

Supplier Code of Conduct CPI Card Group®

Dated May 2019

Introduction

CPI Card Group Inc. takes its obligation to be a responsible global citizen seriously. We align our expectations with international and industry standards for ethical and sustainable businesses. We adhere to the principles we define for ourselves in our own Code of Business Conduct and Ethics and we expect that all vendors, suppliers and other affiliated third parties will abide by the expectations outlined in this Supplier Code of Conduct (“Supplier Code”).

Sustainability is the linkage of social, ecological and economic responsibility. We expect our vendors, suppliers and other affiliated third parties providing services, products, materials, tools and equipment (hereinafter referred to as “Supplier(s)”) to demonstrate their commitment to sustainability consistent with the Supplier Code. Any violation of this Supplier Code by a Supplier is considered a material breach and can result in immediate termination of any associated contract.

Our Supplier Code is intended as an end-to-end supply chain initiative. At a minimum, our Suppliers shall also require next tier suppliers that supply goods or services to the Supplier which are used in the goods or services provided to us (including affiliates, contractors and subcontractors) to acknowledge and implement the Supplier Code. Fundamental to adopting our Supplier Code is the understanding that a business, in all of its activities, must operate in full compliance with the laws, rules and regulations of the countries in which it operates. We also encourage Suppliers to go beyond legal compliance, drawing upon internationally recognized standards, in order to advance social and environmental responsibility and business ethics. If there are differing standards between the Supplier Code and local law, the strictest requirements shall govern.

The Supplier Code is made up of five sections:

Section A outlines standards for Labor.

Section B addresses requirements relating to Health and Safety.

Section C focuses on the Environment.

Section D adds standards relating to Business Ethics.

Section E outlines the elements of an acceptable system to manage conformity to this Supplier Code.

A. Labor

We respect and observe internationally proclaimed human rights, including the rights of personal dignity and privacy. We ensure that we are not complicit in

human rights abuses, whether directly or by way of beneficial or silent complicity. This applies to all workers including temporary, migrant, student, contract, direct employees, and any other type of worker. The labor standards are:

1. **Freely Chosen Employment:** Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be used. As part of the hiring process, workers must be provided with a written document that contains a description of terms and conditions of employment. All work must be voluntary and workers shall be free to leave work at any time or terminate their employment. Workers shall not be required to pay employers' or agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.
2. **Young Workers:** Child labor is not to be used in any stage of manufacturing or the supply chain. The term "child" refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the country. In no case shall any person under the age of 14 be employed.
3. **Working Hours:** Studies of business practices clearly link worker strain to reduced productivity, increased turnover and increased injury and illness. Working hours are not to exceed the maximum set by local law. In general, a workweek should not be more than 60 hours per week, including overtime and workers shall be allowed at least one day off every seven days, except in emergency or unusual situations.
4. **Wages and Benefits:** Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates. Deductions from wages as a disciplinary measure shall not be permitted.
5. **Humane Treatment:** There is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.
6. **Non-Discrimination, Non-Retaliation and Diversity:** Participants should be committed to a workforce free of harassment and unlawful discrimination. Companies shall not engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation,

covered veteran status, protected genetic information or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training. Workers shall be provided with reasonable accommodation for religious practices.

B. Health and Safety

In addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production and worker retention and morale. Ongoing worker input and education is essential to identifying and solving health and safety issues in the workplace. Recognized management systems such as OHSAS 18001, ISO 45001 and ILO Guidelines on Occupational Safety and Health may be a useful source of additional information. The health and safety standards are:

1. **Occupational Safety:** Worker potential for exposure to safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards) are to be identified and assessed, and controlled through proper design, engineering and administrative controls, preventative maintenance and safe work procedures (including lockout/tagout), and ongoing safety training. Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.
2. **Occupational Injury and Illness:** Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness.
3. **Industrial Hygiene:** Worker exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled according to the hierarchy of controls. Potential hazards are to be eliminated or controlled through proper design, engineering and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment.
4. **Sanitation, Food, and Housing:** Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary eating facilities.

C. Environment

We recognize that environmental responsibility is integral to producing world class products. In manufacturing operations, adverse effects on the community, environment and natural resources are to be minimized while safeguarding the health and safety of the public. Recognized management systems such as ISO 14001 and the Eco Management and Audit System (EMAS) may be a useful source of additional information. The environmental standards are:

1. **Environmental Permits and Reporting:** All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.
2. **Pollution Prevention and Resource Reduction:** Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance and facility processes; or by other means. The use of natural resources, including water, fossil fuels, minerals and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling or other means.

D. Business Ethics

To meet social responsibilities and to achieve success in the marketplace, the highest standards of ethics are expected including:

1. **Business Integrity:** The highest standards of integrity are to be upheld in all business interactions. Participants shall have a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement. Gifts or any other activity resulting in a conflict of interest shall not be permitted.
2. **Books and Records:** All business dealings should be transparently performed and accurately reflected in business books and records. Falsification of records or misrepresentation of conditions or practices in the supply chain are unacceptable.
3. **Intellectual Property:** Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights; and, customer and supplier information is to be safeguarded.
4. **Fair Business, Advertising and Competition:** Standards of fair business, advertising and competition are to be upheld.
5. **Protection of Identity and Non-Retaliation:** Programs that ensure the confidentiality, anonymity and protection of supplier and employee whistleblowers are to be maintained. Whistleblowers must be able to raise any concerns without fear of retaliation.
6. **Responsible Sourcing of Minerals:** There shall be a policy to reasonably assure that the tantalum, tin, tungsten and gold in the products manufactured do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country. Due diligence shall be conducted and made available upon request.
7. **Privacy:** There shall be safeguards in place to protect the reasonable privacy expectations of personal information of everyone they do business with, including suppliers, customers, consumers and employees.

E. Management System to Manage Compliance Obligations

Our Suppliers shall adopt or establish documented and adequate management system processes designed to ensure compliance with all applicable laws, regulations and standards to identify and mitigate related risks and to facilitate continuous improvement. The management system should contain the following elements:

1. **Company Commitment:** A policy statement affirming a commitment to compliance and continual improvement, endorsed by clearly identified executive management.
2. **Legal and Customer Requirements:** A process to identify, monitor and understand applicable laws, regulations and customer requirements, including the requirements of the Supplier Code.
3. **Risk Assessment and Risk Management:** A process to identify the legal compliance, environmental, health and safety and labor practice and ethics risks associated with operations.
4. **Training:** Programs for training on policies and procedures and to meet applicable legal and regulatory requirements.
5. **Communication:** A process for communicating clear and accurate information about policies, practices, expectations and performance.
6. **Audits and Assessments:** Periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Supplier Code and customer contractual requirements related to social and environmental responsibility. Each Supplier undertakes to permit CPI Card Group to undertake an independent audit at any time.
7. **Corrective Action Process:** A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations and reviews.
8. **Documentation and Records:** Creation and maintenance of documents and records to ensure regulatory compliance and conformity to company requirements along with appropriate confidentiality to protect privacy.
9. **Supplier Responsibility:** A process to communicate Supplier Code requirements to suppliers and to monitor supplier compliance to the Supplier Code.