



2020 Environmental, Social and Governance Statement

CEO Message

About CPI

- Our Company
- Our Vision and Culture
- Markets Served

ESG Framework

Our ESG Actions, Accomplishments and Results

- Community
- Products
- Operations

What's Next

CEO Message

At CPI Card Group, we are committed to delivering market-leading quality products and services in a responsible and ethical manner. We are pleased to present this inaugural Environmental, Social and Governance Statement to provide visibility into our efforts to reduce the environmental impact of our business operations; provide a safe and rewarding environment for our employees; uphold our values and commitment to integrity in our business and supply chain; and support and contribute to our communities.

Despite the many global challenges throughout 2020, we advanced and accelerated our sustainability efforts. We hope our first annual Environmental, Social and Governance Statement demonstrates how vital we consider this work to be for our company, employees and business partners.

Payment cards are an essential means for many consumers and businesses to securely and conveniently make and receive payments. CPI is leading efforts to launch more eco-focused solutions to help transition the payments industry to a more sustainable future. Our focus on innovation has fueled us to develop card solutions that extend the lifecycle of plastic by diverting plastic that would otherwise be likely to enter oceans and landfills. Through these efforts, CPI became the #1 US eco-focused payment card provider, producing more than 25M eco-focused payment cards through the end of 2020.

We are also working broadly to advance a thriving society. We are committed to employee engagement and employee safety, including through the Covid-19 pandemic. We work continuously to protect the private and confidential information of our customers and employees, and maintain strong governance practices to support responsible growth. In our operations we have implemented multiple initiatives that reduce our impact on the environment. Through charitable giving and volunteering, we have helped to improve the lives of people in communities where we operate and source.

We are excited for the achievements we made together in 2020 and those ahead of us and are confident that our innovative approach will enable us to meet new ESG challenges ahead.

Thank you for your interest in our company and in our efforts to make the world better.



A handwritten signature in blue ink that reads "Scott Scheirman".

Scott Scheirman
CEO

Our Company

CPI Card Group Inc. and its subsidiaries (collectively “CPI” or the “Company”) is a payment technology company that provides end-to-end debit, credit and prepaid payment solutions delivered physically, digitally and on-demand. We have more than 20 years of industry experience and a history of innovation with a demonstrated ability to evolve with the needs and expectations of our customers. We facilitate connections between people and technology through traditional and next generation solutions.

CPI has a comprehensive corporate governance framework, which is led by our experienced Board of Directors ("Board") and leadership team. Our leadership team has significant experience in the payments industry, and many of our employees possess career-long expertise that is unique to the financial payment solutions industry.

Markets Served

CPI is a trusted partner to financial institutions (FIs) and payments services providers. Our customers include many of the largest U.S. issuers of debit and credit cards, the largest global managers of prepaid debit card programs, and thousands of independent community banks, credit unions, group service providers and card processors. CPI has a large network of high security facilities located in the United States, each of which is registered as PCI compliant by one or more of the payment brands: Visa, Mastercard®, American Express® and Discover®.

Our Vision and Culture

Our vision is to be the partner of choice by providing market-leading quality products and customer service with a market-competitive business model.

We are committed to the highest standards of professional and ethical conduct. Our reputation for honesty and integrity among our stakeholders is key to the success of our business. Foundational to this is accountability and transparency within our financial, administrative and management practices. These high standards guide the decisions of the Board and our leadership team. For these reasons, we cultivate an environment where concerns regarding business practices can be raised without fear of any discrimination, retaliation or harassment.

CPI maintains a number of policies and statements in support of our commitment to the highest standards of professional and ethical conduct. Many of these can be found on our website, cpicardgroup.com, including our Corporate Governance Guidelines, Code of Business Conduct & Ethics, Code of Conduct for Financial Officers, Insider Trading Policy, Whistleblower Policy, Human Trafficking Statement and Supplier Code of Conduct.



ESG Framework

This first ESG statement establishes the foundation to showcase CPI’s sustainability efforts with a baseline alignment to the United Nations (UN) Sustainable Development Goals (SDG). The chart below aligns UN Icons for SDG and CPI’s categories of effort.

Environmental

Optimize, Innovate and Reduce



New product portfolio:

- Innovate and offer a portfolio of eco-focused products by incorporating upcycled materials to reduce first use plastic and divert plastic that may otherwise enter an ocean or landfill
- Advocate for and pursue business strategies that promote products that are less impactful on the environment

Resource Use Reduction:

- Reduce first-use plastic in our operations
- Reduce waste and other resource usage in our operations

Climate and Energy:

- Strive to reduce the climate, energy, and other environmental impact of our operations

Social

Enhance our Communities



Promote employee sustainability awareness and engagement:

- Promote employee volunteer efforts in our communities
- Engage employees to be more sustainable at work and at home

Support ethical and humane supply chains

Partner with like-minded companies and nonprofits including through charitable donations

Support decent work and economic growth

Governance

Grow our Business Responsibility



Sustainability Transparency:

- Further develop metric tracking and communications plan for sustainability activities and objectives

Diversity Equity Inclusion:

- Support diversity, equity and inclusion through fair and equal recruitment efforts and the advancement of current employees via skills training and gender and race pay equity

Supply Chain:

- Support an ethical supply chain by working with suppliers that uphold CPI values



| Our ESG Actions, Accomplishments and Results

Community

We are committed to making a positive impact on our employees, our supply chain and the communities with which we interact. We work to cultivate a diverse and inclusive workplace in which we promote honest, ethical and respectful conduct.



Data Privacy and Security

We are committed to being good stewards of all our stakeholders' data. We have a robust data privacy and security program designed to protect our digital assets and information and those of our customers and employees. We also respect our confidentiality obligations with respect to our employees, customers, suppliers and other stakeholders in everything that we do. This commitment is critical to our business model, as well as our reputation and position in the marketplace.



Safety

We focus on safety in our workplace through an enterprise-wide environmental health and safety program designed to limit workplace safety incidents and comply with the environmental standards applicable to our operations. Under this program, we:

- Highlight the importance of safety and reward good practices through employee recognition programs
- Establish and routinely review safety goals, protocols and training
- Track incidents and address areas that need remediation
- Implement and maintain appropriate policies and procedures to ensure compliance with environmental, health, and safety regulations

One way that we measure the success of our environmental health and safety program is by benchmarking against other companies in our industry. The 2020 CPI recordable and lost time incident rates were below the average for industries using the 326199 NAICS code, which is the most comparable industry grouping.



COVID-19

With a strong commitment to employee safety at the core of our culture, we applied the same mindset to our response to the ever-evolving landscape presented by the COVID-19 pandemic. We developed and implemented a pandemic preparedness plan based on federal, state and local guidelines focused on keeping employees safe, which we continued to expand and refine as necessary in response to new developments and information.

| Our ESG Actions, Accomplishments and Results

Community

Diversity, Equity and Inclusion

We strive to provide a workplace that values diversity of background, experience and viewpoints across our employee base. The Company is dedicated to the principles of equal employment opportunity.

As of December 31, 2020, CPI employed approximately 1,000 full-time employees, roughly 58% male and 42% female. Approximately 70% of our full-time employees are production and service facility staff and approximately 30% are office staff. Approximately 50% of the employee base is within a minority category. Additionally, we use the services of temporary workers to provide flexibility for our business needs.

We require all of our employees to attend regular training around diversity, equity and inclusion in the workforce.



Of approximately 1,000 full-time employees:



Approximately 50% of the employee base is within a minority category

“Minority” is defined to include the following categories: Black, Hispanic, Asian, American Indian, Native Hawaiian or Other Pacific Islander, and individuals that identify with two or more of these races.

| Our ESG Actions, Accomplishments and Results

Community

Community Engagement and Outreach

We focus on a variety of community initiatives to enhance the lives of people in the communities where we operate through volunteerism, charitable giving, and economic support. In 2020, examples include:

- Sponsored Hunger Free Colorado's "Hike to End Hunger" and Family Tree's "Celebration of Life"
- Donated to Middle Tennessee relief organizations providing resources to those affected by the Nashville tornado in February 2020
- Sponsored "adopt a family" and holidays fundraising drives at several of our individual sites



Giving Back

CPI also donated a portion of the proceeds from Second Wave® payment card sales to support the communities from which we source recovered ocean-bound plastic in Haiti. In 2020, CPI donated close to \$150,000 to the First Mile Coalition through their non-profit organization WORK. Our 2020 commitment supported multiple initiatives in Haitian plastic collection communities including:

- COVID-19 response efforts including supporting families to shelter in place, creating capacity for isolation, and providing access to COVID-19 Treatment
- Education for more than 90 pre-collegiate children of plastic collectors;
- Home site assessment for approximately 70 families, and providing repairs and relocation as needed to prepare for hurricane season
- Essential Needs Support for 30 families for 6-9 months including food support, access to medical care, and life skills development.



| Our ESG Actions, Accomplishments and Results

Our Products

CPI understands how important it is for people to have access to a way to pay for goods and services in an increasingly cashless, card-based transaction world. Our products and services help to facilitate transactions for a wide variety of consumers, both those with bank accounts and those who may not have or be eligible for traditional banking relationships.

CPI is committed to continuing to explore ways to reduce first-use plastic and divert plastic waste from entering the world’s oceans. Our goal is to help transition the broader payments industry towards more sustainable solutions. Our product development efforts have focused on incorporating recycled materials to reduce the amount of first-use materials within our products and to support a circular economy, in which waste is reintroduced into the supply stream rather than being discarded.

CPI Earth Elements™ is a portfolio of payment cards that incorporate upcycled plastic into the card's construction. As the leading eco-focused payment card provider in the U.S., CPI produced more than **25 million eco-focused payment cards** through the end of 2020.

CPI’s Second Wave® card features a core made with recovered ocean-bound plastic, is certified by major payment brands without waivers and is certified by the International Card Manufacturers Association (ICMA) under their EcoLabel Standard Program with respect to the cards’ recycled content. This card won a 2020 Gold Stevie® award in the Product & Service - Business-to-Business Products Category in the 2020 American Business Awards.

For every **one million** Second Wave payment cards produced, CPI estimates that **over one ton of plastic is diverted from entering the world’s oceans, waterways and shorelines**. Through 2020, CPI produced more than **25 million** Second Wave credit and debit payment cards.

CPI’s Earthwise™ line of cards launched in 2020 with a card that is the first financial payment card to incorporate up to 98% upcycled plastic content, dependent on design. Earthwise is created from recycled Polyethylene Terephthalate Glycol (rPET-G), which is made without the use of vinyl-chloride, chlorinated polymers, halogens, or chlorofluorocarbons (CFCs). Earthwise card utilizes rPET-G post-industrial plastic for all card layers, allowing CPI to maximize the content of upcycled plastic in each card, dependent on design. Earthwise card is certified by the International Card Manufacturers Association (ICMA) under their EcoLabel Standard Program with respect to the cards’ recycled content.



| Our ESG Actions, Accomplishments and Results

Our Products

Collaboration

CPI strives to lead the industry in eco-focused products through payment and broader industry collaboration.

1

ICMA: CPI was the first company to become a licensee of the ICMA EcoLabel Standard Program, which was created by the International Card Manufacturers Association (ICMA) and recognizes card manufacturer members for their commitment to sustainability and for specific card products that meet program requirements.



2

The First Mile Coalition: CPI works with First Mile[®], which is an initiative of Thread International, to formalize waste collection networks in low-income communities and bridge the gap for global brands to source from these responsible supply chains while diverting plastic waste from our oceans and landfills.



3

NEXTWAVE: CPI is part of NextWave Plastics, a collaborative and open-source initiative convening multinational companies to develop the first global network of ocean-bound plastic supply chains.



4

VISA: Starting in 2020, CPI collaborated with Visa to market the Earthwise[™] payment cards made with up to 98% recycled plastic to Visa card issuers.



5

GREENER PAYMENTS PARTNERSHIP: In 2020, CPI joined the Greener Payment Partnership formed by Mastercard[®] and other major card providers with the goal to reduce first-use PVC plastic in payment cards.



Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated.

VISA is a trademark of VISA INTERNATIONAL SERVICE ASSOCIATION.

THE ECOLABEL LOGO IS ISSUED BY THE INTERNATIONAL CARD MANUFACTURERS ASSOCIATION ("ICMA"), AN INDUSTRY TRADE ASSOCIATION, TO THOSE CARD MANUFACTURERS THAT VOLUNTARILY MEET ONE OR MORE OF THE FOLLOWING CHARACTERISTICS: (A) AT LEAST 25% REDUCED MATERIALS, (B) CONTAINS NO LESS THAN 25% RECYCLED CONTENT, (C) THE CARD IS COMPOSTABLE IN MUNICIPAL, COMMERCIAL AND RESIDENTIAL FACILITIES, OR (D) CONTAINS NO LESS THAN 40% BIOBASED CONTENT. VIRTUALLY ALL PRODUCTS IMPACT THE ENVIRONMENT. FOR FURTHER DETAILS ON WHICH ATTRIBUTES ICMA EVALUATED AND THE REQUIREMENTS TO USE THE ECOLABEL LOGO, VISIT <https://icma.com/ecolabel-standard-program/>.

| Our ESG Actions, Accomplishments and Results

Operations

We strive to be more sustainable in our operations. We embrace practices and solutions at our facilities designed to limit our impact on the environment, preserve natural resources and create innovative and responsible products. Our key areas of focus include incorporating environmental sustainability practices as and where feasible in alignment with our business model, values and customer needs; engaging employees; and communicating and promoting our commitment and contribution to more sustainable practices and products.

Recycling:

We strive to divert waste materials from landfills through recycling across our facilities. All of CPI's operating sites recycle some level of waste within our offices and in the production of cards and packaging, including scrap wood, cardboard, shrink wrap, paper, plastic and foil. Additional recycling efforts include:

- Use of recycled paper in production as requested by customers for packaging and central issuance fulfillment
- Recycling computer hardware through an electronics recycling program

Reduction of Impact:

We aim to reduce our natural resource consumption in our facilities, and to reduce the use of materials that can harm the environment. This includes decreasing the use of energy, water, paper and single-use plastic to reduce our use of scarce resources and to decrease our carbon footprint. Reduction of impact efforts include:

- The majority of our facilities have converted to LED lighting, which reduces our electricity usage and overall carbon footprint.
- We primarily use water-based or uv-cured inks in our facilities, to reduce the impact of solvent-based inks.
- We use paperless signatures on many of our documents, thereby reducing the overall paper usage in our business activities.



| Our ESG Actions, Accomplishments and Results

Grow Responsibly

Employee Code of Conduct

Our Code of Business Conduct and Ethics sets the standards for appropriate behavior, and employees are required to follow these standards and participate in related training.

We encourage employees to share concerns with their managers and our Human Resources department. We also have an Ethics Helpline that employees may call to report issues or suspected violations of CPI's Code of Conduct and Business Ethics or other policies, particularly in situations in which an employee is not comfortable approaching a manager or a member of the Human Resources team. The Ethics Helpline is available 24 hours a day, and 7 days a week, and employees may easily log a case with the Ethics Helpline via two methods: A phone call to: 1-800-461-9330 or online at <http://helpline.cpicardgroup.com>

Human Rights

We strive to ensure there is no child labor, slave and forced labor, or human trafficking in our supply chains or in any part of our business. In conformity with these values and commitments, we have adopted a publicly available Statement on Modern Slavery and Human Trafficking.

Supplier Responsibility

We take our obligation to be a responsible global citizen seriously and expect our suppliers to conduct their businesses accordingly, as set forth in our Supplier Code of Conduct. This includes our expectations with respect to human rights, health and safety, the environment and business ethics. CPI's Supplier Code of Conduct forms key elements of our third-party due diligence.

Our Statement on Conflict Minerals reflects CPI's commitment to responsible sourcing and the expectations of CPI's suppliers that provide materials containing at risk minerals.



What's Next

We are proud of our achievements to date, and we are focused on making continued progress with our ESG initiatives. We are committed to regular, transparent communication of our progress and intend to provide updates by publishing annual ESG information. In 2022, you can expect to see:

- A second year of ESG reporting
- A refined approach to the information we collect and share about ESG
- Continued community outreach and philanthropic programs
- Continued industry collaboration and partnerships on transitioning to a more sustainable future, including participation and contribution to conversations on the plastic lifecycle

We appreciate the interest in our sustainability efforts and look forward to continuing the journey to a more sustainable future with all of our stakeholders



www.cpicardgroup.com