Understanding Your Pay

Providing you with an overview of your pay at the Deluxe family of companies

This information provides an outline of our compensation programs and guidelines. It is not intended to be a complete explanation and it is subject to addition, change, or termination at any time. As a result, this information is neither all-inclusive nor intended as the final authority with respect to our employment and compensation policies.

This information does not create a contract of employment or of any other kind.
Understanding Your Pay

At the Deluxe family of companies (“the company”), we value your contributions. It is our goal to provide you with a competitive pay program that reflects your performance and contribution to our success. It’s also important that our pay program helps attract and retain a well-qualified and diverse workforce. We want to help you understand the way your pay is determined and to know how you can impact your overall compensation. All of this is an important part of helping us continue to be a great company and rewarding place to work.

This guide is designed to provide you with an overview of your pay.

Total Rewards

Your pay is part of the total rewards you receive, which include:

• Base pay such as salary or hourly wages;
• Incentive pay such as bonuses and incentive programs;
• Benefit programs such as health, dental, and other insurance coverage;
• Retirement programs; and
• Additional benefits such as tuition reimbursement, adoption assistance, and many others.

We strive to offer a competitive total rewards package. We understand that some benefits or programs may be more valuable to you than others based on where you are in your personal and work life. That’s why we’ve designed the total rewards package to offer a broad range of programs.

Pay Philosophy

Pay plays a large role in your relationship with the company. Therefore, the design of our pay program reflects our intent to:

• Attract and retain people with the skills, knowledge, and abilities that will enable us to achieve our company goals. We do this by maintaining a pay structure that is intended to reflect market pay levels.
• Maintain internal equity by evaluating jobs so that a position’s responsibilities are valued fairly relative to others within the Deluxe family of companies.
• Link pay to the company’s overall strategic initiatives.
• Pay for individual and company performance.
• Ensure that compensation actions are administered in a manner that complies with legal requirements.
• Provide clear information on career paths and pay-increase opportunities.
• Provide flexibility so that we can continue to remain responsive to changes in the company, our industry, and the market.
• Balance the needs of employees, customers/clients, and our shareholders.

We want to provide a level of pay that reflects your performance and level of responsibility while striving to remain competitive with the market. By comparing our pay against that of other companies, we’re able to offer a pay program that helps in attracting and retaining a motivated, innovative, and diverse workforce—which is an important part of achieving our objectives and growing the business.
**Market-Based Pay**

One of our objectives is to make sure our pay program is market-based. A market-based pay program helps provide a consistent approach to delivering pay. A formal market pricing process is used to determine pay levels for most of the jobs at the company. Our market-based pay program offers these advantages to you, your manager, and to our entire organization:

- It’s a simple structure that makes it easier for your to see how your development and performance can influence your compensation
- It reflects the range of pay for your position in the market.
- It gives managers detailed pay information to help make and communicate appropriate pay decisions.
- It is externally focused, which means it compares our pay with the pay other companies provide for jobs with similar responsibilities.

**Performance-Based Pay**

A second objective is to have a pay program that rewards you for your performance. We know that employee results help drive our business and we want to reward you for creating results. Our pay program recognizes your individual performance by rewarding you for your individual contribution.

Each year, you and your manager will review your performance. The result of this review is an overall performance rating that will be one of the considerations in determining adjustments to your pay. It’s important that you and your manager frequently discuss your performance goals and expectations. If you clearly understand your goals, you’re in a better position to improve your performance, which may result in opportunities to increase your pay.

The remainder of this guide describes base pay, incentive pay programs, and additional pay opportunities that are part of your total rewards at the Deluxe family of companies.

**Base Pay**

Your base pay is designed to reward you for your overall contributions. Here’s an overview of how your base pay is determined.

**Market-Based Compensation**

To identify pay grades for each job within the Deluxe family of companies, the responsibilities and level of expected contribution for each job are evaluated (not the employee in the job!) and then compared to the labor market to see what other companies are paying for similar jobs or jobs with similar levels of responsibility. Major job requirements are normally documented using a job description that is developed by your manager.
Market Analysis

On an annual basis, the “market value” of each job is determined by reviewing salary surveys that are developed by independent firms who specialize in compensation measurement. These surveys compare compensation for jobs at companies nationwide and regionally and break down the results by industry, revenue, and company size. We annually participate in salary surveys and review our pay practices against the survey results.

Pay Grades and Pay Ranges

All jobs within the Deluxe family of companies are assigned to a pay grade based on their market value. Each pay grade has a pay range. The midpoint in every pay range is based on the median pay data for similar positions in the labor market. Generally, jobs within the same pay grade have similar duties and levels of responsibility. Pay ranges for each pay grade are reviewed annually and may be adjusted based on market information. For instance, if the market is showing a change in the pay opportunity for all jobs—or for a certain job category—we may adjust pay ranges, as necessary, to stay competitive.

Using pay grades and pay ranges helps you understand how your pay is determined. Your pay opportunity within a pay range is tied to your contributions and performance along with your position in the pay range.

Terms To Know

Median—The median is the middle data point in a group of data points that have been arranged from low to high. For example, suppose five different companies report paying the following hourly pay rates for a given position: $5/hour, $10/hour, $11/hour, $12/hour, and $13/hour. In this example $11/hour would be the median hourly pay rate reports. Medians are used instead of averages at most companies because they give you a more accurate reflection of the market by not including unusually high or low data points.

Quartile—Each pay range is divided into quartiles that equal 25% of the total range. This helps to determine where you are in your range.

Midpoint—This is the middle of a pay range. It is normally set at the median of the market data reported for the positions assigned to that pay grade.

Minimum/Maximum—These terms refer to the lowest and highest points in a pay range. Normally, employees are not paid below the minimum (assuming acceptable performance) or over the maximum of their pay range.

Exemption Classification—All jobs are classified by Human Resources as either exempt or non-exempt, depending on whether or not they are exempt from the overtime provisions of the Fair Labor Standards Act based on job responsibilities. Non-exempt positions are paid on an hourly basis and are eligible for overtime pay if appropriate (see “Additional Pay Opportunities” section). Exempt positions are paid on a salaried basis and are not eligible for overtime pay. Please see your Human Resources representative for any questions regarding exemption classification.

What’s our Labor Market?

To collect market data for most of our jobs, we look at what other employers pay in each of our locations as well as data on regional pay differences.

Locations with significant pay differences from the national market may have pay ranges that are different from the national pay ranges.
Let’s take a look at a few sample job grades and their pay ranges so you can see how this concept works:

In this example, if your job is within pay grade Y, you will typically be paid within the pay range of $23,400 and $35,100 annually.

**Your Position in the Pay Range**

Your position in the pay range is determined based on a combination of factors like your performance, skills, education and experience.

As a new employee, you typically start between the minimum and the midpoint of your pay range. As you learn, gain more experience, and become more proficient, you may move closer to midpoint. Over time, if you continue to perform well and assume more responsibility, you may move above the midpoint.

Each pay range is divided into quartiles that equal 25% of the total range. Here’s an example of how a pay range is divided into quartiles:
Quartiles help you determine where you are in your pay range. For example, if your job is in the pay range shown above, between $23,400 and $35,100, and your current annual pay is $25,000, your pay is in the first quartile of the pay range. You have room for growth in your pay range. As your pay increases, your pay may move to a higher quartile within the range.

It’s important to note that different employees will move thorough pay ranges at different rates. You will move through your pay range based on performance, skills, experience, and trends in the market.

The amount of money budgeted for merit increases also affects how quickly managers can move employees through the pay range. Each year, we evaluate the amount of money available for merit increases across the business, and managers use this budget to determine how much money is available for merit increases.

**Performance**

Now let’s take a look at how your performance affects your pay. Based on your performance, you may increase your pay through merit increases and promotions.

**Merit Increases**

Each year, you and your manager have the opportunity to review your performance over the past year compared to your accountabilities, goals and expectations. Your annual performance review is conducted based on your date of hire or on a common focal point review date.

Based on your performance and your current pay, you may be eligible for a merit increase. We created a merit review matrix to help managers determine if you will receive a merit increase and, if so, how much of an increase. Managers use the merit review matrix to help them determine merit pay adjustments based on your performance level and where your current pay falls within the pay range for your position.

**Performance Reviews**

You should receive a performance review at least annually. Reviews are conducted at a specific time of year for most exempt employees during the Focal Point Review Process. Non-exempt employees receive performance reviews at various times during the year, depending on business unit practice.

During your performance review, you will receive a performance rating. Here are some examples for the following performance ratings:

5. Exceptional
   - Performance that is consistently exceptional in manner and produces results that are better than expected.
   - Is able to take on extra projects without defaulting in any other activity.

4. Highly Successful

3. Successful
   - Performance that fully meets and occasionally exceeds the job requirements.
   - Demonstrates an ability to learn from mistakes

2. Needs Improvement

1. Does Not Meet Expectations
   - Performance that needs improvement in one or more key areas.
   - Lacks ability and/or willingness to performance the requirements of the position.
Managers are given guidance when planning merit increases. Specifically, managers will receive information showing them:

- The job grade and pay range;
- Where your current pay falls within the pay range; and
- The recommended percentage available for merit increases within the business.

The possible range for merit increases is determined based on your performance rating and your position in the pay range as shown in the example below:

**Sample Review Matrix:**

<table>
<thead>
<tr>
<th>Performance Rating</th>
<th>Numeric Rating</th>
<th>1st Quartile</th>
<th>2nd Quartile</th>
<th>3rd Quartile</th>
<th>4th Quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional</td>
<td>4.25 - 5.00</td>
<td>5.5% - 7%</td>
<td>5% - 6.5%</td>
<td>4.5% - 6%</td>
<td>4% - 5.5%</td>
</tr>
<tr>
<td>Highly Successful</td>
<td>3.50 - 4.25</td>
<td>4% - 5.5%</td>
<td>3.5% - 5%</td>
<td>3% - 4.5%</td>
<td>2.5% - 4%</td>
</tr>
<tr>
<td>Successful</td>
<td>2.75 - 3.49</td>
<td>2.5% - 4%</td>
<td>2% - 3.5%</td>
<td>1.5% - 3%</td>
<td>1% - 2.5%</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>2.00 - 2.74</td>
<td>0% - 2.5%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Does Not Meet</td>
<td>&lt;2.00</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

This is a sample merit matrix. Matrices may change annually based on the amount of money available across the organization and current market practices.
If you are at the top of your pay range, your pay is at the highest point of what is competitive in the market for your job. Therefore, your pay generally will not increase unless you move to a job in a higher pay grade through a promotion, or until the market conditions change and the pay range for your pay grade increases. This graph shows how your performance influences pay over time.

### Level in Pay Range

As you can see, if your performance is consistently exceptional, you’ll likely receive larger increases within the pay range over the same period of time as an employee who is successful. If you are successful, you’ll receive moderate pay increases over time. And, if you do not meet expectations, generally you’ll receive no pay increases.

### Promotions

Promotional increases are given to recognize significant changes in your job duties and responsibilities. These increases are considered when you move to a position that is one or more pay grades higher than your current job. Your manager and Human Resources will determine where your pay falls in the pay range for the new position and will compare it against the promotional increase matrix to determine your increase.

### Terms to Know

**Promotion**—When an employee moves to a new position in a higher pay grade with a significant increase in duties and responsibilities.

**Lateral Transfer**—When an employee moves to a new position in the same pay grade.

**Demotion**—When an employee moves to a new position in a lower pay grade.

**Job Families**—Groupings of related positions within the company that represent a progression of responsibility. For example, a job family might be: Associate Buyer, Buyer, Senior Buyer, and Lead Buyer. Job families are documented in job family matrices that briefly summarize the responsibilities and skills associated with each level within the job family.
Sample Promotional Increase Matrix

<table>
<thead>
<tr>
<th>Position of Current Pay in New Range</th>
<th>Promotional Increase Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quartile 4</td>
<td>0%-5%</td>
</tr>
<tr>
<td>Quartile 3</td>
<td></td>
</tr>
<tr>
<td>Quartile 2</td>
<td>5%-8%</td>
</tr>
<tr>
<td>Quartile 1</td>
<td></td>
</tr>
<tr>
<td>Below Minimum</td>
<td>8+%(but normally not less than the minimum for the new pay range)</td>
</tr>
</tbody>
</table>

This is a sample promotional increase matrix. Matrices may change annually based on promotional increases and market trends. Like merit increases, promotional increases are based on your position in the current pay range. The promotional increase matrix is used as a tool to help determine what portion of the available promotional dollars you receive. Promotional increases are typically not awarded if your job is assigned to a higher pay grade due to market trends as part of the annual market analysis process.

Other Job Changes

Your pay grade may also be affected by job changes other than promotions. For example:

**Demotions:** If an employee moves to a job in a lower pay grade, his or her salary may be reduced in the new pay range for the new pay grade. Typically, pay is reduced to the top of the third quartile if the employee’s current pay rate or salary is above this level in the new pay range.

**Lateral Transfers:** If an employee moves to a new job in the same pay grade, there may not be a change in pay.

**Market Adjustments:** Periodically, market trends will require us to move jobs into different pay grades, either higher or lower. When this occurs, the responsibilities of the job have not changed, so there is generally no change to the employee’s pay, either up or down. Market adjustments are made in order to help ensure that our positions are in pay ranges that reflect competitive market pay.
Incentive Pay Programs

We offer incentive pay programs to reward high performance and to create opportunities for employees to increase their pay. The incentive pay programs are designed to:

- Help focus attention on the key measures of business performance.
- Provide a greater earning opportunity based on company, business unit, and/or individual performance; and
- Tie a portion of employees’ pay to the success of the business.

For most of our incentive pay programs, the measures used to determine incentive pay program payouts are based on established company goals. Generally, when the company’s goals are exceeded the potential payout from the incentive pay program can increase. The incentive pay programs directly reward you for helping the company meet or exceed its targets—much like an owner of a company sharing in profits.

Each of our incentive pay programs has eligibility requirements such as a length of service, hours worked during the year, etc. Your manager will communicate which incentive pay program, if any, you are eligible to participate in.

**DeluxeCASH**

DeluxeCASH is an incentive pay program offered to exempt and non-exempt employees who are not eligible for any other incentive pay program. DeluxeCASH is based on the achievement of established financial objectives and provides an annual cash bonus based on corporate measures. You can receive quarterly progress updates through the Quarterly Key Leadership Call and articles on eCONTACT.

**Sales Incentive Program**

Many employees within the Sales, Sales Support, and Sales Administration and Operations departments participate in a Sales Incentive Program. A Sales Incentive Program rewards a participant and/or team for specific results achieved using performance measures such as revenue or revenue per unit. Sales Incentive Program payouts are considered taxable income. Employees who participate in a Sales Incentive Program are not eligible for any other formal incentive pay program.

**Management Incentive Program**

Market data shows that most companies pay a portion of their managers’ compensation in incentives to recognize their direct responsibility for producing measurable company results. The Management Incentive Program accomplishes this by establishing an incentive earnings target (stated as a percentage of the employee’s base salary) that is paid if pre-established business financial goals are achieved. In the first quarter of each plan year, eligible employees receive a confirmation of their eligibility, the target incentive percentage for that year, and the measurements used to determine the bonus payment. Target payment percentages may change based on market trends and business needs. As with DeluxeCASH, this incentive is paid annually in the first quarter of the year following the performance period and is considered taxable income. Employees who participate in the Management Incentive Program are not eligible for any other formal incentive pay program.
## Additional Pay Opportunities

Additional pay can be defined as any compensation you receive outside of base pay, regular hourly wages, and incentive. The following chart provides the definition of the various types of additional pay:

<table>
<thead>
<tr>
<th>Type of Pay</th>
<th>Details</th>
</tr>
</thead>
</table>
| **Overtime (OT)**    | - In general, overtime pay is provided only to non-exempt employees once you’ve completed a standard 40-hour work week. In California and some other states, overtime is paid according to daily guidelines. Your manager will inform you if this applies to you.  
- Overtime pay is based only on hours worked or applied toward a company holiday (i.e., meals, PTO hours used, etc. are not included in the calculation).  
- Overtime is generally paid at 1 ½ times your normal hourly rate. Overtime pay is included in the same paycheck issued for the period worked. The hourly rate used in the OT calculation includes shift differential, bi-lingual differential, or on-call pay.  
- Employees are required to obtain management approval prior to working any hours other than their normal schedule. |
| **Shift Differential** | - You must be designated to receive shift differential pay. Individual employee participation is a business unit decision.  
- There is a flat monthly differential paid for exempt employees and an hourly differential paid for non-exempt employees.  
- Shift differential is paid for all hours worked on your shift, not just those that fall within the times listed. For example, if you are a manufacturing employee and are scheduled to work from 2:00 p.m. to 10:30 p.m., you will receive shift differential for eight hours. |
| **Special Situation Bonuses** | - Special Situation bonus payment amounts are determined based on the budget and business guidelines of the local facility or business unit.  
- All cash bonuses are considered taxable income.  
- You must be employed by a Deluxe-related company at the time of the payout.  
- All Special Situation Bonus payments must have appropriate approval and include a written justification from the manager. |

Additional compensation will be paid to employees who are regularly scheduled to work at least 75% of their shift during the following hours:

- 3:00 p.m. to 7:00 a.m. for manufacturing employees
- 1:00 p.m. to 7:00 a.m. for call center employees
How Your Pay Affects Benefits

Your pay drives the level of certain benefits offered to you.

- Your life insurance benefit amount is adjusted annually based on the option you select and your eligible base pay as of August of the prior year.
- Long-term disability (LTD) coverage pays a benefit based on your eligible base pay as of August of the prior year. Your benefit is determined by the level of coverage you elect at annual enrollment—50% or 66 2/3 % of your eligible pay.
- The amounts contributed to your Defined Contribution Pension Plan and Profit Sharing Plan are based on your annual eligible pay for the preceding year. The contribution amount is a percentage of your eligible pay. As your eligible pay increases, so does the potential amount of your Defined Contribution Pension Plan and Profit sharing Plan contributions.
- When you elect to defer a portion of your pay to your 401(k) account, the Company makes a contribution to your account as well (subject to plan provisions and IRS regulations). The matching contribution will be an amount equal to 100% of the first 1% of pay that you contribute each pay period, and 50% of the next 4% of pay you contribute for each pay period. The maximum company match is 3%.
- Other benefits, including PTO, Short-term Disability, Social Security, and others are also affected by your pay level.

Please see your summary plan descriptions or the employee handbook in HR Online for more detailed information on company benefits.
Our compensation programs and policies are designed to help ensure you are paid fairly and competitively. They also help us attract and retain a diverse team of employees committed to our success. You play a large role in our ability to be the best in our industry, and we appreciate your support.

If you have questions about the information contained in this booklet, please contact your manager or your local Human Resources representative.