

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 1, 2021

**DELUXE CORPORATION**

(Exact name of registrant as specified in its charter)

**MN**  
(State or other jurisdiction  
of incorporation)

**1-7945**  
(Commission  
File Number)

**41-0216800**  
(I.R.S. Employer  
Identification No.)

**3680 Victoria St. N.**  
(Address of principal executive offices)

**Shoreview MN**

**55126-2966**  
(Zip Code)

**(651) 483-7111**  
Registrant's telephone number, including area code

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
<b>Common stock, par value \$1.00 per share</b>	<b>DLX</b>	<b>NYSE</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Section 5 - Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

### Retention and Incentive Compensation Program

#### *Overview*

On March 1, 2021, on the recommendation of its Compensation Committee (the "Committee"), the Board of Directors ("Board") of Deluxe Corporation ("Deluxe" or the "Company") approved a retention and incentive compensation program (the "program") for its Executive Leadership Team ("ELT") members, including the Company's President and Chief Executive Officer and certain of the other named executive officers presented in the Company's 2021 Annual Proxy Statement. The Board took this action to recognize the leadership efforts of the ELT in reorienting the Company's traditional business of providing personal and business checks and launching the Company's transformational strategy in 2019 to create a Trusted Business Technology™ company. In an effort to maintain continuity of the current ELT, the program is intended to motivate, incent and retain these individuals as they continue to lead the ongoing execution of that strategy, both during and after the global COVID-19 pandemic.

#### *Reasons for the Program*

The Committee regularly reviews total executive compensation, including, among other things, the relative value that each executive delivers to the Company's success, the length of tenure of each executive, and the likely retention of each executive. Based on the adverse impact of COVID-19 on the Company's business and the significant decline in the price of its common stock in 2020, the Committee determined that current total compensation for each ELT member was insufficient to prevent attrition. Accordingly, working with its independent compensation consultant, the Committee designed, and recommended that the Board approve, performance-based awards pursuant to the program. These awards are designed to retain these individuals over the next 24-month period, which the Board expects will be critical to furthering the Company's transformational strategy.

The Company's transformation continues to require the creation of new, self-sustaining growth businesses to offset the permanent secular decline in the Company's Checks segment. During the decade prior to 2019, the Company focused on revenue diversification principally through acquisitions, not self-sustaining growth. While the Company was successful in achieving diversification, limited progress was made in offsetting the legacy decline in the Checks segment. To address the challenge, the Company embarked on a multi-year transformation in early 2019, part of which involved the recruiting and hiring of six new ELT members and expanding the responsibility of others. The Company invested considerable time, effort and expense in building its ELT, including recruiting individuals with specific expertise and experience relevant to the Company's transformation goals.

The ELT has made significant, measurable progress toward achieving the transformation of the Company into a Trusted Business Technology™ company, while navigating through the COVID-19 pandemic. Notably, under the ELT's leadership, the Company re-segmented its operations into four new segments, rationalized its portfolio by completing divestitures and exits, launched a new go-to-market sales approach and built two new businesses, Payments and Cloud Solutions. In addition, the Company furthered its transformation by integrating acquisitions and delivering record sales performance, including six of the ten largest sales deals of the last decade and the largest sales deal in the Company's history. In 2020, the

Company delivered solid financial performance despite the significant macroeconomic impact from COVID-19. The new Payments business delivered 12% growth over the prior year, consistent with the need to build self-sustaining new businesses. The Company ended 2020 with the lowest net debt in approximately two and one-half years, paid all four of its regular dividends and repurchased stock early in the year, demonstrating the ELT's steady and disciplined stewardship.

Notwithstanding these achievements, work remains to fully operationalize these advances. However, the adverse impact of COVID-19 on the Company's stock price has significantly decreased the value potential of the ELT's outstanding stock options, as well as performance share units (50% of which are tied to relative total shareholder return). In order to support the successful completion of the Company's transformation, the Board believes that it is imperative to provide additional incentives to retain the ELT.

In an effort to ensure that the momentum created by the ELT is sustained, the Committee recommended, and the Board approved, awards that the Board determined are reasonable in magnitude, with 100% performance-based vesting conditions for the named executive officers, and a 24-month performance period, which the Board expects will be critical in furthering the Company's transformational strategy. Finally, the awards contain shareholder-friendly guardrails to avoid windfall scenarios, including limitations on termination-related vesting. The specific terms of the awards to the named executive officers are described below.

*Terms of the Program for Named Executive Officers*

The program for named executive officers consists of a combination of performance-based share units ("PSUs") to be denominated and settled in shares and performance units ("PUs") to be denominated and settled in cash. The program will operate over a 24-month performance period beginning in January 2021 and ending in December 2022 (the "Performance Period"). The PSUs will be issued pursuant to, and in accordance with, the terms of individual award agreements and the Company's 2020 Long-Term Incentive Plan (the "Plan").

The Company issued awards to the following named executive officers in the target amounts described below:

<b>Executive</b>	<b>Target No. of PSUs (#)</b>	<b>Target PU Award (\$)</b>
Barry C. McCarthy President and Chief Executive Officer	78,750	\$3,250,000
Christopher L. Thomas Senior Vice President, Chief Revenue Officer	12,115	\$500,000
Michael A. Reed Senior Vice President, Division President, Payments	10,904	\$450,000
Jeffrey L. Cotter Senior Vice President, Chief Administrative Officer and General Counsel	6,058	\$250,000

The PSUs will be issued pursuant to a form of performance share unit award agreement ("PSU Agreement") under the Plan. The PSU Agreement will specify a target number of shares of the

Company's common stock, par value \$1.00 per share (the "Shares"), that may be earned by the recipient, based upon achieving an absolute total shareholder return ("TSR") goal as set forth in the PSU Agreement. This goal is measured over the Performance Period. The target number of Shares will only be issued if the performance goal is achieved, subject to adjustment in the case of certain termination events or a change in control during the performance period as described below. Otherwise, if the goal is not achieved, no Shares will be issued.

The PUs will be issued pursuant to a form of cash-denominated performance award agreement ("PU Agreement"). The PU Agreement will specify a target cash award that may be earned by the recipient, based upon achieving an absolute cumulative diluted earnings per share ("EPS") goal during the Performance Period, as set forth in the PU Agreement. Payment of the target cash award will occur only if the stated EPS goal is achieved, subject to adjustment in the case of certain termination events as described below. Otherwise, no payment will be made other than in the event of a change in control during the performance period, as described more fully below.

Any award earned pursuant to a PSU Agreement or PU Agreement will be determined and certified by the Committee at the end of the Performance Period and distributed within two and one-half months following the end of the Performance Period. The Committee may, in its sole discretion, elect to pay the full or partial earned value of any PSU in cash, using the closing price of one Share on the primary stock exchange on which the Shares are then listed, on the business day immediately prior to the date of vesting.

Except as provided below, if a recipient's employment is terminated prior to the payment under a PSU or PU Agreement, all such awards will be forfeited. In the event that a recipient's employment with the Company is terminated at least one year after the commencement of the award's performance period by reason of (a) involuntary termination without cause, (b) resignation for good reason within 12 months following the consummation of a change of control (where the award is assumed or replaced by the acquiring entity, as described in more detail below), (c) death or (d) disability, the award will vest pro rata based on actual achievement of the TSR or EPS goal, as applicable.

In the event of a change of control of the Company (as defined in the applicable PSU or PU Agreement), if the acquiring entity's securities are listed on a national securities exchange, the acquiring entity may elect to assume or continue the Company's obligations under the awards and replace them with equivalent performance awards of the acquiring entity. If the awards are assumed, payment of the target amounts would be made at the end of the Performance Period if the goals are achieved, subject to adjustment in the case of the termination events described above. In the event that the acquiring entity's securities are not listed, or the acquiring entity simply does not elect to replace an award with an equivalent performance award, then the target dollar value of the PUs will vest and become payable in cash immediately upon the change of control. The target number of PSUs will vest and become payable in cash immediately upon the change of control, but only if the TSR performance goal is achieved based on the closing price of Shares on the business day immediately prior to the change of control.

A recipient will also forfeit awards subject to a PSU or PU Agreement, whether vested or otherwise, if he or she engages in certain restricted activities described in that agreement, he or she voluntarily resigns prior to payment, or his or her employment is terminated by the Company for cause (as such term is defined in the PSU or PU Agreement) prior to payment. The Company has the right to claw back the value of any PSUs or cash issued or paid to a recipient if the recipient engages in any such restricted activities within 12 months of the receipt of any portion of an award. The recipient would not be subject to certain non-competition covenants if the recipient's employment with the Company were to be terminated by the Company without cause.

The foregoing description of the PSU Agreements and the PU Agreements is subject in its entirety to the actual terms of the form of PSU Agreement and the form of PU Agreement filed as Exhibits 10.1 and 10.2 to this report.

### **Chief Financial Officer Transition**

Effective March 1, 2021, Keith A. Bush, the Company's Senior Vice President and Chief Financial Officer, will be transitioning out of his current role, on a date to be determined by the Company's President and Chief Executive Officer (the "Transition Date"), and into the role of a Special Advisor for a "Transition Period" that will extend from the Transition Date until Mr. Bush's separation from the Company on September 7, 2021 (or such other date thereafter as is mutually agreed upon by the parties). Until the Transition Date and during the Transition Period, Mr. Bush's compensation and benefits will continue as in effect as of March 1, 2021. In connection with his separation, Mr. Bush will be entitled to receive severance payments in accordance with the Company's Executive Severance Plan, as further described below, subject to his entering into a separation and release agreement with the Company (the "Separation Agreement") and a second release of claims with the Company (the "Second Release").

Pursuant to the terms of the Executive Severance Plan, following the Transition Period, Mr. Bush will be entitled to receive: (i) 12 months of his current salary, payable in accordance with the Company's normal payroll practices, (ii) executive-level outplacement services, up to a maximum of \$25,000, and (iii) a one-time, lump-sum payment of \$20,000, all to be paid within 30 days of the conclusion of the rescission period to be set forth in the Second Release. He is also required to comply with the post-employment restrictions and the other terms of an existing confidentiality agreement and non-competition agreement. Mr. Bush's outstanding equity awards and bonus compensation will be handled in accordance with the applicable terms of the Company's related plans, copies of which have been previously filed with the Securities and Exchange Commission.

## Section 9 - Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
10.1	<a href="#">Form of Performance Share Unit Award Agreement for Named Executive Officers</a>
10.2	<a href="#">Form of Performance Unit Award Agreement for Named Executive Officers</a>
101.INS	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover page interactive data file (formatted as Inline XBRL and contained in Exhibit 101)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 3, 2021

DELUXE CORPORATION

/s/ Jeffrey L. Cotter

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

**DELUXE  
CORPORATION**

**PERFORMANCE SHARE UNIT  
AWARD AGREEMENT**

(NEO Retention - Share-Settled / Absolute TSR)

AWARDED TO	AWARD DATE	TARGET NUMBER OF SHARES

1. **The Award.** Deluxe Corporation, a Minnesota corporation ("Deluxe"), hereby grants to you as of the above Award Date the right to receive shares of Deluxe common stock, par value \$1.00 per share (the "Shares"), in an amount equal to the Target Number of Shares specified above (the "Target Award") on the terms and conditions contained in this Performance Share Unit Award Agreement (including the Addendum and Schedules attached hereto, this "Agreement") and Deluxe's 2020 Long Term Incentive Plan (the "Plan"), a copy of which has been provided to you. Any capitalized term used but not defined in this Agreement shall have the meaning given to the term in the Plan as it currently exists or may hereafter be amended. The number of Shares that may actually be earned and become eligible to vest pursuant to this Agreement will either be 0% or 100% of the Target Number of Shares. Performance results will not be interpolated, and the number of Shares issuable may not exceed 100% of the Target Number of Shares.
  2. **Performance Period.** The performance period for purposes of determining whether the Shares will be issued under this Performance Award is set forth in the attached Performance Goal Schedule (the "Performance Period").
  3. **Performance Goal.** The performance goal for purposes of determining whether the Target Number of Shares will be issued under a Performance Award are set forth in the attached Performance Goal Schedule.
  4. **Vesting.** Vesting of the Target Award shall occur if the performance goal is achieved, as set forth in the attached Performance Goal Schedule and as determined and certified by the Committee in accordance with the Plan after the end of the Performance Period. The Target Number of Shares that vest, if any, may be adjusted by the Committee to the extent permitted by this Agreement and the Plan. The final vested award certified by the Committee is referred to as the "Performance Award."
  5. **Distribution.** Any Shares to be distributed under this Agreement shall be distributed as soon as administratively practicable after certification of a Performance Award by the Compensation Committee, but no later than two and one-half months following the end of the Performance Period for which such certification occurred. The Committee may, in its sole discretion, elect to pay you the value of all or any portion of the Performance Award in cash, based upon the closing price of a Share on the business day immediately prior to the date of vesting. The Shares distributed to you under this Section, Section 7 or Section 8 are referred to, collectively, as the "Distributed Shares."
  6. **Restrictions.** Your rights in any Shares covered by this Agreement shall be subject to the following restrictions during and after the Performance Period:
    - (a) All Distributed Shares shall be subject to forfeiture to Deluxe as provided in this Agreement and the Plan.
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- (b) Until any Shares are distributed to you under Section 5, neither you nor anyone claiming through you shall have any rights as a shareholder under this Agreement, including the right to vote or to receive dividends, stock dividends or other non-cash distributions.
  - (c) You may not transfer, sell, assign, or pledge the right to receive the Shares, other than by will or the laws of descent and distribution, or as otherwise permitted by the Committee pursuant to the Plan, and any such attempted transfer shall be void.
7. **Termination of Employment.** Except as described in this Section or in Section 8, in the event your employment is terminated prior to the payment of the Performance Award, this Agreement and your rights to receive the Performance Award shall be immediately and irrevocably forfeited, unless your termination occurs on or after the one year anniversary of commencement of the Performance Period and is by reason of (a) involuntary termination without Cause, (b) resignation for Good Reason within 12 months after the consummation of a Change of Control, (c) death or (d) Disability.

In the event your employment is terminated on or after the one year anniversary of commencement of the Performance Period and prior to the end of the Performance Period for any of the reasons (a) through (d) in the first paragraph of this Section, you or your estate shall be entitled to receive a pro-rata distribution (calculated based on the days elapsed in the Performance Period prior to the employment termination date divided by the total days in the Performance Period) of the Performance Award determined by the Committee, in its sole discretion, upon completion of the Performance Period to be paid based on the attached Performance Goal Schedule. In the event your employment is terminated for any of the reasons (a) through (d) in the first paragraph of this Section after completion of the Performance Period but prior to certification and distribution of the Performance Award, you or your estate shall be entitled to receive the Performance Award determined by the Committee upon completion of the Performance Period to be distributed, in its sole discretion, based on the attached Performance Goal Schedule. Such distribution will be made at the same time that distributions are made to active employees.

8. **Change of Control.** If, in connection with any Change of Control, the acquiring Person, surviving or acquiring corporation or entity, or any Affiliate of such corporation or entity, elects to assume or continue the obligations of Deluxe under this Agreement and to replace the Shares issuable under it with Equivalent Replacement Securities, then all references herein to Shares shall thereafter be deemed to refer to the Equivalent Replacement Securities issuable upon attainment of the performance goal, references to Deluxe shall thereafter be deemed to refer to the issuer of such Equivalent Replacement Securities, and all other terms of this Agreement shall continue in effect except as to the extent modified by this Section 8.

If the Change of Control does not meet the assumption, continuation or replacement criteria specified in this Section 8, then the vesting of the Performance Award then outstanding shall be determined based upon the closing price of a Share on the business day immediately prior to the effective date of the Change of Control, and if the performance goal is achieved, the Performance Award shall vest at the Target Number of Shares and become due and payable in cash, immediately upon the Change of Control. Nothing contained herein shall limit the authority of the Committee under Section 4(c) of the Plan to make adjustments to the Shares subject to this Agreement in the case of a transaction described in Section 4(c) of the Plan that does not constitute a Change of Control.

9. **Income Taxes.** You are liable for any federal and state income or other taxes applicable upon the distribution to you of any Shares or other payments under this Agreement, and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Upon the distribution of Shares, you shall promptly pay to Deluxe in cash, or in previously acquired shares of Deluxe common stock having a fair market value equal to the amount of all applicable taxes required by Deluxe to be withheld or collected upon the distribution of the Shares. In the alternative, prior to the end of the Performance Period, you may direct Deluxe to withhold from Shares otherwise to be distributed the number of Shares having a fair market value equal to the amount of all applicable taxes required by Deluxe to be withheld upon the distribution of the Shares. You acknowledge that no

Shares will be distributed to you, notwithstanding any Performance Award, unless and until you have satisfied any obligation for withholding taxes as provided in this Agreement.

**10. Forfeiture of Award and Award Gain Resulting from Certain Activities.**

- (a) If, at any time during the period commencing on the first day of the Performance Period and ending 12 months after the date that you have received a Performance Award, you engage in any Forfeiture Activity (as defined below) then, in addition to any other rights Deluxe or its Affiliates may have against you, (i) your rights under this Agreement shall immediately terminate effective as of the date any such activity first occurred, and (ii) the value of any Distributed Shares or cash paid to you pursuant to this Agreement must be paid to Deluxe within 30 days of demand by Deluxe. For purposes hereof, any such value shall be determined by multiplying the number of Distributed Shares by the higher of the closing price of a Share on the business day prior to the date of vesting or the closing price on the business day prior to the date of repayment or, to the extent the Performance Award was paid to you in cash, including any payment pursuant to the penultimate paragraph of Section 8, the amount of cash paid to you or on your behalf. The amount repaid shall not be reduced by any tax withholding, whether paid in Shares or cash.
- (b) As used herein, you shall be deemed to have engaged in a Forfeiture Activity if, in violation of any Company policy or other term or condition of your employment, you (i) directly or indirectly engage in any business activity on your own behalf or as a partner, stockholder, director, trustee, officer, consultant or otherwise of any person or entity which is directly in competition with or competitive with any current business of the Company or you solicit, entice or induce any employee or representative of the Company to engage in any such activity, (ii) directly or indirectly solicit, entice or induce (or assist any other person or entity in soliciting, enticing or inducing) any customer (or agent, employee or consultant of any customer) with whom you had contact in the course of your employment with the Company to deal with a competitor of the Company, (iii) fail to hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge and data, including without limitation customer lists and information, business plans and business strategy ("Confidential Data") relating in any way to the business of the Company, or (iv) are terminated by the Company (or any successor) for Cause.
- (c) If any court of competent jurisdiction shall determine that the foregoing forfeiture provisions are invalid in any respect, the court so holding may limit such provisions in any manner which the court determines, such that the provisions, as so limited, shall be enforceable against you.
- (d) By accepting this Agreement, you consent to a deduction from any amounts the Company owes you from time to time (including amounts owed to you as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to you by the Company), to the extent of the amounts you owe the Company under the foregoing provisions. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount you owe, calculated as set forth above, you agree to pay immediately the unpaid balance to the Company.
- (e) You will be released from the forfeiture provisions of subparagraph (b)(i) in the event your employment with the Company has been involuntarily terminated without Cause or you voluntarily terminate your employment with the Company for Good Reason. Otherwise, you may be released from the foregoing forfeiture provisions only if the Committee (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of Company.
- (f) Nothing contained in this Section shall be construed to limit the provisions of the Plan or any recoupment policy dealing with recoupment of awards, which are incorporated into this Agreement by this reference.

**11. Terms and Conditions.** This Agreement does not guarantee your continued employment or alter the right of Deluxe or its Affiliates to terminate your employment at any time. This Award is granted

pursuant to the Plan and is subject to its terms. In the event of any conflict between the provisions of this Agreement and the Plan, the provisions of the Plan shall govern.]

By your acceptance of this performance share award, you agree to all of the terms and conditions contained in this Agreement and in the Plan document. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and Deluxe regarding your right to the Shares pursuant to this Award Agreement.

**DELUXE CORPORATION**

**By:**

## ADDENDUM TO PERFORMANCE SHARE UNIT AWARD AGREEMENT

For the purposes hereof the terms used herein shall have the following meanings:

"Board" means the Board of Directors of the Company.

"Cause" shall mean (i) you have breached your obligations of confidentiality to Deluxe or its Affiliates; (ii) you have otherwise failed to perform your duties and do not cure such failure within thirty (30) days after receipt of written notice thereof; (iii) you commit an act, or omit to take action, in bad faith which results in material detriment to Deluxe or its Affiliates; (iv) you have had excessive absences unrelated to illness or vacation ("excessive" shall be defined in accordance with local employment customs); (v) you have committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with Deluxe or its Affiliates or its businesses; (vi) you have been convicted or have pleaded guilty or nolo contendere to a felony or a gross misdemeanor, which gross misdemeanor involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of Deluxe or its Affiliates; (vii) your unlawful conduct or gross misconduct that is or is reasonably likely to be injurious to the business, finances or reputation of Deluxe; or (viii) you are in default under any agreement between you and Deluxe or any of its Affiliates following any applicable notice and cure period.

A "Change of Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

- (i) any Person becomes the Beneficial Owner, directly or indirectly, of securities of Deluxe representing 30% or more of the combined voting power of Deluxe's then outstanding securities, excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person any securities acquired directly from Deluxe or its Affiliates or in connection with a transaction described in paragraph (iii) below; or
- (ii) the individuals who at the date of your award election hereunder constitute the Board and any new director (other than a director whose initial assumption of office occurs within a year of and is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Deluxe) whose appointment or election by the Board or nomination for election by Deluxe's shareholders was approved or recommended by a vote of a majority of the directors then still in office who either were directors at the date of your award election hereunder or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or
- (iii) the shareholders of Deluxe approve a plan of complete liquidation of Deluxe or there is consummated (A) a merger, consolidation, share exchange or similar transaction involving Deluxe, regardless of whether Deluxe is the surviving corporation or (B) the sale or disposition by Deluxe of all or substantially all Deluxe's assets, other than a sale or disposition by Deluxe of all or substantially all of Deluxe's assets to an entity, unless, immediately following such corporate transaction, all or substantially all of the individuals and entities who were the beneficial owners of Deluxe's voting securities immediately prior to such corporate transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity resulting from such corporate transaction (including beneficial ownership through any parent of such entity) in substantially the same proportions as their ownership, immediately prior to such corporate transaction, of Deluxe's voting securities.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of Common Stock of Deluxe immediately prior to such transaction or series of transactions

continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Deluxe immediately following such transaction or series of transactions.

"Company" shall mean Deluxe (including any successor corporation) and its Affiliates.

"Disability" shall mean that you are suffering from a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, and that as a result of such impairment either: (i) you have received disability benefits for a period of not less than three months under a long or short-term disability plan or policy (or both), and are eligible for benefits under the long-term disability plan of Deluxe or any Affiliate of which you are employed at the time of such disability; or (ii) in the event that your employer does not have a long-term disability plan in effect at such time, you are unable to engage in any substantial gainful activity.

"Equivalent Replacement Securities" shall mean other equity securities that are listed on a national securities exchange (including by use of American Depository Receipts or any similar method) and are freely transferable under all applicable federal and state securities laws and regulations, the quantity of which shall be determined by the Committee in accordance with Section 4(c) of the Plan.

"Good Reason" shall mean:

- (i) except with your written consent given in your discretion, (a) the assignment to you of any position and/or duties which represent or otherwise entail a material diminution in your position, authority, duties or responsibilities, or (b) any other action by the Company which results in a material diminution in your position (or positions) with the Company, excluding any diminution attributable to Deluxe's bankruptcy or insolvency or to the fact that Deluxe is no longer a public company;
- (ii) any material reduction in your aggregate compensation and incentive opportunities, or any material failure by the Company to comply with any other written agreement between you and the Company;
- (iii) the Company's requiring you to be based at any location more than 50 miles from your then current location; or
- (iv) any request or requirement by the Company that you take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120-day period prior to the termination date or any professional ethical guidelines or principles that may be applicable to you,

provided, however, that such events shall constitute Good Reason only if (A) within thirty (30) days following the occurrence of an event claimed to constitute Good Reason, you give Deluxe written notice of such event, (B) Deluxe fails to cure such event within thirty (30) days after receipt of such written notice, and (C) the effective date of your termination of employment is within 180 days following expiration of such cure period.

"Person" shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) Deluxe or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Deluxe in substantially the same proportions as their ownership of stock of Deluxe.

## 2021 NEO PERFORMANCE SHARE UNIT AWARD PERFORMANCE GOALS SCHEDULE

### (Supplemental Retention Incentive)

The following schedule sets forth the performance metrics for the Absolute Total Shareholder Return Performance Share Unit Award (PSU-ATSR). Such schedule will determine the percentage of the Target Award, if any, to which you will be entitled at the conclusion of the Performance Period provided that you otherwise satisfy all requirements for a payout under the applicable Award Agreement. Capitalized terms in this schedule have the meanings assigned in "Financial Definitions 2021," contained herein, in the applicable Award Agreement, or in the Plan. This award is for stock-denominated and stock settled performance share units.

#### **Two-Year Performance Period:**

January 1, 2021 through December 31, 2022

#### **Performance Goal:**

The performance share goal is a two-year annualized Absolute Total Shareholder Return (ATSR) compound annual growth rate (CAGR) of 12%. Achievement of the performance goal is subject to any applicable Reasonable Adjustments as decided on by the Compensation Committee of the Board of Directors.

#### **Calculation of Performance Goal:**

The calculation is inclusive of share price appreciation plus dividends over the applicable Performance Period. The 20-trading day average starting point is \$27.07. The starting point will be compared to the last 20-trading days average at the end of the performance period to determine if the performance goal has been met or exceeded.

#### **Payout:**

100% Payout is earned if the performance goal is met or exceeded. No payout will occur if the performance goal is not met. Distribution of any earned awards are dictated by the applicable Award Agreement.

### 1. FINANCIAL DEFINITIONS 2021

#### **A. Absolute Total Shareholder Return (ATSR):**

Uses a 20-trading day average stock price leading up to and including December 31, 2020, the beginning of the performance period, as compared to the last 20-trading day average ending on December 31, 2022, the end of the performance period in order to calculate ATSR. This is done in order to achieve a full 24-month performance period. ATSR is inclusive of share price appreciation plus dividends.

#### **B. Reasonable Adjustments:**

Reasonable adjustments include unknown or unique items whether favorable or unfavorable to the calculation of the performance goal as determined by the Compensation Committee of the Board of Directors. Examples include, but are not limited to, acquisitions, partnerships, divestitures, changes in tax law, or other regulation changes.

#### **C. Accounting Terms:**

Unless otherwise specified herein, all accounting terms used herein, and all accounting determinations hereunder, will be made in conformity with accounting principles generally accepted (GAAP) in the United States of America, in effect from time to time, as applied consistently by the Company in connection with the preparation of its financial statements.

**DELUXE  
CORPORATION**

**PERFORMANCE UNIT  
AWARD AGREEMENT**  
(NEO Retention Cash-Settled / EPS)

Awarded To	Award Date	Target Dollar Value

1. **The Award.** Deluxe Corporation, a Minnesota corporation ("Deluxe"), hereby grants to you as of the above Award Date the right to receive the target dollar value specified above (the "Target Award") on the terms and conditions contained in this Performance Unit Award Agreement (including the Addendum and Schedules attached hereto, this "Agreement"). The dollar value that may actually be earned and become eligible to vest pursuant to this Agreement will be either 0% or 100% of the Target Award, Performance results will not be interpolated, and the payment may not exceed 100% of the Target Award.
  2. **Performance Period.** The performance period for purposes of determining whether the Target Award will be paid under this Performance Award is set forth in the attached Performance Goal Schedule (the "Performance Period").
  3. **Performance Goal.** The performance goal for purposes of determining whether the Target Award will be paid under a Performance Award are set forth in the attached Performance Goal Schedule.
  4. **Vesting.** Vesting of the Target Award shall occur if the performance goal is achieved, as set forth in the attached Performance Goal Schedule and as determined and certified by the Compensation Committee of the Board of Directors (the "Committee") after the end of the Performance Period. The value of the Target Award may be adjusted by the Committee to the extent permitted by this Agreement. The final vested award certified by the Committee is referred to as the "Performance Award."
  5. **Payment.** Any payment under this Agreement shall be made as soon as administratively practicable after certification of a Performance Award by the Committee, but no later than two and one-half months following the end of the Performance Period for which such certification occurred.
  6. **Restrictions.** Your rights covered by this Agreement shall be subject to the following restrictions during and after the Performance Period:
    - (a) Your right to the Performance Award shall be subject to forfeiture to Deluxe as provided in this Agreement.
    - (b) You may not transfer, sell, assign, or pledge the right to receive the Performance Award, other than by will or the laws of descent and distribution, and any such attempted transfer shall be void.
  7. **Termination of Employment.** Except as described in this Section or in Section 8, in the event your employment is terminated prior to the payment of the Performance Award, this Agreement and your rights to receive the Performance Award shall be immediately and irrevocably forfeited, unless your termination occurs on or after the one year anniversary of commencement of the Performance Period and is by reason of (a) involuntary termination without Cause, (b) resignation for Good Reason within 12 months of the consummation of a Change of Control, (c) death or (d) Disability.
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In the event your employment is terminated on or after the one year anniversary of commencement of the Performance Period and prior to the end of the Performance Period for any of the reasons (a) through (d) in the first paragraph of this Section, you or your estate shall be entitled to receive a pro-rata distribution (calculated based on the days elapsed in the Performance Period prior to the employment termination date divided by the total days in the Performance Period) of the Performance Award determined by the Committee, in its sole discretion, upon completion of the Performance Period to be paid based on the attached Performance Goal Schedule. In the event your employment is terminated for any of the reasons (a) through (d) in the first paragraph of this Section after completion of the Performance Period but prior to certification and distribution of the Performance Award, you or your estate shall be entitled to receive the Performance Award determined by the Committee upon completion of the Performance Period to be distributed, in its sole discretion, based on the attached Performance Goal Schedule. Such distribution will be made at the same time that distributions are made to active employees.

8. **Change of Control.** If, in connection with any Change of Control, the acquiring Person, surviving or acquiring corporation or entity, or any Affiliate of such corporation or entity, elects to assume or continue the obligations of Deluxe under this Agreement and to replace the Performance Award with an Equivalent Replacement Award, then all references herein to the Performance Award shall thereafter be deemed to refer to the Equivalent Replacement Award payable upon attainment of Performance Goal, references to Deluxe shall thereafter be deemed to refer to the issuer of such Equivalent Replacement Award, and all other terms of this Agreement shall continue in effect except as to the extent modified by this Section 8.

If the Change of Control does not meet the assumption, continuation or replacement criteria specified in this Section 8, then the Performance Award then outstanding shall immediately vest (at the Target Award value) upon consummation of the Change of Control, and that amount shall become due and payable in cash, immediately upon the Change of Control.

9. **Income Taxes.** You are liable for any federal and state income or other taxes applicable upon payment to you under this Agreement, and you acknowledge that you should consult with your own tax advisor regarding the applicable tax consequences. Upon payment, Deluxe will withhold the amount of all applicable taxes required by Deluxe to be withheld. You acknowledge that no payment will be made to you, notwithstanding any Performance Award, unless and until you have satisfied any obligation for withholding taxes as provided in this Agreement.

10. **Forfeiture of Award and Award Gain Resulting from Certain Activities.**

- (a) If, at any time during the period commencing on the first day of the Performance Period and ending 12 months after the date that you have received a Performance Award, you engage in any Forfeiture Activity (as defined below) then, in addition to any other rights Deluxe or its Affiliates may have against you, (i) your rights under this Agreement shall immediately terminate effective as of the date any such activity first occurred, and (ii) the value of any cash paid to you pursuant to this Agreement must be paid to Deluxe within 30 days of demand by Deluxe. The amount repaid shall not be reduced by any tax withholding.
- (b) As used herein, you shall be deemed to have engaged in a Forfeiture Activity if, in violation of any Company policy or other term or condition of your employment, you (i) directly or indirectly engage in any business activity on your own behalf or as a partner, stockholder, director, trustee, officer, consultant or otherwise of any person or entity which is directly in competition with or competitive with any current business of the Company or you solicit, entice or induce any employee or representative of the Company to engage in any such activity, (ii) directly or indirectly solicit, entice or induce (or assist any other person or entity in soliciting, enticing or inducing) any customer (or agent, employee or consultant of any customer) with whom you had contact in the course of your employment with the Company to deal with a competitor of the Company, (iii) fail to hold in a fiduciary capacity for the benefit of the Company all confidential information, knowledge and data, including without limitation customer lists and information,



business plans and business strategy ("Confidential Data") relating in any way to the business of the Company , or (iv) are terminated by the Company (or any successor) for Cause.

- (c) If any court of competent jurisdiction shall determine that the foregoing forfeiture provisions are invalid in any respect, the court so holding may limit such provisions in any manner which the court determines, such that the provisions, as so limited, shall be enforceable against you.
- (d) By accepting this Agreement, you consent to a deduction from any amounts the Company owes you from time to time (including amounts owed to you as wages or other compensation, fringe benefits, or vacation pay, as well as any other amounts owed to you by the Company), to the extent of the amounts you owe the Company under the foregoing provisions. Whether or not the Company elects to make any set-off in whole or in part, if the Company does not recover by means of set-off the full amount you owe, calculated as set forth above, you agree to pay immediately the unpaid balance to the Company.
- (e) You will be released from the forfeiture provisions of subparagraph (b)(i) in the event your employment with the Company has been involuntarily terminated without Cause or you voluntarily terminate your employment with the Company for Good Reason. Otherwise, you may be released from the foregoing forfeiture provisions only if the Committee (or its duly appointed agent) determines in its sole discretion that such action is in the best interests of Company.
- (f) Nothing contained in this Section shall be construed to limit the provisions of any recoupment policy dealing with recoupment of awards, which are incorporated into this Agreement by this reference.

11. **Terms and Conditions.** This Agreement does not guarantee your continued employment or alter the right of Deluxe or its Affiliates to terminate your employment at any time.

By your acceptance of this Performance Award, you agree to all of the terms and conditions contained in this Agreement. You acknowledge that you have received and reviewed these documents and that they set forth the entire agreement between you and Deluxe regarding your right to the Performance Award pursuant to this Award Agreement.

**DELUXE CORPORATION**

**By:**

## ADDENDUM TO PERFORMANCE UNIT AWARD AGREEMENT

For the purposes hereof the terms used herein shall have the following meanings:

"Board" means the Board of Directors of the Company.

"Cause" shall mean (i) you have breached your obligations of confidentiality to Deluxe or its Affiliates; (ii) you have otherwise failed to perform your duties and do not cure such failure within thirty (30) days after receipt of written notice thereof; (iii) you commit an act, or omit to take action, in bad faith which results in material detriment to Deluxe or its Affiliates; (iv) you have had excessive absences unrelated to illness or vacation ("excessive" shall be defined in accordance with local employment customs); (v) you have committed fraud, misappropriation, embezzlement or other act of dishonesty in connection with Deluxe or its Affiliates or its businesses; (vi) you have been convicted or have pleaded guilty or nolo contendere to a felony or a gross misdemeanor, which gross misdemeanor involves a breach of ethics, moral turpitude, or immoral or other conduct reflecting adversely upon the reputation or interest of Deluxe or its Affiliates; (vii) your unlawful conduct or gross misconduct that is or is reasonably likely to be injurious to the business, finances or reputation of Deluxe; or (viii) you are in default under any agreement between you and Deluxe or any of its Affiliates following any applicable notice and cure period.

A "Change of Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

- (i) any Person becomes the Beneficial Owner, directly or indirectly, of securities of Deluxe representing 30% or more of the combined voting power of Deluxe's then outstanding securities, excluding, at the time of their original acquisition, from the calculation of securities beneficially owned by such Person any securities acquired directly from Deluxe or its Affiliates or in connection with a transaction described in paragraph (iii) below; or
- (ii) the individuals who at the date of your award election hereunder constitute the Board and any new director (other than a director whose initial assumption of office occurs within a year of and is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of Deluxe) whose appointment or election by the Board or nomination for election by Deluxe's shareholders was approved or recommended by a vote of a majority of the directors then still in office who either were directors at the date of your award election hereunder or whose appointment, election or nomination for election was previously so approved or recommended, cease for any reason to constitute a majority thereof; or
- (iii) the shareholders of Deluxe approve a plan of complete liquidation of Deluxe or there is consummated (A) a merger, consolidation, share exchange or similar transaction involving Deluxe, regardless of whether Deluxe is the surviving corporation or (B) the sale or disposition by Deluxe of all or substantially all Deluxe's assets, other than a sale or disposition by Deluxe of all or substantially all of Deluxe's assets to an entity, unless, immediately following such corporate transaction, all or substantially all of the individuals and entities who were the beneficial owners of Deluxe's voting securities immediately prior to such corporate transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the surviving or acquiring entity resulting from such corporate transaction (including beneficial ownership through any parent of such entity) in substantially the same proportions as their ownership, immediately prior to such corporate transaction, of Deluxe's voting securities.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of Common Stock of Deluxe immediately prior to such transaction or series of transactions

continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of Deluxe immediately following such transaction or series of transactions.

"Company" shall mean Deluxe (including any successor corporation) and its Affiliates.

"Disability" shall mean that you are suffering from a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, and that as a result of such impairment either: (i) you have received disability benefits for a period of not less than three months under a long or short-term disability plan or policy (or both), and are eligible for benefits under the long-term disability plan of Deluxe or any Affiliate of which you are employed at the time of such disability; or (ii) in the event that your employer does not have a long-term disability plan in effect at such time, you are unable to engage in any substantial gainful activity.

"Equivalent Replacement Award" shall mean a Performance Award with equivalent target value issued by an entity with equity securities that are listed on a national securities exchange (including by use of American Depository Receipts or any similar method) and are freely transferable under all applicable federal and state securities laws and regulations.

"Good Reason" shall mean:

- (i) except with your written consent given in your discretion, (a) the assignment to you of any position and/or duties which represent or otherwise entail a material diminution in your position, authority, duties or responsibilities, or (b) any other action by the Company which results in a material diminution in your position (or positions) with the Company, excluding any diminution attributable to Deluxe's bankruptcy or insolvency or to the fact that Deluxe is no longer a public company;
- (ii) any material reduction in your aggregate compensation and incentive opportunities, or any material failure by the Company to comply with any other written agreement between you and the Company;
- (iii) the Company's requiring you to be based at any location more than 50 miles from your then current location; or
- (iv) any request or requirement by the Company that you take any action or omit to take any action that is inconsistent with or in violation of the Company's ethical guidelines and policies as the same existed within the 120-day period prior to the termination date or any professional ethical guidelines or principles that may be applicable to you,

provided, however, that such events shall constitute Good Reason only if (A) within thirty (30) days following the occurrence of an event claimed to constitute Good Reason, you give Deluxe written notice of such event, (B) Deluxe fails to cure such event within thirty (30) days after receipt of such written notice, and (C) the effective date of your termination of employment is within 180 days following expiration of such cure period.

"Person" shall have the meaning defined in Sections 3(a)(9) and 13(d) of the Securities Exchange Act of 1934, as amended, except that such term shall not include (i) Deluxe or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of Deluxe or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the shareholders of Deluxe in substantially the same proportions as their ownership of stock of Deluxe.

## 2021 NEO PERFORMANCE UNIT AWARD PERFORMANCE GOALS SCHEDULE

### (Supplemental Retention Incentive)

The following schedule sets forth the performance metrics for the Absolute Cumulative Diluted Earnings Per Share Performance Unit Award. Such schedule will determine the percentage of the Target Award, if any, to which you will be entitled at the conclusion of the Performance Period provided that you otherwise satisfy all requirements for a payout under the applicable Award Agreement. Capitalized terms in this schedule have the meanings assigned in "Financial Definitions 2021," contained herein, in the applicable Award Agreement, or in the Plan. This award is for cash-denominated and cash-settled performance units.

#### **Two-Year Performance Period:**

January 1, 2021 through December 31, 2022

#### **Performance Goal:**

Performance Units to be earned are based on cumulative Adjusted Diluted Earnings Per Share goal of \$10.16. Achievement of the performance goal is subject to any applicable Reasonable Adjustments as decided on by the Compensation Committee of the Board of Directors.

#### **Calculation of Performance Goal:**

The calculation of the \$10.16 represents Adjusted Diluted Earnings Per Share for fiscal years 2021 and 2022 as reported in our Annual Report on Form 10-K filed with the Securities and Exchange Commission.

#### **Payout:**

100% Payout is earned if the performance goal is met or exceeded. No payout will occur if the performance goal is not met. Distribution of any earned awards are dictated by the applicable Award Agreement.

### 1. FINANCIAL DEFINITIONS 2021

#### **A. Adjusted Diluted Earnings Per Share (EPS):**

Adjusted Diluted Earnings Per Share as reported in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

#### **B. Reasonable Adjustments:**

Reasonable adjustments include unknown or unique items whether favorable or unfavorable to the calculation of the performance goal as determined by the Compensation Committee of the Board of Directors. Examples include, but are not limited to, acquisitions, partnerships, divestitures, changes in tax law or other regulation changes.

#### **C. Accounting Terms:**

Unless otherwise specified herein, all accounting terms used herein, and all accounting determinations hereunder, will be made in conformity with accounting principles generally accepted (GAAP) in the United States of America, in effect from time to time, as applied consistently by the Company in connection with the preparation of its financial statements.