

DELUXE CORP
Form DEF 14A
March 17, 2017

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

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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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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Deluxe Corporation
3680 Victoria Street N.
Shoreview, MN 55126-2966
P.O. Box 64235
St. Paul, MN 55164-0235
www.deluxe.com

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 2, 2017

To the Shareholders of Deluxe Corporation:

It is our pleasure to invite you to the Deluxe Corporation 2017 annual meeting of shareholders. The annual meeting will be held at Deluxe's headquarters, located at 3680 Victoria Street North, Shoreview, Minnesota, on Tuesday, May 2, 2017, at 2:00 p.m. Central Daylight Time, for the following purposes:

1. To elect ten directors to hold office until the 2018 annual meeting of shareholders.
2. To cast an advisory (non-binding) vote on the compensation of our Named Executive Officers (a "Say-on-Pay" vote).
3. To cast an advisory (non-binding) vote on the frequency with which our shareholders will consider approving the compensation for our Named Executive Officers (the "Say-When-on-Pay" vote).
4. To approve the Deluxe Corporation 2017 Annual Incentive Plan.
5. To approve the Deluxe Corporation 2017 Long-Term Incentive Plan.
6. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017.
7. To 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 6, 2017, 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," the "Company," "we," "our," or "us."

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 the Company 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.

We are mailing the Notice of Internet Availability of Proxy Materials ("Internet Notice") to shareholders of record beginning on or about March 20, 2017. 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.

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It is important that your shares be represented at the annual meeting. Whether or not 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.

BY ORDER OF THE BOARD OF DIRECTORS

J. Michael Schroeder
Corporate Secretary

March 15, 2017

Dear Fellow Shareholders:

On behalf of Deluxe Corporation's Board of Directors (Board), I welcome you to the 2017 annual meeting of shareholders. Your Board is committed to attaining the highest standards of governance and independent oversight to achieve the best results for you.

Deluxe Corporation employs sound governance practices to ensure we achieve the benefits of both strong, independent oversight and vast experience and expertise in our complex and changing business. Our governance structure and practices enable balanced Board operations, independent thought, and appropriate levels of Board involvement and oversight.

During 2016, Mary Ann O'Dwyer resigned from the Board due to health reasons, and John L. Stauch was appointed to the Board. Mr. Stauch has been Executive Vice President and Chief Financial Officer of Pentair plc since 2007, and he brings long-term financial expertise and experience with company strategy and operations to the Board.

In accordance with our Corporate Governance Guidelines, Charles A. Haggerty will not stand for re-election at this year's annual meeting, as he has reached 75 years of age. The Board would like to thank Mr. Haggerty for his years of service to Deluxe.

I am pleased to share that the Corporate Governance Committee of the Board has nominated Victoria A. Treyger to stand for election to the Board. You can read about Victoria's exceptional qualifications in Item 1 of the Proxy Statement.

As non-executive Chairman of the Board, I am focused on the important obligations that our Board owes to you, our shareholders. These responsibilities include: (among other duties) acting as a liaison between management and the Board; providing independent advice and counsel to the CEO; in concert with the CEO, developing and setting the agendas for meetings of the Board; acting as Chair at meetings of the Board; calling special meetings of the Board where appropriate; in concert with the CEO, determining the date, time and location of the annual meeting of shareholders and developing the agenda for the meeting; acting as Chair at meetings of shareholders; and ensuring that, upon completion of the ordinary business of a meeting of the Board, the Directors hold discussions without management present.

It has been my privilege to serve as Deluxe Corporation's non-executive Chairman of the Board for the past five years, and I look forward to continuing my service to the Company. Know that your Board remains focused on solid governance and performance that delivers value to you, today and long into the future.

On behalf of the Board, thank you for investing in Deluxe Corporation.

Sincerely,

Martyn R. Redgrave
Non-Executive Chairman of the Board

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DELUXE CORPORATION

3680 Victoria Street North, Shoreview, Minnesota 55126-2966

Proxy Statement
2017 ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 2, 2017

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INFORMATION CONCERNING SOLICITATION AND 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 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) and management will report on Deluxe's performance during the last fiscal year and respond to questions from shareholders.

Who is entitled to vote at the meeting?

The Board has set March 6, 2017, as the record date for the meeting. If you were a shareholder of record at the close of business on March 6, 2017, 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, 48,490,627 shares of Deluxe common stock were outstanding. Deluxe does 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 still will 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 Deluxe's transfer agent, Wells Fargo Bank, N.A., 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."

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What am I voting on, 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” “WITHHOLD” | “FOR” each director nominee | No | None | None |
| Item 2. Non-binding advisory vote to approve director compensation (“Say-on-Pay”) | We will consider the Say-on-Pay vote approved if more shares are voted “FOR” than “AGAINST” the proposal | “FOR” “AGAINST” “ABSTAIN” | “FOR” | No | None | None |
| Item 3. Non-binding advisory vote to approve frequency of advisory vote on executive compensation | The frequency option receiving the most votes will be considered the option selected by our shareholders | “ONE YEAR” “TWO YEARS” “THREE YEARS” “ABSTAIN” | “ONE YEAR” | No | None | None |
| Item 4. Approval of the 2017 Deluxe Corporation Annual Incentive Plan | Majority of votes present and entitled to vote on these items ³ | “FOR” “AGAINST” “ABSTAIN” | “FOR” | No | Against | None |
| Item 5. Approval of the 2017 Deluxe Corporation Long-Term Incentive Plan | Majority of votes present and entitled to vote on these items ³ | “FOR” “AGAINST” “ABSTAIN” | “FOR” | No | Against | None |
| Item 6. Ratification of the appointment of PricewaterhouseCoopers LLP as Deluxe’s independent registered public accounting firm for the fiscal year ending December 31, 2017 | Majority of votes present and entitled to vote on these items ³ | “FOR” “AGAINST” “ABSTAIN” | “FOR” | Yes | Not applicable | Not applicable |

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. If you do not provide voting instructions, whether your shares can be voted by your broker, trustee, bank or nominee depends on the type of matter being considered. If your broker, trustee, bank or nominee does not have discretion to vote your shares, your shares will not be voted unless you provide instructions to your broker, trustee, bank or nominee. Broker non-votes will generally have no effect in determining whether any proposals to be voted on at the meeting are approved, although if a quorum for the meeting could not be established without including broker non-votes, then the broker non-votes required to establish the minimum quorum would have the same effect as votes against Proposals 4, 5 and 6.

A plurality means that a nominee must receive more “FOR” the nominee’s election than votes “AGAINST” the nominee’s election. 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.

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³ This amount must be a 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 Notice of Internet Availability of Proxy Materials (Internet Notice) to shareholders of record on or about March 20, 2017. 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 of the important information contained in these proxy materials, and how to vote by Internet. 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

| | Step-by-step instructions | Voting deadline |
|------------------------|---|--|
| Internet | <p>Instructions can be found on the Internet Notice. The internet procedures are designed to (1) verify your identity, (2) allow you to provide voting instructions, and (3) confirm those voting instructions have been properly recorded.</p> <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. (CT) on May 1, 2017 · Internet voting is available 24 hours a day |
| Telephone | <p>The telephone procedures are designed to (1) verify your identity, (2) allow you to provide voting instructions, and (3) confirm those voting instructions have been recorded properly.</p> <ul style="list-style-type: none"> · Call 800-690-6903 (toll-free) | <ul style="list-style-type: none"> · 11:59 p.m. (CT) on May 1, 2017 · Telephone voting is available 24 hours a day |
| Mail ¹ | <p>You own your shares directly:</p> <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 <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 mailed 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"> · Directly-Held Shares: Proxy cards must be received before May 2, 2017 (date of the annual meeting) in order for the shares to be timely voted · 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 |
| In-person ² | <p>You own your shares directly:</p> <ul style="list-style-type: none"> · Complete a ballot at the meeting <p>You own your shares in street name:</p> <ul style="list-style-type: none"> · Obtain a signed proxy from your broker, banker, or other 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 2, 2017 |

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.

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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, Wells Fargo Bank, N.A., at P.O. Box 64854, St. Paul, Minnesota 55164 or by telephone at 800-468-9716 (toll-free).

You also may receive a “voting instructions” card, which looks very similar to a proxy card. Voting instructions are prepared by brokers, banks or other 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, bank or other 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 Deluxe’s Corporate Secretary;
- by submitting another properly signed proxy card at a later date to Deluxe’s Corporate Secretary;
- by submitting another proxy by telephone or the Internet at a later date; or
- by delivering a written notice of revocation to Deluxe’s 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, bank or other nominee.

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Who pays the cost of proxy preparation and solicitation?

Deluxe pays 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 have retained Georgeson Inc., a proxy solicitation firm, to assist in the solicitation of proxies for a fee of approximately \$8,000, plus associated costs and expenses.

We are soliciting proxies primarily by use of the Internet. In addition, proxies may be solicited by mail, telephone or facsimile, or personally by directors, officers and regular employees of Deluxe. These individuals receive no additional compensation for these services.

STOCK OWNERSHIP AND REPORTING

Director and Executive Officer Stock Ownership and Sale Guidelines

The Board has established stock ownership guidelines for directors and executive officers. These guidelines set ownership targets for each director and executive officer, with the expectation that the target be achieved within five years of the date the individual becomes subject to the target. The guidelines restrict a director's or executive officer's ability to sell shares received upon the exercise of options or vesting of other stock-based awards until they have achieved their ownership targets. The ownership target for non-employee directors is shares of the Company's common stock having a value of at least five times the then-current amount of the annual Board retainer. Executive officers have targets based on a multiple of their annual base salary. The ownership target for the Chief Executive Officer ("CEO") is five times his annual base salary, the target for each of the Company's Senior Vice Presidents is two and one-half times his or her annual base salary, and the target for the Company's Vice Presidents who are permanent (not interim) members of the Company's "Executive Leadership Team" (a group consisting of the current executive officers named in the Summary Compensation Table that appears later in this Proxy Statement plus four other executive officers of the Company) is one-and-one-half times his or her annual base salary. Members of the Executive Leadership Team are sometimes referred to as "executives" or "executive officers."

Security Ownership of Certain Beneficial Owners and Management

The following table shows, as of March 6, 2017 (unless otherwise noted), the number of shares of common stock beneficially owned by (1) each person or entity known by Deluxe to beneficially own more than five percent of Deluxe's outstanding common stock, (2) each executive officer named in the Summary Compensation Table that appears in the "EXECUTIVE COMPENSATION" section of this Proxy Statement (each, a "Named Executive Officer" or "NEO"), (3) each director and nominee for director, and (4) all of the current directors, director nominees and executive officers of Deluxe as a group. Except as otherwise indicated in the footnotes below, the shareholders listed in the table have sole voting and investment powers with respect to the common stock owned by them.

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| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|------------------|
| 5% Beneficial Owners | | |
| BlackRock, Inc. ¹ 55 East 52 nd Street New York, NY 10055 | 5,014,104 | 10.3 |
| The Vanguard Group, Inc. ² 100 Vanguard Blvd. Malvern, PA 19355 | 3,978,671 | 8.2 |
| FMR LLC ³ 245 Summer Street Boston, MA 02210 | | 3,598,555 7.4 |
| Named Executive Officers | | |
| Lee J. Schram ⁴ | | 684,260 1.4 |
| John D. Filby ⁵ | | 98,009 * |
| Peter J. Godich ⁶ | | 25,378 * |
| Malcolm J. McRoberts ⁷ | | 82,917 * |
| Edward A. Merritt ⁸ | | 14,100 * |
| Terry D. Peterson ⁹ | | 70,917 * |
| Directors and Nominees | | |
| Ronald C. Baldwin ¹⁰ | | 15,524 * |
| Charles A. Haggerty ¹¹ | | 42,543 * |
| Don J. McGrath ¹² | | 27,764 * |
| Cheryl E. Mayberry McKissack ¹³ | | 29,465 * |
| Neil J. Metviner ¹⁴ | | 12,333 * |
| Stephen P. Nachtsheim ¹⁵ | | 34,784 * |
| Thomas J. Reddin ¹⁶ | | 6,975 * |
| Martyn R. Redgrave ¹⁷ | | 52,183 * |
| John L. Stauch ¹⁸ | | 1,661 * |
| Victoria A. Treyger | | -0- * |
| All directors, director nominees and executive officers as a group (20 persons) ¹⁹ | | 1,192,218 2.4 |

* Less than 1 percent.

Based on a Schedule 13G/A filed with the Securities and Exchange Commission on January 12, 2017, reporting 1 beneficial ownership as of December 31, 2016. The power to vote or direct the vote of these shares generally resides within funds managed or advised by the reporting person and/or its subsidiaries.

Based on a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2017 reporting 2 beneficial ownership as of December 31, 2016. The power to vote or direct the vote of these shares generally resides within funds managed or advised by the reporting person and/or its subsidiaries.

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Based on a Schedule 13G filed with the SEC on February 14, 2017, reporting beneficial ownership as of December 31, 2016. The power to vote or direct the vote of these shares generally resides within funds managed or advised by the reporting person and/or its subsidiaries.

⁴ Includes 405,621 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, and 52,228 shares of restricted stock.

⁵ Includes 78,346 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, and 8,916 shares of restricted stock.

⁶ Includes 11,709 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, and 4,371 shares of restricted stock.

⁷ Includes 51,611 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, and 10,302 shares of restricted stock.

⁸ Includes 8,642 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, and 1,173 shares of restricted stock.

Mr. Peterson resigned as Senior Vice President and Chief Financial Officer effective September 9, 2016. His ownership interests are presented as of that date. Includes 38,486 shares receivable upon the exercise of options that were exercisable and 10,630 shares of restricted stock that were forfeited upon termination date.

Includes 2,183 shares of restricted stock and 4,424 restricted stock units received in lieu of director's fees pursuant to the Deluxe Corporation Non-Employee Director Stock and Deferral Plan (the "Director Plan"), which is a part of Deluxe's shareholder-approved 2012 Long-Term Incentive Plan.

Includes 2,183 shares of restricted stock units received in lieu of an annual restricted stock grant, 12,334 shares held by the Haggerty Family Trust, and 28,026 restricted stock units received in lieu of director's fees pursuant to the deferral option under the Director Plan (excludes annual grant).

¹² Includes 2,183 shares of restricted stock, 2,000 shares held in trust and 22,431 restricted stock units received in lieu of director's fees pursuant to the deferral option under the Director Plan.

¹³ Includes 2,183 shares of restricted stock.

¹⁴ Includes 2,183 shares of restricted stock.

Includes 2,183 shares of restricted stock units received in lieu of an annual restricted stock grant, 3,582 shares held by the Nachtsheim Family Trust, and 29,019 restricted stock units received in lieu of director's fees pursuant to the deferral option under the Director Plan (excludes annual grant).

¹⁶ Includes 2,183 shares of restricted stock units received in lieu of an annual restricted stock grant and 4,148 restricted stock units received in lieu of director's fees pursuant to the deferral option under the Director Plan (excludes annual grant).

¹⁷ Includes 2,183 shares of restricted stock, and 9,360 restricted stock units received in lieu of director's fees pursuant to the deferral option under the Director Plan.

¹⁸ Includes 1,661 shares of restricted stock.

Includes 584,986 shares receivable upon the exercise of options that are currently exercisable or will become exercisable within 60 days, 106,055 shares of restricted stock, and 103,957 restricted stock units received in lieu of annual restricted stock grants and directors' fees pursuant to the deferral option under the Director Plan.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and related regulations, require Deluxe’s directors and executive officers, and any persons holding more than ten percent of Deluxe’s common stock (collectively, “Reporting Persons”), to report their initial ownership of Deluxe securities and any subsequent changes in that ownership to the SEC. Based on our review of the reports filed and written representations submitted by the Reporting Persons, we believe that all Reporting Persons timely filed all required Section 16(a) reports for the most recent fiscal year.

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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. Mr. Haggerty is not standing for re-election at the meeting as our guidelines provide that non-employee directors should not be nominated for re-election to the Board after turning age 75. Ms. Treyger, who is not currently a director, has been nominated to join the Board.

The Board has determined that the size of the Board will 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 2018 annual meeting of shareholders. All of the nominees are current directors, except Ms. Treyger. In addition, with the exception of Mr. Schram, who serves as Deluxe's 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 on the proxy.

Mr. Stauch and Ms. Treyger are standing for election by shareholders for the first time at the meeting. Mr. Stauch was identified as a potential candidate by one of our non-employee directors in the course of a search process conducted by a third-party search firm retained by the Corporate Governance Committee, and joined the Board in July 2016. Ms. Treyger was identified as a potential candidate by the same third-party search firm. In each case, the search firm worked with the Board to conduct a skills and experience assessment to determine attributes for potential candidates, identified multiple potential candidates and facilitated the Board's review and consideration of these potential candidates, leading to the identification of the respective nominees as candidates for the Board.

Pursuant to our Corporate Governance Guidelines (discussed in the "Corporate Governance Principles" section below), 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 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 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.

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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 SEC within four (4) business days after the Board’s determination.

Ronald C.
Baldwin

Occupation

Vice Chairman (Retired), Huntington Bancshares Inc.

Age 70
Director since
2007
Independent:

Background

- Vice Chairman of Huntington Bancshares Inc., a regional bank holding company (2001 – 2006)
 - o 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.

Qualifications

- 35 years in the banking and financial services industry.
- Provides unique insight into challenges faced by financial institutions, especially within the community bank sector, where Deluxe believes it has the opportunity to expand the business services and solutions offered to these financial institutions.
- Adept in offering counsel on matters related to corporate finance and capital structure, all of which serve the needs of Deluxe as it seeks to maintain financial discipline while pursuing growth opportunities.

Active Committees: Compensation; Finance (Chair)

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Cheryl E. Occupation
 Mayberry
 McKissack Chief Executive Officer of Nia Enterprises, LLC

Age 61 Background

Director since 2000

Independent:

- CEO of Nia Enterprises, LLC since 2000.
 - o Nia Enterprises, LLC, is a Chicago-based marketing, entrepreneurial business and digital consulting firm.
- CEO of Ebony Media Operations LLC (May 2016-March 2017), the largest African-American owned print and media company in the US, serving the African-American Marketplace for 71 years.
- COO of Johnson Publishing Company and President of its affiliate, JPC Digital (2013 – 2016).
- Provided project support to JPC for several years under a consulting relationship between Nia Enterprises and JPC prior to her appointment as COO and President of JPC Digital. Projects included several digital and business transformational projects, including the launch of the flagship website, Ebony.com
- 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).

Qualifications

- Currently serves as a director of Private Bancorp Inc., and was named as an Associate Adjunct Professor of Entrepreneurship at the Kellogg School of Business, Northwestern University, where she lectured for ten years (2005-2015).
- As a successful entrepreneur and digital technology executive, Ms. Mayberry McKissack brings a unique perspective to the Board as the Company pursues its growth strategies within the Small Business Services segment.
- Given that a key component of Deluxe's strategy for growing its Small Business segment involves Internet-based marketing and new media solutions, Ms. Mayberry McKissack's experience in these areas is a valuable complement to the skills and experience she brings to the Board as a small business owner and executive of several technology and new business ventures.

Active Committees: Compensation; Finance

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|------------------------|---|
| Don J. McGrath | Occupation |
| | Managing Partner, Diamond Bear Partners, LLC |
| Age 68 | |
| Director since 2007 | Background |
| Independent: | <ul style="list-style-type: none"> · Co-Founded Diamond Bears Partners, LLC, an investment company, in 2009. · Chairman and CEO (2005 – 2009) and President and COO (1998 – 2004) of BancWest Corporation, a \$70 billion bank holding company serving nearly four million households and businesses. · 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. |
| | Qualifications |
| | <ul style="list-style-type: none"> · 40 years’ experience in the banking and financial services industry, particularly in the large bank sector, enabling him to provide Deluxe 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 Deluxe continues to execute its transformational growth strategies. |
| | Active Committees: Compensation; Finance |
| Neil J. Metviner | Occupation |
| | Chief Marketing Officer, Output Services Group, Inc. |
| Age 58 | |
| Director since 2007 | Background |
| Independent: | <ul style="list-style-type: none"> · Chief Marketing Officer of Output Services Group, Inc. (“OSG”) since 2011. o OSG provides invoice and statement printing and presentment services, emphasizing their use as marketing tools. o Mr. Metviner is responsible for all marketing activities, organic growth initiatives and major account management. · 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). |
| | Qualifications |
| | <ul style="list-style-type: none"> · 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. |

This knowledge is particularly relevant to Deluxe's strategic growth initiatives within its Small Business Services segment, where we expect to derive a significant portion of Deluxe's growth in coming years.

- Over 20 years' experience in senior leadership positions responsible for new product development, management and marketing, all of these areas are key components of Deluxe's enterprise-wide growth strategies.

Active Committees: Audit; Corporate Governance

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| Stephen P. Nachtsheim | Occupation |
| | <hr/> Managing Director, Geysler Ventures, LLC; Vice President (Retired), Intel Corporation <hr/> |
| Age 72 | |
| Director since 1995; Immediate Past Non-Executive Chairman of the Board Independent: | Background |
| | <hr/> <ul style="list-style-type: none"> · Co-Founded Geysler Ventures, LLC, an investment and real estate company, in 2012. · Served as Corporate Vice President of Intel Corporation, a designer and manufacturer of integrated circuits, microprocessors and other electronic components, and the co-director of Intel Capital (1998 – 2001). |
| | Qualifications |
| | <hr/> <ul style="list-style-type: none"> · Served as Non-Executive Chairman of the Board of Deluxe (2005 – 2012). · Served as the Board’s Lead Independent Director, a role he had assumed in December 2003, until becoming Chairman in 2005. · Experience in the information technology area and in overseeing investments in product development initiatives is well-suited to Deluxe’s own transformational initiatives, many of which rely on the support of information technology. · As the longest tenured member of the Deluxe 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 Deluxe shareholders. |
| | Active Committees: Audit; Corporate Governance (Chair) |

| | |
|-------------------------------------|--|
| Thomas J. Reddin | Occupation |
| | <hr/> Managing Partner, Red Dog Ventures, LLC <hr/> |
| Age 56 | |
| Director since 2014 Independent: | Background |
| | <hr/> <ul style="list-style-type: none"> · 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-team NASCAR team. · Worked at LendingTree.com, an on-line lending exchange, including serving as Chief Marketing Officer (1999 – 2000); President and Chief Operating Officer (2000 – 2005); and Chief Executive Officer (2005 – 2007). |
| | Qualifications |
| | <hr/> |

- 17 years' 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 Deluxe's growth strategy.
- Mr. Reddin's extensive leadership experience, including serving on multiple public company boards, audit and compensation 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., and Asbury Automotive Group, Inc., and has previously served on the boards of Premier Farnell PLC, Valassis Communications Inc. and R.H. Donnelley Corporation.

Active Committees: Finance; Compensation (Chair)

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Martyn R. Redgrave

Occupation

Non-Executive Chairman of Deluxe and CEO of Agate Creek Partners, LLC

Age 64

Director since 2001;
Non-Executive Chairman
since 2012

Background

Independent:

- Managing Partner and CEO of Agate Creek Partners, LLC, a professional governance and consulting services company co-founded by Mr. Redgrave in July 2014.
- Executive Vice President and Chief Administration Officer (2005 – 2012); Chief Financial Officer (2006 – 2007); and as 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 apparel specialty retailers.

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 the Deluxe Board.
- Throughout his career, Mr. Redgrave has had direct involvement with matters similar to those encountered by Deluxe, 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 M&A financial analysis, a continuing area of importance for Deluxe.
- Currently serves on the boards of directors of Popeyes Louisiana Kitchen, Inc., and Francesca's Holdings Corporation, and is chair of the audit committees of both companies.

Active Committees: Compensation; Corporate Governance

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|--|--|
| Lee J. Schram | Occupation |
| | Chief Executive Officer of Deluxe |
| Age 55 Director since 2006 Independent: No | Background |
| | <ul style="list-style-type: none"> · CEO of Deluxe Corporation since 2006. · Began his career at NCR Corporation (“NCR”) in 1983 where he held a variety of positions of increasing responsibility that included both domestic and international assignments; was Chief Financial Officer for Retail and Financial Group (2000 – 2002); Vice President and General Manager of Payment and Imaging Solutions in NCR’s Financial Services Division (2002 – 2003); and Senior Vice President of NCR’s Retail Solutions Division (2003 – 2006), where he was responsible for NCR’s global retail store automation and point-of-sale solutions business, including development, engineering, marketing, sales, and support functions. |
| | Qualifications |
| | <ul style="list-style-type: none"> · Sole member of the Company’s management represented on the Board. · Leads the development and execution of the Company’s strategies. Both his experience at Deluxe and previous business experience provide him with significant expertise in operational, financial, strategic and management issues facing public companies and a deep understanding of motivating employees to ensure effective execution. Mr. Schram also has extensive experience with mergers and acquisitions. · Has served as a member of the board of directors of G&K Services, Inc., since November 2014. |
| | Active Committees: None |
| John L. Stauch | Occupation |
| | Executive Vice President & Chief Financial Officer, Pentair plc |
| Age 52 Director since 2016 Independent: | Background |
| | <ul style="list-style-type: none"> · Executive Vice President and Chief Financial Officer of Pentair plc since 2007. · 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 |
| | <ul style="list-style-type: none"> · As Executive Vice President and Chief Financial Officer of Pentair plc since 2007, and a long-term financial executive, Mr. Stauch is a financial expert and has extensive direct experience with many aspects of public company strategy and operations. |

Active Committees: Audit; Finance

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Victoria A. Occupation
Treyger

Chief Revenue Officer of Kabbage Inc.

Age 47

New Director Background
Candidate

Independent:

- Chief Revenue Officer 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. Ms. Treyger served as Chief Marketing Officer from 2012-2015, and was promoted to Chief Revenue Officer in 2015 where she now oversees sales and marketing.
- 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 or board member of several high-growth companies, including ZocDoc and Visual.ly.

Active Committees: None

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BOARD STRUCTURE AND GOVERNANCE

Board Oversight and Director Independence

Our business, property and affairs are managed under the general direction of our Board of Directors. 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, and preferably a substantial majority, be individuals who meet strict standards of independence, meaning that they have no relationship with Deluxe, directly or indirectly, that could impair their ability to make objective and informed judgments regarding all matters of significance to Deluxe and its shareholders. The listing standards of the New York Stock Exchange (“NYSE”) require that a majority of our directors be independent, and that our Corporate Governance, Audit and Compensation 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 Deluxe 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, including restrictions on the nature and extent of any affiliations that directors and their immediate family members may have with Deluxe, its independent registered public accounting firm, or any commercial or not-for-profit entity with which Deluxe has a relationship, and which also require consideration of any relationship that may impair independence. Consistent with SEC regulations 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 Deluxe, 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 Deluxe – Investor Relations – Corporate Governance – Director Independence Standards.”

Following its assessment, the Board has determined that every director and nominee, with the exception of Mr. Schram, satisfies our Director Independence Standards. The Board also has determined that every member of its Corporate Governance, Audit and Compensation Committees is independent.

In January 2016, the Board considered the fact that Mr. Metviner is the Chief Marketing Officer of Output Services Group, Inc. (“OSG”), which has two distinct business relationships with us: (1) during 2015, OSG acquired a company that purchases products and services from us in the ordinary course of business and (2) during 2015 we acquired a company that sells products and services to OSG in the ordinary course of business. The aggregate amount OSG paid to us for these purchases in 2016 was less than 0.1% of our gross revenues for 2016 and less than 2% of OSG’s gross revenues for 2016. 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.

In February 2017, when determining whether to nominate Ms. Treyger as a candidate for Director, the Board considered the fact that she is the Chief Revenue Officer of Kabbage Inc. (“Kabbage”), which has a small business relationship with us. Kabbage pays us a fee for referring small business loan customers to it. During 2016, the aggregate fees Kabbage paid to us were less than \$37,000, which is less than 0.1% of our gross revenues for 2016 and less than 2% of Kabbage’s gross revenues for 2016. Based on the customary nature of these transactions, the fact that Ms. Treyger has no material interest in the transactions, and the limited amount involved in these transactions, our Board concluded that this relationship does not impair Ms. Treyger’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. The complete text of the Guidelines is posted on our website at www.deluxe.com under “About Deluxe – Investor Relations – Corporate Governance – Corporate Governance Guidelines.” A copy of the Guidelines is available in print free of charge to any shareholder who submits a request to: Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126.

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Board Effectiveness and Evaluations

Our Board and each Board committee conduct annual self-evaluations of their performance and processes, which are overseen by the Board's Corporate Governance Committee. These evaluations are designed to ensure that the Board and 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 third-party evaluation was last conducted in 2014. The Board plans to undergo another third-party evaluation during 2017.

Code of Ethics and Business Conduct

All of our directors and employees, including our CEO, Chief Financial Officer and other executive officers, are required to comply with our Code of Ethics and Business Conduct ("Code of Ethics") to help ensure that our business is conducted in accordance with appropriate 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 also 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 bring any violations or suspected violations of the Code of Ethics to Deluxe's attention through management or our Law Department, or by using our confidential ethics and compliance hotline. The full text of our Code of Ethics is posted on our Investor Relations website at "About Deluxe – Investor Relations – Corporate Governance." The Code of Ethics is available in print free of charge to any shareholder who submits a request to: Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126.

Political Contributions Policy

One of the policies supporting our Code of Ethics and Business Conduct addresses political contributions. It is not our practice to make political contributions. We permit political contributions only upon written approval by our Executive Leadership Team in their capacity as the corporate Compliance Committee under our ethics and compliance program. The Compliance Committee has not approved any such contributions. We are a member of 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 and 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 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 state law or warranted by the significance of the issue, the matter will be referred to the full Board for resolution.

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Board Composition and Qualifications

Our Corporate Governance Committee also oversees the process for identifying, evaluating and recommending the nomination of candidates for the Board of Directors. 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, experiences and knowledge that complement the attributes of other Board members and enable them to contribute effectively to the evaluation of our business strategies and to the Board's oversight role. Deluxe also believes that a predominance of Board members should have a background in business, including experience in markets served by the Company or in which it is developing product and service offerings, and recognizes 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 experiences represented by the nominees (as addressed more fully in the section of this Proxy Statement entitled "ITEM 1: ELECTION OF DIRECTORS"), as well as its ongoing evaluation and continuous improvement processes (discussed above under heading "Board Effectiveness and Evaluations"), enables the Board to perform its responsibilities effectively.

The Board of Directors 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 Deluxe and its 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. 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 Deluxe must offer to resign. 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.

Other selection criteria used to evaluate potential candidates may include: successful senior level business management experience or experience that fulfills a specific Company need; prior experience and proven accomplishment as a director of a public company, which may include experience and accomplishment as a member of specific board committees; availability and commitment to attend Board and committee meetings; a reputation for honesty and integrity; interest in serving the needs of shareholders, employees and communities in which we operate; and compatibility with existing directors.

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 under the same criteria and using the 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 such 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.

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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 CEO or Corporate Secretary no later than 120 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. 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 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 candidate had been nominated 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 2018 annual meeting of shareholders must furnish the required notice no later than January 2, 2018.

When a vacancy or a new position on the Board needs to be filled, the CEO, in consultation with the Chair of the Corporate Governance Committee, drafts a profile of the candidate he or she believes would provide the most meaningful contributions 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. The Committee has engaged third-party search firms to assist it in identifying suitable candidates for open director positions. The firms selected, as well as the specific terms of the engagement, are based on the specific search criteria established by the Committee. 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 Committee selects the candidates that it wishes to interview. The Chair of the Board, the 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 his or her qualifications, experience and knowledge complement those of the 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 and Committees of the Board of Directors

There were seven meetings of the Board of Directors in 2016, of which two were special meetings and the other five were regular meetings. 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. Nine of the ten of our then-current directors attended our annual shareholder meeting in person in 2016; the other participated by telephone.

The Board of Directors currently has four standing committees:

- Audit Committee;
- Compensation Committee;
- Corporate Governance Committee; and
- Finance Committee.

Each of the Board committees has a written charter, approved by the Board, establishing the authority and responsibilities of the committee. Each committee's charter is posted on our Investor Relations website at "About Deluxe – Investor Relations – Corporate Governance." A copy of each charter is available in print free of charge to any shareholder who submits a request to: Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126-2966.

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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.

Audit Committee

Principal Responsibilities

- Appoints and replaces 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 Deluxe’s 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 Deluxe’s 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, Deluxe’s risk assessment and risk management practices.
- Receives, reviews, and oversees management responses to certain regulatory and other compliance audits.

Number of meetings in 2016:
8

Directors who serve on the committee:

Charles A. Haggerty, Chair (outgoing)
Neil J. Metviner
Stephen P. Nachtsheim
John L. Stauch

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Compensation Committee

Principal Responsibilities

- 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 CEO's compensation, leads an annual evaluation of the CEO's performance in light of those goals and objectives, and recommends to the Board the 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 risk related to the design of the Company's compensation programs.
 - Retains and, in accordance with SEC requirements, determines the independence of consultants that assist in its activities.
- Number of meetings in 2016: 5
- Directors who serve on the committee:
- Thomas J. Reddin,
Chair
Ronald C. Baldwin
Cheryl E. Mayberry
McKissack
Don J. McGrath
Martyn R. Redgrave

Corporate Governance Committee

Principal Responsibilities

- Reviews and recommends the size and composition of the Board, including the mix of management and independent directors.
 - 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.
- Number of meetings in 2016: 4
- Directors who serve on the committee:
- Stephen P.
Nachtsheim, Chair
Charles A. Haggerty
(outgoing)
Neil J. Metviner
Martyn R. Redgrave

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Finance Committee

Principal Responsibilities

- Evaluates acquisitions, divestitures and capital projects in excess of \$10 million, and reviews other material financial transactions outside the scope of normal on-going business activity.
- Reviews and approves the Company’s annual financing plans, as well as credit facilities maintained by the Company.
- 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 Company-issued securities.

Number of meetings in 2016: 4

Directors who serve on the committee:

Ronald C. Baldwin,
Chair
Cheryl E. Mayberry
McKissack
Don J. McGrath
Thomas J. Reddin
John L. Stauch

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 their concerns in writing to the Non-Executive Chairman of the Board or the designated group or individual in the care of the Corporate Secretary, Deluxe Corporation, 3680 Victoria Street North, Shoreview, Minnesota 55126-2966.

Board Leadership Structure; Non-Executive Chairman; Executive Sessions

As stated in our Corporate Governance Guidelines, the Board does not maintain a strict policy regarding separation of the offices of Chairman and CEO, believing that this issue should be addressed as part of the Board’s succession planning processes. The Board has, however, maintained a separation of the Chairman and CEO roles since November of 2005, when the Company was engaged in a search for a CEO to lead the Company’s transformation. The Board has found this structure to be effective, both in allowing the CEO to focus on execution of the Company’s strategy and assisting the CEO in managing the work of the Board. Martyn R. Redgrave has served as Non-Executive Chairman of the Board since August 1, 2012. Mr. Redgrave's duties include moderating meetings and executive sessions of the independent directors and acting as the principal liaison between the independent directors and the CEO with respect to Board governance issues.

Our independent directors make it a practice to meet in executive session without management present at each regular Board meeting. Likewise, all Board committees regularly meet in executive session without management.

Board Role in Risk Oversight

The Board takes an active role in risk oversight related to the Company, both as a full Board and through its committees. The Board regularly meets in executive session, among other things, to assess the quality of its meetings and to provide its observations to the CEO regarding the Company’s business challenges and risk mitigation strategies.

In addition, the Company conducts an annual enterprise-wide risk assessment. A formal report is delivered to the Audit Committee, the chair of which provides a synopsis to the full Board, typically in December. Updates are provided at regularly scheduled meetings 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, Board and Company management; (3) determining whether there are risks that require additional or

higher-priority mitigation efforts; (4) facilitating discussion of the risk factors to be included in the Company's SEC reports; and (5) guiding the development of the Company's internal audit plans.

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In 2016, 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, as well as senior-level representatives from the Small Business Services and Financial Services business segments. Members of the Assurance and Risk Advisory Services department interviewed key department and functional leaders in the Company to identify and evaluate potential risks and associated mitigating factors and strategies. Any identified risks were prioritized based on the potential exposure to the 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 other members of Company management. 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 to, and facilitated a discussion with, the full 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 also has determined that at least two members of the Audit Committee, Charles A. Haggerty, the current Audit Committee Chair, and John L. Stauch, 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 Deluxe's ethics and compliance hotline.

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 Deluxe Corporation's Investor Relations website under "About Deluxe – Investor Relations – Corporate Governance," together with applicable laws, rules, regulations and NYSE listing standards.

The Compensation Committee is authorized to review and approve corporate goals and objectives related to the CEO's compensation, lead the Board's evaluation of the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's compensation based on the evaluation. The Committee is expected to engage the entire Board in its evaluation of the CEO's performance and in setting an appropriate level of compensation.

The Committee also reviews and approves base salary and incentive compensation levels, stock ownership targets, employment-related agreements and any unique benefit plans or programs for the members of the Executive Leadership Team. As part of this responsibility, the Committee evaluates and makes recommendations to the Board regarding the Company's compensation philosophy and structure, the design of incentive compensation plans in which executive officers participate, and all equity plans. It establishes incentive compensation goals and performance measurements for executive officers and determines the levels of achievement of each executive officer relative to the goals and measurements. Subject to limits imposed by the plans, applicable law and the Board, the Committee also oversees administration of equity-based plans, deferred compensation plans, benefit plans, retirement and Employee Retirement Income Security Act ("ERISA") excess plans, and is also responsible for determining the formula used to calculate contributions to the Company's current 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.

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Although matters of director compensation ultimately are the responsibility of the full Board, the Compensation Committee works in conjunction with the Board’s 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 the Company’s 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. (“Cook & Co”) as its independent consultant commencing January 1, 2017. The Committee has the sole authority to retain, terminate and approve the fees of a compensation consultant for the purpose of assisting in the evaluation of director, CEO and other executive compensation. Prior to retaining Cook & Co, the Committee assessed its relationship with the prospective consultant and determined that no conflicts of interest existed and that Cook & Co was independent of the Company. Among other factors supporting Cook & Co’s independence, no fees were paid to Cook & Co in 2016.

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 Deluxe. 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 Deluxe Board of Directors. 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 the Compensation Committee.

Non-Employee Director Compensation

Directors who are also employees of Deluxe do not receive compensation for their service on the Board in addition to their compensation as employees. For 2016, non-employee directors each received a \$70,000 annual Board retainer, payable quarterly, and the Non-Executive Chairman received an additional \$100,000 annual retainer, also payable quarterly.

Non-employee directors are also compensated for their service on Board committees. Committee members are paid for their services on a retainer basis, with the retainer for each committee being based on the anticipated meeting frequency and overall responsibilities of the committee. For 2016, the committee retainer structure was as follows:

| | Audit Committee | Compensation Committee | Corporate Governance Committee | Finance Committee |
|-----------------------|--------------------|---------------------------|--------------------------------------|----------------------|
| | (\$) | (\$) | (\$) | (\$) |
| Chair Retainer | 28,000 | 20,000 | 15,000 | 15,000 |
| Other Member Retainer | 13,000 | 9,000 | 7,000 | 7,000 |

Non-employee directors also received \$1,500 for each approved Company site visit and director education program attended, up to a maximum of five per year. Directors also 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.

Deluxe maintains a Non-Employee Director Stock and Deferral Plan (the “Director Plan”), which is part of Deluxe’s shareholder-approved 2012 Long-Term Incentive Plan (the “LTIP”). The purpose of the Director Plan is to provide an opportunity for non-employee directors to increase their ownership of Deluxe’s common stock and thereby align their interests in the long-term success of Deluxe with those of other shareholders. Under the Director Plan, each

non-employee director may elect to receive, in lieu of cash retainers, shares of Deluxe common stock having an equal value, based on the closing price of Deluxe's 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. These restricted stock units are converted into 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 election (for example, upon termination of service as a director). Each restricted stock unit entitles the holder to receive dividend equivalent payments equal to the dividend payment on one share of common stock. Restricted stock units issued pursuant to the Director Plan also convert into shares of common stock and become immediately issuable in connection with certain defined changes of control of Deluxe. All shares of common stock issued pursuant to the Director Plan are issued under the LTIP.

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Under the terms of the Director Plan, non-employee directors also are eligible to receive other equity-based awards to further align their interests with shareholders and assist them in achieving and maintaining their established share ownership targets, and have been provided the opportunity to defer any equity grant awarded to them under terms similar to those described above for deferral of cash retainers and fees. Any stock options granted to non-employee directors must have an exercise price equal to the fair market value of Deluxe's common stock on the date of grant, and no more than 5,000 options may be granted to a non-employee director in any one year. Non-employee directors did not receive any option grants in 2016, but each non-employee director re-elected to the Board at last year's annual meeting received a grant of restricted stock on May 4, 2016, with a grant date fair value of \$135,019, which shares vest on May 4, 2017. Each share of restricted stock entitles the holder to the rights of a shareholder, including the right to vote the shares of restricted stock and receive dividend equivalent payments, provided that non-cash dividend payments are held by Deluxe until the restricted stock vests, at which point they are paid to the holder. Equity grants to directors are recommended by the Compensation Committee, in consultation with the Corporate Governance Committee, and are ratified by the full Board.

Mr. Nachtsheim, the only non-employee director who was elected to the Board prior to October 1997, is also eligible for certain retirement payments under the terms of a Board retirement plan that has since been replaced by the Director Plan. Under this predecessor plan, he is entitled to receive an annual payment equal to the annual Board retainer in effect on July 1, 1997 (\$30,000 per year) for the number of years during which he served on the Board prior to October 31, 1997. No further benefits are accruing under this plan. In calculating a director's eligibility for benefits under this plan, partial years of service are rounded up to the nearest whole number. Retirement payments do not extend beyond the lifetime of the retiree and are contingent upon the retiree's remaining available for consultation with management and refraining from engaging in any activity in competition with Deluxe. Mr. Nachtsheim is eligible to receive payments of \$30,000 for two years following his retirement from the Board under this predecessor plan.

The following table summarizes the compensation earned by each non-employee director in 2016.

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DIRECTOR COMPENSATION - 2016

| Name | Fees Earned or Paid in Cash ¹ (\$) | Stock Awards ² (\$) | Total (\$) |
|-------------------------------|--|-----------------------------------|---------------|
| Ronald C. Baldwin | 95,500 | 135,019 | 230,519 |
| Charles A. Haggerty | 100,000 | 135,019 | 235,019 |
| Cheryl E. Mayberry McKissack | 86,000 | 135,019 | 221,019 |
| Don J. McGrath | 94,250 | 135,019 | 229,269 |
| Neil J. Metviner | 93,000 | 135,019 | 228,019 |
| Stephen P. Nachtsheim | 97,000 | 135,019 | 232,019 |
| Mary Ann O'Dwyer ³ | 78,750 | 135,019 | 213,769 |
| Thomas J. Reddin | 91,750 | 135,019 | 226,769 |
| Martyn R. Redgrave | 187,500 | 135,019 | 322,519 |
| John L. Stauch | 45,000 | 110,623 | 155,623 |

¹ Under the Director Plan, directors may elect to receive their fees in the form of stock, including the right to defer such stock into restricted stock units. Any stock or stock units issued under the Director Plan are equal in value to the cash fees foregone by the director. As a result, amounts reflected are the total fees earned by the directors, including amounts elected to be received in the form of stock or restricted stock units.

² Amounts in this column reflect the aggregate grant date fair value of stock awards granted during the fiscal ended December 31, 2016 computed in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. All directors received 2,183 shares of restricted stock or restricted stock units upon their re-election to the Board on May 4, 2016, other than Mr. Stauch who was appointed to the Board on July 7, 2016 and received 1,661 shares of restricted stock on July 7, 2016. These shares will vest one year from the date of grant. As of December 31, 2016 the aggregate number of shares of unvested restricted stock or restricted stock units for each director was 2,183, with the exception of Mr. Stauch who had a total of 1,661. The aggregate number of restricted stock units held by each director was as follows (2016 annual grant excluded): Mr. Baldwin, 4,424; Mr. Haggerty, 28,026; Mr. McGrath, 22,431; Mr. Nachtsheim, 29,019; Mr. Reddin, 4,148; Mr. Redgrave, 9,360.

³Ms. O'Dwyer resigned from the Board effective July 5, 2016.

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EXECUTIVE COMPENSATION

ITEM 2: ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS (REFERRED TO AS “SAY-ON-PAY”)

We believe that it is appropriate to seek the approval of shareholders on the design and effectiveness of the compensation program for the Company’s Named Executive Officers, and therefore are providing shareholders with the opportunity to cast an advisory (non-binding) vote, pursuant to Section 14A of the Exchange Act, as described below.

The Compensation Discussion and Analysis appearing below describes in greater detail the Company’s executive compensation program and decisions made by the Compensation Committee in 2016.

The Company believes the compensation program for the Named Executive Officers is instrumental in helping the Company achieve its strong financial performance and executing against its strategy, and requests the vote of shareholders on the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of Deluxe’s Named Executive Officers, as described in the Compensation Discussion and Analysis section, the compensation tables and the narrative disclosures that accompany the compensation tables set forth in this Proxy Statement.

As an advisory vote, the vote on Item 2 is not binding upon the Company. However, the Compensation Committee, which is responsible for designing and administering the Company’s executive compensation program, values the opinions expressed by shareholders and will consider the outcome of this vote when making future compensation decisions for Named Executive Officers.

The Board of Directors recommends that you vote FOR the compensation of the Company’s Named Executive Officers.

ITEM 3: ADVISORY VOTE TO APPROVE FREQUENCY OF SAY ON PAY VOTE BY SHAREHOLDERS (“SAY-WHEN-ON-PAY”)

Our shareholders are entitled to indicate how frequently we should seek an advisory vote on the compensation of our Named Executive Officers, as disclosed pursuant to the SEC’s compensation disclosure rules, such as Item 2 of this Proxy Statement. By voting on this Item 3, shareholders may indicate whether they would prefer an advisory vote on Named Executive Officer compensation once every one, two, or three years.

After careful consideration of this proposal, our Board, upon recommendation of our Compensation Committee, has determined that an advisory vote on executive compensation that occurs every year is the most appropriate alternative for our Company, and therefore our Board of Directors recommends that you vote for “One Year” as the interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board of Directors considered that an annual advisory vote on executive compensation will allow our shareholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year.

You may cast your vote on your preferred voting frequency by choosing the option of one year, two years or three years or you may abstain from voting.

The Say-When-on-Pay vote is advisory, and therefore not binding on our Company, our Compensation Committee or our Board of Directors. The option of one year, two years or three years that receives the highest number of votes cast by shareholders will be the frequency for the advisory vote on executive compensation that has been selected by shareholders on an advisory basis. Based on the voting results, our Board will determine the frequency of Say-on-Pay votes for the next six years.

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The Board of Directors, upon recommendation of our Compensation Committee, recommends shareholders vote for the option of ONE YEAR as the frequency with which shareholders are provided an advisory vote on compensation of our Named Executive Officers.

Compensation Discussion and Analysis

Introduction

The Compensation Discussion and Analysis (“CD&A”) describes the principles of our executive compensation program, how we applied those principles in compensating our executive officers for 2016, and how we use our compensation programs to drive executive performance. The following discussion should be read in conjunction with the various tables and accompanying narrative disclosure appearing in this Proxy Statement. Those tables and narrative disclosure provide more detailed information regarding the compensation and benefits awarded to, earned by, or paid to our CEO and the other Named Executive Officers, as well as the plans in which those officers are eligible to participate. At last year’s annual meeting, our shareholders provided an advisory “say-on-pay” vote indicating their overwhelming support (over 95%) of the Company’s compensation program for our Named Executive Officers. Our shareholders previously have supported the Board’s recommendation that such say-on-pay votes be held annually. As a result, Item 2 presented in this Proxy Statement again seeks our shareholders’ input on Deluxe’s executive compensation program. This Compensation Discussion and Analysis, the compensation tables and the narrative disclosures that accompany the tables provide information that will assist our shareholders in deciding how to vote on Item 2.

Executive Summary

In evaluating the Company’s executive compensation practices for 2016, the Compensation Committee considered a number of factors, including the practices of a peer group of companies, general compensation trends, the compensation structure most appropriate in supporting the Company’s strategic initiatives and driving shareholder value, and the views of our shareholders. Based on all of these factors, including the overwhelming shareholder support for our executive compensation program as demonstrated by the results of the “Say-on Pay” votes conducted at the Company’s in 2014, 2015 and 2016 annual meetings, the Compensation Committee continued to apply the same effective principles and philosophy it had used in previous years in determining executive compensation. The goals of our executive compensation program are to attract and retain high-quality leadership talent, to reward our leaders for creating long-term value for our shareholders, and to support the ongoing transformation of our business. Our program is also designed to align the executives’ long-term interests with those of our shareholders and motivate them to remain with the Company for long and productive careers. We believe our program combines a competitive mix of cash and equity, and short-term and long-term compensation, as well as a significant component of performance-based compensation, to appropriately incent our executive officers to achieve a balance between meeting annual goals and achieving long-term growth.

A significant portion of each executive officer’s total compensation is linked to financial and other performance criteria, which is intended to deliver sustainable business results and drive shareholder value. While risk-taking is a necessary component in any successful business model, we employ a number of features in our compensation program that are designed to prevent inappropriate or short-sighted risk-taking, including Compensation Committee oversight of an annual evaluation of risk associated with our compensation programs. We believe the combination of compensation elements in our program provides the NEOs and our other executive officers with the appropriate incentives to create long-term value for shareholders while continuing to deliver strong performance year after year. We are focused on continuing to provide favorable returns for our shareholders while we pursue our transformative growth strategies.

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Throughout 2016, we maintained our financial discipline and strategic focus, which led us to not only deliver revenue growth for the seventh consecutive year, but also higher operating income and operating cash flow while investing in many areas to improve our opportunities for long-term growth. We did so, moreover, in what continues to be a challenging business environment. Details of our performance in 2016 are contained in our Annual Report to Shareholders. Some highlights of that performance, and the value being created for our shareholders, include the following:

- Our consolidated revenue increased 4.3%, including Small Business Services segment revenue growth of 3.8% and Financial Services segment revenue growth of 9.8%;

- Our marketing solutions and other services revenue, an area of focus for growth, increased 15.9% and represented 33.4% of consolidated revenue;

- We delivered strong diluted earnings per share of \$4.65, which was an increase of 6.7% over 2015;

- Our cash flow from operations increased 3.1%; and

- We continued to attract, develop and retain the leadership talent necessary to execute our strategy, and delivered positive performance against the strategic growth initiatives established under our annual incentive program.

We believe the structure of our executive compensation program has been and continues to be a critical factor in aligning the priorities of the Company's leaders to continue to deliver strong results again in 2017, while at the same time providing a solid foundation for continued success.

Compensation Objectives, Philosophy and Best Practices

We are committed to providing executive compensation that attracts, motivates and retains high-caliber executive talent for the benefit of our shareholders, supports our business objectives, and aligns the interests of our NEOs and other executive officers with the long-term interests of our shareholders. We believe these objectives are achieved by employing the following philosophy and best practices:

- Focusing the executive officers on consistently achieving both revenue and earnings growth;

- Annually evaluating the competitiveness and structure of our executive compensation programs relative to comparable companies;

- Targeting compensation at or near the median (50th percentile) of our peer group of companies, both for total compensation and separately for each element of compensation, but with Compensation Committee discretion to target compensation above or below median taking into account factors such as time in position, criticality of retention, and sustained performance;

- Providing performance-based pay through annual and long-term incentive opportunities that are based on the achievement of specific business objectives (i.e., pay-for-performance);

- Providing equity-based multi-year incentives that promote the creation of long-term shareholder value;

- Rewarding outstanding performance, without encouraging excessive risk-taking;