

# **DELUXE CORPORATION**

## **CORPORATE GOVERNANCE GUIDELINES**

**August 2023**

The Board of Directors plays a critical role in overseeing the strategic direction of the Company, monitoring performance and providing counsel to the Company's Executive Leadership Team, in an effort to support the Company in its endeavors to enhance shareholder value. These Guidelines have been established to provide a general framework for the Board in carrying out these responsibilities and otherwise exercising its business judgment in a manner reasonably believed to be in the best interests of the Company and its shareholders.

### **I. Board Composition and Director Qualifications**

- A. The Corporate Governance Committee will review existing directors' skills and qualifications and priorities for future director candidates in the context of the Board's overall composition. The goal is a balanced and diverse Board, with members whose collective skills, backgrounds, and experience are complementary and, taken together, cover the areas that impact the Company's businesses.
- B. The Company's articles of incorporation provide for a Board comprised of no fewer than 3 and no more than 11 directors. The Board periodically should assess the size of the Board for purposes of ensuring effective discussion and decision-making, adequate staffing of Board committees and the desired mix of employee and non-employee directors. Currently, the Board believes that a Board comprised of 9 to 11 members is appropriate.
- C. At least a majority, and preferably a substantial majority, of the Board will be comprised of individuals who meet all of the criteria for independence required by the New York Stock Exchange and the Securities and Exchange Commission (hereinafter "Independent Directors").
  - Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company (other than director fees and pension or other deferred compensation for prior service to the Company).
  - For Compensation Committee members, the Board considers fees and other factors specifically relevant to determining whether a director has a relationship to the Company which is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member.
- D. There should be a balance of tenure and staggered retirement dates among members of the Board, and particularly among Board and committee leaders.
- E. Directors should demonstrate excellence and leadership in their chosen fields. They should come from diverse backgrounds, and possess broad perspectives, experience and knowledge, so as to enable them to contribute effectively to the evaluation of the

Company's business strategies and the Board's oversight role. While the predominance of Board members should have business backgrounds, directors should represent diverse experiences related to the range of issues with which the Company must deal in order to be successful. Subject to applicable Board policies, directors should include both actively employed and retired chief executive or other senior corporate officers.

- F. The Board expects that the only employees serving on the Board will be the Chief Executive Officer and possibly a potential successor to the position of the Chief Executive Officer. Although former chief executive officers of the Company are not considered to be employees for purposes of this limitation, no former chief executive officer shall be deemed an Independent Director. Notwithstanding the foregoing, no more than one former chief executive officer of the Company may serve on the Board at any one time.
- G. Selection criteria for nominees to the Board may also include such factors as:
  - Experience and talents valuable to the understanding and direction of the Company's affairs, including one or both of the following:
    - Successful senior level business management or equivalent experience;
    - Accomplishments and interests in specific areas of need for the Company;
  - While not mandatory, it is desirable that a nominee have had previous experience and proven accomplishment as a director of a public company;
  - Commitment and availability for Board and committee meetings;
  - An ability to challenge the executive leadership team in a constructive manner;
  - A reputation for honesty and integrity;
  - Proven sensitivity to and interest in serving the needs of shareholders, employees and the communities in which the Company operates;
  - Business ethics and sound judgment in directing business affairs;
  - An ability to work collegially with other Board members and the Company's executive leadership team; and
  - Diversity, in all aspects of that term, including differences of perspective, professional experience, education, skills and other individual qualities, such as gender, race and ethnicity, and the variety of attributes that contribute to the Board's collective strength.

## **II. Director Elections, Changes in Principal Occupation and Retirement**

- A. All Board members shall be elected annually by the Company's shareholders, subject to the Board's right to fill vacancies in existing or new director positions. Based on recommendations from the Corporate Governance Committee, each year the Board will recommend a slate of directors to be presented for election by the shareholders at the Company's annual meeting. Any director appointed to fill a vacancy on the Board will serve only until the next annual meeting, unless elected by the shareholders at that time to serve an additional term.
- B. In an effort to facilitate the Board's succession planning objectives and otherwise provide for rotation in Board membership, as a general rule, non-management directors should

not be nominated for election or reelection to the Board after reaching seventy-five (75) years of age, unless the Board determines that it would be in the best interests of the Company and its shareholders for a director to continue his or her service.

- C. 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 votes “withheld” from his or her election than votes “for” such election 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 accept or reject the resignation offer, the Corporate Governance Committee will consider all factors deemed relevant by members of the Committee, 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 these 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.
- D. Any director who tenders his or her offer to resign from the Board pursuant to the foregoing 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 Securities and Exchange Commission within four (4) business days of the Board’s determination.
- E. When a director’s principal occupation or employment changes, the director shall offer his or her resignation to the Chair of the Corporate Governance Committee (or to the Chair of the Board if the director offering the resignation is the Corporate Governance Committee Chair) for consideration by the Board. The Corporate Governance Committee will consider whether the director’s change of principal occupation or employment is likely to impact his or her qualification to serve as a director and make a recommendation to the Board regarding whether the resignation should be accepted. The director offering his or her resignation shall recuse himself or herself from all consideration of whether the offer should be accepted by the Board.
- F. Company officers who are directors are expected to resign from the Board when they cease to be employed by the Company or when there has been a reduction in their employment level, position or responsibilities. At the request of the non-management

directors, any director who is also the Chief Executive Officer may continue to serve on the Board for up to three years after his or her retirement.

### **III. Director Nominations**

- A. The Corporate Governance Committee will be responsible for establishing and implementing procedures governing the review of all recommendations for director candidates.
- B. The Corporate Governance Committee may use a variety of sources to identify director candidates. From time to time, the Committee may retain a recruitment firm to assist in identifying, evaluating and recruiting director candidates, based on specified criteria, and pays the firm a fee for these services. Suggestions also may be received from Board members and shareholders. Director candidates recommended to the Corporate Governance Committee shall be subject to full Board approval and election by shareholders at an annual meeting of shareholders.
- C. The Corporate Governance Committee shall review director candidates in accordance with the bylaws and applicable legal and regulatory requirements. Candidates recommended by shareholders shall be 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 director selection criteria and these Guidelines. Such documentation and the name of the recommended director candidate must be sent by U.S. mail to the Corporate Secretary at Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126. The Corporate Secretary will send properly submitted shareholder recommendations to the Chair of the Corporate Governance Committee for consideration.
- D. The bylaws require any shareholder wishing to formally nominate a director candidate at the annual meeting of shareholders to give written notice of the nomination to the Corporate Secretary no later than 90 calendar days prior to the first anniversary of the previous year's annual meeting. The shareholders' notice must provide certain information about the nominee as well as the shareholder, as described in the Company's bylaws. The shareholder must attend the annual meeting with the candidate and propose the candidate's nomination for election to the Board at the meeting. Director candidates nominated through this process shall be eligible for election at the annual meeting, but shall not be included in the Company's proxy materials sent to shareholders prior to the meeting.

### **IV. Board Leadership**

- A. The Chair of the Board shall be appointed by the Board upon the recommendation of the Corporate Governance Committee. The Chair shall lead the Board, preside at Board meetings and oversee the delivery of information necessary for the Board's informed decision-making. The Chair shall also serve as the principal liaison between the Board

and management. The Board shall determine whether the role of the Chair and the Chief Executive Officer should be separated or combined based on their judgment as to the structure that best serves the interests of the Company.

- B. In the absence of a Chair who is an Independent Director (an “Independent Chair”), however, the Board shall appoint an Independent Director as the lead director (the “Lead Independent Director”) upon the recommendation of the Corporate Governance Committee, to serve at the pleasure of the Board and to perform such duties as may be designated by the Board from time to time, for purposes of helping the Chair maintain a constructive and engaging relationship between the Board and management, as well as the overall effectiveness of the Board. The duties of the Lead Independent Director would include, but not be limited to:
- Serving as liaison between the Chair and the Independent Directors;
  - Approving information sent to the Board in consultation with the Chair;
  - Approving meeting agendas for the Board in consultation with the Chair;
  - Approving meeting schedules in consultation with the Chair to assure that there is sufficient time for discussion of all agenda items;
  - Having the authority to call meetings of the Independent Directors; and  
If requested by major shareholders, ensuring that he or she is available for consultation and direct communication.

With respect to the duties delegated to the Chair of the Board in these Guidelines, except for those duties reserved to the Chair in Article IV, Section A, the Lead Independent Director shall perform those duties when the role of the Chair and the Chief Executive Officer are combined, and he or she shall consult with the Chair on those duties when the Chair is separate but not an Independent Chair.

- C. At the beginning of the year, the Chair of the Board will work with the Chief Executive Officer to establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member shall be free to suggest the inclusion of items on the agenda, and shall be free to raise at any Board meeting subjects that are not on the agenda for that meeting.

## **V. Board Responsibilities and Restrictions on Other Board Service**

- A. In order to properly discharge their responsibilities, all directors must be willing and able to invest sufficient time and attention to Board matters, including preparing for and actively participating in meetings of the Board and each committee on which they serve.
- B. All Board members are expected to review the materials sent to them in advance of every Board and/or committee meeting and make every effort to attend all such meetings and the annual shareholder meeting.
- C. Given the demands placed on directors of public companies, directors who are not serving as an executive officer of a public company generally should not serve on more than three other public company boards, and directors who are serving as an executive

officer of a public company generally should not serve on more than one other public company board. Prior to accepting any invitation to serve on the board or equivalent governing body of any other organization (including privately-held companies and charitable organizations), a director must notify the Chair of the Corporate Governance Committee and request the consent of the Committee to accept such invitation. The Committee may review the contemplated relationship for compliance with these Guidelines, potential conflicts of interest and other concerns. The Corporate Governance Committee shall have the right to approve or decline such request on behalf of the Board.

- D. Subject to a determination by the Board that additional service will not impair the ability of a director to serve effectively on the Company's Audit Committee, a member of the Audit Committee may not serve on more than three total audit committees for public companies. A director must inform the Chair of the Corporate Governance Committee in advance of becoming a member of the audit committee of any other public company.
- E. The Board will review at least annually:
  - the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year;
  - management development and succession plans for the Chief Executive Officer and his or her direct reports; and
  - the Company's enterprise risk management (ERM) program, which is designed to identify risks that may have a significant impact on the businesses.
- F. The non-management directors will endeavor to meet in executive session (i.e., without management directors or other members of management being present) at every Board meeting, but will meet in executive session no less than four times each year. If the non-management directors are not all Independent Directors, then the Independent Directors will meet in executive session no less than once each year. The presiding director at these meetings will be the Chair of the Board, Lead Independent Director or such other director as may be chosen by the attending directors based upon the subject matter to be discussed.
- G. All directors have full and free access to officers and employees of the Company. The directors will use their judgment to ensure that any contact with Company employees is not disruptive to the business operations of the Company and, where practical, is coordinated through the Chief Executive Officer.
- H. The Board and each of its committees will have the right to retain independent legal, financial or other advisors, as they deem reasonably necessary to assist in the discharge of its responsibilities.

## **VI. Committees of the Board**

- A. The Board will at all times have an Audit Committee, a Compensation Committee and a Corporate Governance Committee, each of which will be comprised entirely of Independent Directors.

- B. Additional committees should be created and disbanded depending on the particular needs of the Board, issues facing the Company, and legal requirements. The Corporate Governance Committee, in consultation with the Chair of the Board and the Chief Executive Officer, shall be primarily responsible for making recommendations to the full Board on committee structure, but directors are free to make suggestions regarding committees at any time and are encouraged to do so. Each standing committee will have its own written charter, approved by the Board, setting forth the purposes, goals and responsibilities of the committee, as well as any qualification for committee membership.
- C. The Board's committees shall have the authority delegated to them in their charters or otherwise by the Board. Other matters requiring, or appropriate for, Board consideration or action will be acted upon by the full Board, upon recommendation by a committee when appropriate.
- D. The composition of the Board's committees should be considered by the Corporate Governance Committee, in consultation with the Chair of the Board and the Chief Executive Officer, and should be presented to the full Board for approval on at least an annual basis. Committee assignments should reflect the expertise and interest of the Board members, with the goal of ensuring that committee members have the requisite background and expertise to participate fully on the committees on which they serve. There will not be mandatory rotation of Board members among committees. However, as a guideline, committee chairs should rotate at least every 4-6 years.
- E. The Chair of each committee, in consultation with the committee members, the Chair of the Board and the Chief Executive Officer, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter, and will develop the committee's agenda. At the beginning of the year, each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen), and the schedule for each committee will be furnished to all directors.

## **VII. Board Effectiveness and Evaluations; Director Education**

- A. The Board believes it is appropriate to periodically review its corporate governance policies and practices, including these Guidelines. The Corporate Governance Committee will generally assume this responsibility and report to the Board the results of its analysis and any recommendations following each such review. The Board ordinarily would expect the Committee to conduct such review every 12 to 18 months. All directors are free to make suggestions to improve the Board's practices at any time and are encouraged to do so.
- B. The Corporate Governance Committee will oversee an annual assessment of the Board's effectiveness, which assessments may consist of interviews, discussions, surveys and/or self-evaluations, and will share the results with the Board for its consideration and discussion. The Corporate Governance Committee considers the results of the annual assessment in connection with its review of director candidates to ensure the Board continues to operate effectively.

- C. Each committee will also conduct an annual assessment, and the committee chairs will present the results to the committee for its consideration and discussion.
- D. In the event it is believed that an individual director is not making meaningful contributions to the Board, the Chair of the Corporate Governance Committee will seek the views of the other Board members, the Chair of the Board and the Chief Executive Officer. Either the Chair of the Corporate Governance Committee or the Chair of the Board also will consult with the individual director prior to discussion by the Corporate Governance Committee. The Committee will discuss the views presented and, if appropriate, will make a recommendation to the full Board regarding the director in question.
- E. All newly-elected directors are required to participate in a director orientation within two months of being elected to the Board. In addition, the Company suggests that each director attend at least one continuing education course each year, related to such director's service on the Board, the expense of which shall be borne by the Company. Management and outside experts periodically make presentations to the Board on issues relevant to the businesses, corporate governance trends and other topics of interest to the directors.

#### **VIII. Director Compensation; Share Ownership**

- A. The Corporate Governance Committee, in consultation with the Compensation Committee, shall be responsible for making recommendations to the Board regarding the compensation to be paid to non-management directors. The Corporate Governance Committee should regularly review the compensation that is provided to the directors of the Company and make recommendations to the Board regarding any appropriate modifications. Such compensation should remunerate the directors fairly for their service to the Company, and generally should be competitive with that paid to directors of other public companies of similar size in the United States. It should also support the Company's goal of attracting and retaining the most qualified persons to the Board.
- B. Directors' compensation should include stock-based components to align the interest of the directors with those of the shareholders of the Company. Stock-based components of director compensation will be established in consultation with the Compensation Committee. Directors' compensation shall be subject to any applicable laws and regulations, and the Corporate Governance Committee must approve any direct or indirect compensatory arrangement that is outside the scope of customary director compensation.
- C. Directors who are current employees of the Company do not receive any additional compensation for their services as directors.
- D. Each non-employee director shall own shares of Company stock having a value of at least five times the annual Board retainer within five years of joining the Board, or as soon



thereafter as practicable. Compliance with this stock ownership guideline shall be determined in accordance with any policy adopted by the Board or applicable committee from time to time. Directors who are employees of the Company are expected to have stock ownership targets equal to or greater than the foregoing target, which targets are established by the Compensation Committee.

## **IX. CEO Evaluation and Management Succession**

- A. The Compensation Committee will lead the Board in an annual review of the Chief Executive Officer's performance, as set forth in its charter. This review will include input from, and participation by, all Board members, in order to ensure that the Board has an understanding of the criteria by which the Chief Executive Officer's performance is to be evaluated, and that the Chief Executive Officer is providing the best leadership for the Company in the long- and short-term. To ensure a candid assessment of the Chief Executive Officer's performance, the non-management directors will meet in executive session as part of this review process.
- B. The Corporate Governance Committee will make an annual report to the Board on succession planning for the Chief Executive Officer role. The entire Board will work with the Corporate Governance Committee to nominate and evaluate potential successors to the Chief Executive Officer, and the Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals. The Corporate Governance Committee also works with the Chief Executive Officer in developing and monitoring the Company's succession plan relative to other key management positions within the Company.

## **X. Conflicts of Interest**

Directors and employees of the Company should use good faith and best efforts to avoid activities, interests and associations in which their personal interests would reasonably be expected to have an adverse effect upon the interests of the Company. In the event that a conflict (or the appearance of a conflict) involving a director or executive officer does arise, or is anticipated to arise, the matter should be brought to the attention of the Corporate Governance Committee immediately for consideration. The Corporate Governance Committee will be responsible for monitoring the Company's compliance with its code(s) of business conduct, and for establishing and implementing procedures governing the disclosure and review of all potential conflicts of interest involving directors and executive officers of the Company.