cpi card group®

2021

Environmental, Social and Governance Statement

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CEO Message

At CPI Card Group, we remain committed to providing market-leading products and services to our customers, delivering value for our investors, and supporting our employees and communities in a responsible and ethical manner. We are pleased to present our 2021 Environmental, Social and Governance Statement to provide insight into our journey 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.

We experienced many of the same challenges as other companies in 2021, including the impact of the ongoing COVID-19 pandemic, a tight labor market, and disrupted supply chains including a global microchip shortage. Despite these many challenges, we progressed our sustainability efforts even as we remained committed to delivering essential products and services for financial institutions, fintechs, processors, program managers, and others providing essential financial services to consumers and businesses.

In 2021, we continued our eco-focused innovation, launching a third card type in our eco-focused card portfolio and broadening choice for customers who want to reduce first-use plastic in their payment cards. Through our innovative efforts, we believe CPI is a leader in eco-focused payment cards in the U.S., selling nearly 50 million eco-focused payment cards since the launch of our first eco-focused card in 2019 through the end of 2021.

We also continued to make progress on sustainability in our operations and with our people. We remained steadfast in our prioritization of employee safety through the continued COVID-19 pandemic. New in 2021, we built employee engagement events encouraging employees to reduce their first-use plastic and participate in charitable giving. We significantly expanded diversion of scrap away from landfills for reuse and conducted an analysis on our greenhouse gas emissions for key products to identify areas for improvement. We also continued our giving in support of the people who collect plastic in Haiti, following a devastating earthquake and political and civil unrest, and in the communities where we operate.

We are excited for the continued progress we made in 2021 and are confident that our commitment and innovative approach will enable us to make further ESG progress in the future.

Thank you for your continued interest in and support of our ESG journey.

Scott Scheirman
CEO

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About CPI

Our Company

CPI Card Group Inc. (“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 Board of Directors 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 and payments services providers. Our direct and indirect customers include many of the largest U.S. issuers of debit and credit cards, the largest U.S. managers of prepaid debit card programs, and thousands of independent community banks, credit unions, group service providers and card processors in the U.S. 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®.

Thousands
of U.S. banks, credit unions, and fintechs served

>300 million
Cards produced annually

$375 million +
In 2021 revenue

Approximately
1,150
Employees
as of 12/31/21

A Leading U.S.
Eco-Focused Card Provider

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 of Directors 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.

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ESG Framework

CPI's sustainability efforts align with several of the United Nations Sustainable Development Goals. The chart below aligns United Nation Icons for Sustainable Development Goals 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

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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 of our stakeholders' data. We have a robust data privacy and security program designed to protect our digital assets and information as well as 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
- 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

In 2021, we further strengthened our leadership around safety with a corporate Environmental, Health, and Safety leader for safety programs across the company.

One way that we measure the success of our environmental health and safety program is by benchmarking against other companies in our industry. The 2021 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.

Pandemic Response

With a strong commitment to employee safety at the core of our culture, we continued to apply the same mindset to our response to the ever-evolving landscape presented by the COVID-19 pandemic in 2021. We executed our pandemic preparedness plan based on federal, state and local guidelines focused on keeping employees safe.

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Community

Diversity, Equity and Inclusion

We strive to provide a workplace that values diversity of background, experience and viewpoints. We welcome people regardless of color, disability, gender identity, genetic information, military or veteran status, national origin, race, religion, sex, and sexual orientation. CPI is dedicated to the principles of equal employment opportunity.

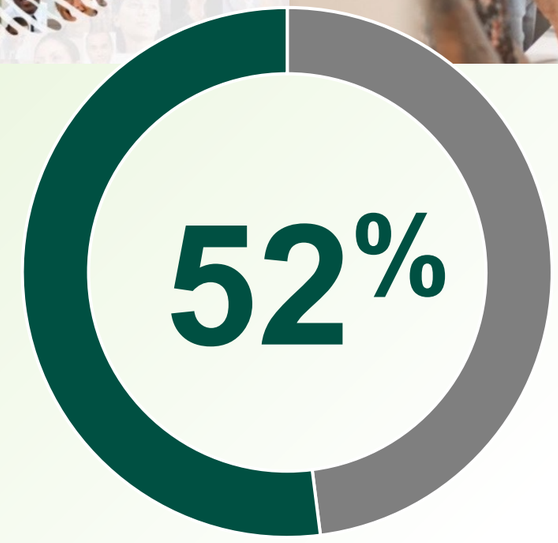
As of December 31, 2021, CPI employed approximately 1,150 full-time employees, roughly 57% male and 43% female. Approximately 72% of our full-time employees are production and service facility staff and approximately 28% are office staff. Approximately 52% of the employee base identifies as being within 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 1,150 full-time employees:

43% Female

57% Male



Approximately 52% of the employee base identifies as being 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.

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Community

Community Engagement and Outreach

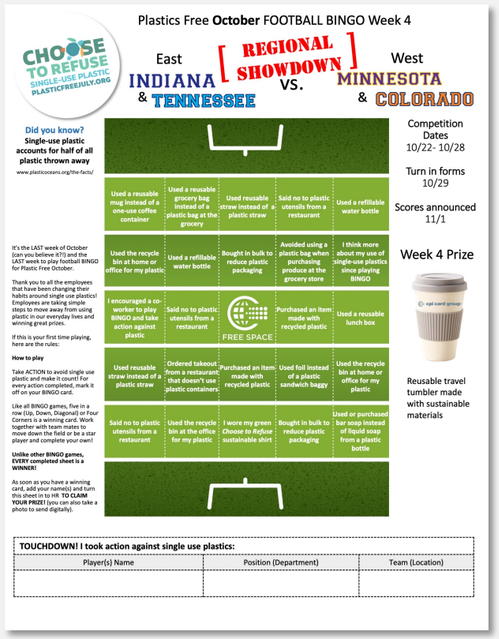
We focus on a variety of community initiatives to enhance the lives of people in the communities where we operate through volunteerism, charitable giving, and economic support. In 2021, examples include:

- Sponsored for three consecutive years Hunger Free Colorado's “Hike to End Hunger” and Family Tree's “Celebration of Life”
- Donated to relief efforts for natural disasters that occurred in 2021 in our communities

Employee Engagement

We strive to engage our employees in sustainability efforts, to demonstrate CPI’s commitment around ESG and to encourage them to participate in being more sustainable at work and at home.

In 2021 our efforts included encouraging participation and donations in our community engagement efforts. We also held a “Plastic Free October” event that encouraged all employees to reduce the use of single-use plastic by making small changes in their everyday lives.



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Community

Community Engagement and Outreach

Giving Back

In 2021 CPI also continued to donate 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. This continued support was particularly critical in 2021, due to the devastating 7.2 earthquake that occurred in August of 2021 and the political and civil unrest that resulted from the assassination of the president in July. In 2021, CPI donated >$230,000 to the First Mile Coalition through their non-profit organization WORK. Our 2021 donations supported multiple initiatives in Haitian plastic collection communities:

- Home relocations out of landfills for 19 collector families and home repairs for one collector family
- An extended summer youth program
- Earthquake response and rebuild for collectors in and around Les Cayes
- Essential needs for 40 families for up to nine months to accompany them to independence

In addition to donations, CPI worked closely with the First Mile team and our supplier in Haiti to continue to source recovered ocean-bound materials providing income to the collectors in Haiti, while also remaining committed to keeping employees safe.

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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 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 nearly **50 million eco-focused payment cards** through the end of 2021 since launching our first eco-focused product in 2019.

CPI's Second Wave® card features a core made with recovered ocean-bound plastic, is certified by major payment brands and is certified by the International Card Manufacturers Association (ICMA) under their EcoLabel Standard Program with respect to the cards' recycled content. This card has been recognized by industry associations for its innovation and environmental focus.

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.**

CPI's Earthwise® line of cards launched in 2020 with a card created from recycled Polyethylene Terephthalate Glycol (rPET-G), and offers the highest content of upcycled plastic in a dual-interface payment card by utilizing post-industrial plastic for all card layers. In 2021, we launched a second Earthwise card that utilizes recycled PVC in place of traditional PVC as a value offering to further encourage conversion to eco-focused cards. Both of these cards are certified by the International Card Manufacturers Association (ICMA) under their EcoLabel Standard Program with respect to the cards' recycled content. In addition, CPI Card Group's Earthwise rPET-G card won a Gold Stevie Award in the 2021 American Business Awards.

We also offer our customers the opportunity to use recycled paper for packaging and central issuance fulfillment.

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Our Products

Collaboration

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

1

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

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

CPI participates in NextWave Plastics, a collaborative and open-source initiative convening multinational companies to develop the first global network of ocean-bound plastic supply chains. In 2021, NextWave won a United Nations Sustainable Development Goal Award in the 'Connect' category for their work as a consortium committed to #turningoffthetap on plastic pollution. In 2021, the group collectively diverted 959M metric tons of plastic from entering the ocean. In 2021, CPI also participated in Next Wave's Social Responsibility Working Group, developing the first-of-its-kind framework for socially responsible ocean-bound plastic supply chains, which provides guidance to help brands and other organizations provide for the social responsibility of all workers through to the point of collection.

4

GREENER PAYMENTS PARTNERSHIP: CPI is a member of the Greener Payment Partnership, which was formed by Mastercard® and other major card providers with the goal to reduce first-use PVC plastic in payment cards.

5

CPI participates in Sustainable Brands, an organization whose goal has been to inspire, engage, and equip business leaders and practitioners who see social and environmental challenges as an essential driver of brand innovation, value creation, and positive impact.

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Operations

We strive to be more sustainable in our operations. In this journey, we continue to pursue new 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. We also recycle computer hardware through an electronics recycling program.

In 2021 we implemented an initiative to materially decrease the amount of production waste we send to landfills at our Colorado and Indiana sites through relationships with third party companies that use scrap materials in new use cases. As a result, we estimate the percentage of our waste recycled increased by approximately 15% in 2021.

Reduction of Impact:

We aim to proportionately 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. We also aim to implement initiatives to reduce our greenhouse gas emissions.

- The majority of our facilities use LED lighting, which reduces our electricity usage and overall carbon footprint.
- We primarily use water-based or UV-cured inks in our facilities, to avoid 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.

In 2021 we implemented new efforts including:

- Closing our corporate headquarters, to enable continued remote work where feasible to reduce the greenhouse gas impact of employee commuting.
- Conducting a lifecycle assessment (LCA) of certain key products to understand their environmental impact and identify potential opportunities to reduce our greenhouse gas emissions. This project also gave us a tool to estimate the greenhouse gas emissions of new card constructions.
- Shifting marketing materials from paper to digital alternatives wherever possible and supplying printed sales materials only as needed through on-demand printing solutions and using recycled paper materials when feasible.

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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, the Human Resources department or any executive officer. 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, the Human Resources department or any executive officer. 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

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.

Our Supplier Code of Conduct, Our Statement on Conflict Minerals, and Our Statement on Efforts to Combat Human Trafficking and Slavery in our Business and Supply Chains are available on our website cpicardgroup.com.

Looking Forward

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.

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.

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