommends corporate governance guidelines, policies and procedures

Finance Committee
 Number of meetings in 2018: 3
 Directors who serve on the committee:
 Neil J. Metviner, Chair
 Cheryl E. Mayberry
 McKissack
 Thomas J. Reddin
 John L. Stauch

- Evaluates and approves acquisitions, divestitures and capital projects in excess of \$10 million, and reviews other material financial transactions outside the scope of normal ongoing business activity
- Reviews and approves our annual financing plans, as well as credit facilities maintained by us
- Reviews and recommends policies concerning corporate finance matters, including capitalization, investment of assets and debt/equity guidelines
- Reviews and recommends dividend policy and approves declarations of regular shareholder dividends
- Reviews and makes recommendations to the board regarding financial strategy and proposals concerning the sale, repurchase or split of our securities

Communications with Directors

Any interested party having concerns about our governance or business practices, or otherwise wishing to communicate with our board, our independent directors as a group or any individual director, may submit such concerns in writing to the Independent Chairman of the Board or the designated group of directors or individual director in the care of the Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126.

Board Leadership Structure; Independent Chairman; Executive Sessions

The board does not maintain a written policy regarding separation of the offices of Chair and CEO, believing that this issue should be addressed as part of the board's succession planning processes. However, the board has maintained a separation of the Chair and CEO roles since November 2005, when we were engaged in a search for a CEO to lead the our company's transformation. The board has found this structure to be effective, both in allowing the CEO to focus on execution of our strategy and assisting the CEO in managing the work of the board. Martyn R. Redgrave has served as Independent Chairman of the Board since August 1, 2012.

Board Role in Risk Oversight

The board takes an active role in risk oversight, both as a full board and through its committees. Our independent directors regularly meet in executive session, without management present, to assess the quality of the board's meetings and to provide their observations to the President and CEO regarding our business challenges and risk mitigation strategies, among other things.

In addition, we conduct an annual enterprise-wide risk assessment. A formal report is delivered to the Audit Committee, the chair of which provides a synopsis to the board. The President and CEO also presents an annual enterprise-wide risk assessment update to the board. Updates are provided at regularly scheduled meetings of the board and more frequently, if required. The objectives for the risk assessment process include: (1) addressing the NYSE governance requirement that the Audit Committee discuss policies related to risk assessment and risk management; (2) developing a defined list of key risks to be monitored by the Audit Committee, the board and management; (3) determining whether any risks require additional or higher-priority mitigation efforts; (4) facilitating discussion of the risk factors to be included in the our SEC reports; and (5) guiding the development of the our internal audit plans.

In 2018, as in prior years, the risk-assessment process was conducted by members of our Assurance and Risk Advisory Services department working with the Executive Leadership Team and our Enterprise Risk Council, which consists of senior-level staff from the legal, finance and other shared services departments. Members of the Assurance and Risk Advisory Services department interviewed key department and functional leaders to identify and evaluate potential risks and associated mitigating factors and strategies. Identified risks were prioritized based on the potential exposure to our company, measured as a function of likelihood of occurrence and potential severity of impact if the risk were to materialize. The process included evaluating management's preparedness to respond to the risk. The risk profiles and current and future mitigating actions were discussed and refined during subsequent discussions with the Executive Leadership Team and Assurance and Risk Advisory Services personnel. A summary of the results of the risk assessment process and our risk mitigation activities was presented to the Audit Committee, which furnished a report regarding such assessment and activities to, and facilitated a discussion with, the board.

Audit Committee Expertise; Complaint Handling Procedures

In addition to meeting the independence requirements of the NYSE and the SEC, all members of the Audit Committee have been determined by the board to meet the financial literacy requirements of the NYSE's listing standards. The board has also determined that at least two members of the Audit Committee, John L. Stauch, the current Audit Committee Chair, and Don J. McGrath are both "audit committee financial experts" as defined by SEC regulations. In accordance with federal law, the Audit Committee has adopted procedures governing the receipt, retention and handling of complaints regarding accounting and auditing matters. These procedures include a means for employees to submit concerns on a confidential and anonymous basis through our ethics and compliance hotline, which is operated by a third party.

Compensation Committee Processes and Procedures

The authority and responsibilities of the Compensation Committee are governed by its charter, a copy of which can be found on our website at www.deluxe.com under "About Us – Investor Relations – Corporate Governance – Compensation Committee Charter" together with applicable laws, rules, regulations and NYSE listing standards. Along with fulfilling the duties listed in the table above related to executive compensation, the committee also oversees administration of equity-based plans, deferred compensation plans, benefit plans, retirement and Employee Retirement Income Security Act of 1974 (ERISA) excess plans, and is also responsible for determining the formula used to calculate contributions to our profit sharing plan. The committee has delegated to management committees the responsibility to administer broad-based benefit plans and to oversee investment options and management of retirement and deferred compensation programs.

Although matters of director compensation ultimately are the responsibility of the board, the Compensation Committee works in conjunction with the Corporate Governance Committee and its independent compensation consultants in evaluating director compensation levels, making recommendations regarding the structure of director compensation, and developing a director pay philosophy that is aligned with the interests of our shareholders. The committee has the authority to engage compensation consultants to assist it in conducting the activities within its general scope of responsibility. The committee retained Frederic W. Cook & Co., Inc. (FW Cook) as its independent

consultant commencing in 2017. Prior to retaining FW Cook, and again during 2018, the committee assessed its

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relationship with the prospective consultant and determined that no conflicts of interest existed and that FW Cook was independent. Among other factors supporting FW Cook's independence, in 2018 we did not pay fees to FW Cook other than for compensation consulting services.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised entirely of independent directors. No member of the Compensation Committee has ever been an officer or employee of our company. None of our executive officers serves as a member of the Compensation Committee of any other company that has an executive serving as a member of the our board. None of our executive officers serves as a member of the Board of Directors of any other company that has an executive serving as a member of our Compensation Committee.

Non-Employee Director Compensation

The general policy of the board is that compensation for independent directors should be a mix of cash and equity, with the majority of compensation provided in the form of equity. The Corporate Governance Committee, consisting solely of independent directors, has the primary responsibility for reviewing director compensation and considering any changes in how we compensate our independent directors. The board reviews the committee's recommendations and determines the amount of director compensation.

The independent compensation consultant and the Total Rewards group in the Human Resources department support the committee in recommending director compensation and creating director compensation programs. In addition, the committee can engage outside advisors, experts, and others for assistance. The director peer group is the same as the peer group used in 2018 to set executive compensation, listed on page 27, and consisted of 20 companies with some similar characteristics to our company, as described in detail below under "Compensation Discussion and Analysis; Benchmarking Process." The committee generally targets cash and equity compensation at the median of the peer group. The Corporate Governance Committee reviews director compensation on an annual basis, taking into account factors such as workload and market data. The table below sets forth our 2018 fee structure for our directors, the fees for which are paid on a quarterly basis.

	Annual Fee (\$)
Board and Committee Retainers	
Board Retainer	75,000
Independent Chair Additional Retainer	100,000
Audit Committee Chair	28,000
Compensation Committee Chair	20,000
Corporate Governance Committee Chair	15,000
Finance Committee Chair	15,000
Non-chair Audit Committee Member	15,000
Non-chair Compensation Committee Member	10,000
Non-chair Corporate Governance Committee Member	8,000
Non-chair Finance Committee Member	8,000
Special CEO Search Committee Member	12,000
Special Succession Committee Member	20,000

Non-employee directors also receive \$1,500 for each approved company site visit and director education program attended, up to an aggregate of five per year. Directors may receive additional compensation for the performance of duties assigned by the board or its committees that are considered beyond the scope of the ordinary responsibilities of directors or committee members.

We maintain a Non-Employee Director Stock and Deferral Plan (the Director Plan), which is part of our shareholder-approved 2017 Long-Term Incentive Plan (LTIP). The purpose of the Director Plan is to provide an opportunity for non-employee directors to increase their ownership of our common stock and thereby align their interests with those of other shareholders. Under the Director Plan, each non-employee director may elect to receive, in lieu of cash fees, shares of our common stock having an equal value, based on the closing price our stock on the NYSE as of the quarterly payment date. The shares of stock receivable pursuant to the Director Plan are issued as of the quarterly payment date or, at the option of the director, credited to the director in the form of deferred restricted

stock units (RSUs). These RSUs are converted into

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shares of common stock and issued to the director on the earlier of the tenth anniversary of February 1st of the year following the year in which the non-employee director ceases to serve on the board or such other objectively determinable date as is elected by the director in his or her deferral elect